

Annex

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Report of Proceedings
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European Centre, Luxembourg

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NOTE TO READER

Appearing at the same time as the English edition are editions in the five other official languages of the Communities : Danish, German, French, Italian and Dutch. The English edition contains the original texts of the interventions in English and an English translation of those made in other languages. In these cases there are, after the name of the speaker, the following letters, in brackets, to indicate the language spoken : *(DK)* for Danish, *(D)* for German, *(F)* for French, *(I)* for Italian and *(NL)* for Dutch.

The original texts of these interventions appear in the edition published in the language spoken.

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IN THE CHAIR : MR SPENALE

3. *Appointment of Member*

President

(The sitting was opened at 7.05 p.m.)

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 9 July 1976.

2. *Apologies*

President. — Apologies for absence have been received from Mr Pierre Bertrand, Mr Deschamps and Mr Lückner who regret their inability to attend this part-session.

President. — The Presidents of the First and the Second Chamber of the States-General of the Kingdom of the Netherlands have appointed Mr Waltmans as a Member of the European Parliament to replace Mr Hartog.

The credentials of this Member will be verified after the Bureau's next meeting, on the understanding that, under Rule 3 (3) of the Rules of Procedure, he will provisionally take his seat with the same rights as other Members of Parliament.

I welcome the new Member.

(Applause)

4. Appointment of members of the Commission of the European Communities

President. — The President of the Conference of Representatives of the Governments of the Member States has informed me of the appointment as members of the Commission of Mr Cesidio Guazzaroni to replace Mr Spinelli and Mr Raymond Vouel to replace Mr Borschette.

On your behalf I congratulate the new members of the Commission on their appointment and offer best wishes for the future to the members who have resigned.

(Applause)

5. Appointment of judges and advocate-general to the Court of Justice of the European Communities

President. — The President of the Conference of Representatives of the Governments of the Member States has informed me of the appointment of Mr Bosco, Mr Donner, Mr Kutscher and Lord Mackenzie Stuart as judges and Mr Capotorti as Advocate-General to the Court of Justice of the European Communities for the period from 7 October 1976 to 6 October 1982.

On your behalf I congratulate these gentlemen on their appointments.

(Applause)

6. Documents received

President. — Since the session was adjourned, I have received the following documents :

(a) from the Council of the European Communities, requests for an opinion on :

- (1) — a proposal for the transfer of appropriations between chapters in Section III — Commission — of the General Budget of the European Communities for the financial year 1976. (Doc. 233/76).
- a proposal for the transfer of appropriations between chapters in Section II — Council — Annex I — Economic and Social Committee — of the General Budget of the European Communities for the financial year 1976 (Doc. 249/76).
- a proposal for the transfer of appropriations between chapters in Section II — Council — Annex III — ECSC Auditor — of the General Budget of the European Communities for the financial year 1976 (Doc. 253/76).
- the preliminary draft supplementary and amending budget No 2 of the European Communities for the financial year 1976 prepared by the Council (Doc. 261/76).

These Documents have been referred to the Committee on Budgets.

- (2) — the proposal from the Commission of the European Communities to the Council for a regulation

amending Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions. (Doc. 234/76).

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 2893/74 on sparkling wines produced in the Community and defined in item 12 of Annex II to Regulation (EEC) No 816/70 and 817/70 laying down special provisions relating to quality wines produced in specified regions (Doc. 235/76).

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 827/68 on the common organization of the market in certain products listed in Annex II of the Treaty (Doc. 238/76).

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission of the European Communities to the Council for a Directive amending Directives 64/432 of 26 June 1964, 72/461 of 12 December 1972 and 72/462 of 12 December 1972 on health and veterinary problems (Doc. 240/76).

This document has been referred to the Committee on Agriculture, as the committee responsible, and to the Committee on the Environment, Public Health and Consumer Protection, for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Directive (6th Directive) amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco (Doc. 241/76).

This document has been referred to the Committee on Economic and Monetary Affairs.

- the proposals from the Commission of the European Communities to the Council for regulations on the application of generalized tariff preferences in 1977 (Doc. 242/76).

This Document has been referred to the Committee on Development and Cooperation, as the committee responsible, and to the Committee on External Economic Relations, the Committee on Agriculture and the Committee on Economic and Monetary Affairs for their opinions.

- the proposals from the Commission of the European Communities to the Council for

I. a Decision instituting a consultation procedure and creating a committee in the field of transport infrastructure.

II. a Regulation concerning aid to projects of Community interest in the field of transport infrastructure (Doc. 244/76).

President

This document has been referred to the Committee on Regional Policy, Regional Planning and Transport.

- the proposal from the Commission of the European Communities to the Council for a regulation relating to the organization of a survey on the structure of agricultural holdings for 1977 (Doc. 246/76).

This document has been referred to the Committee on Agriculture, as the committee responsible, and to the Committee on Budgets for its opinion.

- the proposal from the Commission of the European Communities to the Council for an action programme (1977-80) for the progressive achievement of balance in the milk market (Doc. 247/76).

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission of the European Communities to the Council for a regulation introducing a premium system for the non-marketing of milk and milk products and for the conversion of dairy cow herds (Doc. 248/76).

This document has been referred to the Committee on Agriculture, as the committee responsible, and to the Committee on Budgets for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Regulation amending Council Regulation (EEC) No 1163/76 on the granting of a conversion premium in the wine sector (Doc. 250/76).

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission of the European Communities to the Council for a Regulation containing provisions to enable the International Atomic Energy Agency to carry out inspections and verifications in the territories of the Member States of the European Atomic Energy Community (Doc. 251/76).

This document has been referred to the Committee on Energy and Research, as the Committee responsible, and to the Political Affairs Committee for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Regulation on the opening, allocation and administration of a Community tariff quota for fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff and originating in Turkey (1977) (Doc. 252/76).

This document has been referred to the Committee on External Economic Relations, as the committee responsible, and to the Committee on Agriculture for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Regulation increasing the Community tariff quota opened for 1976 by Regulation (EEC) No 2888/75 for certain eels falling within subheading ex 03.01 A II of the Common Customs Tariff (Doc. 254/76).

This document has been referred to the Committee on External Economic Relations, as the committee

responsible, and to the Committee on Agriculture for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Directive on the approximation of the laws of the Member States relating to the ranges of nominal quantities permitted for certain prepackaged products (Doc. 255/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection, as the committee responsible, and the Committee on Economic and Monetary Affairs for its opinion.

- the proposal from the Commission of the European Communities to the Council for Directive supplementing, with regard to the chilling process, amended Directive 71/118/EEC on health problems affecting trade in fresh poultrymeat (Doc. 256/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection.

- the proposal from the Commission of the European Communities to the Council for a four-year period programme 1977/1980 in the field of scientific and technical education (Doc. 257/76).

This document has been referred to the Committee on Energy and Research, as the committee responsible, and the Committee on Budgets for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Regulation on the opening, allocation and administration of a Community tariff quota for certain eels falling within subheading ex 03.01 A II of the Common Customs Tariff (first half of 1977) (Doc. 258/76).

This document has been referred to the Committee on External Economic Relations, as the committee responsible, and the Committee on Agriculture, for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Regulation supplementing Regulation (EEC) No 100/76 with regard to arrangements for importing prepared and preserved sardines (Doc. 259/76).

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission of the European Communities to the Council for a Directive on toxic and dangerous wastes (Doc. 260/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection, as the committee responsible, and to the Committee on Budgets for its opinion.

- the proposal from the Commission of the European Communities to the Council for a Regulation concluding the Agreement establishing a European laying-up fund for inland waterway vessels, and adopting the provisions for its implementation (Doc. 262/76).

President

This document has been referred to the Committee on Regional Policy, Regional Planning and Transport.

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to boats and their fittings (Doc. 263/76).

This document has been referred to the Committee on Regional Policy, Regional Planning and Transport, as the committee responsible, and to the Committee on Economic and Monetary Affairs for its opinion.

- the proposal from the Commission of the European Communities to the Council for a decision reviewing the energy research and development programme adopted by the Council's decision of 22 August 1975 (Doc. 264/76).

This document has been referred to the Committee on Energy and Research, as the committee responsible, and to the Committee on Budgets, for its opinion.

- the proposal from the Commission of the European Communities to the Council for a directive on the quality requirements for waters capable of supporting freshwater fish (Doc. 265/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection.

- the proposal from the Commission of the European Communities to the Council for a directive on the inspection by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (Doc. 266/76).

This document has been referred to the Committee on Budgets, as the committee responsible, and to the Committee on Agriculture for its opinion.

- the proposal from the Commission of the European Communities to the Council for a regulation on the storage of products bought in by an intervention agency (Doc. 267/76).

This document has been referred to the Committee on Agriculture, as the committee responsible, and to the Committee on Budgets, for its opinion.

- the proposal from the Commission of the European Communities to the Council for a decision adopting a technological research programme for the footwear sector (Doc. 268/76).

This document has been referred to the Committee on Energy and Research, as the committee responsible, and to the Committee on Economic and Monetary Affairs, the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection, for their opinions.

- the proposal from the Commission of the European Communities to the Council for a directive concerning the placing of EC-accepted plant protection products on the market (Doc. 269/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer

Protection, as the committee responsible, and to the Committee on Economic and Monetary Affairs and the Committee on Agriculture, for their opinions.

- the proposal from the Commission of the European Communities to the Council for a directive prohibiting the placing on the market and the use of plant protection products containing certain active substances (Doc. 270/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection, as the committee responsible, and to the Committee on Economic and Monetary Affairs for its opinion.

- the proposal from the Commission of the European Communities to the Council for a decision concerning the entry into force of the Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP) (Doc. 271/76).

This document has been referred to the Committee on Regional Policy, Regional Planning and Transport.

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1365/75 on the creation of a European Foundation for the improvement of living and working conditions (Doc. 272/76).

This document has been referred to the Committee on Social Affairs, Employment and Education, as the committee responsible, and the Committee on Budgets, for its opinion.

- the proposals from the Commission of the European Communities to the Council for a Draft for a Treaty
 - amending the Treaties establishing the European Communities so as to permit the adoption of common rules on the protection under criminal law of the financial interests of the Communities and the prosecution of infringements of the provisions of those Treaties;
 - amending the Treaty establishing a Single Council and a Single Commission of the European Communities so as to permit the adoption of common rules on the liability and protection under criminal law of officials and other servants of the European Communities (Doc. 290/76).

This document has been referred to the Legal Affairs Committee.

- (b) from the Commission of the European Communities, a letter from the Commission of the European Communities on the release of the appropriations entered under chapter 3.20 'Controlled thermonuclear fusion and plasma physics', in the Statement of expenditure relating to research and investment activities (Annex I — Section III — Commission — of the Budget of the European Communities for the financial year 1976) (Doc. 273/76).

This document has been referred to the Committee on Budgets, as the committee responsible, and to the Committee on Energy and Research for its opinion.

President**(c) from the committees, the following reports :**

- Report by Mr Bangemann on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council for a directive coordinating the conditions for the admission of securities to official stock exchange quotation (Doc. 236/76);
- Report by Mr Schmidt on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of provisions laid down by law, regulation or administrative action relating to customs debt (Doc. 237/76);
- Report by Mr Lautenschlager on behalf of the Legal Affairs Committee, on the further consultation of the European Parliament on proposals amended or withdrawn by the Commission (Doc. 239/76);
- Report by Mr Normanton on behalf of the Committee on Economic and Monetary Affairs on the fifth report of the Commission of the European Communities on competition policy (Doc. 243/76);
- Report by Mrs Walz on behalf of the Committee on Energy and Research on the proposal from the Commission of the European Communities to the Council for a multi-annual research programme of the Joint Research Centre 1977-1980 (Doc. 283/76)
- Report by Mr Della Briotta on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
 - a regulation amending Regulation (EEC) No 1163/76 on the granting of a conversion premium in the wine sector
 - a regulation amending Regulation (EEC) No 827/68 on the common organization of the market in certain products listed in Annex II to the Treaty
 - a regulation amending Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions
 - a regulation amending Regulation (EEC) No 2893/74 on sparkling wines produced in the Community and defined in Item 12 of Annex II to Regulation (EEC) No 816/70 and Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions (Doc. 285/76)
- Report by Mr. Bersani on behalf of the Committee on External Economic Relations

on the present state of economic and commercial relations between the Communities and Canada on the framework agreement for commercial and economic cooperation between Canada and the European Communities signed at Ottawa on 6 July 1976 (Doc. 287/76);

- 2nd Report by Mr Bourdellès on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the common organization of the market in potatoes (Doc. 289/76);
- Report by Mr Cointat on behalf of the Committee on Budgets on the 2nd request for the release of appropriations entered under certain chapters of the statement of expenditure relating to research and investment activities in the budget of the European Communities for the financial year 1976 (Doc 292/76);
- Report by Mr Cointat on behalf of the Committee on Budgets on draft supplementary and amending budget No 2 of the European Communities for the 1976 financial year (Doc. 293/76);

(d) the motion for a resolution tabled by Mr Patijn on behalf of the Political Affairs Committee on direct elections to the European Parliament by universal suffrage (Doc. 288/76)

(e) the following oral question :

- the oral question with debate by the Political Affairs Committee of the European Parliament to the Conference of Foreign Ministers of the Members States of the European Communities — pursuant to paragraph 4, second subparagraph, of the Communiqué of the Summit Conference of 9 and 10 December 1974 — on détente in Europe (Doc. 274/76);
- oral question with debate by Miss Flesch, Mr Van der Hek, Mr Kaspereit, Lord Reay and Mr Springorum to the Commission of the European Communities on the North/South Dialogue (Doc. 275/76);
- oral questions with debate by Mr Cointat on behalf of the Group of European Progressive Democrats to the Council and Commission of the European Communities on the state of agriculture and the development of farmers' incomes (Doc. 276/76);
- oral question with debate by Lady Fisher of Rednal, Mr Hughes, Mr Hansen, Mr Broeksz and Mr Flämig to the Commission of the European Communities on the common agricultural policy and the Third World (Doc. 277/76);

President

- oral question with debate by Mr Berkhouwer on behalf of the Liberal and Allies Group to the Conference of Foreign Ministers of the Member States of the European Communities pursuant to paragraph 4, second subparagraph of the Communiqué of the Summit Conference of 9 and 10 December 1974 — on the appointment of the new Commission (Doc. 278/76);
- oral question with debate by Mr Scott-Hopkins on behalf of the European Conservative Group to the Commission of the European Communities on milk production (Doc. 279/76);
- oral question with debate by Mr Bertrand and Mr Martens on behalf of the Christian-Democratic Group to the Commission of the European Communities on the consequences of the drought (Doc. 280/76);
- oral question with debate by Mr Fellermaier, Mr Corona, Mr Bermani, Mr Della Briotta, Mr Concas, and Mr Ariosto on behalf of the Socialist Group to the Commission of the European Communities on dioxin pollution in Seveso (Doc. 281/76);
- oral question with debate by Mr Durieux, Mr Houdet, Mr Bourdellès, Mr Kofoed and Mr Jozeau-Marigné on behalf of the Liberal and Allies Group to the Commission of the European Communities on economic repercussions of the drought on the agricultural economy and Community food supplies (Doc. 282/76);
- oral question with debate by Mr Fellermaier, Mr Broeksz, Mr Corona, Sir Geoffrey de Freitas, Mr Espersen, Mr Giraud, Mr Glinne and Mr Hansen on behalf of the Socialist Group to the Commission of the European Communities on consequences of the drought and protection of the consumer (Doc. 286/76);
- oral question by Mr Berkhouwer, Mr Normanton, Mr Fletcher, Mr Cousté, Mr Nyborg, Mr Nolan, Mr Osborn, Mr Dalyell, Mr Cointat, Mr Herbert, Mr Dondelinger, Mr Hughes, Mr Kavanagh, Mr Evans, Mr Prescott, Mr Hamilton, Lord Bethell, Mr Spicer, Lord Bessborough, Mrs Ewing, Mr Lenihan, Mr Bordu, Mrs Goutmann, Mr Marras, Mr Fabbrini, and Mr Shaw, pursuant to Rule 47A of the Rules of Procedure, for Question Time on 15 September 1976 (Doc. 284/76);

(f) from the Council of the European Communities, a letter concerning a draft regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 245/76);

This document has been referred to the Committee on Budgets.

7. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized various committees to draw up reports on the following subjects :

- Committee on Social Affairs, Employment and Education : a report on the First European Social Budget (1970-1975)
- Committee on Regional Policy, Regional Planning and Transport : a report on the First Report on the activities of the European Regional Development Fund in 1975 ;
the Committee on Economic and Monetary Affairs and the Committee on Budgets have been asked for their opinions.
- Committee on the Environment, Public Health and Consumer Protection : a report on the effects of the use of asbestos on public health and the environment.
- Committee on External Economic Relations :
a report on the official visit of the President of the European Parliament to Greece from 24 to 28 June 1976 ;
the Political Affairs Committee and the Committee on Agriculture have been asked for their opinions.
- Committee on the Rules of Procedure and Petitions :
a report on the general question of sub-committees.

8. Texts of treaties forwarded by the Council

President. — I have received from the Council certified true copies of the following documents :

- agreement between the European Economic Community and the Government of Japan on trade in textiles ;
- agreement in the form of an exchange of letters relating to Article 20 of the Cooperation Agreement and Article 13 of the Interim Agreement between the European Economic Community and the Kingdom of Morocco and concerning the import into the community of fruit salads originating in Morocco ;
- agreement in the form of an exchange of letters relating to Article 23 of the Cooperation Agreement and Article 16 of the Interim Agreement between the European Economic Community and the Kingdom of Morocco and concerning the import into the Community of bran and sharps originating in Morocco ;
- agreement in the form of an exchange of letters relating to Article 19 of the Cooperation Agreement and Article 12 of the Interim Agreement between the European Economic Community and the Republic of Tunisia and concerning the import into the Community of fruit salads originating in Tunisia ;
- agreement in the form of an exchange of letters relating to Article 22 of the Cooperation Agreement and Article 15 of the Interim Agreement between the European Economic Community and the Republic of Tunisia and concerning the import into the Community of bran and sharps originating in Tunisia ;

President

- notice of the completion by the Community of the procedures necessary for the entry into force of the Commercial Cooperation Agreement between the European Economic Community and the Islamic Republic of Pakistan ;
- minutes of the notification of the completion of the procedures necessary for the entry into force of the Commercial Cooperation Agreement between the European Economic Community and the Islamic Republic of Pakistan ;
- Framework Agreement for commercial and economic cooperation between the European Communities and Canada; Protocol concerning commercial and economic cooperation between the European Coal and Steel Community and Canada, together with final act ;
- agreement on cane sugar in the form of an exchange of letters between the European Economic Community and the Republic of India ;
- agreement on cane sugar in the form of an exchange of letters between the European Economic Community and Barbados ;
- notice of the completion by the Community of the procedures necessary for the entry into force of the agreement between the European Economic Community and the Government of Japan on trade in textiles and of the exchange of letters relating thereto ;
- convention between the European Economic Community and the United Nations relief and works agency for Palestine refugees (UNRWA) concerning aid to refugees in the countries of the Near East ;
- agreement in the form of an exchange of letters amending the convention between the European Economic Community and the United Nations relief and works agency for Palestine refugees (UNRWA) signed on 18 December 1972.

These documents will be placed in the archives of the European Parliament.

9. Petitions

President. — 1) I have received a petition from the Mondial Alternatief Foundation on the protection of migratory birds.

This petition has been entered under No 10/76 in the general register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on the Rules of Procedure and Petitions.

2) At the request of the Committee on the Rules of Procedure and Petitions, Petition No 13/75 from Mr Kurt Struppek and others on the protection of the fundamental rights of Turks living in the Federal Republic of Germany, Petition No 1/76 from Mr John Campbell on a uniform procedure in all Member States for the direct election of the European Parliament by universal suffrage and Petition No 3/76 by Mr Volker Heydt on European Parliament initiatives to promote direct elections,

have been referred to the Political Affairs Committee for an opinion, and Petition No 5/76 from Mr Giuseppe Gioia on the registration of motor vehicles by foreigners in the Federal Republic of Germany has been referred to the Legal Affairs Committee for an opinion.

3) The Committee on Rules of Procedure and Petitions, pursuant to Rule 48 (3) of the Rules of Procedure, has examined Petition No 15/75 from Mr Stanislas Gawel on the reparation of injustices under the National Socialist regime and has concluded that this Petition does not fall within the sphere of activities of the Communities. The Petition has consequently been filed without further action.

10. Forwarding of the 1977 draft budget

President. — I have received the draft general budget of the European Communities for the financial year 1977, established by the Council.

Pursuant to Rule 23 (2) of the Rules of Procedure, this document has been referred to the Committee on Budgets.

11. Limit on speaking time

President. — For the items on the agenda other than the debates on direct elections and the draft general budget, I propose that speaking time be limited as follows :

Reports :

- 15 minutes for the rapporteur and one speaker for each political group ;
- 10 minutes for other speakers ;
- 5 minutes for speakers on amendments.

Oral questions with debate :

- 10 minutes for the author of the question ;
- 5 minutes for other speakers.

Are there any objections ?

That is agreed.

12. Organization of the debate on direct elections to the European Parliament by universal suffrage

President. — At its meeting of 2 September, and pursuant to Rule 28 of the Rules of Procedure, the enlarged Bureau decided to allocate speaking time as follows for the debate on direct elections :

- rapporteur : 20 minutes
- Socialist Group : 40 minutes
- Christian-Democratic Group : 35 minutes
- Liberal and Allies Group : 20 minutes
- Group of European Progressive Democrats : 15 minutes

President

- European Conservative Group : 15 minutes
- Communist and Allies Group : 15 minutes
- Non-attached Members : 10 minutes at the most.

For the statement by the Council on the other results of the European Council, I do not think the 20-minute rule need be applied but, in view of the length of Wednesday's agenda, I would ask all those who wish to speak on this subject to be as brief as possible.

13. *Organization of the debate on the draft general budget of the Communities for 1977*

President. — Pursuant to Rule 28 of the Rules of Procedure, the Bureau has allocated speaking time as follows for the debate following the presentation of the draft general budget of the Communities for 1977 :

- general rapporteur : 20 minutes
- Political groups : 10 minutes each

14. *Order of business*

President. — The next item is the order of business.

At its meeting of 1 September 1976 the enlarged Bureau prepared the draft agenda which has been distributed. Since then, a number of amendments have been proposed :

Mr Fellermaier, on behalf of the Socialist Group, and Mr Durieux, on behalf of the Liberal and Allies Group, have tabled oral questions on the drought.

Normally these questions would be added to Thursday's agenda to form the subject of a joint debate with the question on the same subject tabled by the Christian-Democratic Group. However, on Wednesday's agenda there is a question on the same subject by Mr Cointat to the Commission and the Council, and the latter have informed me that they cannot be present on Thursday.

Therefore, to save time and to avoid having a second debate on the same subject, it would be better to combine all these questions on Wednesday with Mr Cointat's oral question.

I call Mr Durieux.

Mr Durieux. — (*F*) Mr President, your proposal to group these questions under the same item of the agenda for Wednesday is perfectly logical and one I unhesitatingly endorse.

President. — The Committee on Budgets has asked for Mr Cointat's report on the second request for the unfreezing of appropriations for research and investment activities (Doc. 292/76) to be included in the agenda for this part-session.

As the report was not tabled within the time-limit laid down in the rules of 11 May 1967, I must consult Parliament on the adoption of urgent procedure.

Are there any objections ?

The adoption of urgent procedure is agreed. I propose that this report be placed at the end of Tuesday's agenda.

I call Mr Bertrand.

Mr A. Bertrand. — (*NL*) Mr President, the report by Mrs Walz is down as the last item on Tuesday's agenda but, owing to circumstances in her home country, Mrs Walz is unable to stay until Tuesday evening and would like her report to be placed at the beginning of the afternoon, before the reports by Mr Bersani and Mr Meintz.

President. — We shall do our best to comply with Mrs Walz's request.

Mr Bertrand and others, on behalf of the Christian-Democratic Group, have asked for an oral question on pollution and its consequences to be included on the agenda. This question could be debated jointly with the one on the same subject tabled by Mr Fellermaier on behalf of the Socialist Group, which is on the agenda for Thursday. We must first establish, however, whether the Commission is in a position to reply to the question by the Christian-Democratic Group which was not tabled within the time-limits.

I call Sir Christopher Soames.

Sir Christopher Soames, *Vice-President of the Commission.* — Certainly, we could answer this question if that was what the House wished but, while we are on this subject, Mr President, I should like to say that it would be most convenient for the Commissioner responsible if those two questions could be taken between Mr Normanton's report and Mr Guldberg's. I agreed we would accept the two questions on pollution, the one on the order paper plus the one from the Christian Democrats, which would presumably be taken together, for they are on the same subject. We would like them to be taken between Mr Normanton's report and Mr Guldberg's, if that would be convenient for the House.

President. — I call Mr Houdet.

Mr Houdet, *chairman of the Committee on Agriculture.* — (*F*) Mr President, in your draft agenda you have put down the debate on Mr Bourdellès' report for Friday morning. I would remind the House that this report was submitted to it on 18 June and referred back to the Committee on Agriculture. One of the reasons given was that the attendance was too low for discussing a report of this importance, and Commissioner Lardinois shared the wish of the Members of Parliament that the debate should be held at a time when it could attract the utmost public attention.

Houdet

The Committee on Agriculture reconsidered this proposal, which it has placed before you. I wrote to you on 3 September to ask whether, in view of the reasons why the report was referred back and of my committee's opinion, it could be debated on Thursday instead of Friday. If I am correctly informed, Mr Lardinois will not be able to attend on Friday, but will be present on Thursday. I hope therefore, that Mr Bourdellès' report will be placed on Thursday's agenda, in accordance with the wish expressed by my committee in the letter you have received.

President. — Mr Houdet, things have been made easier by the fact that we are combining all the questions on the drought under one item on Wednesday's agenda. We can therefore bring forward the debate on Mr Bourdellès' report to Thursday.

I call Mr Springorum.

Mr Springorum, chairman of the Committee on Energy and Research. — (D) Mr President, please forgive me for making a request. Mr Guldberg's report on the effects of increased energy prices on Member States' productivity and competitiveness comes up for discussion on Thursday afternoon. The House decided in January to refer this report back to the Committee on Economic and Monetary Affairs because a report by Mr Giraud and an opinion by Mr Burgbacher on the basic price system, which are to be adopted simultaneously, were already scheduled for consideration by Parliament. A number of contradictions have been found in these two reports, and I feel that the committees' proposals should be clarified before the House takes any decision.

I would therefore suggest that Mr Guldberg's report on energy prices be dealt with at the same time as the report by Mr Giraud and the opinion by Mr Burgbacher come up for discussion, probably in November.

President. — I call Mr Guldberg.

Mr Guldberg. — (F) Mr President, I apologize for speaking on a report I have drawn up myself, but I would remind Parliament that it initiated the report itself. This being the case, I see no reason, if Parliament cannot discuss the report on Thursday, why consideration of it should not be held over.

Nevertheless, I do not think that Parliament ought to refuse to discuss an own-initiative report on grounds which arise from a misunderstanding; for a misunderstanding there certainly is, Mr Springorum. Although my report is now shown on the agenda under its correct title, a misunderstanding arose in the process of translation. My report is based on the fact that energy prices have risen. The present French version talks about the consequences of the increase in energy prices, which has nothing to do with any policy on fixing energy prices in the future. Parliament merely wanted to know the effects of the sharp fluctuations in energy prices on the Communities' industrial policy.

This, Mr President, is all I wanted to draw to your attention.

President. — Mr Springorum, now that you have heard Mr Guldberg's explanations, have you changed your mind or do you still maintain what you have just proposed?

Mr Springorum. — (D) Mr President, points 18 to 23 of the resolution deal almost exclusively with the price of energy and reach conclusions that differ from those which, in my opinion, will be reached by Mr Giraud and Mr Burgbacher. I feel that, if the Committee on Economic and Monetary Affairs and the Committee on Energy and Research want to be taken seriously, they must be in agreement in resolutions which are so closely related. If the rapporteur is prepared to drop the points relating exclusively to energy prices, I would be in agreement.

President. — I call Mr Guldberg.

Mr Guldberg. — (F) I do not agree with what Mr Springorum has said because, as I see it, what we are concerned with is not the level of the energy price but industrial policy.

On the other hand, there is nothing to stop us tabling amendments, in which case the report could be discussed at the time suggested by Mr Springorum.

President. — We therefore agree that these reports, which cover related topics, will form the subject of a joint debate at a later date.

Thank you, Mr Guldberg, for your cooperation.

I call Mr Lange.

Mr Lange, chairman of the Committee on Budget. — (D) Mr President, ladies and gentlemen, the draft agenda contains a footnote to the item 'Presentation of the draft general budget of the European Communities for the 1977 financial year'. This footnote, Mr President, informs us that you have set

the time-limit for tabling draft amendments, proposed modifications, proposals for outright rejection and proposed modifications to the maximum rate of increase in expenditure to this draft budget as 13 October 1976.

Moreover you intend

to set the same time-limit for communication to the Committee on Budgets of any opinions other committees might wish to deliver.

In order to familiarize ourselves with the whole question, the Committee on Budgets would like to consider the opinions of the political groups and the committees at its meeting of 7 and 8 October, which will be attended by the President of the Council and held — as is the custom — at The Hague, the seat of the President-in-Office of the Council. We feel it would be impossible to put this off until the week between the regular plenary part-session and the

Lange

extraordinary part-session. I would therefore ask you, Mr President, to set the time-limit for tabling these motions, to which both the committees and the political groups attach great weight, for 6 October, that is, one week earlier than planned. I should be grateful if you could accept my suggestion. This was the first point I wanted to raise.

Secondly, Mr President, there is a question on which the House has yet to decide. You will recall the argument that took place on 22 July between us and the Council over a minor revision of the Financial Regulation. The Council contended that it could not treat the budget as it ought to do — that is, by entering payment authorizations on one side and commitment authorizations on the other, unless the Financial Regulation made provision for commitment authorizations. At its meeting of 10 September the Committee on Budgets considered this minor revision proposed by the Council and prepared a report. I do not know why you have not been notified. You should have been notified in connection with Mr Cointat's report on the release of appropriations. I should like to see this revision of the Financial Regulation debated by urgent procedure. Our colleague, Mr Shaw, is the rapporteur.

President. — The date of 13 October was chosen because it was in the middle of a part-session and was therefore most convenient for the political groups. However, the Bureau was not aware that the meeting with the Council at The Hague was to be held on 8 October. This is an important new element as far as the work of the Committee on Budgets is concerned.

I would therefore be completely in agreement with 6 October as the new time-limit for tabling draft amendments and proposed modifications at this stage in the procedure, since, in any case, there will be a second reading and these amendments and modifications can still be tabled later.

As regards your second point, Mr Lange, we shall ask the Council to let us know what decisions have been taken. So far I have not heard anything about this matter.

I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — Mr President, this minor revision has been dealt with somewhat informally. The Council has a copy of the proposal of 20 July, which it amended on 22 July at the request of the delegation from Parliament, which you headed. Although the Council did not notify us in writing, Mr Grohnendahl, chairman of the Council's Budget Committee, confirmed these amendments during talks held on 10 September, and the Council in its turn intended to notify us of the fact immediately by telex. I suggest, therefore, that we simply assume that this has been done and include the report by our colleague, Mr Shaw, on this week's agenda.

President. — Provided Mr Shaw's report has been formally submitted by then, it could be included after the report by Mr Cointat on the draft supplementary and amending budget No 2 for 1976. The agenda would then read as follows:

Tuesday, 14 September 1976

3.00 p.m.:

- Commission statement on action taken on the opinions of Parliament
- Walz report on the multiannual research programme of the JRC
- Bersani report on relations between the Community and Canada
- Meintz report on the social situation in the Community in 1975
- Cointat report on the release of appropriations for research activities.

Wednesday, 15 September 1976

10.00 a.m., 3.00 p.m. and possibly in the evening:

- Question Time
- Joint debate on the Council Statement and the Patijn motion for a resolution on the election of the European Parliament by direct universal suffrage
- Council Statement on the outcome of the European Council of July 1976
- Presentation of and first debate on the draft budget of the Communities for 1977
- Presentation of and debate on the Cointat report on draft supplementary and amending budget No 2 for 1976
- Shaw interim report on modification of the Financial Regulation
- Oral question to the Conference of Foreign Ministers on the appointment of the new Commission
- Oral question with debate to the Conference of Foreign Ministers on détente in Europe
- Joint debate on
 - the oral questions to the Council and Commission on the state of agriculture and
 - three oral questions to the Commission on the drought.

Thursday, 16 September 1976

11.00 a.m. and 3.00 p.m.:

- vote on the motion for a resolution contained in the Cointat report on draft amending and supplementary budget No 2 for 1976
- oral question with debate to the Commission on milk production
- second Bourdellès report on the market in potatoes
- oral question with debate to the Commission on the common agricultural policy and the Third World
- oral question with debate to the Commission on the North/South dialogue
- Normanton report on competition policy
- joint debate on two oral questions to the Commission on pollution

President

Friday, 17 September 1976

9.30 a.m. to 12 noon :

- Bangemann report on the admission of securities to stock exchange quotation
- Schmidt report on customs debt
- Herbert report on harmonization of the laws relating to vehicle driving licences
- Bethell report on the dumping of wastes at sea
- Della Briotta report on the wine sector (without debate).

Are there any objections?

That is agreed.

15. Time-limit for tabling amendments to draft supplementary budget No 2 for 1976

President. — I have set the time-limit for tabling draft amendments and proposed modifications to the draft supplementary and amending budget No 2 for the financial year 1976 at 6.00 p.m. on 15 September 1976.

16. Fixing of the time-limit for the committees concerned to submit their opinions on the 1977 draft budget and the time-limit for tabling proposed modifications

President. — Having regard to the remarks made just now by Mr Lange, I have set the time-limit for tabling draft amendments, proposed modifications, proposals for the rejection of the budget as a whole, proposed modifications to the maximum rate of increase in expenditure and the time-limit for the committees concerned to communicate their opinions to the Committee on Budgets as 6 October 1976.

17. Election of a Vice-President

President. — Following the resignation of Lord Bessborough from his position as Vice-President, I have

already expressed Parliament's sincere thanks, within the Bureau, for the way in which he fulfilled his duties. We now have to elect a new Vice-President. The European Conservative Group has nominated Mr Scott-Hopkins as candidate.

Since there is only one candidate, I believe Parliament will want to proceed with this election by acclamation.

(Applause)

I declare Mr Scott-Hopkins Vice-President of the European Parliament and congratulate him warmly on his election.

18. Agenda for next sitting

President. — The next sitting will be held tomorrow, Tuesday 14 September 1976 at 3 p.m., with the following agenda :

- Commission statement on action taken on the opinions of Parliament
- Walz report on the multiannual research programme of the JRC
- Bersani report on relations between the Community and Canada
- Meintz report on the social situation in the Community in 1975
- Cointat report on the release of appropriations for research activities.

Before closing the sitting, I must point out that to allow the political groups more time for their meetings the start of the joint meeting of the Members of the European Parliament and the Parliamentary Assembly of the Council of Europe has been put back half an hour. The joint meeting will therefore begin at 10 a.m.

The sitting is closed.

(The sitting was closed at 7.40 p.m.)

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IN THE CHAIR : MR SPENALE

President

(The sitting was opened at 3.05 p.m.)

President. — The sitting is open.

1. Approval of the minutes

President. — The minutes of the proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of the proceedings are approved.

2. Transfers of appropriations within the 1976 budget

President. — I have informed the Council and Commission of the European Communities that the Committee on Budgets has delivered a favourable opinion on the proposal for the transfer of appropriations between chapters in Section II — *Council* — Annex III. *ECSC Auditor*, of the general budget of the European Communities for the financial year 1976 (Doc. 110/76) and, despite several reservations, on the proposal for the transfer of appropriations between chapters in Section III — *Commission* — of the general budget of the European Communities for the financial year 1976 (Doc. 57/76).

3. Action taken by the Commission on the opinions of Parliament

President. — The next item is the statement by the Commission on the action taken on the opinions and proposals of the European Parliament.

I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — In the light of opinions recorded by Parliament at recent part-sessions, the Commission has amended a number of its proposals to the Council. We have sent forward an amended proposal on the restructuring of the small-scale inland fisheries sector, the subject of the Hughes report. We have informed the Council that we accept the amendments suggested in Mr Martens' two reports on statistical surveys on cattle and pigs. We have accepted an amendment submitted by Mr Müller to the proposal for a directive on the limitation of noise from subsonic aircraft. We have accepted an amendment called for by Lady Fisher of Rednal in her report on a common procedure for the exchange of information on the quality of fresh surface water in the Community. As recommended in Mr Jahn's report, we have amended our proposal for a Council resolution on the pursuit and implementation of a Community policy and action programme on the environment. At the

June part-session Parliament gave its opinion on our proposal for the remodelling of regulation EEC 1696/71 concerning the organization of the hop market. The Economic and Social Committee has given its views, and there has been some discussion in the Council. We have accordingly decided to amend our original proposal and Parliament will be asked to give its opinion on the proposals so amended. As usual, Mr President, Parliament will be given in writing the details of all the amended proposals that I have listed and I hope this list finds favour with the House.

President. — I should like to thank the Commission for having frequently amended its proposals in accordance with Parliament's opinions.

4. Welcome

President. — I am happy to welcome to the official gallery the Right Honourable George Thomas, the Speaker of the House of Commons, who has done us the honour of accepting our invitation to pay an official visit to the European Parliament here in Luxembourg. His presence here is also the presence of all that is best in British democracy.

(Applause)

5. Multi-annual research programme of the JRC (1977-1980)

President. — The next item is the report (Doc. 283/76) drawn up on behalf of the Committee on Energy and Research by Mrs Walz on

the proposal from the Commission of the European Communities to the Council for a multi-annual research programme of the Joint Research Centre (1977-1980).

As the rapporteur is not yet present, I call Mr Noè to speak on behalf of the Christian-Democratic Group.

Mr Noè. — *(I)* Mr President, ladies and gentlemen, in keeping with its attitude in the Committee on Energy and Research, the Christian-Democratic Group fully supports the report by Mrs Walz and, by the same token, the content and aims of the proposal for a multi-annual research programme of the Joint Research Centre for the period 1977-1980.

After the lean years between 1966 and 1972 in which only annual programmes were put forward, this is the second occasion on which the Commission has submitted a multi-annual programme to the Council. The first multi-annual programme will run out at the end of this year; it has been used as a basis in formulating the new programme now under discussion. In my view multi-annual programme of this kind were absolutely essential because all of us have witnessed, in previous years, the difficulties created by the annual programmes for the joint research establishments

Noè

because of the tight time limits within which they had to be drawn up. The joint research establishments are certain to benefit from these multi-annual programmes because we all know in this area of human endeavour results cannot be measured over twelve months but only over much longer periods.

Against this background, I wish to make three observations on behalf of the Christian-Democratic Group.

The first concerns the thinking which underlies the formulation of the programme. This is satisfactory in that the Commission has clearly taken note of a great many insistent requests made by the Committee on Energy. Allow me to list them briefly.

Firstly, the joint research establishments must provide technical assistance to the Commission; in certain specific sectors, they must be capable of giving valid information to it, thus allowing correct formulation of the energy or industrial policies which are dependent on research. Hence the existence of these establishments within the Community is, in our view, extremely important.

A further positive aspect is that closer links have been established between direct and indirect actions. I do not propose to polarize the discussion on direct or indirect actions but rather to express a general judgement of the importance of these actions in the research sphere. The Commission has undeniably made a noteworthy effort to achieve better coordination of the direct and indirect actions.

My colleague Mr Fläming, who has served as rapporteur on this subject on several occasions, has always stressed the need to define a limited number of objectives and to work effectively towards their achievement. This view too has been accepted by the Commission, to our great satisfaction. As regards the environmental problems arising in connection with the industrial production of energy, I am also gratified to note that the view that these problems must be studied simultaneously with the energy problems has prevailed.

It is also noteworthy that the public service function of the research conducted by the joint research establishments has been stressed. They will thus escape the influence of industrial or national interests and be able to deliver completely impartial opinions. No valid decisions can be taken without such opinions.

Finally we must not forget the efforts made by the Commission to define a statute for the research workers which will both enable the social tensions evinced in the research establishments to be eliminated while at the same time ensuring mobility of the researches; this is essential in such a sensitive area where forecasts can never be entirely accurate and, to make the necessary corrections to the various research programmes, a reasonable degree of mobility of staff

from one programme or establishment to another is needed.

In previous years we have all criticized the fact that staff costs represented too high a percentage of the budget of the joint research establishments. Now on the contrary the distribution of funds between operating — in the sense of the acquisition of equipment and materials — expenditure and staff posts is such that the percentage is more acceptable.

Let me stress too that the Commission has taken account of certain justified criticisms made by us concerning the slowness in the supply of materials and apparatus. Moreover the Commission has recognized Parliament's right to control the results achieved. There can be no doubt that in future years the Parliament will wish to assess the results; a system allowing such an assessment to be made is therefore required.

I shall not dwell on the subject of the mobility of the programmes, to which I referred just now, because it is impossible to be a prophet in this area. However, we can and must work out plans and programmes and adapt them during their implementation on the basis of our experience and in the light of new discoveries which may make minor or even radical changes necessary.

I believe I have said enough about the principles underlying the proposal now before Parliament. Let me add briefly that of the ten programmes proposed three relate to a matter of unusually great interest, namely safety in the energy sector or more specifically the safety of nuclear power stations, an area in which the joint research establishments have always done important work. We should like to see that work stepped up in order to harmonize safety standards in the individual Member States without which, Mr President, there can be no liberalization of the market e.g. for nuclear power stations. Without such harmonization, a manufacturer in one Member State will never be able to offer a power station on the market of another Member State.

In addition to the reactor safety programme, the Commission is proposing research activities relating to plutonium and the actinides on which our committee was able to obtain information during a recent visit to the joint research centre in Karlsruhe. The committee was able to see for itself the sophisticated work done on transuranium elements and the brilliant ideas of the research workers at this centre.

Finally a programme is proposed for the management of nuclear materials and radioactive waste products. We already held an initial debate on this programme last May and more recently, only a few days ago, Mr Mr Fläming was appointed to draw up an own-initiative report. When he has completed his report we shall be able to consider this important topic in detail.

Noë

I should like to stress the need for research into new sources of energy. Reports published in recent months clearly show that the price of oil will be rising further. The United States is continuing to increase the scale of its imports and this process can be expected to go on, thus heightening the tension on the price of oil. Research into alternative sources is therefore particularly important. The subject 'future sources of energy' includes programmes dealing with solar energy, hydrogen i.e. the production of hydrogen by thermochemical processes making use of the heat generated by high temperature reactors, and the design of thermo-nuclear fusion reactors which are already the object of important indirect research and direct research projects at Ispra; once more progress has been made with the general studies, these projects may prove extremely valuable.

This programme also includes studies of high temperature materials which may be used for the production of hydrogen and prove useful in thermo-nuclear fusion.

Finally, let me mention briefly the programme for protection of the environment and natural resources which, through a system of remote detection at the Ispra establishment, will be capable of providing valuable information to all the Member States and will make a useful contribution to the agricultural and regional policies of the individual member countries. As we have already pointed out on numerous occasions, Mr President, this system will also be useful to certain third countries, especially in the Mediterranean area.

As regards Mr Normanton's criticism of the direct actions, I must say that in the past (I mean five or six years ago) there may have been an excessive tendency to favour direct actions at the cost of indirect projects. Be that as it may, the Commission has recently proposed to the Council — and gained the latter's approval — a programme for plutonium recycling, a programme for the management and storage of radioactive waste and, finally, a programme of research and development in the sector of new energy sources. I therefore believe that the balance has been fully restored and I see no need to continue the polemic regarding these two different types of action. I would add that all the research into fusion, including the small programme to which I referred earlier, has been conducted through indirect actions. This subject is extremely important in that it concerns many of our countries and provides to some extent the key to a long-term solution of the Community's energy problems. I should point out, however, that the smaller countries which do not have such a strong industrial potential, can only benefit from the advantages of these programmes through direct action.

I believe that a satisfactory balance has now been struck between indirect and direct research and that

an urgent effort must now be made to achieve concrete results. The outlook is promising; Parliament awaits the results which it will study closely.

(Applause)

President. — I call Mrs Walz.

Mrs Walz, rapporteur. — (D) Mr President, ladies and gentlemen, I must first apologize for not being present punctually but I had understood that I would only be called later.

In document 283/76 (PE 44.884/fin.) of 10 September which you have in front of you, the Committee on Energy and Research has drawn up an opinion on the proposal from the Commission of the European Communities to the Council for a multi-annual research programme of the Joint Research Centre (1977-1980). At its meeting of 2 September the committee responsible unanimously approved the report, the motion for a resolution which supplements it on a number of specific points and the explanatory statement. The committee accordingly requests you to approve in its entirety the draft now before you and calls upon the Commission to endorse the amendments we have proposed pursuant to Article 149 of the EEC Treaty. The opinions of the Committee on Budgets and of the Committee on the Environment, Public Health and Consumer Protection are attached to the document.

The new research programme contained in the Commission's proposal is to follow the previous programme decided in 1973 and due to expire at the end of the year, for the JRC at the four research centres in Geel, Ispra, Karlsruhe and Petten. It covers the period 1977-1980.

The Commission's proposals for a new multi-annual research programme which our committee has examined justify us in hoping that the conditions for a revival of direct Community research as requested by the European Parliament in its resolution of 11 May have been largely satisfied. However, this research cannot be successful unless our research policy is at long last incorporated into a common industrial policy. These demands and conditions for a revival of direct European Community research were based on a precise investigation and analysis of the situation of direct Community research during implementation of the multi-annual research programme for the years 1973-76 submitted by our committee to Parliament. On the basis of this detailed study, which includes some highly critical analysis, our committee drew the necessary consequences and set out its conclusions in four reports.

The latest of these reports by my colleague, Mr Fläming, on the conditions for a fresh start in Community at the Joint Research Centre which is in certain respects highly critical of the Centre and the work done by it, sets out all the conditions and possi-

Walz

bilities which in the view of the European Parliament must be respected if the common research policy is — as it must be — to be encouraged; these conditions include a common industrial policy. Despite all the criticisms and the praiseworthy clarity with which Mr Fläming drew attention in this report to the shortcomings of the JRC — noting as he did the lack of any clear-cut basic concept of Community research, the lack of uniformity and flexibility on the programme, the incompatibility between the programme and staff qualifications, the excessive bureaucracy, the unsuitable budget structure, the lack of any corporate identity in the JRC and the lack of confidence — our committee, together with the whole of Parliament, has always been convinced of the need to encourage joint research. But we have also felt that this research must comply with certain conditions and criteria and be backed by staff with appropriate qualifications if it is to be properly justified.

In examining the Commission's proposal for a new multi-annual research programme of the JRC we must therefore take account of the principles and guidelines set out in the Commission's document entitled 'Objectives, priorities and resources for a common research and development policy', on which Mr Krieg reported earlier, and in particular in the abovementioned report by Mr Fläming.

Under these conditions it is possible to note a broad measure of concordance between the concept recommended by the European Parliament and the plan now put forward by the Commission for a new multi-annual research programme of the JRC. The Committee on Energy and Research therefore notes with satisfaction that the new research programme of the JRC is, by the Commission's own intention, at long last to be guided by the following principles, and I quote :

- the role to be played by the Centre must be one in which primary consideration is given to Community interests in the field of science and technology but which also ensures expert help and scientific and technical advice for the formulation and implementation of sectoral policies in the Community;
- there must be closer links between research projects carried out by direct and indirect action in order to achieve greater homogeneity and improved efficiency;
- there has to be a drastic concentration of activities on a small number of programmes comprising specific projects with fixed objectives and deadlines;
- stress must be placed on research in the energy and environment sectors, while at the same time encouragement must be given to the JRC's public service role;
- the implementation of a staff policy adapted to research requirements is of primary importance, partly in order to facilitate the mobility of research staff;

- a better balance (57 % : 43 %) must be achieved in the ratio of payroll costs to scientific and technical operating expenses in order to improve the efficiency of the Centre and increase the opportunities for cooperation with European research organizations;
- the structure for the execution and management of projects must be strengthened and the procedure for the assessment of work and results tightened up;
- the 'rolling plan' must be evolved to enable the programme to be adapted to changing techniques and needs.'

Bearing in mind the demands made by our committee and the European Parliament, the Commission has primarily selected research projects which are well-adapted to the special role of the Joint Research Centre in the context of the Community's scientific and research policy; these projects include research activities and programmes which :

- are of central importance to the Community as a whole,
- accord with the role of the JRC as a public service undertaking of the Community in the sector of research and development policy, and
- meet the function assigned to the JRC of providing the Commission with scientific and technical expertise and support.

Having regard to these politically far-sighted limitations — which are particularly well-founded in the context of research policy — some 70 % of the new multi-annual research programme is concentrated on energy and environmental research, two areas which in the view of the committee and of the European Parliament, are particularly urgent and important to research and development policy in the Community. Four of the ten individual programmes (solar energy, hydrogen, conceptual studies on thermo-nuclear fusion reactors, high temperature materials) will contribute to the development of new energy sources in line with the Community's strategy in the energy sector. However, it must be noted that certain doubts arise in connection with the design studies which have already been carried out e.g. at Garching.

Close on 50 % of the programme as a whole with the three individual programmes on reactor safety, plutonium fuels and actinide research, nuclear materials and radio-active waste management, is intended for activities in the sector of nuclear safety. In view of the growing contribution of nuclear energy to the Community's energy supplies and the distinct scepticism with which this development is being viewed in the Community countries, these programmes are of particular importance to research policy and policy in general because the confidence of our population can only be gained if provision is made for the safe disposal of waste products.

Walz

Ladies and gentlemen, in conclusion I wish to stress one point particularly strongly. In the document to which I referred earlier entitled 'Objectives, priorities and resources for a common research and development policy', the Commission, in line with the views of our committee and of Parliament, stressed the importance of coordinating national research policies at Community level. Advanced research has become far too expensive for it to be conducted on a purely national basis or at several places simultaneously. The aim of any common research and development policy must be to promote coordination. In my view, one of the instruments by means of which this aim can be achieved could and should be the JRC. In view of this fact and having regard to the conditions outlined above I wish to stress the importance to the Community's research and energy policy, in the context of this coordinating function, of having at its disposal an information or documentation centre giving the other services and agencies of the European Community access to data on research programmes currently being conducted in Europe and in third countries and enabling them to obtain information at any time on the progress and results of these programmes. In the context of the new multi-annual research programme, the rapporteur considers it perfectly feasible and desirable for the JRC to successfully undertake this role or at least become a principal agency of information.

The estimated costs of 374.4 m u.a. based on the value of the unit of account on 1 January 1977 seem perfectly reasonable to me, considering that the staffing of the JRC is to be maintained at the existing level. I have heard of efforts in some quarters of this Parliament to prevent any exact figure from being indicated. I cannot in any way share this view because if we do not enter a precise figure and in so doing commit ourselves to spending this amount, we should soon encounter the same disastrous situation at the joint research centre as in the past. On the contrary it is my view that the cost of 374.4 m u.a. should be adapted to inflation, otherwise there is bound to be some restriction of research activity. Allowing also for the possibility open to the Community governments to transfer parts of their own expensive programmes to the JRC in the areas where the latter is active, the new multi-annual research programme for the JRC should, by its fundamental concept, centres of interest and estimated costs, serve as a point of departure for closer coordination — essential in the medium to long term — of national research activities and development policies and of the corresponding programmes. It is worth recalling here with particular emphasis the advantages which would result in this way for the European Community as a whole and for its individual Member States. Let us hope that the JRC will at long last flourish again as we should all like; the time has now come for the Council to take

as a matter of urgency and after such long delays its decision on the JET. No further delay can be accepted.

(Applause)

President. — I call Mr Dalyell to present the opinion of the Committee on Budgets.

Mr Dalyell, draftsman of an opinion. — I shall make a hybrid speech, part of which is on behalf of the Committee on Budgets and part of which is on behalf of the Socialist Group. It will be short, and I shall stick to one thorny issue in each part.

From the point of view of the Committee on Budgets, the report before us gives rise to a particularly serious problem of a budgetary nature which concerns the prerogatives of this Parliament. Article 2 of the draft decision sets out a precise figure for the level of commitment for expenditure for the four years and also a precise maximum number of staff. In the opinion of the Committee on Budgets, this article should be deleted so as to preserve Parliament's rights in the budgetary procedure. Such a deletion would be in line with the resolution of this House of 18 June this year on the Cointat report on unfreezing appropriations for the JRC, and I gather that Mr Cointat is in agreement with this particular point. It would also be consistent with the resolution on the Howell report on the marketing and processing of agricultural products, adopted at the July part-session. This matter is sufficiently important to prompt several of my colleagues to sign the amendment which is before you. The figures, of course, remain in Annex II to the decision, so that I need not weary the House by going over them; in any case they are for illustrative purposes. On this issue, I invite the comments of Commissioner Brunner when he winds up.

Mr President, I should like to say, on behalf of the Socialist Group, that we think there is an urgent matter of really overriding importance for this House, and that is the vexed question of the siting of the joint fusion project. The Socialist Group at our meeting yesterday came to what I think was the unanimous view that the point has now been reached where really any decision is better than none at all. Procrastination makes for the worst of all possible worlds, and the fact we have to face is that unless we come to a decision the teams at Garching and Culham will break up. This situation will be of no service to Ispra and something must be done quickly otherwise highly-skilled and valuable men will simply give us up and go to better facilities in the United States.

(Applause from certain quarters on the left)

And it really would be an enormous pity if we in Europe were to lose our lead over the Soviet Union and the United States on this vital project.

Now it might be said, 'Well, alright, tell us then what site it will be'. I really do not think that we are shirking the issue if we say that perhaps it is not up to

Dalyell

politicians in our position to say that it should be side X rather than site Y. What we are entitled to do, at any rate morally, is to say that you must choose a site. I therefore hope — and here I address myself to Commission Brunner — that at this key meeting on 21 October you will convey that it is the opinion of the Socialist Group — and I hope of the Parliament — that you and the ministers really must reach a decision. Speaking frankly, what we expect of you is to go into some kind of papal conclave and — even if it takes hours and hours, even if you go on to 22 or 23 or 24 October — to go on until we get a decision, because we shall be waiting until the white smoke appears and you have reached some decision on where Europe is to have its jet project. We expect that of you.

(Applause)

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, the 1977-1980 programme of the JRC presented by the Commission is the result of experience and long consultation between the Parliament and Commission; the reports by Mr Krieg and Mr Flämig were interesting stages in this.

Little by little the organization, management and role of the Joint Research Centre have been defined and taken shape. The outcome is this programme for 1977-1980 which amply complies with the criteria defined by our Parliament and by the Commission in terms both of the guiding principles and of the implementation and management of the future programme.

As to the guiding principles, we are gratified to note that the concept of the multi-annual research programme submitted by the Commission coincides with the concept we had ourselves defined, namely that the Centre must above all have regard to the interests of the Community by providing expert assistance and scientific and technical support for the formulation and implementation of the Community's policies in specific sectors.

The effectiveness of the Centre also depends on the tightening of the links between direct and indirect research activities with a view to greater homogeneity, and on the efficiency of the work done and concentration of research activities on a limited number of actions.

The European Parliament had also hoped that the research conducted at the JRC would be directed more specifically at the areas of energy and the environment. Finally as regards the structure and management of the Centre we have constantly called for better adaptation of the personnel policy to the requirements of research and a better budgetary equilibrium between salary costs and operating expenditure. The Commission has complied with our wishes as

regards the definition of the role of the Centre and the selection and concentration of research activities, with priority going to energy and the environment.

We therefore give our support to the major research themes proposed in the future programme, i.e. nuclear safety, new energy sources, the environment and natural resources, standards and reference techniques, service and supporting activities, because the Centre's activities are effectively being confined to a number of points which all respect the criterion of Community interest.

Once again therefore we welcome the fruitful cooperation established between the Parliament and Commission.

As to the implementation and management of the future programme, substantial progress has already been made since the previous programmes. A better balance has been struck between appropriations for salary costs and operating and investment credits. Salary costs have fallen from 70 % to 57 % while investment and operating costs have risen from 30 % to 43 %, i.e. a reduction of 13 % in one case and an increase of 13 % in the other. In our view this budget structure is a real step forwards. But if this progress — achieved as we well know only with great difficulty — is to be safeguarded, it will be essential to ensure that any decision of the Council changing the initial level of personnel remuneration is not reflected in the appropriations earmarked for operating and investment purposes but is accompanied by an increase in personnel appropriations; in other words the principle of the annual adaptation of the budget to cost trends must be scrupulously respected.

A programme covering four years but with a financial endowment which is evaluated and fixed in the first year is liable to be seriously affected by cost trends and monetary erosion. The Group of European Progressive Democrats therefore approves the suggestion by our rapporteur that the financial assessment serving as a basis for the future decision on the multi-annual programme should not be included in the programme decision itself; we shall therefore vote in favour of the amendment by the Committee on Budgets which proposes to exclude the amount of the appropriations from the programme decision.

As to the number of staff, we hope that, on the basis of the modifications made in the staff regulations for personnel of the JRC, a very great effort will be made to ensure greater mobility of the scientific staff on which the effectiveness of this research work depends.

The Group of European Progressive Democrats also fully endorses the amendment to the last recital of the Council decision and to Article 2 of that decision. It is in fact much wiser to speak of the commitment for expenditure 'earmarked' rather than 'necessary' for carrying out the programme. Similarly the amount of 374 m u.a. is preferable to that proposed by the

Liogier

Commission which merely adds a few digits: that, you will agree, is rather confusing when we are fixing the appropriations for implementation of a long programme over four years.

Our last observation relates to Article 2(2) concerning the staff level. We naturally approve the deletion of the word 'maximum' but the figure of 1705 persons raises a number of questions.

The present staff establishment is 1888 persons. How will the reduction be made? And what budgetary provision is to be made for the 471 local staff who do not appear in the establishment budget but must nevertheless be shown somewhere in the budget and should, if the Council accepts the proposal on the conditions applicable to JRC staff, be entered in the establishment plan with contracts of indeterminate duration. Are they to be excluded from this figure of 1705? The overriding consideration is of course that the Centre should have outstanding research staff at its disposal. Having put these questions, the Group of European Progressive Democrats once again thanks the rapporteur for the quality of the work done by her and will therefore vote in favour of the excellent report by Mrs Walz.

In conclusion, Mr President, it only remains for me to wish the JRC every possible success; as we know it has experienced difficulties and its health has not been perfect but it now seems well on the way to recovery.

(Applause)

President. — I call Mr Osborn to speak on behalf of the European Conservative Group.

Mr Osborn. — Mr President, with the Speaker of the House of Commons here, may I say that I find it much easier to catch your eye than to catch his in the House of Commons, but, alas, so many of our fellow countrymen and our constituents learn of our speeches in the House of Commons but too frequently do not hear about our contributions here.

Mr President and Mr Speaker, this debate is about very important issues, because today mankind must use its intelligence to survive against the changing balance of nature which surrounds us. Science, and particularly the pooling of international and national resources, is vital, because the cost of research and development in new fields is so great. We have an appreciation of this in 'Europe + 30' but this debate today is about research and development, applied research involving public funds, European funds — primarily to secure our energy resources, but secondarily to establish or continue the industrial momentum which we enjoy.

The Conservative Group congratulate Mrs Walz on an excellent report dealing with a very difficult subject. This report well reflects the views, which are not entirely unanimous, of a committee, and I should like

to turn to the multi-annual research programme discussed in this report. This programme is well documented. We have — at least the committee has had — the 1973/1976 summary of the final report of the programme. We have this huge document, 171 final 2, outlining the nature of the future programmes and technical proposals and Dr Brunner and the Commission must be congratulated on their efforts to inform all concerned about what they are aiming to achieve. Dr Brunner can rest assured that already these proposals have, bar one or two amendments, the support of the Committee on Energy and Research and they will have the support of the groups, including the Conservative Group, and of this Assembly.

But what worries me in this field is what a committee and an Assembly can do constructively to determine the work of the four laboratories. Mr Noè referred to the visit to Karlsruhe. I have been to Geel and we shall have a meeting in Ispra and see what are the chances of establishing the JET project successfully there or elsewhere. What we can do in this Assembly is to reassert and establish priorities — and these have been well outlined by Mrs Walz in her report and in her speech today. We have the expert advice of the Scientific and Technical Committee, which is annexed to the Commission document, and that of the General Advisory Committee, and these two committees view favourably the proposals before us. But in the committee under the able chairmanship of Mr Springorum, Mrs Walz had to face up to a number of amendments from Mr Normanton — who will address us on these — which reflected the unease which some of us felt.

Now what is this concern about future strategy? First of all — should this Parliament have to spend so much time on the work of just four laboratories?

As Mrs Walz pointed out, 374.4m u.a. is but 0.5% of the appropriations allocated to research by Member States. Therefore I would like Dr Brunner to consider whether it would not be better to let us study the 99.5% expenditure in this field, rather than the work of these four laboratories. I should say that in the discussions on the budget we have noted the indirect and direct programmes, which are now more or less in balance, but this is only part of the whole.

How do Member States control their public expenditure? Dr Brunner will be coming to meet the Parliamentary and Scientific Committee in the House of Commons next month and, of course, in the House of Commons we have been concerned, as any other parliament in the Community is, about expenditure in government laboratories. In the 1974 Department of Industry report on research and development there was an analysis of gross expenditure by main objectives, as in the Commission document and in Mrs Walz's report, but there also was an analysis of research and development expenditure by contractors.

Osborn

Therefore I very much hope that when Dr Brunner comes to England he will assess what is happening in terms of research on contract, because someone has to decide what needs to be done in applied research and development and who is best able to do it and should be paid for it. This idea is not prevalent enough in the thinking of the Community at the present time. I hope he will again meet Dr Marshall who has had responsibility to Harwell. I hope he will learn how I criticized the expenditure on Harwell some ten years ago and how Harwell has now broadened out into different fields and provides excellent contract facilities for those who wish to use their skill there. When he comes to England, I hope he will tell us about R and D in Europe — public, national and private, including joint projects with the USA, Canada, and even the Soviet Union — and I hope his horizons will extend beyond those of this somewhat too limited debate. In the United States, industrial companies manage large laboratories and the principle of doing research contracts is well established.

But what sort of strategy must we look to for the future? This report admittedly concerns itself with direct research programmes and, within the priorities specified by Mr Krieg and Mr Flämig, the Conservative Group and the Conservatives on the Committee on Energy and Research support what is proposed. It is fundamental, however, to the future strategy of the Community that European deficiencies in oil, food, fertilizers and other raw materials should fall within the competence of the R and D effort. Some reference has been made to these priorities already.

I had the privilege of attending the Milan Conference arranged by Dr Schuster where various scientists and industrialists involved in European coordination came together. Mr Noè and Mr Leonardi were there, but I was the only non-Italian representative from this Assembly. There is now a need to understand the extent to which research and development is going on throughout the Community. There was reference to 100 thousand million u.a. being spent in the Community on public and private research and development. There is a Coreper Committee working on this. And that is where we in this Assembly should direct our thoughts and attention. In this conference there were 5 working groups on the long and medium-term objectives, the need for coordination between research, the problems of innovation and exploitation. Therefore I very much hope that Dr Brunner will relate his comments on this request for money to the wider concept. In our committee Mr Normanton put through a number of amendments. He wanted to establish the importance of effective coordination and effective working relationships between Member State research establishments. We also want to establish the importance of liaison with other countries, particularly the United States and Canada. But the fundamental importance of research must lie in concerted action,

indirect rather than direct action, and I very much hope that the next programme that Dr Brunner or his successors put before us will be much wider in scope and that they will report to us on the effectiveness of the European research and development programme — national, private, public as well as Community programmes. With these reservations the Conservative Group support these proposals and endorse them generally. They also accept the amendment tabled by Mr Dalyell calling for Article 2 to be deleted, because the expenditure involved should be non-compulsory rather than compulsory and therefore we shall support the amendment.

(Applause)

President. — I call Mr Leonardi to speak on behalf of the Communist and Allies Group.

Mr Leonardi. — *(I)* Mr President, ladies and gentlemen, the motion for a resolution and report submitted by Mrs Walz can be considered from the technical angle and in political terms. But since the technical prospects have been looked at in our discussions in committee and since we shall, I hope, have occasion to return to them when the programme is being implemented, I wish to dwell above all on the second aspect which seems to me to lend itself better to debate in plenary session.

From the technical angle I shall confine myself to repeating a point made by previous speakers, namely that this second multi-annual programme undoubtedly represents a step forward in terms of efficiency and rationality from the disastrous situation of the past. We have all already discussed and referred several times to the basic criteria which should have been — and in part were — taken into account by the Commission when it drew up this programme; these included concentration of the research potential on a limited number of actions, the choice of corresponding actions and precise objectives, the priority for environmental and energy problems and an increase in the qualifications of the centre by a better distribution of staff.

The acceptance and application — if only partial — of these criteria have certainly enabled progress to be achieved in technical and organizational terms; at the very least they represent an attempt to escape from an extremely serious situation for which the staff had wrongly been held responsible but which was in reality attributable to political failings at Community level. Some of the regrettable situations which have been created at these establishments in the past will certainly remain because existing realities are simply being papered over with new verbal exercises. But on the whole, as I have said, from the technical and organizational aspect, it would have been mistaken not to recognize an attempt at progress and certain elements of real progress.

Leonardi

From the political angle, however, the question which in my opinion arises is whether we are to move on from an extremely serious situation to a situation of survival which is more dignified than the one we have known in the past or whether with this programme we are proposing to create the conditions for a qualitative breakthrough.

The basic political question is therefore whether, after the failure to meet the objectives of the Euratom Treaty — and we all know how serious that failure has been — this programme is capable of creating the conditions for a new departure.

The draft Council decision now under consideration gives a positive reply in that it states at one point that the multi-annual research programme is 'one of the principal means whereby the European Atomic Energy can contribute to the rapid and safe growth of nuclear industries and also to the acquisition and dissemination of knowledge in the nuclear field.' However, if I may recall what I said earlier about the better utilization of the available resources, I would not make such an affirmation. The programme under consideration cannot be presented as one of the principal means open to the European Atomic Energy Community. That is not true and an affirmation to the contrary seems to me politically incorrect. Moreover the draft decision, after referring to the fundamental objectives of the Community treaties — the harmonious development of economic activities throughout the Community, continuous and balanced expansion, increased stability — states, in the third recital, that the non-nuclear research projects forming part of this decision appear necessary to achieve these objectives in the energy sector and at a more general level, we all know — while our assessments differ — that common policies are needed which are capable of dealing with these problems at a higher level and with a far greater political decisiveness than we have so far been able to achieve in the Community. In my view it is politically inexact to claim that this programme has a capacity of achieving or can contribute in any basic way to the achievement of these objectives.

When I speak of common policies, I am referring to an industrial policy and an ecological policy which are lacking at present: this shortcoming already renders a Community research programme extremely fragile because it makes it impossible to know where to begin. I am not suggesting that the common policies should, once they have been worked out and established, replace national policies, but I hope that a serious effort will be made to coordinate the various national policies. This argument has already been put forward by other speakers, in particular Mrs Walz. It is not simply a matter of the paucity of resources, although we know that the Community research budget corresponds to only 1% or 1½% of the overall research budget of the Member States, in other words a very modest amount. The relevant point is the way in which these resources are used. Of course the

funds available should be greater than this small percentage but if national policies are to be coordinated to avoid wastage and work towards common objectives, the principal need is to establish the best way of using the available funds.

Now it seems to us that this effort has not been made in the present programme and that, instead of coordinating national efforts, the programme tends rather to serve national policies and naturally to serve the national research policies of the stronger countries. I do not wish to dwell on specific cases which must of course be examined to determine whether this impression is correct, but this could be done later while the programme is being implemented and with a more thorough technical analysis than would be possible here. It has also been said that much of the direct research carried out within the Community and at its expense does not serve to guide indirect research conducted in the individual countries but has rather the opposite effect. This is a general criticism which is of course based on our own findings and warrants further study. If it proves correct, then clearly the praiseworthy proposals — such as that of greater homogeneity — would be undermined in the course of implementation of the programme and instead of contributing to greater unity in the Community, might make for a form of disintegration which we can already observe in other sectors where Community funds are used to help the strongest.

What conclusions do we draw from this? In my view the draft decision is not satisfactory. While it seeks in part to overcome the dispersion of objectives and resources, it does not succeed in breaking away from a defensive position, a position of survival of the existing situation instead of making a breakthrough towards a qualitative change for which political decisions at a higher level than a research programme will be needed. The research programme cannot achieve much. It is the political decisions at a higher level which can make use of Community research to achieve their own ends.

We do not therefore reject this programme; we believe that it holds out the prospect of a step forward which we shall try to consider during its implementation to ascertain whether it is possible to make the necessary improvements which would justify the proposed investment, with a view above all to adapting the aims of the programme more satisfactorily and with greater balance to the real problems of all the EEC countries.

While then our appraisal is positive from the technical and organizational angle, our political verdict is less satisfactory. We shall look further at this research programme while it is being implemented; my group will therefore abstain.

(Applause)

IN THE CHAIR : MR MARTENS

Vice-President

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I should like to offer my warm congratulations Mrs Walz for her report and to the Commission for their proposals. And I would assure them that my congratulations are not just fair words but that they are very sincere, they come straight from the heart, because what the report and the proposals represent, it seems to me, is a very serious attempt, a very creditable and praiseworthy attempt to overcome some extremely difficult problems.

Because many of the specific points which I would have raised have already been dealt with very ably by a number of speakers, I would like to deal in very general terms with the fundamental problem, as it appears to me, entailed in sponsoring research successfully from public funds. I put it down as an axiom that there are very serious difficulties. Indeed, I would go further and say that the difficulties increase as the sponsoring body becomes more directly involved in supervising the work in hand. Mr Leonardi spoke about the difficulties being of two kinds — technical and political — but I want to look at a third field of difficulty, which I label the managerial side of the matter. While I do not disagree for one minute that there are basic political problems entailed in some aspects of research — and at the very end I should like to deal with one of them in response to what my good friend Mr Dalyell said — in principle it seems to me that the work of the JRC, given a certain budget, is from then on not really influenced by political considerations. I agree that we have some very real political difficulties, but they should never in principle arise — leaving aside for the moment all the arguments about the multinational situation that this particular institution finds itself in.

Now, coming to this managerial question, the difficulties arise from a bureaucratic element which is seemingly inevitably associated with public accountability and which has as its philosophic basis the inductive method — that is to say, it bases expectations on past events. This presupposes a static situation which can be catered for according the static nature of basing expectations on past events — by whoever happens to be at the top of the bureaucracy. Every functionary confronted with a situation calling for a decision then merely applies the rules appropriate to his particular situation. This is the classic form, as we all know, of the bureaucratic process, and, of course, it works very well in all kinds of situations : we have had over the last few hundred years very big organizations such as the ecclesiastical bureaucracy, the military bureaucracy and so on, which have all functioned admirably in the control of large institutions. But when we come to scientific research we are in a very different situation, because the essence of scientific

research — is innovation — its very *raison d'être* is to innovate, and here the inductive method is completely useless. No longer can we anticipate on the basis of past events if we are trying to create for the first time events which there will have no rules, as it were, to cater for, because they have not arisen previously. We are in an entirely different sort of ambiance, and this is a very important thing for us to consider in the light of this particular report and the proposals but by the Commission, because it is an ambiance which is completely inimical to bureaucracy — and, I might add to politicians, especially those in a multinational institution, who frequently have national interests at heart and very often allow these national interests to override their judgement in matters where they should not in fact intervene.

These are the broad philosophical difficulties that the Commission's proposals and Mrs Walz's report are trying — as I say, very creditably — to overcome. Having said that however I would point out that I am a little worried — and I put it no more strongly than that — by two of the paragraphs in the motion for a resolution, which seem to me to suggest that this supervisory power breathing down our necks, the dead hand of bureaucracy, might still, as it were, be ready to impose itself upon our Joint Research Centre — and I am fully aware of the problems of public accountability and all the rest of it. I am speaking now from a desire for what one might almost call a technical-entrepreneurial situation in the JRC.

Two particular paragraphs are paragraph 8, which calls on the Council to obtain full information in future on the Joint Research Centre — it's a kind of Orwellian situation all over again, with big brother watching as it were, every move made in the laboratory, with everything having to be overseen and controlled by the Council. — And paragraph 15, which

Hopes that the machinery recommended by the Commission for the implementation and reorientation of the programme will be supplemented by checks, and possibly also as to the completion of the individual sections of the programme

Here we are tending down a slope which, if we follow it — as I suspect by the very nature of the bureaucratic process and public accountability we very well might do — will result in our JRC once again not producing the results that we are all anxiously looking forward to seeing. Having said that as a cautionary word, I certainly support very warmly Mrs Walz's report.

Finally, I would like to comment briefly on the point Mr Dalyell made about the need for a decision on the location of JET. I disagree with him on one point. I think we all agree about the need for a decision. I think if I were to go to any of the political groups in this House I should be able to persuade them of the need for a decision — any decision, whether it be Ispra, Culham or Timbuctoo. But when one looks at the nature of the decision that is called for, it is not a technical one ; we are not competent to make a tech-

Ellis

nical decision, neither is the Council of Ministers; as far as I am aware, no one in the Council of Ministers is really technically qualified. They are calling or being asked — for what is essentially a political decision; and we are urging them, as we are urging the Commission, to insist, that they bring out this decision. However, if the Council are qualified to give a political decision because they are politicians, so is this House; and I fail to see how we can insist that the Council brings out a political decision if we as a Parliament refuse to do likewise. To conclude therefore, Mr President, I hope that in the next part-session of this Parliament, which will take place before the meeting with the Council, there will be a resolution so framed that we can debate the very issue of where JET is to be sited, that the House will come to a decision and that that decision will be, as I suspect it might well be, in support of the Commission. If in fact this happens, then we shall have done more in real terms towards getting a decision than all the fair words spoken about the Council doing its duty.

(Applause)

President. — I call Mr Normanton.

Mr Normanton — Mr President, may I join the other honourable and right honourable Members of this House in offering my congratulations to Mrs Walz for the report we are debating here today. I am particularly delighted to do so, because during the preparation of her report there was a considerable amount of discussion in which I personally was involved and part of which may well suggest a hypercritical attitude to the report itself. That is not indeed the case, because on an occasion when Commissioner Brunner was present at a committee meeting he reminded the committee — and particularly myself — that this document deals with a multiannual research programme of the Joint Research Centre and made no reference to indirect research as such.

It is in fact on this fundamental issue of whether the Community should concentrate more on direct as opposed to indirect research, or vice versa, that I personally have the strongest critical comments to make, as far as the work of the Community and the work of the JRCs are concerned. I believe, quite frankly, that the arguments in favour of an ever-increasing concentration on indirect research show, when we have the evidence before us, absolutely conclusive that it is in the field on indirect research that there will invariably be the biggest and most effective investment of European Community public funds.

Of course we are not talking about that in Mrs Walz's report, so I am only going to make a few points in connection with her report. Firstly, I believe that we should take into account the fact that the Community and this Parliament are consistently representing their anxiety to help with the economic, social and technical developments of third countries in general, and

the developing countries in particular. And it is, in my opinion, in this area that there is a vast source of expertise and capability in Community firms, in Community industries, which are still not being tapped by the Commission's policy and programme for research. And I would earnestly hope that the Commissioner will do all that he possibly can to identify these Community industrial undertakings, which are themselves engaged in technological, research and development, and are themselves involved in industrial production or commercial activities with and in the developing parts of the world. I think this is something which we as a Community have failed to appreciate, and it is in this sense that I think that the multiannual research programme for the Joint Research Centres does not represent the most productive, most economic utilization of public funds.

Now let it be quite clear for the record that I am not attempting, nor, I hope, will Honourable Members in this House attempt, to cry disparagingly about the work of those who are employed in the various JRCs in general or the individual one at Ispra in particular. If there is any inefficiency in their functioning, the fault, in my opinion, lies here — with politicians — and not with the researchers themselves. We should never forget that the creation of the JRC as an institution, a Community institution, was decided by politicians, and it is our failure to take an ongoing interest and concern in their work which lies very much behind many of the criticisms which have been made against these bodies.

May I offer just two or three particular points in addition to those which I have made. I believe that the Community, should not be afraid to fund, for indirect investment, research projects in third countries wherever such countries may be. Whether these be in developing or in developed parts of the world is, as far as I am concerned, irrelevant. The important principle which the Commission and the Community should concentrate on and keep in their minds is the need for funding in centres of excellence wherever those centres can be identified and encouraged. And there are far more areas of such excellence than I think the Commission and the Community have at this date fully appreciated. I hope therefore that the Commission will give some serious and urgent consideration to identifying those centres in all the major areas of expertise and technology which do qualify for description as centres of excellence.

I would also make another point, though briefly — that the Commission, I believe, should bear in mind the relative importance of taking into account cost effectiveness in choice of research projects in their allocation to research establishments, whether these be JRCs or indirect research establishments, and ask the Commission to include in their annual report to Parliament an assessment on this aspect of each and every research project. Now I know immediately that there will be honourable friends, honourable gentlemen in this House, who will say it can't be

Normanton

done; you can never relate and inter-relate costs of an investment in research and link it directly to the value which flows from it. It can be done, it is being done, but I am not satisfied that it is being done in the Community direct research establishments. That is the point which I put to the Commissioner and I hope he will give a reply at the end of this debate.

The last point I make arises out of Mr Leonardi's contribution to this House. He referred to political priorities in research. I can only make the most earnest, passionate plea to this House that the less we have politics coming into research the more productive many of our investments will be.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — *(D)* Mr President, during this to my mind highly constructive debate, the work of the Commission and of the Joint Research Centre has come in for a great deal of praise. That gives me real pleasure because I believe that the officials who worked on the programme now before you have done a good job.

The fact that they have done so can be confirmed by looking at past events. What was the situation with which we were faced? The Joint Research Centre experienced a crisis lasting until about 1972. During that period there was little if any continuous research work. There were only provisional programmes, the research workers were discouraged, there were no prospects and no overall approach to the Community's research policy.

Things have changed now. You now have before you a programme concentrating on ten projects and providing for a stable personnel situation. You now have before you a programme with a clearly defined but flexible financial ceiling. I see this as a great step forward. I believe we are now justified in saying that this crisis of EURATOM is a thing of the past. One reason for our escaping from that crisis is that we have defined an overall prospect for our research activities.

We have broken away from exclusive concentration on nuclear research. We now have a broader base, an environmental research programme and an energy research programme. This gives us more to work on. We are determined to continue; we want to see progress in the areas of social research and medical research.

We believe that this programme meets the needs of Community citizens. What do those citizens want? They want to know who will ensure that nuclear power stations are safe and what is being done to protect them against radiation. They want to know their water supplies are being kept unpolluted and the air they breathe clean. These are things to which research work in the European Community can contribute.

But now the critics are saying why do you do this in Community research establishments? You would do better to confine yourself to letting contracts and

having the work done in the Member States' own research establishments. My reply to these critics is that if we do not acquire a measure of experience in Community research establishments there will be no possibility of coordinating national research efforts because a minimum of knowledge on our part is needed to do so. If we want to achieve the aim stressed by Mr Ellis and prevent research being controlled by the bureaucracy, allowing instead the research workers themselves to determine the extent and direction of their work, then we need joint research establishments and the programme now before you diversifies the activities of those establishments.

We have managed to concentrate on a number of areas in these research establishments. I need only mention to you the work being done on transuranium elements — or nuclear fuels — in Karlsruhe. You have seen for yourselves the work which is being done there. I need only remind you of the work under way in Geel and Ispra to develop control mechanisms to prevent the proliferation of nuclear weapons and enable the fission cycle to be verified more easily. It would be true to say that without direct research work and without the Joint Research Centre we as a Community could not make the contribution expected of us not only for scientific reasons but also for a political purpose, to meet the desire of citizens of the Community for security. I therefore believe that some of the critical arguments put forward have no foundation.

This programme which you have yourselves drawn up — after all we discussed it in the committee — is a considerable achievement. I believe it is correct to say that if we now continue the efforts we have undertaken to establish closer links between the Community's industrial policy and research policy it will be easier to coordinate our research efforts in Europe and easier to prevent the taxpayer's money from being wasted — easier too to achieve the control over performance requested by Mr Normanton. We have said that we shall try to introduce performance control into the next programme. But I hope you will understand that at this point on the road to recovery we wish first to develop this modest beginning in a reasonable manner. The ratio of indirect actions conducted with the national centres and direct actions carried out at the JRC is about 50 :50. We believe this to be reasonable. These 374 m u.a. represent about 0.5 % of the amount spent on national research. We must spend these 0.5 % if we wish to play a coordinating role in relation to the developing countries with which we are cooperating. These efforts are inseparable from fusion research and the JET project which we must now at long last adopt. If we manage to turn all these projects into reality by the end of the year some 900 m u.a. will be available for European research in the period up to 1980. I believe that this can already be seen as a contribution by the Community to the further consolidation of the basis for the future of the citizens of Europe.

Brunner

I should like now to deal with a number of specific points which were raised. On behalf of the Committee on Budgets, Mr Dalyell suggested that Article 2 should be deleted. As the representative of the Commission I am unable to go along with that proposal. I cannot do so because in the past it has always been the practice to indicate staff totals and a financial ceiling. I am also unable to do so because I believe that the compromise which we worked out in the Committee on Energy is reasonable. It creates a flexible basis by assuming that certain price increases may perhaps occur. In this way we are seeking to ensure the long-term achievement of the aim of this new programme, namely a better ratio of material to staff expenditure, a ratio of 57 % to 43 % as quoted by Mrs Walz. The Commission must be frank with you: when we go to the Council we must explain with how many staff and how much money we wish to work. Otherwise we shall not obtain a programme decision from the Council.

Mr Dalyell raised the question of the JET, which was taken up by other speakers. I can assure you that all my efforts and the efforts of the scientists and directors of the various national establishments to reach agreement on this are being pursued vigorously. We shall not rest before a decision is taken. We can only welcome any form of support from this Parliament. I am certain that a solution will be found. It would be grotesque for us to fail in a project of this kind which is of such central importance to the future of the Community, for which funds are available in the budget and on which the preliminary work has already been done, simply because we cannot agree on a site. I cannot imagine that anybody would be prepared to take that responsibility. I am therefore extremely grateful to you for your willingness to support us.

Mr Liogier put a specific question concerning the 471 local staff mentioned in footnote 3 to Annex II. These 471 persons are not included in the 1705 shown in the table and are therefore additional to the latter.

Mr Osborn enquired when we should be in a position to prepare a comprehensive general survey of national research efforts. I must say we are already able to do so if we have the time, but only as far as public expenditure is concerned. I cannot venture to give you a breakdown of expenditure by industry on research projects because I do not have sufficient information, and I fear that such information will never be available. This is a basic problem facing the Commission's efforts to establish coordination in the research sector. The closer we get to industrial operations the more difficult it is to obtain adequate information, the more important becomes the role of economic competition and the less we are able to ensure effective coordination.

The desire for frankness compels me to say this to you. But to go on from this to say that we may as well give up because we have no need for a Joint Research

Centre would be a misguided conclusion: there are superior public interests of citizens in the Community and an interest of the Community itself in the development of policies in various sectors which is only possible if we have a common research policy. I therefore welcome the fact that we have now emerged from the doldrums and have a programme which is not excessively ambitious, which has met understanding in the Member States and also enjoys support here in Parliament. I see this as a great step forward and in the next few years we shall be able to move on from here.

The increase from 220 to 374 m u.a. proposed by us is considerable and in pointing this out I should like to answer a question put by Mr Leonardi. I believe that what we have said in this report about the Community's research policy as a Community instrument is not exaggerated. It is a modest instrument. We have a Fiat 850 outside our front door and not a Ferrari — but the Fiat works and it is the vehicle which we should, to my mind, use in the Community today. I believe that this is justified not only for scientific and technical reasons but also meets a political need; I therefore fail to understand why, after we had reached broad agreement in the Committee on Energy, your group now proposes to abstain. I believe that this specific instance would have given you an opportunity to show a readiness to support forward-looking Community projects which are important to our citizens, and I must say quite frankly that I am sorry you do not intend to take this opportunity.

I have come to the end of my remarks. We have a streamlined programme and a flexible financial ceiling. We are willing to undertake the work you have asked for to achieve better coordination and closer contacts with industrial policy. We think we have now emerged from the crisis of the sixties which lasted until 1972. In adopting this research programme we shall move one step closer to the aims set by the Paris summit conference for research policy.

(Applause)

President. — I call Mrs Walz.

Mrs Walz, rapporteur. — *(D)* Mr President, ladies and gentlemen, Mr Brunner has made the most important points and I want simply to comment briefly.

I believe that if we vote in favour of the amendment now before us there is no point in considering the report at all. The Joint Research Centre would then be at the same point at which it was situated several years ago and the same old problems would arise again so that no work could be done. I believe it is vital to reject this amendment; failure to do so will to all intents and purposes put an end to the Community's research policy. I should like to reply to several observations made by my colleagues but time is short. I shall therefore end by repeating explicitly that I cannot support the amendment.

President. — Before we consider the motion for a resolution a vote must be taken on Amendment No. 1, tabled by Mr Dalyell, Mr Lange, Mr Shaw and Lord Bruce of Donington, which proposes deleting Article 2 of the proposal for a decision.

I call Mr Dalyell.

Mr Dalyell. — Mr President, Annex 2 to the decision would be preserved under the suggested amendment. The deletion of Article 2 would be in harmony with two recent resolutions which I quoted to this House in my opening speech. We in the Committee on Budgets are in no way questioning the multiannual programme, we are adhering to a line held to by the Committee on Budgets. The figures should not appear in the text of Council decisions because that could lead to serious inroads into Parliament's budgetary prerogatives.

President. — I call Mr Cointat.

Mr Cointat. — (F) I am grateful to my colleagues for waiting until the last minute to enable me to sign this amendment. Unfortunately my train arrived too late.

Mr Dalyell quoted one of my reports concerning research appropriations and I should like now to say a further word in favour of this amendment.

First, let me assure Mrs Walz that the members of the Committee on Budgets are not against the JRC: they welcome the multi-annual programme but adopt a purely budgetary position to the effect that the budgetary powers of Parliament must not be called into question by quoting figures which would leave our members no room for manoeuvre.

Let me make two observations on this point. First, there is a precedent. When we considered the regulation on the processing of agricultural products we asked for the deletion in its Article 18 of a figure of 400 m u.a. which we left in the recital. Here we have exactly the same problem: we agree that the figures regarding the number of personnel and units of account should appear in the explanatory memorandum but we do not wish them to be entered in the basic regulation as such, so as not to diminish the powers of this Parliament.

Let me remind you — I say this for the benefit of Mr Brunner who will not I hope hold it against me — that Article 7 of the Euratom Treaty contains no obligation to indicate or specify the amount of expenditure in multiannual programmes. It simply stipulates that a programme must be defined and the necessary funds made available in the context of the annual budget.

Mr President, I wanted to make those additional remarks and I apologize for prolonging the debate somewhat.

President. — I call Mr Springorum.

Mr Springorum. — (D) Mr President, I have the following objections to put to the members of the Committee on Budgets who are in favour of deletion. Article 2 states that:

The commitment for expenditure earmarked for carrying out this programme shall be 374 million units of account.

What would be the purpose of a report which indicated no amount? Every reader would then ask: how much is it going to cost? We are simply saying that the earmarked appropriations total 374 m u.a. We made this change in committee on the advice of our members who also belong to the Committee on Budgets — one of those members is sitting here next to me. They advised us to do this because it did not prejudice the future in any way.

Let me repeat, this is non-compulsory expenditure, in other words expenditure which can be fixed again each year and on which Parliament has the last word each year. All we are saying is that the amount anticipated is 374 m u.a. Is that too much?

What — here I agree with the rapporteur — would be the point of a document which failed to indicate the approximate cost of implementation of the programme? The cost is of interest to everyone in this house and elsewhere. I therefore urge you to reject the amendment.

President. — I put amendment No. 1 to the vote. The amendment is adopted.

I put the motion for a resolution to the vote.

The resolution so amended, is adopted.

6. Welcome

President. — I am happy to welcome to the official gallery a delegation from the Netherlands Antilles led by the President of the Parliament of the Dutch Antilles, Mr Nita and its former president, Mr Elhage, and a delegation from the Canadian Parliament, led by Senator George van Roggen and Mr John Roberts, Member of the House of Commons. I wish them a very warm welcome and thank them for the interest they have taken in our proceedings.

(Applause)

7. Relations between Canada and the Community

President. — The next item is the report (Doc. 287/76) drawn up by Mr Bersani on behalf of the Committee on External Economic Relations on

the present state of economic and commercial relations between the Community and Canada and the framework agreement for commercial and economic cooperation between Canada and the European Communities.

I call Mr Bersani.

Mr Bersani, rapporteur. — (I) Mr President, ladies and gentlemen, our debate today is being held not long after the signature of the commercial and economic cooperation agreement between the European Community and Canada on 6 July and it gives me pleasure to note that it is taking place in the presence of an important delegation from the Canadian Parliament. We gave a cordial welcome to the members of the delegation on their arrival, mindful as we are of the courtesy extended to us in their country; I should like, however, to take this opportunity to express again our especial appreciation and sentiments of friendship and our satisfaction at the excellent climate in which we have been working together for the past two days, discussing with great frankness the matters covered by this agreement and the more general questions of our joint responsibilities in the world.

This agreement is a turning point in the life and history of the Community. Mr President, this is the first agreement between the Community and a major industrialized country. It is a country whose general conditions of development are broadly similar to those of the European Community, with a population of whom 96 % are of European origin, with democratic structures similar to our own and economic resources complementary to those of the Community: this is a welcome partner for the start of a process of broadening the fabric of relations between our Community and the rest of the world. Our assembly has stressed on many occasions the importance of the organic agreements which we have gradually developed with so many countries. It seems particularly appropriate to recall here with deep understanding and warm friendship the group of countries which signed with us the Lomé Convention after a long process demonstrating the concrete political determination of the European Community to establish authentic relations of partnership with large areas of the Third World.

Today, in full cooperation with a major friendly country, we are laying the first stone in a process of consolidation of our policy of external relations. The direction in which we are moving is of central importance, having regard to the economic and social structure of the Community, its fundamental interests and the major objectives of our action. Europe, with a relatively modest land area and limited natural resources has a large population, a rich history and exceptional capabilities in every area of human activity. Canada with a much larger land area and a relatively small population is evolving rapidly on the lines of a form of economic development similar to that of the European Community. Quite apart from the free choice of men, it is therefore only in the nature of things that we should come together in an encounter where the essential interests of the two parties are naturally destined to complement each other.

It was wise to recognize the need for this cooperation and it will be our joint responsibility to ensure that it

is as close as possible. That will also benefit the political personality of the EEC which has once again on this occasion proved to be a creative and dynamic element making for greater international understanding and closer cooperation. Over and above the immediate content, limits and possible shortcomings of this agreement, it is worth stressing the greater understanding arrived at, on both the European and Canadian sides of the natural complementarity of interests and destinies, of a common interest in constructing a pattern of relations which will not be merely commercial — as had been intended at the outset — but will extend to a vast range of economic cooperation and a joint commitment of responsibility to the rest of the world. During the meeting between our two parliamentary delegations — yesterday and today — our dialogue gradually extended to these highly political themes. One of our Canadian colleagues, Mr Proud'homme for example exhorted the two sides with words of great nobility to show a stronger commitment to the problems of the Third World as a political objective towards which we must work together, pool our resources and better define our responsibilities. The agreement of 6 July and the background to it, Mr President, represents for these reasons a turning point opening a new horizon because, while it is true that this framework agreement does not set out or claim to be a model in the normal sense of the word it nevertheless paves the way for future relations to be organized with other important industrial areas of the world.

Mr President, the committees of this Parliament concerned accordingly welcome with real conviction the purport and content of the agreement of 6 July; they recognize too the spirit of goodwill in which the negotiations were conducted by the Canadian government and by the Commission, or more specifically by its Vice-President, Sir Christopher Soames, who embarked with the ability and vigour with which we are all familiar on negotiations fraught from the start with particularly difficult problems.

On both sides, the negotiations were prepared by decisions modifying previous policies. The Canadian government, already confronted with a gigantic economic power on its doorstep, was faced with a new situation following Britain's accession to the European Community and recognized the objective need to restructure its economic and commercial relations by diversifying its fundamental options. The Community for its part was also committed to a more open and comprehensive approach to the problems of the world.

This approach has led in a constructive manner to significant events in the life of the Community in recent years; it has led to a broadening of the existing agreements with our former African partners, guided the EEC's global Mediterranean policy, broadened our objectives in many areas of international cooperation and led to the improvement of our policy instruments.

Bersani

The significance of this meeting and of this agreement is therefore underlined by choices which came before the actual instruments of the agreement as such. This agreement, in line with the wishes of the Commission, goes well beyond simple commercial cooperation. It provides for the development of trade, for economic cooperation, promotion of certain actions and measures which can be implemented jointly. As a mixed agreement it complements the existing bilateral agreements and possible future documents (which must obviously accord with a coherent logic of development). Economic cooperation should help to bring positive solutions to problems of joint interest, to win mutual concessions in commercial transactions in which one partner or the other may be interested and, more generally, to take account of the respective interests as regards access to resources and their subsequent exploitation. Its scope is therefore very wide. It might even be said that some of its limits have scarcely been sketched in. It will therefore be necessary to define with a practical commitment the content of this agreement which opens the way to particularly welcome developments.

The specific content of the agreement is therefore largely left to the responsible and dynamic appraisal of the two partners. Both Canada and Europe achieve a satisfactory balance of payments position through the items in their commercial balance. Here we have seen, most recently in our interparliamentary dialogue of the past two days, new openings and various possibilities for a better overall development of economic relations which, in terms of both quantity and quality, do not correspond to the importance of the two partners.

In the report I drew attention for example to the significant fact that such a highly industrialized country as Federal Germany accounts for only 1 or 2% of Canadian trade. A series of important economic sectors must therefore be the object of specific promotional action by the joint cooperation committee provided for in the agreement. This committee and its operational structure have been discussed in detail. Our Canadian colleagues agree that it should be structured into sub-committees to deal with each of the major sectors recognized to be of central joint interest. We know that there are some reservations on this point. In your committee's view it is both urgent and important to clarify the matter. The attention of the responsible committees of the European Parliament and of the inter-parliamentary meeting has been drawn in particular to the problems of energy. Europe is faced with an exceptionally difficult situation in this respect. Canada for its part has substantial natural resources: for example in the vital sector of uranium it is the world's second largest producer. There are also substantial resources of hydrocarbons, oil and so on. Closer cooperation between Europe and Canada in these sectors therefore appears

natural and fundamental. It is also possible to understand the difficulties encountered during the negotiations in the search for a specific clause which would not imply discrimination in access and price in respect of these Canadian resources, while at the same time not threatening the energy resources of that country, which are certainly not inexhaustible. The European Community has done all it could to maintain the principle of non-discrimination in access to raw materials and in the determination of their price. Beyond the well-known declarations of intent, the Canadians also provided important documentation on the extent of the reserves proven so far.

Our Canadian friends, and in particular those colleagues present here, reject the definition of the measures adopted by the Canadian government and called for in the agreement of 6 July as discriminatory. In the inter-parliamentary dialogue particular attention has been given to the recent declarations by Canadian representatives in the International Energy Agency; we too see that development as particularly significant.

Your committee has felt concern about the question of uranium because of the recent reports regarding a uranium cartel between Canada and other countries, partly because of the political implications of that eventuality. We await with keen interest clarification from Commissioner Soames.

Investments present a particular problem with a view to broader economic cooperation. This applies in particular to industrial investments. A recent provision of the Canadian government lays down discretionary measures concerning the admissibility of further foreign investments in Canada, a country which needs substantial financial and technical cooperation. Let me say again to our Canadian colleagues that we understand the reasons for this step. Canada is certainly a country with some of the highest concentrations of foreign capital in the world — much of it in sectors which are strategically important to its economic development. However, we believe that on this point the purpose of the agreement with the European Community and the prospects opened by it should lead to a particularly flexible interpretation capable of allowing the development of constructive cooperation which both parties wish to see.

A further problem — and this, Mr President, will be my last remark — arises in connection with the improvement of parliamentary cooperation between our assembly and the Canadian parliament. Practical implementation of the agreement has been entrusted to the joint cooperation committee which is responsible for administering the operational development of this framework agreement. We are convinced of its vital importance, especially if it manages to set up at an early date sub-committees with responsibility for specific sectors, thus acquiring an effective capacity to define objectives, procedures and action programmes.

Bersani

But in a sense a further element is needed; a second 'motive' body, following the signature of the agreement, with political functions of guidance and control: today that is represented by our joint parliamentary meetings. From the phase of an extremely fruitful and cordial dialogue which has been warmly welcomed, some of us feel we should move on to a more advanced phase. Our Canadian colleagues have shown an open, if reserved position on this: their position seems now to be marked by the conviction that it is best to work pragmatically in the light of the existing situation, improving the structure of our work and arranging programme and joint commitments as appropriate. At all events both parties are convinced of the desirability of gradually strengthening this cooperation between the parliamentary delegations from the two sides by introducing the possibility of political cooperation, as Sir Peter Kirk hoped in one of his proposals.

Mr President, ladies and gentlemen, those were the main points which the Committee on External Economic Relations, having regard also to the opinions of the other committees, wanted to put to the Assembly.

(Applause)

President. — I call Lord Reay to present the opinion of the Political Affairs Committee.

Lord Reay, draftsman of an opinion. — Mr President, it gives me great pleasure to follow Mr Bersani, whose full and helpful exposition we have just listened to. I agree emphatically with every word he said and should like, in the presence of the annual visit from the delegation of the Canadian Parliament, to give the wholehearted support of myself and the Political Affairs Committee, on whose behalf I am speaking, to the report by Mr Bersani and to this agreement between Canada and the EEC. This agreement is unique for us in the Community. It is an economic cooperation agreement, whereas hitherto our agreements had only been commercial; and it is with an industrialized country, whereas hitherto our agreements had only been with non-industrialized countries. The credit for breaking this tradition certainly belongs in the first instance to the Canadian authorities who, in the wake of the foreign policy review which they conducted themselves and which they completed in 1970, decided to pursue in foreign affairs what has been called the third option — that is to say, a diversification away from the United States in their foreign policy — so that they then made approaches to the Commission to see what possibilities existed for establishing a contractual link with the Community. It did not, however, take long for the Community to make a favourable response, and once negotiations were opened in February of this year, they were completed in record time.

The reasons why Canada should have sought out the Community as a partner in the process of diversifying her foreign policy, were, I think, the strong cultural and historical links between the Community and Canada, (96 % of the Canadian population is of European descent), the fact that the Community was acquiring new importance as an economic and political entity in its own right, the fact that the United Kingdom — which was and is, by far and away, the largest European trading partner of Canada — was on its way to becoming a member of the Community, and because of the very large, indeed the surprisingly large scope that exists for improving the volume of trade between Canada and the Community; as far as trade between industrialized nations goes, it is really quite small at the present time.

The agreement is a framework agreement: its value will depend not least on the use which is made of it by business both in the private and the public sectors. For the Community, Canada is intensely interesting as a major supplier of raw materials; the Community's imports from Canada are overwhelmingly in raw materials, including wheat, which the Community needs but wholly or very largely lacks. As far as Canada is concerned, the Community offers a market which can be better exploited for high-technology products and for semi-processed products and which has resources of capital and technology which could be used in joint ventures or in ventures which are advantageous to both parties.

But I think it is missing a dimension to view this agreement only from the angle of economic advantage. The agreement itself explicitly acknowledges a political dimension. If I may quote it for a moment; after announcing the parties to the agreement, the first recital reads as follows:

'The Council of the European Communities, the Commission of the European Communities, the Government of Canada, inspired by the common heritage, special affinity and shared aspirations which unite Canada and the countries of the European Communities ...'

In other words, it has been explicitly, acknowledged by all parties from the very beginning that there is a strong background of political common interests to this agreement. Like most members of the Community, Canada is a member of NATO, Canada has a long and distinguished record in the field of pursuing enlightened policies towards the Third World, which is an attitude that the Community has been trying to develop itself and which we in this Parliament have been trying to seize if the Community succeeds in developing. There must be scope for us to combine and cooperate in these and in many other fields.

Finally of course, Canada, like the Member States of the Community, is a democracy in a world whose conditions have become increasingly unfriendly

Lord Reay

towards democracy. In many economic respects, Canada and the Community are complementary to each other. This is a point which Mr Bersani made in his introduction. In other respects they have profound similarities, not least, I think, in the very real degree of affection for each other which exists among their respective peoples. In a world as menacing as ours it would be negligent for such allies not to bind themselves as closely as they could to each other, and I have a feeling that this agreement may prove to be much more important in the future than most people now think.

Meanwhile, Mr President, I would like to end by repeating the wholehearted support of the Political Affairs Committee and also of the Conservative Group for this agreement and to express our wish that this Parliament will enthusiastically adopt the report.

(Applause)

President. — I call Mr Schmidt to speak on behalf of the Socialist Group.

Mr Schmidt. — *(D)* Mr President, my group welcomes the conclusion of this agreement and I wish to thank Mr Bersani for the detailed and clear statement he made to us.

It is interesting to consider what benefit the two partners expect from this agreement. As I see it Canada's interest is to become less dependent on the United States. The fact that the Canadian economy is so closely tied to the economy of the United States, which accounts for some 66 % of its exports and 67 % of its imports, is certainly not favourable in the long run from the strictly economic angle. In my view there are also good political reasons for seeking to loosen somewhat these close links between the two economies.

In that sense my group is particularly gratified to note that the Community quite clearly holds out the hope of greater independence from large neighbours or super-powers not only for third world countries but also for highly developed industrial nations. This is certainly one of the important factors explaining the Canadian interest in concluding an agreement with the Community.

Another reason is the fact the Community would be perfectly capable of offering a certain technical know-how and investment capability. In the investment sector too the Canadian economy is highly dependent on the United States. 80 % of all foreign investment in Canada comes from the United States. We find it easy to understand why a country like Canada faced with this preponderance of a foreign investor should now take action in the form of a law making foreign investments dependent on certain conditions and authorizations.

On the other hand, we wish to stress the importance we attach to compliance with the declarations of

intent contained in the agreements to the effect that the Canadian Government will make every effort to allow access for European investment in Canada without discrimination. In this connexion great importance attaches to the Joint Cooperation Committee which we hope will do a good job.

A further point on which we view the agreement with some reservation concerns access to natural resources. We are thinking in particular of uranium. We understand that every country wants to protect the resources available to it to prevent them from being used up too quickly and therefore imposes certain restrictions. On the other hand we cannot understand why the pretext of protecting resources should be used to exert pressure and force others into a position of dependence — either a dependence on price or by withholding resources which others urgently need.

But once again this agreement contains a number of declarations of good intent. However, on behalf of my group I wish to stress that we shall judge the success of this agreement, which we are convinced represents a new departure, by the way in which this particular problem is solved. Excessive restrictions against the European Community in this sector would in our view be contrary to the spirit of this agreement and to the declaration of intent. We hope that this first agreement which is of central importance to relations between the two sides will be implemented in full both in spirit and in letter. We should not be able to accept a situation in which national protective laws undermined the real spirit and content of such an agreement. We hope however that this will not be the case and that the Canadian Government will allow the Community access to Canadian natural resources without discrimination.

I do not want to speak at length because we approve of this agreement and because I also agree with what Mr Bersani and Lord Reay have said. We hope then that this will prove a good and forward-looking agreement. My group welcomes it and therefore also approves Mr Bersani's report.

(Applause)

President. — I call Mr Klepsch to speak on behalf of the Christian-Democratic Group.

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, on behalf of my group I too wish to thank Mr Bersani for his excellent report and in particular for the balanced motion for a resolution now before us which I believe makes it easy for us all to support this text. I wish too to thank the committees asked for their opinions and, in particular, Lord Reay for their contributions. A special word of thanks should also go to the Commission in the person of Sir Christopher Soames because we have broken new ground with this agreement in a manner which my group considers highly successful.

Klepsch

As I fully endorse Mr Bersani's report I shall confine myself to a few observations; in particular I want to stress that we are dealing here with a partner which has in large measure identical or similar structures to the Community countries, a situation which is not encountered with all our trade and cooperation agreements. We are pleased that a democratic constitutional order and support for the principles of a market economy have from the outset facilitated relations in many respects. We also welcome the fact that close contact between the Canadian Parliament and the European Parliament is to be further developed in future. This first bilateral non-preferential agreement is of course an outline agreement capable of further development and I readily understand why the previous speaker pointed out that a future evaluation must depend largely on the spirit in which this agreement is implemented. We believe that our approach should be as positive as possible and that we should set ourselves the highest aims regarding close cooperation between Canada and the Community. Today we are Canada's second largest trading partner and we shall remain so in future, even though we hope to greatly consolidate our position and relations.

Allow me however to draw your attention to one point. We welcome the fact that bilateral cooperation is not impaired by the conclusion of this framework agreement. We believe that it will be for the private sector of the economy in particular to contribute to the implementation of this framework agreement, particularly in the sector of cooperation, but we want to stress that this must not encroach upon our Community policy and Community interests vis-à-vis Canada — in other words that the competences of the Community must not be undermined. Finally I would like to point out, as the previous speaker very rightly did, that the natural complementarity of Canada and the Community in many sectors must be promoted. Here too the good spirit, the declaration of intent and the outline agreements reached make us optimistic that it will prove possible to transform the intentions into a permanent link. My group sees in this agreement a programme for a common future. It warmly welcomes the agreement and we fully endorse the motion for a resolution.

(Applause)

President. — I call Mr Nyborg to speak on behalf of the Group of European Progressive Democrats.

Mr Nyborg. — *(DK)* Mr President, dear colleagues, it will be difficult to add anything to what has been said by the rapporteur and the speakers from the other groups. I shall therefore be fairly brief.

On behalf of my group I would like to welcome this report by Mr Bersani; it emphasizes our pleasure at cooperation with Canada which has now entered a new phase. We know that Canada entertains the

desire to create a formal context for cooperation with Europe; such cooperation should not only involve trade; other areas such as research and the environment should be brought within the scope of closer cooperation in the future. What we are talking about here is a quite different form of cooperation from the cooperation we have with the associated countries. Canada can of course not be included in the category of developing countries, and it is a country which in commercial, industrial and cultural terms is closer to us than any other country outside Europe. We can therefore not emphasize enough the importance of this agreement between the Community and Canada, at economic and at political level. As the rapporteur pointed out, there is an unquestionable connection between these two aspects. Canada, which is a highly advanced industrialized country with enormous natural resources, represents an extremely important trading partner for the Community. On the other hand, Canada is interested in the Community partly as a market for its processed products and raw materials. In political terms the agreement gives Canada the opportunity to build up its relations with other countries and this must be seen as a very positive point.

But we have to congratulate the Commission and Sir Christopher Soames particularly on the fact that they have found a new path for Community action, in the form of this new and original formula of a framework agreement for commercial and economic cooperation adapted to the specific requirements of this industrialized country. This flexible form of agreement allows the prospect of future developments which we are convinced will be fulfilled.

We would hope that in the near future a study group could be set up in the Joint Cooperation Committee to find a solution on access to natural resources, a problem which has unfortunately not yet been solved. We would also like to know what consequences the Foreign Investments Review Act may have for the European investor. Finally, we would join our colleagues in requesting that the meetings between Canadian and European parliamentarians which began in 1973 should be continued and expanded.

(Applause)

President. — I call Mr Mitchell to present the opinion of the Committee on Energy and Research.

Mr Mitchell, draftsman of an opinion. — Mr President, the Committee on Energy and Research welcomes this framework agreement. We recognize that it is a new development for the EEC to have such an agreement with an industrialized nation. We hope that it will create a precedent and be the first of several agreements with other major industrialized powers. We recognize that at the moment it is only a framework or skeleton agreement, and that from the

Mitchell

way it is worded it provides wide possibilities. As parliamentarians we shall be very interested to see what flesh is put on the bones of the skeleton, and as an energy committee we shall be particularly interested in the development of the Joint Cooperation Committee. We have suggested that, if this Joint Cooperation Committee does in fact set up sub-committees or working-parties, one should be set up to study energy policy and one to study research: this you will find incorporated in paragraph 11 of the motion for a resolution.

We believe that there is considerable scope for cooperation in the fields of both energy policy and research which will be of mutual benefit to Canada and to the EEC.

Finally, Mr President, I hope that this European Parliament and the backbench members of the Canadian Parliament will keep a very close eye on how this agreement develops and will also put forward positive suggestions of their own. I believe this is too important a matter to be left entirely to governments.

(Applause)

President. — I call Mr Dalzell.

Mr Dalzell. — Mr President, before I show myself to be something of a bad fairy at the feast and ask what I know is a delicate question, I should like to say that, like many Scots, I have relatives in Canada, that in 1967 I went to their nuclear pioneer station at Chalk River, and in April 1975 went with colleagues in the House of Commons to the great CANDU nuclear power-stations at Pickering, near Toronto, and Chalk River, and know the work of the Ontario hydro and the Quebec hydro. But, Mr President, I think there is a question that we ought to ask Sir Christopher Soames at this point, because many people in industry are a little concerned about it. It concerns the reports that first appeared through Agence France in the German press, the *Frankfurter Allgemeine*, and were subsequently taken up at great length in the *Sunday Times*, of an alleged OPEC-like cartel operating for some years on the sensitive issue of uranium prices. Now my question is very simple: have the Commission formally been informed of this delicate issue? If they have been informed what are they going to do about it? If they have not been informed, why not?

(Applause from certain quarters on the left)

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I wish to make three observations of a personal nature.

This important agreement whose significance has been amply explained to the Parliament not only by the spokesmen for the various groups but above all by the rapporteur, may be considered in historical terms as an example of the changing pattern of world rela-

tions. When Britain joined the Community, it abandoned (but not entirely of its own accord) the criterion followed by it in the post-war years of permanently transforming its old empire into a community of dominions and free associated States. This decline, this crisis, this transformation of the Commonwealth led to a break with the past which was easier to accept for those of us who had hoped for it, but clearly could not take place without anxieties, doubts and perhaps also risks. I believe we can objectively recognize and welcome with satisfaction the fact that the historical, economic and democratic links established in the course of time are now being renewed, not solely with one important member of the Community but with the Community in its entirety.

I believe that this feature of the agreement, which may be encountered again in the case of agreements with other industrialized countries, is very important and deserves to be stressed. Canada is thus establishing democratic links with Europe in a manner which contrasts or at least differs from previous relations with our continent which might have created an element of crisis and conflict in that great country, in that federation which in the past had special ties with another component of historical Europe, France. In making this historical reference I am not adding something new to what has already been said but simply stressing the extent and importance of this agreement.

My second remark, Mr President, concerns the concluding section of the excellent report by Mr Bersani and, more particularly, the fear expressed by him that in view of the complementary and evolutive nature of this agreement two difficulties might arise for the further development of relations with the Community. Firstly the difficulty that the agreement might be overtaken by events and replaced by bilateral agreements which individual States may still conclude with Canada and secondly, the difficulty that since no precise definition has been given the Commission will not know what the limits of its responsibilities and activities are to be.

I believe that we should avoid all facile optimism. While my assessment from the historical, ethical and political angle is altogether optimistic, as regards this other aspect, I ask myself certain questions which do not imply a refusal by Parliament — God forbid — but the need for a special vigilance if we want our Community to be well-ordered and if we want Community agreements to take precedence over bilateral agreements, respecting the fundamental rule that all agreements between Member Countries and third countries must be concluded with the approval of the Commission, which must be informed in advance; at all stages therefore when they are being drawn up, and during their implementation, these agreements must fit into the context of the Community's external relations.

Cifarelli

My third observation concerns the risk that the main emphasis in this agreement may be placed solely on raw materials and above all uranium. The previous speaker gave an example of this. Referring to certain agreements concluded with the Arab countries, the French have a word for it: '*ça sent le pétrole*' or it all smells of oil; here I would say '*ça sent l'uranium*'. Human relations between peoples and states are of course partly determined by economic factors. But for that very reason a more strictly political evaluation must be superimposed. Hence the hope expressed in the conclusions of the rapporteur and Commission that interparliamentary relations will be less incidental and occasional and become instead permanent, even with an institutional framework. To avoid creating again a kind of special world determined by such an important commodity as uranium, we hope that this will be an agreement between a community of free people and a great democracy which is developing and progressing; the Canadian democracy has the support of all of us in Europe.

I therefore consider that the desire to institutionalize relations between the Canadian Parliament and the European Parliament is not simply a manifestation of sympathy or the result of a meeting which has been brought to a successful conclusion, but meets the need for political equilibrium in regard to a treaty characterized by certain requirements which must certainly not be eliminated but on the other hand cannot be given one-sided emphasis. Where strong unilateral interests are liable to prevail Parliament must be present as the constant platform for restoring the balance between all the economic and social forces which assume a political colouring.

(Applause)

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I believe this is the type of agreement that provides an excellent precedent, and I am delighted that we have Canadian representatives here. I speak as one of those English Members of Parliament and industrialists who have known Canada for over 25 years.

What is obviously important is that we should look at the trade situation and how it has changed. In discussions with some of our Canadian friends this morning I asked for their figures, but I see from our figures, particularly from Annex V, that the indications are that the Canadians are exporting more to the Community than the Community is exporting to Canada. For the United Kingdom this adverse figure is, from my reading of the statistics, even more pronounced. Therefore, although in the last discussions I had with Canadians they expressed concern that the Community was expanding, it is a fact that, in return for the raw materials and particularly the wheat they wish to supply to us, they must accept something that we make and

they want. This is a problem that has faced all of us dealing with trade between Canada and the United Kingdom — and now between Canada and Europe — for some time. As far as the United Kingdom is concerned, Canadian wheat, like United States wheat, has provided a cheap source of bread for the ordinary man and woman in the street. There is a new realization that Europe is short on food and natural resources and we want to achieve greater independence if that is possible. The example of the energy crisis and the oil crisis has brought that home.

I would like to refer to the motion for a resolution. Point 6 deals with the availability of natural resources. Mr Dalyell and I have seen references in the press to a uranium cartel. Uranium is, of course, a raw material that we want throughout the West, throughout the world, to develop atomic energy in the future, and this question of access is one, I hope, which will be treated with reasonableness on both sides. Point 7 deals with cooperation in the reactor field. I have discussed this, because I was a member of the Select Committee in Britain, and perhaps I went against the Conservative view at the time. It was right to develop a heavy water reactor, not only for Britain but for Europe. Each type of reactor has its limitations. I and those in the committee with me fully realized that the pressurized water and boiling water reactor developed by Westinghouse and General Electric in particular, but also by Framatome and Kraftwerk Union in Germany, looked like being the future reactor. But it was not certain and an alternative type should be developed. I am not quite certain what is happening about cooperation between Euratom and the appropriate committees in the Commission and Canada on the development of heavy water reactors, but I very much hope that this will be a Canadian/European development and not a unilateral venture.

There are fields where international cooperation is vital. I have been interested by future projects in Canada for producing fast-growing trees and pulping on-site rather than bringing timber to timber mills, and by the impact that might have on the availability of pulp and wood-based materials in Europe. We are interested in the development of protein from a number of vegetable sources and, of course, it was Canada who pioneered with Sweden the development of protein from wood. This is another field for cooperation. Therefore in winding up my remarks and welcoming this agreement, I very much hope that the Commission will indicate the fields where cooperation is likely to be most fruitful in the immediate future.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — Mr President, the debate that we have

Soames

had today on the Community's relations with Canada and the Agreement for Commercial and Economic Cooperation we have recently negotiated with her has shown the importance which all quarters of the House attach to this relationship. It is, as many have said, particularly opportune that we should be holding this debate in the presence of a delegation from the Canadian Parliament and that they should be here to see this House set the seal of approval on our new agreement. I hope that the somewhat extreme good manners of this House do not lead the delegation to disbelieve that they are in fact in the Parliament. I think we all owe a debt of gratitude to Mr Bersani for his really excellent report which has been the basis of the discussion, and for his most clear explanation of it in his excellent speech today, followed also by Lord Reay on behalf of the Political Affairs Committee.

Many speakers have stressed, and rightly so, the innovative nature of this agreement, but we must not fall into the trap of exaggerating this. From the point of view of our Canadian partners, I think its significance lies not only in the benefits in terms of economic expansion, the growth of trade and reciprocal investment and technological exchanges which it should bring in its train, but also in the opportunities which it will provide for the diversification of their external economic relations. In just the same way, from the Community's point of view, this agreement is significant not only in economic terms but also in terms of what it means for the growth of our distinctive European international personality. This is the first time that the Community has signed an agreement for economic cooperation — a point made by many honorable Members — with a country of a similar type of economic development to ourselves.

This was a step which was not taken without considerable hesitation by some of our Member States, but taken it was. The case which, though I say it myself (I think the Committee on External Economic Relations is cognisant of this), was propounded by the Commission for negotiating something more than a simple trade agreement, was eventually accepted both by the Canadian Government and by the Member States. As a result, a new instrument of great long-term potential importance has been added to the currency of the Community's external relations. This agreement represents a recognition on the part of all our Member States that Canada is a country which baulks large on the Community's horizon, a country with which we in the Community have innumerable economic, cultural and historical links and thus a country with which it makes every sort of sense to work out a framework designed to lead to a high degree of what one might call economic intimacy.

The point was raised in Mr Bersani's report as to whether it was wise to provide explicit complementarity in the field of economic cooperation between the activities of the Community on the one hand and those of the Member States on the other.

This point was touched upon by Mr Klepsch, who gave it as his view that this was indeed wise. Well, I believe it was wise, but I am sure that it was necessary. It was politically necessary because we have to get away from the theological argument that we had among ourselves within the Community, between those who said that Community cooperation must subsume Member State cooperation on the one hand, and on the other, those who refused to hear of the Community getting into the economic cooperation business for fear that it would result in a subordination of the Member States' relationships. It was economically necessary, I think, because it does reflect the economic realities of our Community as it stands today and as it is likely to stand for some time to come. For the plain fact is that the Community is simply not the focus of all economic activity in the Member States. That is why there is much that can continue to be done in the field of cooperation between the Member States and Canada, so long — and this point was well made, I thought, by Mr Klepsch — as it be clearly accepted that this must not cut across or impede cooperation between Canada and the Community as such.

But having said that, I think it is important to recognize that the cooperation we would like to see developing under the aegis of this agreement — what I think Mr Mitchell described as the putting of flesh and blood on the skeleton of our agreement — is not primarily a matter for governments. On the other hand, it is perhaps a not unhappy conjuncture that this agreement should have been signed just at a time when the Community and Canada will need to enter into discussion on important fishery matters following on the decision which has been taken in principle by both to extend territorial waters to 200 miles. We must have discussions between Canada and the Community on this and we hope that the spirit of this agreement will be reflected in these discussions.

Generally speaking, though, this is an agreement between two societies committed to mixed economies in international trade and cooperation, and for this reason economic cooperation will only take place if we can engage the interest and commitment of the commercial operators themselves, of our businessmen, of our companies — public and private — and of our banks. On both sides our authorities can hope to act as the midwives of cooperation between our respective economies, and indeed must do so. But the role of the private sector in the success or failure of this is certainly felt on the Canadian side. That is why it will take some time, I think, to show whether worthwhile amounts of cooperation can be achieved. Will this framework agreement prove to have been something really worthwhile, in tangible terms, in our relations with Canada and Canada's relations with the Community or not? This remains to be seen. We are not engaged here in an exercise of instant diplomacy and I don't think our agreement should be judged merely by the speed with which it produces results.

Soames

Now a couple of points I would like to touch upon that were raised in the debate. Firstly, the point that Mr Dalyell raised. We have seen the reports to which he referred and we are obtaining the testimony given in the US before a Grand Jury. But further than that I cannot yet go until this has been studied.

As to the question by Mr Osborn on the Euratom agreement with Canada, we have obtained an interim extension of the old agreement — a second extension, to last us until the end of the year. We badly need a new mandate to negotiate, between now and the end of the year, a new Euratom agreement between the Community and Canada to carry on from there. We are engaged in what is, I think, called 'discussions among ourselves' on this matter, and I sincerely hope we can get a bit of steam behind it because we need it.

So, Mr President, let me stress that from the Community's point of view, this agreement should be valued not only for itself, not only for what it could mean for our relationships with Canada, not only for what it might mean for our economic progress, but also for the contribution it will make to the development of the overall pattern of the Community's external relations. I must confess that this is an agreement which I personally have been much looking forward to since I've been doing this job, because I felt it was an important addition to the armoury, as it were, to the total collection of agreements that we have been making. This agreement is in fact yet one more example of the extent to which our Community as such is seen by other countries, great as well as small, developed as well as developing, as being a pole of attraction in world affairs.

It is surely right that we should not concentrate all our efforts in the external field to building up links just with other European countries outside the Community, or solely with developing countries. It is surely important that we seek closer ties with Canada — a country which shares our democratic ideals and institutions, which stands with us as an ally in NATO, whose origins go back to two of our Member States and whose economic interdependence with us is a factor of our daily life. Above all, we both share, together with the other major industrialized countries, the United States and Japan, a heavy and continuing responsibility for the way in which the world economy develops. Closer cooperation between us, which is directed against no-one, must, I believe, prove to be in both our interests.

(Loud applause)

President. — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.

8. Development of the social situation in the Community in 1975

President. — The next item is the report (Doc. 164/76) drawn up by Mr Meintz on behalf of the Committee on Social Affairs, Employment and Education on

the report from the Commission of the European Communities on the development of the social situation in the Communities in 1975.

I call Mr Meintz.

Mr Meintz, rapporteur. — *(F)* Mr President, ladies and gentlemen, it is with some embarrassment that I am presenting to you today the report of the Committee on Social Affairs, Employment and Education on the lengthy statement by the Commission of the European Communities on the development of the social situation in the Communities in 1975.

The rapid and elusive development of social and economic phenomena in a time of crisis makes any detailed study of the data for a previous period practically irrelevant. The tripartite conference held in this chamber on 24 June 1976 analysed the present situation, tried to draw certain conclusions from it and defined the action to be taken. Our debate today is in short solely of analytical and historical interest and the way in which we view it depends on the importance we attach to an exercise of this kind. It is regrettable that the debate should only be held today despite the fact that the Committee on Social Affairs adopted its report on 3 June at a time when the debate would have been more topical.

With those two reservations, I should like to congratulate the Commission on its extremely comprehensive and well-documented report. This annual report is necessary because it is a yardstick by which social progress in the Community can be measured. Of course we must not fall into the trap of building up impressive arrays of essentially barren statistics and of treating an enumeration of decisions of principle as a concrete activity. The Commission's report clearly cannot throw light on the political reality hidden behind the assertions and figures. It is therefore up to us to interpret and assess the latter at their true value. Be that as it may the report clearly shows — and the Committee on Social Affairs has stressed — that the Commission has made a sustained and serious effort to ensure progress for the Community social policy, in particular through the social action programme.

Mr President, ladies and gentlemen, this report raises many problems, quotes many figures, proposes many measures and describes many national and Community situations. I shall simply draw your attention to a few points.

Meintz

One aspect which troubled the Members of the Committee on Social Affairs, Employment and Education — and this proves the somewhat historical interest of our debate today — is the fact that the present economic crisis is structural rather than conjunctural and that the disequilibria between the sectors and social categories affected by it show it in a particularly disturbing light.

In addition, it is becoming increasingly difficult to define short- and medium-term solutions.

Even more disturbing is the fact that the signs of an economic upturn which lead us to hope for a fall in unemployment are liable to cause the structural and sectorial nature of the crisis to be forgotten. We must therefore remain vigilant.

The second factor which worried the committee was the complex of problems associated with the increase in unemployment in 1975. In that year there were 5.5 million unemployed and only 500 000 vacancies. As you know, unemployment affects above all the following groups: young people especially those who lack qualifications or at the other extreme are overqualified; women, and especially older women, and finally migrant workers in general. In the explanatory statement I have analysed in detail the impact of unemployment on these three groups so that I can confine myself here to enumerating certain conclusions reached by the committee which are set out in the motion for a resolution. They can be summarized briefly under six headings.

Firstly the economic situation and above all the steadily worsening labour market situation requires the implementation of all the proposals put forward by the Community institutions, and in particular by the Council of Ministers in April 1975, with a view to closer coordination of employment policy in the Member States of the EEC.

Secondly — and here we subscribe to the Commission's views — there is a need for a coordination of the exchange of information on unemployment problems and the prospects and priorities fixed in each of our countries. This exchange should ultimately lead to a common or Community analysis of these problems. In concrete terms, it will be necessary to begin by improving cooperation between national employment authorities as to ensure the transparency of the employment market through the European system for circularizing vacancies and jobs wanted under international clearance.

Thirdly, there is an increasingly close interdependence between the economic world on the one hand and the world of education on the other. For this reason, a concerted policy not only of vocational training but also of general education must be set up.

Fourthly a preponderant role must be given to career guidance at school and at the place of work; the quality and effectiveness of this guidance must be improved by cooperation between the national administrations responsible for it. The role of such guidance in the effort to control unemployment among young people may be decisive at the level of transfrontier exchanges.

Fifthly, with a view to taking all the necessary measures in the above areas, the appropriations provided for this purpose in the Social Fund must not be reduced as was done in 1976; on the contrary, a sufficient endowment must be provided.

Sixthly, the Committee on Social Affairs, Employment and Education going beyond the problem of unemployment, emphasizes the need to assert the quality of rights of men and women at work and to ensure for migrant workers the treatment to which they are legitimately entitled in human and economic terms. Of course, these two points could be developed at greater length but that will be done in other reports; the tripartite conference gave very precise indications on this subject. Our committee is convinced that to overcome the unemployment problem concerted action will be essential in all these areas. The committee noted in section 183 of the Commission's report an observation concerning policy on families. Without placing too much emphasis on this observation it sees a need to prevent any deterioration in the situation of families faced with the declining population of some of our countries and the constant reduction in family purchasing power. After expressing its fears on the unfavourable trend in the social situation in the Community, the Committee on Social Affairs is unfortunately compelled to express its strongest regret at the hesitations by the Council to take a decision in this sector — as indeed in so many others. An analysis of the situation shows that only Community solutions will enable the present difficulties which are of a structural, sectoral and regional nature to be resolved. That is why, instead of launching an attack on the Council and to a lesser degree on the Commission, I should like to invite the Council to move on from simple declarations of intent and adopt a Community social policy backed by a genuine political resolve. A minimalist policy is not the answer. In conclusion, Mr President, I invite Parliament to vote in favour of the motion for a resolution.

(Applause)

President. — Honourable Members, we are privileged to have with us Mr Boersma, the Minister for Social Security of the Netherlands and President-in-Office of the Council. I wish to extend to him a very cordial welcome and to thank him very sincerely for his willingness to take part in this important debate this afternoon.

(Applause)

I call Mr Van der Gun.

Mr Van der Gun, Chairman of the Committee on Social Affairs, Employment and Education. — *(NL)* Mr President, I shall begin by thanking Mr Meintz for this report which he drew up under difficult circumstances. I have already said this in committee but I wanted to make the point again before the assembly. This report clearly shows our committee's great concern at developments in the employment situation.

I must point out first of all that we have not managed to draw up an employment policy at Community level since 1972. In the past this has been a difficult problem and in my view the difficulties have become even greater today. We are having to contend with very high levels of unemployment and there is nothing whatever to suggest that this unemployment is only temporary. I think we are deluding ourselves if we suppose that the problem now confronting us in Europe can be solved by conjunctural measures. The structural problems on the labour market are in fact far too extensive for that to be possible. This means that we must expect employment problems to continue to be a focus of attention for several years in Europe. I use the word 'Europe' advisedly because the Member States are doing the best they can individually but there is practically no coordination at European level.

However, there can also be no doubt that the individual Member States will not be able to solve their problems on their own because in practice the degree of interpenetration of the national and international economies is already too great. This makes it necessary for us to launch a European employment programme. I fully realize that such a programme cannot be very detailed and must be general in nature and also that a distinction must be made between short- and long-term measures, but I believe that in the present situation a number of structural problems arise which we cannot yet circumscribe completely at present.

For instance we do not know what the long-term demand on the labour market will be in Europe. This is a fundamental point because the demand for labour has a direct bearing on the problem of vocational training and education in general; the question thus arises of the relationship which must exist at any given moment between education and the labour

market. On this subject, Mr Hillery stated on 23 March 1976 in Dublin that there were still 400 000 unfilled jobs in Europe.

The lack of balance between supply and demand on the labour market is an international phenomenon with which each of the Member States has to contend. We therefore need more information in a number of areas and in my view consultation between the Commission and organized representatives of both sides of industry is vital. The tripartite conference made a contribution but the question arises as to what should be done now. If in Europe we now simply go on as before, it seems to me that the tripartite conference will not have achieved its aims.

A second requirement which must be met to obtain insight into the true state of affairs is intensive consultation between the Commission and the employers' organizations and unions in each branch of industry. Consultation of that kind is the best starting point for deeper understanding of the development of the labour market and the prospects for the future. I urgently appeal to the Commission to arrange for the Joint Committee to develop the widest possible action for this sectoral consultation. Moreover, reports on that action must be made public even if the unions or employers do not want that at a particular time. Then we shall at least know who is responsible. In this connexion I should like too to draw attention to the problems still facing the textile industry at present. Once again, there are several large enterprises which are likely to face difficulties because of the enormous overcapacity.

Several years ago, Mr Coppé, on behalf of the Commission, contacted the employers' organizations and unions in this matter as well as certain enterprises, but this unfortunately did not lead to an adequate European policy.

I consider this programme so important because it would provide us at the same time with a kind of yardstick to assess national applications for support from the European Social Fund and European Regional Fund in terms of their importance and value to employment policy at European level; in this connexion, I should like to ask what the position is in regard to the review of the European Social Fund which is reviewed at five-year intervals and seems to us to be the sole Community instrument to play a particularly important role.

Finally a word about our procedure. We are debating this subject in September 1976 and it is my own fault that this debate was postponed for one or two months partly at the request of Mr Hillery. However, it is by no means satisfactory that we should be discussing a report on the social situation in 1975 in September 1976.

There will soon be a new Commission and a new Council and I urge both those bodies to re-examine

Van der Gun

this procedure and ensure that we obtain provisional information on trends in 1976 at the beginning of next year — the report does not need to be as extensive as on this occasion; it would then be possible to assess at this time of the year in 1977 what has been done in 1977, thus giving an opportunity to take corrective measures if necessary. I believe this would be more effective and useful than the procedure we have followed up to now, however important the Commission's work and annual report may be.

(Applause)

President. — I call Mr Albers to speak on behalf of the Socialist Group.

Mr Albers. — *(NL)* Mr President, following the previous speaker I wish on behalf of my group to express our appreciation of the form and content of the report on the social situation. It is an important document which gives a clear summary of the development of the specific legislation in the Member States and it acquires greater significance each year through the completeness of its coverage.

The report draws clear attention to the shortcomings in Community policy which the rapporteur, Mr Meintz, has rightly noted. I wish to congratulate him on his excellent report which accurately reflects the views of the Committee on Social Affairs, Employment and Education on the Commission's report. It is regrettable that this report, which was complete in manuscript form at the end of January and was already published in April, has not been debated in Parliament until September. It should be made a firm rule to discuss the social policy on the basis of the report on the previous year at the May or June part-session each year. That would enable the policy to be examined in all its aspects. Parliament could then also express its wishes regarding the social policy to be pursued. If a debate of that kind is not held until later in the year, there is a risk that the report will be relegated to the background and that attention will centre on new developments instead. The main function of the report, namely to stimulate discussion on responsibility for what has been done or left undone, would then be lost. Having said that I should like now to look in more detail at a number of aspects of policy discussed in the report.

As regards employment, the Commission notes that the solution to the problem resulting from employment and inflation must be sought first and foremost in measures by the Member States themselves. Insofar as it is a question of combating temporary unemployment that is correct. By stimulating construction activities through public contracts, by allocating large sums in the budgets, the Member States have tried with varying degrees of success to absorb the temporary fall in employment opportunities. The consultation in the

Community about measures of this kind has certainly borne fruit. Cooperation between the countries has prevented the disaster of unemployment from assuming even more serious proportions. If the Community had not acted here and if each country had resorted instead to protectionist measures as a desperate solution, unemployment would certainly have had far more serious consequences.

But the central problem of structural unemployment remains: it can be seen even more clearly against the background of the slight conjunctural improvement which has now occurred. The search for a solution to this problem must be the central feature of the social and economic policy of the European Community. All important contributions made by the Community to social progress such as equal rights for men and women, measures to assist young people and handicapped workers, action for the benefit of migrant workers and the promotion of the free movement of workers — all these measures are liable to fail completely if no solution is found to the problem of structural unemployment.

Article 49 (d) of the EEC Treaty speaks of 'setting up appropriate machinery to bring offers of employment into touch with applications for employment and to facilitate the achievement of a balance between supply and demand in the employment market in such a way as to avoid serious threats to the standard of living and level of employment in the various regions and industries.'

There is no indication in the 1975 report of any vigorous effort to meet these aims. Admittedly important activities are taking place in the labour market sector and the fact that cooperation between the labour services is being extended in this way is to be welcomed. The information that a group of independent experts will be compiling a report on labour market problems also has our full approval. Measures undertaken in the area of occupational training, education and retraining can also make for a better matching of supply and demand. All these are useful measures but what we lack is a structural approach, a better distribution of the fewer job opportunities. A study should be made to determine how, in agreement with the action programme of the European Trade Union Association, employment possibilities can be adapted in the long-term perspective. I am thinking here, in particular of a further shortening of working hours, a lengthening of compulsory schooling, early retirement and a more structural approach to the problem of the flow of migrant workers from the countries of the Mediterranean basin. In my group's view consultation with industrial interests must be intensified on this matter.

The organization of one or more tripartite conferences each year is not enough. The real need is for a Community policy designed to achieve a better distri-

Albers

bution of the available number of jobs between the active members of the population. The fact that some one and a half million young people are unable to find work emphasizes the need for vigorous action. In recent years it has become increasingly clear that we are faced here with a difficult problem that is constantly growing despite all support from the Social Fund. We also agree with Mr Hillery that the Social Fund is growing too slowly and that if the Community budget is to be cut there must certainly be no cuts in the Social Fund. The larger the Fund the more vigorous can be the action to overcome the problem of unemployment among the young. However, this action can only help to ease the greatest difficulties without curing the underlying causes.

In the forthcoming discussion of the budget, my group will strongly advocate an increase in the Social Fund, convinced as it is that this is an important instrument for the common social policy. My group also favours common action on employment as advocated in point 2 of Mr Meintz's motion for a resolution. My group has given special attention to the question whether the work now being done by the European Community to bring about social progress is sufficiently recognized by the public at large. In the light of our experience contacts and meetings we are inclined to think that it is not. Greater publicity should be given to the fact that the Community institutions are giving close attention to the free movement of workers, the humanization of work, the increase in safety at the workplace, equal payment for men and women, improvement of employment agencies, support for weak sectors of industry and improvement of the living conditions of migrant workers. This must be brought to the attention of the man in the street. Our impression is that much of what is achieved through joint action is hidden behind measures taken by the governments of the Member States. There is little willingness to show clearly that measures to stimulate social progress are part of a Community policy.

We are convinced that this situation must be changed with a view to the forthcoming direct elections to the European Parliament. We propose that means of bringing about the necessary change should be sought in consultation and in cooperation with the European trade unions. A short readable extract from the annual report might be reprinted in the union journals to ensure that the work of the Community in the social sector is brought to the attention of a wider public. This would help to create a better awareness of what the European Community means to the population of the Member States.

The decisions taken by the Council in the social sector in 1975 did not amount to much. The report mentioned six decisions. Is this lean result the consequence of a lack of proposals submitted by the

Commission? Did the Council find it impossible to reach agreement? Or were both factors involved?

My group greatly regrets the fact that progress in the social sector is being inhibited by the lack of readiness to take decisions. The definition and approval of extensive social action programmes arouses expectations. The failure to take decisions on the basis of those programmes then has a highly detrimental effect. The action programme for migrant workers and their families is a clear example of this. Some priority items in this programme, a uniform system of payments of family allowances for migrant workers in the Member States of the Community and a proposal to improve education of the children of migrant workers were not dealt with by the Council in 1975. This is an unsatisfactory state of affairs, especially in view of the unfavourable situation created by massive unemployment. In the light of the lack of action by the Council, we fully agree with point 15 of the motion for a resolution accompanying the Meintz report to the effect that the patience of European citizens is being tried to the limit by the lack of political results. Let this be an appeal to the responsible statesmen to transform their words into action. In conclusion my group fully endorses the motion for a resolution.

President. — I call Mr Vandewiele to speak on behalf of the Christian-Democratic Group.

Mr Vandewiele. — (NL) Mr President, on behalf of my Group I would just like to draw attention to the points in the resolution which mention employment problems and family policy.

In reading the report by our colleague, Mr Meintz, I am struck by the strong tone of the introduction. Mr Albers also drew attention to this fact. The Committee on Social Affairs, Employment and Education says literally that it

'feels compelled to break with custom and, instead of praising what has been achieved, to ask what has actually happened at national and Community level.'

It calls for

'careful analysis of the ideological substructure and practical coherence of the Community as it now stands, instead of presenting reams of papers produced in a vacuum as an actual political result.'

These are hard words but partially justified since the social policy does in fact raise some very tricky questions.

This September part-session in Luxembourg will be mainly marked by agricultural policy, and rightly so. The problem of the drought compels the Community to take rapid and adequate measures and none of us will dispute this necessity. But in a case where opinions are expressed so dramatically I hope that it is clear to us all that the question of unemployment is also a disaster for the Community.

Vandewiele

At our part-session of April numerous speakers pointed out that absolute priority should be given to the European employment policy. I have just received the most recent figures on unemployment.

At the present time there are more than 5 million unemployed in the EEC despite the fact that the recession is abating and that export figures show an optimistic trend. In all the Member States heavy sacrifices have been demanded in order to increase investments, but the number of new jobs is still inadequate. These are the facts. And it is increasingly clear that we are faced here with a structural employment problem. In certain countries half of those unemployed are under 25 years old. Denmark has 25 200 unemployed under 25 years; Belgium (these are the June figures) 127 000 unemployed under 25; Germany (May figures) 244 000 under 25; Britain 123 000 unemployed under 18. These are people who have never had a job and who are still looking for their first employment. The figures for Britain are from last June. After years of debate outside and inside our national parliaments it can no longer be disputed that we are, in the words of the resolution.

'overtaxing the patience of the people of Europe, given the paucity of tangible political results so far achieved.'

It is not for me to say who is responsible, particularly as we all share some of the responsibility.

The issue however is whether we realize that we can no longer continue to pursue an ostrich-like policy. National measures alone are not adequate. The mass production and specialization stimulated by the Common Market and the danger that the problems may be shuffled off on to the partner countries may lead to the disintegration of the Community. There is a need for a clear Community policy. We are looking in this debate for a clear answer from the Commission on the real objective of the European Social Fund and the Regional Fund. How far have these funds already influenced the development of the labour markets and not only the development of the economy? Is it acceptable that the Council should so drastically have cut back appropriations for these funds in the Community's budget this year? Is it going to do the same next year?

The moment has come to take bold new action in all our Member States on vocational training and retraining. At the same time the European funds must also undertake independent action and provide support for all national measures which conform with the Community policy. The problem of occupational training and retraining requires a completely new approach. We have witnessed — and here I mean we in Belgium — that even the most highly educated people, the academics, and very many graduates from

advanced technical colleges have sought work in vain. They have had their training but cannot find a job. We do not have enough information on the supply and demand factors in the labour market. We in Europe have democratized secondary and tertiary education. We have raised in hundreds and thousands of young men and women great expectations for their future professional careers. The question now is whether their training was not too one-sidedly directed towards an elitist career. Was their training broad enough? Do their expectations fit in with hard reality? It is clear that careers guidance is becoming increasingly important.

One final observation about family policy. The Commission's report indicates an inclination to cut down family allowances or even abolish them in a number of Member States. Our group emphatically supports the relevant point of the resolution.

Personally I find the wording is much too weak. We urge the Council and Commission to

'ensure that in the event of any amendments to national regulations on family allowances the purchasing power of lower income groups is not affected'.

We believe that for demographic reasons alone a positive social policy in the family sector is imperative. The figures do not lie. If the present drop in the birth-rate in the EEC is not halted we shall face in a few years' time the collapse of our system of social services.

It is impossible for us to discuss today all the aspects of the social policy. I will therefore conclude by appealing to the Commissioner and the Council to conduct a broader debate on this question in the coming months on the basis of the most recent statistics and after consultation with the Economic and Social Committee — since the social partners must also take on responsibilities which will be heavy ones. It is our ardent hope that it will then be possible to disclose more optimistic and positive results.

President. — I call Mr Laudrin to speak on behalf of the Group of European Progressive Democrats.

Mr Laudrin. — (*F*) Mr President, as each of the speakers has pointed out, this debate has obviously lost a lot of its relevance. We are considering the balance sheet for 1975 in order to prepare the 1976 phase, which is already nearly over. It is rather a waste of time to try to define a programme which is already well underway. On behalf of my group and, I believe, on behalf of the House as a whole and the rapporteur, I would ask you, Mr President, to take the necessary steps to ensure that in the future we shall be able to study the social report at the beginning of the year. The social problem is after all a cornerstone of our Community.

Laudrin

However, I turn now to the report itself. Certain speakers have shown a passionate concern for the serious problems which arise in our modern society. I shall confine myself to emphasizing two aspects. As we all know, our economies have been for some time suffering from two evils: inflation and unemployment. I leave aside inflation, as it does not concern us directly here, to concentrate on the problem of unemployment. Though unemployment has undeniably started to fall since last year one of the Members here pointed out that there were still 5.5 million people seeking jobs this year. Not one of our countries has remained immune from this disease, not even those which in some respects seem to have come to grips with the serious problem of inflation. This disease has two main features which I should like to highlight: it affects mainly young people and migrant workers. I know how much attention the Commission has paid to these two problems. It is estimated that 1.5 million young people having left college or university are unemployed and are thus unable to exercise a fundamental right, the right to work, which will no doubt eventually be enshrined in our laws. I hope the Commission will one day give some thought to this undeniable fact which our civilization will eventually have to accept. Any 18-year-old has the right to work and it is the responsibility of our society to provide him with a job for which he is qualified.

As for migrant workers, those foreigners who are often forced to leave their far-off countries of origin in order to earn a living for themselves and their families, we push them off our job markets from time to time, out of some selfish, defensive instinct, in order to make room for our own workers. Many of them have returned to their countries of origin without making any money or even becoming qualified in the trades they have carried on in our countries. Nevertheless, this emigration, which, prompted by understandable caution, we have been limiting fairly strictly for some time now, has not contributed to curbing unemployment as much as might have been hoped. To date no satisfactory solution has really been found to the problems of young people and migrant workers. The series of measures proposed by the Commission for the year 1976, which is already so far advanced, is therefore to be welcomed: they include retraining, job prospection for migrant workers, improvements in reception facilities, accommodation and schooling. What a lot of work remains to be done in these areas: the vital need to coordinate the 'migration' policies in our Member States, the participation of migrant workers in local and union life in the host country — this is still in its infancy — measures to promote the training and mobility of these workers, the extension of social security cover to inadequately protected categories, family allowances — which are becoming increasingly more important, as Mr Vandewiele said a few moments ago —, a closer scrutiny of individual

and mass dismissals — migrant workers are often victims of this practice and do not have sufficient means to defend themselves — and also a long-term programme for the occupational rehabilitation of those of them who are handicapped.

Better technical or vocational training is also necessary for young people to facilitate the transition to working life. We all know that a certain amount of selection — though I know this is a dirty word — in education will be inevitable to avoid a glut of job applications. In the meantime young people must be granted unemployment benefit allowing them to remain above the breadline. The experience of 1974 and 1975 clearly shows that the member countries can solve their employment difficulties, not only by individual effort but, as everyone in this House has stressed, by concerted effort at Community level and I would even say within the international framework of the North/South Conference, whose success is vital since it will have consequences on the economy in general and hence on that of our Community; it will provide work for certain migrant workers who will be able to return home to a job suited to their qualifications.

The Group of European Progressive Democrats congratulates Mr Meintz on his excellent report. We share the reservations and criticisms it contains and also approve of its conclusions and recommendations. It is vital, ladies and gentlemen, for the West to solve the problems of the right to work of all within the shortest possible time. The ideal solution would undeniably be to provide these workers with jobs in their countries of origin by developing their industries.

The Lomé Agreement constitutes Europe's first contribution to this trend; the North/South Conference should also promote this policy. This is a tremendous human problem to which we must respond. As in the past we place our trust in the Commission and also in Parliament and its Committee on Social Affairs, which will keep a close eye on developments.

IN THE CHAIR: MR BERSANI*Vice-President*

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, whilst I appreciate both the Ninth Report and Mr Meintz's own report on it, I too must protest in the strongest possible terms that we have not been able to debate the social situation in the Community in 1975 until 1976 is well-nigh over. It is, in my opinion, quite outrageous that we can discuss minor matters for hours on end and yet, when it comes to those things which are of vital importance to the individual citizen and to families of the Community — our jobs, our homes and general social provisions — we have to wait until the last quarter of the year. How can we, Mr

Kellett-Bowman

President, expect the ordinary men and women in the Community to appreciate to the full the European idea if we are so dilatory in discussing these things that touch them so nearly? It is because I feel so strongly on this matter that I welcome the very robust tone of Mr Meintz's report. The EEC is not a mutual admiration society, it is an organization for promoting the wellbeing of all its citizens, and there are times when it needs a sharp reminder of that fact. Mr Meintz has given that reminder.

There is no doubt that the EEC faced a very difficult situation in 1975 in which there were no precedents to guide us. We had all hoped that 1976 would be better, but, alas, in many countries, my own included, the situation has continued to deteriorate alarmingly, especially on the unemployment front, where we ourselves are faced with the worst long-term figures in living memory. Even the social reform described on pages 140 and 164 of the report as of great importance — namely, the replacement of family allowances and tax relief by new child benefits similar to the tax credits advocated by the previous Conservative government — has been abandoned and no date set for its implementation. I wonder if the rapporteur, who referred to this paragraph in his speech, is aware of this fact.

But it is no use merely criticizing, Mr President; we must make positive suggestions, as many have done today. As far back as 1974, the Council was considering whether or not it was necessary to increase the resources of the Social Fund. The prolongation of the crisis has given this matter even greater urgency. We in the Conservative Group consider that the work of the European Social Fund should, and could, be both expanded and better directed. At present the fund is spread too thinly to do justice to the areas it hopes to serve. In view, however, of the continuation of inflation in greater or lesser degree in all Member States, it is essential that the increase in the Social Fund, which is necessary if effective policies are to be pursued, should not increase that inflation. Moreover, the increased resources should be of such a kind that the fund should be enabled to intervene on its own, where appropriate, without having to wait for an approach from national governments or being confined merely to matching national contributions. I have been concerned for some time that the Social Fund contribution, like the Regional Fund contribution in some countries, simply gets swallowed up in the general budget deficit. My worst suspicions were confirmed as regards the United Kingdom when I was informed in a written reply from the Department of Employment on 19 July that — and I quote — 'There was no project undertaken by the Department of Employment or the Manpower Services Commission in 1975, the introduction of which depended upon receiving an allocation from the European social Fund.' In other words, Mr President, not one single extra unem-

ployed person was helped to find a job because of the existence of the fund in my country.

Clearly it is essential for the Social Fund, if it is to be effective, to have an independent source of finance as the very highly effective European Coal and Steel Community has. I believe that a levy on every employed person might form the basis of a highly effective social employment policy. What man in employment would begrudge a less fortunate unemployed comrade a small contribution from his wage packet of 1 or 2 pence per week? This would amount to about 50 million or 100 million per annum and could be used to good effect in a number of directions.

Firstly, although it is highly desirable, as Mr Laudrin said, for employment to be brought to the regions rather than for regions to be robbed of their vitality by the exodus of their more vigorous workers, nevertheless there are certain valuable specialized skills which may cease to be required in one region but which are still needed elsewhere. For example, the cutting down of railway services in the United Kingdom means that men in some areas, for example in my own town of Carnforth, can no longer find work in their own area, yet are unable to move to other areas where their skills are still required, because of the high cost of housing in those areas. If the Social Fund could offer cheap mortgages to redundant railway workers, as the ECSC does for redundant miners and steel workers, they could afford to move to places where their skill was still required.

Secondly, at this vital stage in the Community's development just before we come to direct elections, nothing is more important than that it should inspire the young with a European ideal. What better way than for the Social Fund to provide a certain number of EEC apprenticeships which could be taken up by any firm offering recognized training? This would, at one and the same time, mean teaching young people, many of whom are now unemployed, basic skills useful to them and to the Community, while bringing home to them in a practical way the fact the EEC really does care about their problems. Thus Mr Meintz's objective in paragraph 11 would be achieved and the anxiety expressed in paragraph 3 of the explanatory statement would be allayed. But within the overall total of unemployment there is another category of particular difficulty — the disabled. Some — with appropriate training and given suitable openings — can take their place fully alongside their colleagues in open employment. Others, however cannot. These people can still make a very worthwhile contribution to society and preserve their self-respect but not in conditions of general employment. The fund, therefore, should be extended to give assistance both in capital and running costs to sheltered workshops.

Kellett-Bowman

Finally, housing. The report beginning at page 118 is bleak ; but since then the picture has become bleaker still, particularly in my country, where we have the double problem of an actual shortage of housing and dereliction. On page 118, the report states that in 1975 the emphasis on housing improvement and modernization continued. This process, alas, has now gone into reverse, at least in my country. We have many, many older homes which urgently need bringing up to date, in both the public and the private sector, and this vital work has been brought virtually to a standstill in both sectors. Moreover, these are the very sort of houses on which building societies will not normally allow mortgages and where local authority mortgages are vital, particularly to first-time buyers : these have now become almost unobtainable, thus bringing the housing market to a standstill. All in all, as far as we are concerned, a very dismal picture on the housing front.

Now there are many other aspects of the social situation which I should like to discuss, but time does not permit. May I conclude by congratulating Mr Meintz on his very, very excellent report, on which we support him up to the hilt, and express the hope that next year we may debate this year's social situation in the first quarter of the year.

(Applause)

IN THE CHAIR : MR MARTENS

Vice-President

President. — I call Mr Albertsen to speak on behalf of the Socialist Group.

Mr Albertsen. — *(DK)* Mr President, on behalf of my Group I would like to make a few observations particularly in connection with the widespread unemployment amongst our young fellow-citizens, which has been an excessively great problem for us all not only in 1975 but also unfortunately in 1976 ; not least in connection with this debate, a few specific remarks on this issue are called for. The Commission also refers to this problem as a serious matter and the Standing Committee on employment has also declared that it will concentrate its attention on the problem of unemployment amongst young people.

A resolution by the Ministers of Education of the Community promised measures in education to increase young people's prospects of finding employment and the fine speeches at the tripartite conference gave special attention to the unemployed young. There is therefore no lack of good will. The only thing missing is results — and this could lead us to the unreasonable assumption that practical efforts are not entirely on a par with glittering intentions. The latest figures tell their own story. Unemployment,

which dropped slightly in the first half of the present year, is once again increasing. More than 100 000 new unemployed in the Communities in just one month. Any reference to seasonal tendencies is pointless. Among the young unemployed, the proportion of which to the total of unemployed remains unchanged in relation to the same month of last year, a further increase must be expected after the summer holidays.

The actual increase in the EEC will to a large extent depend on the measures which the EEC and the Member States will take to prevent new streams of young people from leaving school and other educational institutions only to start an unenviable existence as unemployed citizens.

In this bleak picture there then appears a group of experts, set up by the Commission itself, coming to the rescue, in a manner of speaking, by putting forward concrete proposals which are only a few days old but which in our opinion show that the experts have put their finger on the right problem. It is pointed out for example, in the introduction, that future developments will be characterized by a considerable increase in the productive proportion of the population. In other words the number of young workers looking for a job will form an ever-increasing proportion of the total unemployed. So the prevailing view, which the Commission also supported, that a policy of economic growth was decisive for the creation of new jobs is put in doubt at last by a competent group of experts. This is entirely in keeping with the repeated call for a completely new employment policy which our group has advocated on earlier occasions. Economic growth at any price does not solve problems but helps to create new development and environment problems in our already overheated, hectic industrial society. Completely new thinking and planning is needed if our society is to progress towards harmonious, balanced development with man, rather than machines and their productivity, as the central concern. This may sound like futuristic thinking but the future must be prepared for and we can lay the first stone here today.

We are all aware of the dangers of inflation and to what extent they are created by the hectic pace of production. Measures which the Socialist Group would like to put forward to combat youth unemployment without heaping coals on the fire of inflation therefore concern investment : investment in education, investment in retraining and investment in conversion. At the present time an enormous amount is being paid to support unemployment. We do not believe that this can be changed but we wish to see the amount redistributed in the interests of society and of the unemployed. There already exist proposals on this matter. The Commission itself has drawn up several but the concrete results of these are not very evident. We no longer live each in our own little nation state but in a community where the individual citizens

Albertsen

must be concerned with each other in a quite different way. It is therefore imperative in the construction of Europe that these unemployed young people should be enabled to use the time lost waiting for a job to attend language courses and cultural and educational meetings between unemployed youth in the whole of Europe.

The Commission will no doubt reply that much has been attempted and that many proposals are having to wait for adoption. I would like to say in reply that the public in our countries is badly informed on such matters — and here I support the views which have just been put forward by my colleague, Mr Albers. This fact is made all the more serious since popular backing will be necessary if our efforts to create new jobs and alleviate the plight of the unemployed are to bear fruit.

Our call to the Commission today, against the background of this report on the social development in 1975, is therefore that it should make every effort to implement the many proposals in respect of the social situation and, by undertaking a far-reaching and intense campaign to publicize the situation, to launch a dialogue with the unemployed masses. The Brussels bureaucracy can still appear human if it climbs down from its Eurocrat stronghold and seeks solutions in a spirit of cooperation and co-participation.

(Applause)

President. — I call Mr Rosati.

Mr Rosati. — *(I)* Mr President, ladies and gentlemen, the presence in our midst today of the Minister who is President-in-Office of the Council of the European Communities gives our debate all the importance that it deserves. I thank him for his presence here, indicating as it does the Council of Ministers' desire to play an active part, and I hope that the traditions established today will be continued.

(Applause)

Having said this, I share fully the view expressed by previous speakers that the present crisis in Europe and throughout the world is an exceptionally severe one, all the more so in that the situation has deteriorated further in 1975, as was pointed out both in Mr Meintz's report and, although on a somewhat more optimistic note, in the report on the development of the social situation in the Community. Unemployment and inflation are still rampant, notwithstanding some slight signs of improvement that did not, however, in practice amount to anything very much. We, as a European Parliament, must, together with the national governments, try to combat unemployment and inflation, by cutting at their very roots, and this struggle must be waged mainly at community level and within the framework of national programmes that are flexible but well-coordinated.

As other colleagues have pointed out, there is a special need today for Community coordination, since action by the national governments is no longer adequate to

combat inflation and unemployment. It is the weaker classes in society that are mainly affected by these twin scourges, as indeed by all other social evils — in particular the migrant workers, women, young people, the handicapped, poorly trained workers and retired people.

It would take too long just now to go into the causes of the present crisis — they are many and their roots run very deep —, but it is clear that up to 1972, when the crisis began, there was no such thing as a supranational European social policy. It was only in 1972 that the EEC began to interest itself in these problems, and one of the reasons for this was that up to that time the trade unions had, to a certain extent, stood aside from these problems and taken no active part in solving them. Today we have a European trade union movement which does take an active part in solving these problems and provides advice and encouragement. Three tripartite conferences have been convened, the most recent one on 24 June 1976. I am obviously not criticising these conferences, indeed I support them and I maintain that they must be continued, if for no other reason than that they provide a public forum in which both social partners, workers and employers, can state their respective cases. The first two were, however, a complete failure and the third, though heralded at that time with much enthusiasm and confidence, achieved nothing more in the end than agreement along purely general lines, leaving untouched the existing disagreements on the resources and the machinery needed to attain the hoped-for objectives. Hearings were also organized with workers taking part. The Social Affairs Committee met in various European cities to take part in these hearings, which must be continued, since they afford us a possibility of hearing directly from the mouths of the workers what their problems are.

Today we have an enormous number of unemployed people in Europe; we have almost reached the 6 million mark. Unemployment affects mainly young men under 25 years of age, who number 1 500 000; indeed, even as we stand here discussing the problem, the figure may have gone even higher. These are young people that have left primary or secondary schools or that may even have higher studies behind them, depending on the various countries. In my own country, Italy, for example, most of the unemployed young people are in the last category. So many speakers, however, have already outlined the problem of young people that I shall not say anything further about it, since nothing further remains to be said. Nevertheless, one of the basic aims of the present Italian government is to solve this problem of young people. Within the next few weeks, in fact, the Andreotti government will submit to the Italian Parliament draft laws designed to cope with the problem of unemployed young people. But even this is not enough; we must coordinate national programmes by means of Community directives, so as to solve the problem on a truly European scale.

Rosati

All the previous speakers have referred to the problem of migrant workers, but there is something further that I should like to say on that subject. There are now 9 million migrant workers in Europe, and, if we take their families into account, the number rises to 14 million. We might say that they are the tenth Member State of the European Community, but their situation has become even more difficult today as a result of the increasing unemployment in their host countries, which has forced them to return to their homelands. In Italy alone we have seen a great wave of returned migrants who have been unsuccessful in finding work in their own homes.

What has been done for the migrant workers? Above all, what has become of the famous 'Statute' for migrant workers? This Statute was drawn up two years ago and discussed over and over again in the Social Affairs Committee. We were promised that it would be adopted as soon as possible, but instead of that it was rejected by the Council of Ministers. It might have solved so many of the problems that we are debating today and succeeded in doing away with most of the discriminations still existing amongst the various classes of workers. In our committee, for example, we drew up a resolution on this subject that was adopted by Parliament, though, unfortunately, with members from a single Member State abstaining. Much time was spent in this House talking about family allowances, but in practice nothing was ever done about them, because the Council of Ministers could not even reach agreement on this project which might have led to fairer treatment for the workers and done away with intolerable discrimination, but even this was scrapped.

I am not saying that the Commission has not submitted serious and practical proposals in favour of the migrant workers, and indeed we are grateful to it for this. The Council has adopted its proposals, but in practice the relevant provisions are not being carried out in various countries of the European Community. What then is to be done? The Community can take action to see to it that the regulations adopted by the Council are actually carried out, but nothing has been done in this regard.

There are other things that I ought to say, but my time has run out. I shall confine myself to making one proposal along the lines suggested by the previous speaker as well as by other speakers, and it is this, that debates on this subject should be held more frequently and that the Commission should come here at least twice a year — not once, therefore, but twice a year — and discuss with us what one might call a preventative plan in this very important social sector. I do not want to claim that it should be given absolute priority, but it is a sector that reserves a certain priority alongside other sectors, of whose importance we are all fully aware. Furthermore, I

think it would be a good thing if we were to have a report at the beginning of every year on what had been accomplished in the previous year.

We are accustomed to speaking and hearing fine phrases in our debates in committee and in this House and to reading glowing accounts in the numerous reports, but my dearest wish would be to be able to note before very long that some practical steps forward had been taken in regard to these problems. They are such serious problems, Commissioner, that they call for a special effort on your part to bring persuasive arguments to bear on the Council of Ministers so as to induce them to be more prompt in lending an ear to the Commission's proposals that have been supported by Parliament. If you are successful in this, you may rest assured that Parliament will be squarely behind you.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, the European Parliament is right tonight to give voice to its exasperation with the slow rate of progress in solving Europe's social problems. This anger and disappointment is reflected in our rapporteur's excellent report and also in speeches that we have heard from all sides of the Chamber — I would refer particularly to Mr Vandewiele, Mr Rosati and Mrs Kellett-Bowman. Everyone who has spoken has given voice to this sense of exasperation and despair at our lack of will and of course the lack of funds — but particularly the lack of vision — in dealing with social problems. We know that in making no progress, we are not just creating a problem for today, but that the price will be paid later. We shall pay for our failure over a period which will carry us well into the 21st century, as the evils flowing from child poverty, unstructured education, juvenile joblessness and the bitterness of alienation and a sense of personal failure work their way through the age-groups, bringing economic inadequacy, broken homes, mental illness, disrespect for the law and a steady trend to anarchy.

Inner city areas show our current social problems in especially acute form. In London we are witnessing the social tensions associated with differences of colour and race, as well as the squalor associated with joblessness, homelessness and the sharpening contrasts between rich and poor. These factors are all helping to lead to social disintegration of a kind which has already led to violence in the major cities of the United States. In Kensington a fortnight ago, a holiday carnival led to riots which resulted in injuries to 30 police. Many young unemployed people were arrested. The Secretary of State for Social Services rightly pointed to housing and employment difficulties, which create the situation in which this kind of social disorder is generated; but we must go further and point to the general economic stagnation and

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lack of industrial confidence which are besetting the Community and so much of the Western world. In Britain the government could transform the housing situation by minor changes in the law which would encourage the owners of empty and often decaying urban property to offer their spare accommodation for short-term letting instead of leaving their properties to be taken over by squatters, many of whom would be ready to pay a reasonable rent if they had the chance of taking on an orthodox short lease. We must also recollect that the object of education is to prepare our children for useful and happy lives and careers, instead of using them — as is all too often done — for experiments in social engineering. And we must end the vendetta against small business and the self-employed normally associated with extreme Marxist economic policies.

But apart from purely British difficulties, which we have brought on ourselves, we have to see the European social situation as a problem to be tackled at Community level, not simply a matter for solution by national governments. The provision of suitable and purposeful employment must follow initiatives to restore the momentum of convergence in the Community's economies as a whole. The vocational training that we introduce must rise to the challenge of rapid technical change. We have to remember that we need to prepare people again for their careers in middle life, as well as before they take their first job. Family support must give back self-respect to fathers and mothers of children facing the sharp rises in their living costs associated with inflation in the prices of essential personal items of food, clothing and heating.

The provision of a personal minimum income guarantee must be accepted as the responsibility of the Community as a whole, not just of national governments. I feel that we must learn to bring about a redistribution of incomes based on citizenship — European citizenship — so that membership of the European Community has a real meaning, building self-respect and certainty of one's role and status in a purposeful, compassionate, civilized society. The aims of the Marxist states of Eastern Europe must be translated into practice in the West, in the free democracies of the European Community — but on our own terms. This, I feel, is the real nature of the historic compromise. We must achieve the social objectives of the Socialist countries without forfeiting our traditional freedom and power of personal choice. I believe that one of Chairman Mao's sayings is worth remembering this evening. He said that to investigate a problem is to solve it. Poverty in the midst of our highly developed industrial societies, capable of the creation of almost unlimited wealth if we organize ourselves to that purpose, is a crime of which we are all guilty. It can be solved. The European Parliament is right to show its exasperation tonight, and Mr Meintz has done valuable work with his report, which we warmly support.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I rise to express a purely personal point of view. I should like to say straightaway that if this debate is intended to sound the alarm, I have no objections to that, but if we think that we are going to solve the problems by these denunciations and arguments, then I must tell you quite frankly that by doing this not only will we not move mountains but we will not move even the tiniest pebble.

My devotion to the idea of Europe and the great respect I have for this Parliament, of which I have the honour to be a Member, prompt me to make a few points at this stage. First of all, I feel that we must realize that this problem of unemployment is a structural one and that it is absurd, therefore, to tackle it as if it stood all on its own. Instead, what we need is an entire economic renewal, a battle along structural lines against inflation, a re-ordering of the entire international monetary system and a division of labour on a new universal scale, as was advocated by the great Italian thinker, Mazzini, more than a century ago.

When new peoples gain their freedom and make their entrance on the world scene, when countries such as Italy, France and the United Kingdom, amongst others, can no longer pass on the benefits of their own economic and social development to countries that were formerly their colonies, it is obvious that we are faced with an entirely new set of dimensions. And here I must commend the Commission of the Communities for having faced up in good time to this whole problem of new dimensions and of revising our industrial systems so as to give room for expansion to the industries of other countries, particularly those of the Third World.

What progress would have been made, if all that were needed for progress were our good intentions and our words, our millions of words! But what hopes have been dashed, when it was a question of taking practical action, of playing down certain sectors and recognizing the importance of others!

This excellent report speaks of voluntary early retirement. I welcome this, but only on condition that the person that goes into retirement does not take up another activity and thus take a job away from other people. In Italy there was a regulation forbidding the aggregation of pensions with other income, but the Constitutional Court handed down a judgment — I do not know how valid the arguments behind this were — to the effect that such aggregation was perfectly legal. In this case, early retirement only means that experience gained in a particular job goes for nought and that an already swollen labour market is obliged to cope with another job application.

This document tells us that we have to give serious thought to youth unemployment, and I am well aware

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that this is an extremely important problem. On the other hand, we must also recognize that the educational system cannot be used as a sort of holding area, so that by keeping young people longer at their studies, they may arrive later on the labour market. Vocational training must also face up to the entire subject of different kinds of work. In my own country, for example, there are many young people who are distressed because they can find no work, but if you were to tell them to go fruit-picking in the large fruit farms of Emilia Romagna, if you were to tell them to engage in occupations outside the so called 'liberal professions' and the public services, particularly the highly paid jobs in the government service and banking sectors, these young people would simply refuse.

When I read in this document of the need to clarify the situation on the labour market, I am in complete agreement. However, we must examine these problems with the utmost seriousness; otherwise we are in danger of indulging in mere rhetoric, which will certainly not help solve the problems.

When we speak of vocational training, we always have to keep in mind the realities of every situation. In Sicily, for example, the teacher training colleges turn out between 6 000 and 7 000 new teachers every year who cannot find work. With the reform of the Italian educational system we have hundreds of thousands of teachers in the primary schools, the secondary schools and the universities, not all of them unfortunately adequately trained: 'oves et boves'. However, these posts are already filled, and it is obvious that, barring severe epidemics or atomic devastation, a good deal of water will have to flow under the bridge before replacements are called for.

Paragraphs 9, 10 and 11 of the motion for a resolution, which call for a serious and thoughtful approach, are perfectly in line with all that I have been saying. I do not claim that by stating the problems in this way we can hope to solve them straightaway, neither do I believe that the Community has a panacea for all ills. Every country has its own unemployment problems. For migrant workers obviously the problem is a particularly critical one, and the Community has a duty towards them, but this is a special problem. As far as all other workers are concerned, the problems are more of a structural nature. Vocational training criteria must be revised, and above all there must be a basic rule that all work must be respected and adequately paid. It is all very well to have specific provisions for the slaughter of cattle, but you must also have general provisions to ensure that farmers are guaranteed an adequate income. It is only by giving them a fair return for their work in this way that you will keep farmers from leaving the land.

In making these few points, Mr President, I do not claim to have discussed this report fully. I have confined myself to dealing frankly and to some extent critically with certain points that it would not be to this Parliament's credit to ignore.

(Applause)

President. — I cau Mr Pisoni.

Mr Pisoni. — (I) Mr President, I should merely like to deal with two points that have been referred to already but to which I would like to draw more particular attention.

One concerns the Statute for the migrant worker, to which Mr Rosati has already referred. We feel that more adequate machinery must be provided for safeguarding the rights of the migrant worker. Failure to gain more widespread recognition for the rights of all workers at this time of recession and extreme economic difficulties has had an even more serious effect on migrant workers, many of whom have had to return to their own countries. We feel that any survey of the social action programme should have devoted some words to this matter, since the protection afforded to migrant workers up to now has not been adequate and these citizens have not yet been guaranteed the full exercise of their rights. We have loudly proclaimed these rights, but we have done nothing to ensure that they could, in fact, be exercised. Thus it is that we are addressing ourselves once again to this subject that has been raised already many times in this House, even though we are aware that we are now dealing with the survey of the events of 1975, while that for 1976 has yet to be completed and, no doubt, we shall be speaking on this matter again in 1977.

There was another question that I wanted to raise, which is of a more general import but even more serious in its implications. It seems to me that social policy is not viewed in close conjunction with economic policy, as should be the case. Obviously social policy is only one facet of an overall policy. We are perhaps remaining too much within the closed circle of social policy, even though we must be aware that while we remain within this circle the problems will never be solved.

I have before me the 6/7 September issue of Agence Europe, which gives certain information that I should like to tie up with certain parts of the report. On page 7 of No. 2045 of Agence Europe a 'slight increase in the number of unemployed in the Community in July' is mentioned. In its 4 September issue the same Agence Europe publishes the 'fourth medium-term economic programme of the Community', which seems to me a really praiseworthy attempt to study this kind of problem in detail. Now what emerges from this outline of economic policy? The conclusion that emerges is that we should attain certain objectives, which, however, when gone into in detail, prove to be contradictory in the sense that the attainment of one excludes the attainment of the other. By 1980 we must reduce the rate of inflation to around 5%, hold growth at an average expansion rate for the EEC of

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4.5 to 5 % each year and eliminate unemployment, even though we are well aware that in the years up to 1985 we shall have a larger labour force, since demographic trends point to an increase in the number of workers, whereas after 1985 the available labour force will be going down because of a demographic trend in the opposite direction. At the same time this programme concedes that to achieve an average growth rate of 4.5 to 5 % in these years will not in itself eliminate the problem of unemployment. This seems to me to be a really pathetic admission.

If in the course of shaping future economic policy rates of economic development are set that allow this kind of mass unemployment to continue to prevail, then we are really faced with enormous difficulties. This study makes certain proposals which do not seem to us satisfactory, because their thinking is still along the same lines as that of the proposals that have been made so far. They centre around such things as deployment of the Social Fund, extending the range of vocational training, more extensive retraining and such things. Such measures as these may help some tens of thousands of workers, but they will not help us to cope with the hordes of unemployed, who, indeed, will be increasing in number unless we succeed in curbing inflation.

In my opinion, we are really faced with the necessity of adopting an overall approach to this subject and of seeing to it that economic policy is dictated by the social problems and not vice versa. This is the very least we must do in order to integrate the two policies and enable us to attain our objectives. If these objectives can be tackled separately, it seems to me that they can be achieved one by one. It is for Commissioner Hillery then to propose certain measures, which might seem to be contradictory, such as lowering the minimum age limit and reducing working hours. It is true that this would entail a lowering of wage-levels, but it would also maintain the rate of expansion within the fixed limits and thus increase the number of employed workers.

It is obvious that there are certain risks in this course of action. There is the danger referred to by Mr Cifarelli of dual employment and the re-employment of retired persons, thus aggravating the shortage of available jobs. Shorter working hours will mean more leisure time, the use of which will lead to further social expenditures. This could also lead to a demand for higher wages, since those who have leisure time must be in a position to use it constructively and this will sometimes mean having more money to spend.

These are points that we must not overlook. I think, however, that we cannot invest very much more money, because if we were to increase our investments by very much more we should indeed see an increase in the number of jobs, but we would also be pushing up the average expansion rate of 4.5 to 5 % and thus falling further back into the trough of inflation.

Faced as we are with this kind of Hobson's choice, we shall inevitably be forced to try other avenues of

approach. We shall just have to try to create employment, even though we would only be fooling ourselves if we thought that we could create in the near future the 3 million jobs that would be needed to reduce the unemployment problem to manageable proportions. None of us can succeed in doing this. The report, in fact, deplores the fact that it cannot be done and asks some searching questions.

These then were the concerns that I wished to voice in relation to the social action programme. I should like to see various kinds of policies closely linked in a relationship of interdependence, particularly economic policy and social policy.

(Applause)

President. — I call Mr Boersma.

Mr Boersma, President-in-Office of the Council. — *(NL)* Mr President, I would like to start by thanking you sincerely for your kind words of welcome. I am also grateful for the words of welcome expressed by those who have participated in this rather belated debate on the social report for 1975. It is again over four years since I had the privilege of being with you at a meeting of the European Parliament, albeit not here in Luxembourg. On the agenda then was the report of the then Member of this Parliament, Mr Vredeling, on the blueprint for a Community social programme and Mr van der Gun's report on certain questions relating to a coordinated wages and incomes policy. Although the economic circumstances under which that debate was held were somewhat different than those under which we are now exchanging views there is some point in referring back to them since today we are one again having to speak of coordinated policy. In this case, we are concerned with combatting the dreadful phenomenon of unemployment in general and the dreadful phenomenon of youth unemployment in particular.

The reports put forward by Mr Vredeling and Mr van der Gun demonstrated at the time an ambitious political vision, that of bringing the Community's social policy and the national policies of the Member States in this sector in particular under one roof. I have listened to the various interesting contributions to this debate on the basis of the substantial working document submitted by the Commission and the excellent report by Mr Meintz. With your permission, Mr President, I would like to put aside my prepared notes and make a number of observations on the points which have been made here this afternoon. I shall of course keep them brief, in order not to take up too much of your time. And I shall follow the order in which the speakers in this debate spoke.

I would like to begin with a brief observation to Mr Meintz. Both in his report and in this explanation he put special emphasis on the structural character of present unemployment. He also made a number of other observations. He urged the Council not to be content with declarations of intent but to get down to real work on the social policy.

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I assure you that there is nothing I would rather do than get down to a concrete social policy for the citizens of our various Member States. However, blood is thicker than water. I was also a member of this Parliament for four years. So the only thing to do is to look beyond the bounds of social policy. If this is what really all desire, one of the first requirements for the creation of such a social policy is a European Commission which has some power. It is up to you to see that it gets it. It also requires the political backing of the Member States. Oratory alone will not take us anywhere, as Mr Cifarelli has rightly said, since it will not solve any problems. Real political volition is also needed. And also naturally a European Parliament which is also vested with powers. Only then will it be possible to tackle the problems facing Europe today. The starting point is not the Council but the Commission and the European Parliament.

I have an observation to make to Mr van der Gun. He said that he was very concerned, and rightly so, about developments and prospects. The prospects are indeed pessimistic despite the appearance of a temporary or perhaps somewhat more long-term conjunctural revival of the economy. The prospects of unemployment in the Member States remain bad for next year. Mr van der Gun said that the problem was a structural one.

He also regretted that the debate on the 1975 report was only taking place now. I fully agree with him although I do not wish to dwell on the matter, now that the social problem is important enough to be discussed at least twice a year here in the presence of the Commission and in the presence of the Council.

I was struck in that connection with Mr Albers' statement that the Member States themselves should combat cyclical unemployment but that the fight against structural unemployment should be waged on a more coordinated basis by the Community. In itself this is a view which I would personally subscribe to in general.

However, Mr Laudrin said that inflation, this is the term he used at one point, was a subject which was not relevant in the present debate on the social report. That is a pity since any discussion of a coordinated European approach to the problem of this dreadful structural unemployment must also include inflation. And it must also include wages and the incomes of those in the professions and the incomes of all the others who do not come within the employees category. Then you also have to discuss prices, tariffs and all that kind of thing. Then you have to consider investments, and who is going to decide in Europe today whether there should be investment and if so, how much should be invested and where it should be invested. This is the basic question in the society in which we live today. The matter concerns many more aspects than those which are understandably raised in

the Commission's social report. Another question is whether the European Parliament believes that such a broad approach is necessary. It then has to decide what should happen about the power of decision on investments, what should happen in the area of wages and prices and all these matters which are components of a general structural approach to the problem of unemployment. My question then is once again: is Europe politically prepared to give the European Commission for instance the necessary powers?

Mr Vandewiele also elaborated on the central theme of this debate. Unemployment, he said, is a disaster, and this applies particularly to youth unemployment. I fully agree.

It has been asked in several quarters, in response to this report of the Commission and also in response to the activities of the Council in recent times, what the policy should be. That is naturally by far the most difficult question, a question to which no answer can be given, except in some particulars.

Mr Vandewiele and also Mr Laudrin noted that there is an enormous task in a number of sectors: young people, migrant workers, the handicapped, unemployed women and unemployed old people. We can distinguish a number of categories in this terrible unemployment situation and then ascertain that we have an enormous task before us. The extent to which our society has become incredibly complex may be clear from the following simple example. It is said that the young people should be better trained. I agree fully with this idea per se. It means in our society that they must be trained for more skilled professions. The automatic consequence in our technological society will then be a shortage of untrained workers. What are we going to do then? For economic reasons we shall take untrained labour from abroad!

Several speakers have rightly pointed to the problem of migrant workers and the problem of their rights in the various states where they work. But that is what is going to happen. And is that a solution? I believe that the great trek of foreign workers to our industrial society is a social phenomenon and although we cannot solve it immediately, we must solve it sooner or later. People should not have to travel to where the work is; the work should be sited where the people are. This major problem is something which will occupy us completely if we say that young people should receive a better training. So that is simply one example of the complex problems involved.

Mrs Kellett-Bowman said that the ordinary man wonders what today's Europe has to offer him. The answer is very little, Mr President, too little at all events. But I believe I can say that after centuries of European history so totally different from that which we are now trying to accomplish we cannot expect, even after the accession of Britain to the Community, that Europe will suddenly become a large unit in a

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matter of a few years. We have all progressed in a kind of splendid isolation here on the continent too. There is every ground for pessimism if you only look at what Europe has not been successful in doing. If you shut your eyes to the other things then the only course open to you is to be pessimistic. But you can also look at what has been successful despite everything in the many years of wearisome effort. One thing is that we are able to have this debate here today. Although it does not offer a solution to the problem it is indicative of an increase in political volition to try to come to a solution together. And this I believe to be the great advantage of the tripartite conference. Not even the tripartite conference can solve the social problems immediately. I agree with Mr van der Gun and others who have said that there must be a follow up resulting in a further coordinated approach. But in my view the great advantage of the tripartite conference is that there was almost unanimous agreement not to leave the problem to the authorities alone and not to place the blame solely on the employers and not simply to criticise the employees' organizations. The conclusion was that there must be a joint policy and that the three parties must try to find joint solutions.

Mr President, I also listened with interest to the remarks made by Mr Albertsen who rightly concluded by calling for concrete measures. In recent years a number of the measures proposed in the Social Action Programme have been carried out and if there is not too much in the way, the remaining parts of the programme should be settled in the second half of this year. This is better than nothing, but I admit that it could have been more. I agree there should be concrete measures but what measures do you want precisely? I agree with Mr Pisoni who says that we can naturally take a number of measures and we can seek a solution to a number of separate problems but this will not solve the overall problem. Here I completely agree with him but nevertheless the separate measures are useful. However we shall continue with an integrated approach to the problem.

This brings me back to Brussels and the Commission although I do not wish to shuffle off responsibility. And it brings me to the question of what ways the Member States will accept to provide the Commission with the powers to make proposals. This also brings us to the general political point of what financial resources will be made available in Brussels for us to pursue a policy.

I would like to say to Mr Rosati following on what I said in answer to Mr Laudrin's observations that inflation and unemployment are two inter-related problems and that you cannot disregard one if you wish to solve the other. They are like Siamese twins. Mr Rosati also pointed out the problem of migrant workers. Here too I hope that we shall record some progress this year. I agree with him that this is one of the most fundamental human problems facing us.

Sir Brandon Rhys Williams said that we should really be indignant at the lack of progress made in Europe. The question of course is always to whom one should address one's indignation. With whom should one be angry? If there is any reason to be angry then I believe we should be angry with ourselves since we have not yet succeeded in creating a really integrated Europe for international gold and capital transactions, for the monetary and economic union and for a social policy since we have not yet really created a genuine united Europe.

As I told Mr Cifarelli this is not just a matter of playing with words. It is not just a matter of analytical reasoning but of whether our minds can conceive synthetic solutions. In that connection he mentioned an interesting point which is also relevant to my country, the extension of leisure time as a contribution to a fairer distribution of work available; a point that is very topical in Belgium I know and perhaps also in other countries. One possibility here is early retirement.

It is indeed an interesting subject. But as I have told Mr Pisoni it will not help to solve the problem as a whole. It can however make a contribution as one piece in the puzzle but it shows us once again how complex our society is. If we allow people to retire early this means that the number of employed who have to pay for the non-employed persons will drop even further. And this brings us back to economic growth, environmental problems, and the question of raw materials. I will not dwell on this point but it will be clear to you that even when we try to tackle one aspect of this very complex society of ours, of which we are supposed to be so proud, then we have to take the whole complicated structure in hand. This is something which occasionally — and I am not afraid to tell you this — causes me particular concern since it is an obstruction to measures which are socially necessary.

The speeches made in this debate by the Honourable Representatives have inspired me to comment on some of their observations. This has made my speech somewhat fragmentary. I would like to finish by saying that in my opinion, looking back over recent events, a common solution to the problem which has so justifiably been at the centre of our discussion has been helped by the declaration of the tripartite conference on employment and stability in the Community. Now we have to continue the dialogue in order to keep up with developments. And not only that. The developments must as far as possible be furthered within the framework of the Community. I would like to assure you that insofar as this lies within my powers I shall do everything possible to see that this is so.

(Applause)

President. — Thank you, Mr Boersma, for your contribution to this debate. I am sure all honourable Members will agree that it was interesting and stimulating.

I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr. President, ladies and gentleman, during the part-session in April I presented to Parliament the annual report of the Commission on the development of the social situation in 1975. At the time, in the introductory statement which I made, most of my attention was directed to the 1976 situation in the Community and I am happy to see that Parliament has taken that up and continued to deal mainly with the pressing problems which face us now. To those who are upset that the arrangements of Parliament have not made it possible to discuss the 1975 report before now, I would say that we have had two very useful discussions in Parliament and at the initiative of Parliament on the social and economic situation, both of which were very useful preparatory discussions before the Tripartite Conferences.

During the April part-session I asked for what I called a full-hearted commitment to a slow miracle, and people have asked me what I meant by a slow miracle. I would like to explain it now, because up to that time many speakers in various fora in Europa spoke as if the crisis in employment and the problem of inflation could be solved by one immediate decision of some all-powerful body somewhere. Many people spoke as if there was neglect by somebody and it was that neglect by that one person that was the cause of all the trouble.

Now, it does no service to the workers of Europe or to the problems we are trying to solve if we think that, by a sudden miracle, we can restore Europe to what it was at the time when nobody expected unemployment, when we were drawing migrant workers in at a rate fast enough, as somebody said, to create a migrant population of 10 million — a period in which Europe expected growth year after year. If we continue to think that a simple decision by a relatively impotent body — as the Minister has said — could change all that in one sweep, we would make no progress. That would be a miracle and we are not in the miracle business. The slow miracle that I envisaged was that of cooperation between the social partners, between regional and central governments, between the institutions of the Community, the coordination of the efforts of everybody who could make a contribution, and also the miracle of acceptance in the public mind, in the individual minds of people with various vested interests, of a new social and economic equilibrium. And if that happens it will be a miracle, but it will solve the problems of Europe — in the terms which Sir Brandon Rhys Williams put them — the problems which will arise out of not solving that economic and

social problems now. So, as I say, I would like to refer back again to the slow miracle of the changes necessary in our society, in our attitudes, and in the way we cooperate with one another. And again I would make a plea for no more wishful thinking. We are not in the miracle business. No one person can solve this problem. We all have to contribute to the solution.

It is in that context that I would like to thank Mr Meintz for his excellent report which the Commission has read with great interest. I would like to say too that Miss Boothroyd's report, on behalf of the Committee on the Environment, Public Health and Consumer Protection, is also both interesting and encouraging. This debate has been about employment, and I would like to say that while the improvement in the economy has already led to a drop in the number of unemployment by more than 800 000 — during recent months — that is from the peak of 5.7 million in January 1976 — the employment situation is still very disturbing and is likely to continue to be disturbing. The same holds for price increases. The upward trend has slowed down somewhat compared to last year and compared to 1974, but the inflation rate in three countries still exceeds 10 %, and in nearly all the other Member countries of the Community it is not much below 10 %.

There is a real risk that the process of recovery may lead to a new acceleration in price increases, and that is why the main focus of the Second Tripartite Conference in Luxembourg between the representatives of both sides of industry, the Ministers for Labour and for Economic and Financial Affairs, was on how to develop a Community strategy for the reestablishment of full employment with stability.

As the outcome of that conference has already been discussed in Parliament I do not intend to go further into detail on it, but I would like to draw your attention to some of the activities the Commission has undertaken in the last two years in order to reach a Community employment policy. In April 1975 we made a proposal for the coordination of employment policies in the Member States. Since then, cooperation between the employment services has been developed and the directors-general responsible for employment have met on several occasions, and during these meetings they have discussed in detail the various measures taken in the individual Member States to combat the problems of unemployment, and especially state intervention, such as premiums, tax incentives, and so on. Long discussions have been devoted by those people responsible for employment in the Member States to the problems of young people and the employment of young people. A final point dealt with by the same officials was the question of future employment projections. In addition, another group of highly qualified independent experts has been examining the problems of forecasting on the labour market and this

Hillery

group has recently submitted a report on the first results of the work which will strengthen the working basis of the coordination group of the directors-general responsible for employment. Sometimes when we deal with these studies in the Commission or in the Council, people say it is nothing but paper, but you cannot solve problems without knowing the facts and you cannot solve problems without bringing those who are most expert and most experienced together, and this is what we have been doing.

I would like finally to say that the first results of the various studies undertaken in the national labour market will be available before the end of this year and give us a better understanding of the problems arising in the individual countries, as asked for in the motion for a resolution. Paragraph 9 of the motion urges that immediate steps be taken to provide Social Fund aid for the training and employment of unemployed youths. In 1975, we had at our disposal within the framework of the Social Fund a little more than 50 million units of account to give financial help for the training and retraining of young people. In the 1976 budget we succeeded in increasing this to 66 million by transferring some of the former anti-crisis fund to the special article for young unemployed. But it is clear that the 66 million units of account are quite inadequate to satisfy the demands for financial assistance arising from the Member States' projects connected with the Social Fund, and for that reason the Commission has this year introduced an amount of 150 million units of account for the 1977 budget. Given the age structure of our population, it has to be anticipated that unemployment among young people will continue to be one of the key problems in the field of employment.

I can fully accept paragraph 10 of the resolution, which recognizes that SEDOC — the European system for circulating vacancy notices and providing other clearance services — may considerably improve the cooperation between national employment authorities. The Commission has already undertaken the necessary steps to make national officials familiar with this system so that it can be applied by all national agencies; but there are still hesitations in two Member States, and we hope to be able to overcome these in the coming months so that the SEDOC system can be introduced throughout the Community in the course of 1977.

I must say how important I consider vocational training with regard to the employment of young people, because, as has been pointed out here, the educational system in every single Member State is wrongly geared to the employment opportunities available, to the society into which young people are coming. With regard to vocational training, I would remind Parliament of the creation of the European Centre for Vocational Training, which is now begin-

ning to function in Berlin. The management board has already met on several occasions and has laid down, among other things, the duties and priority actions of the Centre. I am convinced that this new institution will play a dominant role in a more highly concerted vocational training policy in Europe. The Commission, too, is engaged in framing further proposals on vocational training. A draft recommendation on the training of young people has already been made and will be laid before Parliament shortly. Work is also in hand on a new proposal regarding vocational training for women workers, and I hope that this may be ready for the Commission towards the end of the year.

Mr President, we have concentrated on the employment aspects of Mr Meintz's report, because I think that is the area of most pressing concern to all of us. Indeed, I am grateful that the work of Mr Meintz and Miss Boothroyd in a sense facilitated this approach in that their review of other aspects of the Commission's work — on questions of equal opportunity, public health and the environment — is by and large both positive and encouraging. If there is any issue between Parliament, Council and Commission where employment is concerned, I think it is basically a matter of appreciation, of tolerance and of confidence. Mr Meintz put it well, as somebody has said, in expressing the fear that discussions held in 1974 and 1975 cannot be continued indefinitely in the same way without overtaxing the patience of the people of Europe. I should like to emphasize that when preaching that the fundamental problems of employment are structural we must remember that the structure to which we refer is the whole complex fabric of economic and social organization which makes up this Community and in an extraordinary tangle of relationships at local, at regional and national level and in Community and international mechanisms. These structures will not be changed without the willing contribution of everyone concerned — as I said, the social partners, public authorities and so on. There is no short cut, there is no easy way towards this voluntary commitment and it is no good losing patience or losing our nerve. No one can yet claim that the message of the importance of structural change and of the essential intertwining of economic and social factors in achieving any breakthrough in the employment field has won a substantial acceptance in our Community. The slow miracle of which I have spoken time and again is not just a dream — it is no dream — it is a painstaking search for a new social and economic equilibrium, and we are constant participants in that. I certainly think we made valuable progress towards this at the Tripartite Conference. Our frustrations along the road must not deter us from new efforts, nor should we allow our contributions to turn into the negative business of reproach and recrimination. I can assure you that the Commission's contribution will continue to be an energetic one in which the strenuous stimulus of this Parliament is always welcome.

Hillery

I would like to thank Parliament and, if I may, just refer to the statute for migrant workers. We have discussed this problem before, and I explained to Parliament that the programme for migrant workers brought forward by the Commission was such as to cover the various needs, as we saw them, of the migrant workers, and that I thought it unwise to bring forward a statute for migrant workers as well and so have before the Council two documents for study. Since then, the Council has, by resolution, adopted the programme for the migrant workers and we should soon be able to present various items in that programme to Parliament.

(Applause)

President. — As no one else wishes to speak I put the motion for a resolution with the corrigendum concerning the new paragraph 17 to the vote.

The resolution is adopted.

*9. Unfreezing of appropriations for
research activities*

President. — The next item is the report (Doc. 292/76) drawn up by Mr Cointat on behalf of the Committee on Budgets on

the second request for the unfreezing of appropriations entered under certain chapters of the statement of expenditure relating to research and investment activities of the budget of the European Communities for the financial year 1976.

I call Mr Cointat.

Mr Cointat, rapporteur — *(F)* Mr President, in view of the lateness of the hour I shall be particularly brief. It is with great sadness, however, that I present this report on the partial unfreezing of appropriations for research.

If 30 million u.a. have been earmarked in the 1976 budget for research, this is thanks to the European Parliament, as the Council had adopted neither an opinion nor a decision on this matter. You doubtless remember that a few months ago we unfroze some 20 million u.a. from this appropriation of 30 million (in payment appropriations). Today the Commission is asking us to unfreeze a second tranche of 1 800 000 u.a. in payment appropriations and 4 million u.a. in commitment appropriations, the purpose of this being to begin implementing the JET project. This is, however, no more than a conservation measure. The Council has still not taken action on this matter, it has still not chosen the site, but if these appropriations are not unfrozen the research team may be disbanded and the cost of the JET project might once more exceed forecasts.

The Committee on Budgets therefore proposes that you agree to this partial unfreezing operation. But it

has also asked me to convey two comments to you: the first concerns the Council's deplorable negligence. We hope that on 20 October next all the relevant decisions will be taken. The second comment relates to the amount of time which is lost as a result of this dribble-by-dribble unfreezing of the 30 million u.a. entered in the budget by Parliament. These paltry 30 million u.a. are being chopped into thin slices. That too is unacceptable.

(Applause)

Having made these two reservations, Mr President, I propose that Parliament unfreeze 1 800 000 u.a. in payment appropriations and 4 million u.a. in commitment appropriations.

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Mr President, I would like to support M. Cointat very warmly in what he has said, particularly insofar as it concerns the Joint European Torus, the JET machine, which I think has already been discussed earlier this afternoon in connection with the Walz report, when, unfortunately, owing to other engagements, I was not able to be present. The Joint European Torus concerns the next generation of nuclear power — fusion rather than fission — and I would like to emphasize that small-scale pilot operations do indicate great promise for this virtually unlimited alternative energy source, hydrogen from the sea.

The JET programme seems to me to be fundamental to the development of a long-term Community energy policy, an important part of which is the urgent commencement of research and development in materials for the JET machine.

I would like particularly to draw attention to paragraphs 8 and 9 of Mr Cointat's report where he expresses a fear that the research team set up for this purpose might disband. It seems me to be absolutely essential that it should be retained, and the way to do it is by unfreezing these funds. I was glad to see from paragraph 9 that in what we are doing, we are not in any way pre-judging a decision regarding the site, which again I think has already been discussed today. It seems to me that we should go ahead with this unfreezing of funds regardless of what decisions may ultimately be taken by the Council of Ministers.

It is high time that the Council took a decision on the site if we are not to fall behind the United States and the Soviet Union in this area of research in which, I think, we have hitherto been in the lead.

More importantly, we must attempt to guarantee the availability of energy supplies in the 21st century.

Lord Bessborough

It has taken us a decade and a half to develop the Concorde aircraft. It will no doubt take longer to develop this particular new energy source. But all I would like to say is that I fully support Mr Cointat and also the remarks which Mr Springorum has made in the letter attached to the report.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I will not burden the House with the content of a speech I made earlier this afternoon on behalf of the Socialist Group on the siting of JET, but I would wish to repeat a question I put during the Energy Committee hearings to Professor Villani — namely: in this whole business of the JET saga, could the Commission make some kind of estimate of the costs of indecision, the cost of not making up our minds one way or the other at the first go?

Now quite frankly it doesn't lie in the mouth of a British Member of the Parliament to lecture anybody else on this matter, because the truth is that the British — perhaps of all people of the world — through cancellation of projects, through not coming to a decision, both in the nuclear field and in the military aircraft field, have behaved in a sillier manner than any other advanced technical nation. So I'm not lecturing anybody else: I simply think that the time has come, for pity's sake, to avoid these mistakes, because Mr Cointat was quite right in saying that it was dribble by dribble. It's unsatisfactory from the point of view of the Committee on Budgets, it's unsatisfactory from the point of view of industry, which cannot plan its forward production lines or prepare its forward design plans. Therefore I ask Commissioner Brunner, who is present, whether this could not be looked at as a test case. I realize it is not altogether easy to determine costs, but I understand from some of his colleagues — Dr Schuster and others — that some estimate could be made in this project of the cost of not making up our minds at an early time. National Governments ought then to be confronted with what they have done by not making up their minds and coming to an agreement, in the hope that some time in the future we in Europe can learn and, once having made a decision, make a more serious attempt to stick to it.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — *(D)* Mr President, I have been asked a concrete question. It is not easy to make such an assessment. One thing is certain however: the longer we wait, the greater is the danger that we shall lose impetus and that this project will not be implemented. I am therefore particularly grateful to Parliament that we are getting these appropriations. We shall exert constant pressure. We shall not tire of repeating in Europe's capitals what you think about the project and the delay in its implementation. You may rest assured that if we do not succeed in October we shall come before Parliament again and ask for your support. In that way responsibility will be clearly apportioned in the public eye.

(Applause)

President. — As no one else wishes to speak I put the motion for a resolution to the vote.

The resolution is adopted.

10. Agenda for next sitting

President. — The next sitting will be held tomorrow, Wednesday, 15 September at 10.00 a.m. and 3.00 p.m. and, possibly, in the evening, with the following agenda:

- Question Time;
- Joint debate on the Council statement and the Patijn motion for a resolution on the election of the European Parliament by direct universal suffrage;
- Council statement on the outcome of the European Council of 12 and 13 July 1976;
- Presentation of and first debate on the draft general budget;
- Cointat report on the draft supplementary and amending budget;
- Shaw iterim report on the amendment of the Financial Regulation;
- Oral question on the appointment of the Commission of the European Communities;
- Oral question on détente in Europe;
- Joint debate on oral questions on the drought.

The sitting is closed.

(The sitting was closed at 8.50 p.m.)

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IN THE CHAIR : MR SPÉNALE

*President**(The sitting was opened at 10.05 a.m.)***President.** — The sitting is open.1. *Approval of minutes***President.** — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received***President.** — I have received

— an oral question with debate by Mr Alfred Bertrand, Mr Bersani, Mr Noè, Mr Ligios, Mr

Girardin and Mr Vernaschi, on behalf of the Christian-Democratic Group, to the Commission on poisonous clouds and their consequences (Doc. 294/76);

— a motion for a resolution tabled by Mr Prescott, Mr Schmidt, Mr Laban, Mr Espersen and Mr Concas on behalf of the Socialist Group on the extension of Community Member States' fishing zones to 200 miles by 1 January 1977 (Doc. 295/76);

This document has been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Agriculture and the Committee on Economic and Monetary Affairs for their opinions;

— an interim report drawn up by Mr Shaw on behalf of the Committee on Budgets on a draft regulation

President

amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 296/76).

3. Question Time

President. — The next item is questions addressed to the Council and the Commission of the European Communities (Doc. 284/76), in accordance with the provisions of Rule 47A, paragraph 1, of the Rules of Procedure.

I would ask Members to put their questions in strict conformity with these rules. We shall start with the questions addressed to the Council. Mr Brinkhorst is requested to answer these questions and any supplementary questions.

I call Question No 1 by Mr Berkhouwer :

What truth is there in the reports that at the Puerto Rico Summit an agreement was reached between certain Member States and the United States of America to withhold financial aid and assistance from, one of the Member States in the event of Communist participation in its new government?

Mr Brinkhorst, President-in-Office of the Council. — (NL) As the honourable Member is aware, the Community as such did not attend the Puerto Rico conference, as no agreement could be reached on the manner of its participation.

Accordingly, whatever attitude might have been adopted there by certain participants did not in any way involve the Community or its institutions in any commitments.

Mr Berkhouwer. — (NL) I did not ask whether the Community institutions were bound by an agreement such as the one I mentioned. I asked whether such an agreement was reached, and that is something which the President of the Council must know. He can therefore answer 'yes' or 'no'. I did not ask whether such an agreement is binding on the institutions. I therefore repeat my question as to whether or not the agreement I referred to was reached, and I would also ask whether the current President of the Council will take steps to ensure that, whenever further meetings such as those at Rambouillet or Puerto Rico are held, the Community is represented at them as such.

Mr Brinkhorst. — (NL) I can merely state that, in my capacity as President-in-Office of the Council of the European Communities, I cannot answer the first question, since the Council was not present and the Community was not represented. My answer to the second question is that, at the European Council meeting held on 12 and 13 June this year, the presence of the Community at possible future conferences was discussed, and that this question will naturally

be raised whenever another conference is due to be held.

Mr Broeksz. — (NL) Can we assume that the non-invited countries objected strongly in the Council to such conferences, and can the President-in-Office of the Council tell us what effect this had on those countries which did take part in the talks?

Mr Brinkhorst. — (NL) Of course Member States who did not attend meetings at which their interests were also discussed cannot be pleased by the fact that they were not invited to these conferences. You can regard that as the basic reaction of a Dutch minister. With regard to the question on the procedure to be adopted if another conference is held, I can only refer you to the reply which I have just given to Mr Berkhouwer. At the European Council meeting on 12 and 13 July the Community discussed this problem and holds the view that in such cases procedures must be chosen which ensure the best possible protection of the Community's interests.

President. — I call Question No 2 by Mr Normanton :

Will the Council give urgent consideration to the withdrawal by the EEC of all relations with the State of Uganda in view of the persistent anti-racial policies being pursued there, and support for international terrorism?

Mr Brinkhorst, President-in-Office of the Council. — (NL) The Council has followed particularly closely the events which have taken place in Uganda and developments in the situation there. Although it is particularly difficult to make an objective judgment on the policy of the Ugandan Government, it is nonetheless true that this policy is giving rise to serious anxiety in the Member States of the Community. The Council will not fail to follow most attentively the evolution of relations between our countries and Uganda.

Mr Normanton. — I am grateful for the answer, since this very clearly, at first sight, suggests that the Council is prepared or is preparing to go somewhat further than some of us had expected, bearing in mind that the Community still ducks the major decision to adopt and pursue a Community foreign policy in all relations with third countries and particularly as far as defence is concerned.

Would the President-in-Office not agree that, until this nettle is grasped and we do act and we do speak in the world with one voice — and it would be a very powerful voice — all political initiatives in the world will continue to be taken by other countries than the Community: by the United States in the International Energy Agency, by Israel in dealing with hijacking and international banditry and displays of total disregard for human rights and international law and order,

Normanton

which is epitomized in the case of President Idi Amin's behaviour in Uganda? And will, therefore, the Commission regard this as a matter of urgency and undertake further progress towards a commitment in this international field?

Mr Brinkhorst. — *(NL)* I can assure Mr Normanton that everything is being done in the Communities to achieve more of a Community position in the field of foreign policy. For this reason the Community is still very actively studying the Tindemans Report. I am afraid I cannot fully agree with what Mr Normanton says about a Community policy. This remains an abstract concept unless reference is made to specific situations which ultimately also depend on situations elsewhere in the world. I would have thought that there were plenty of occasions in recent times where the Community as such has been able to exert no uncertain influence in the world, and I would have thought that the answer I have just given in my initial reply is a clear indication of a positive trend in Community action, also with regard to the country which was the object of the first question.

President. — I call Question No 3 by Mr Fletcher:

Will the Council now publish officially the Rules of Procedure governing Council meetings?

Mr Brinkhorst, President-in-Office. — *(NL)* This question concerns the publication of the Council's provisional Rules of Procedure. Pending the formal adoption of new Rules of Procedure in accordance with Article 5 of the Treaty establishing a Single Council and a Single Commission of the European Communities and with Article 140 (2) of the Act of Accession, the Council is currently applying at its meetings the terms of the provisional Rules of Procedure of the former Councils of the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community. The Treaty does not provide for the publication of the Rules of Procedure of the Council; however, when it adopts them the Council will examine whether or not the wish expressed by the honourable Member should be complied with.

Mr Fletcher. — Why has it taken the Council more than ten years to adopt and publish something as innocuous as its Rules of Procedure? Does the President-in-Office appreciate that secrecy is no friend of democracy and that a secretive legislature — and that is what the Council is when it meets as a legislative body — is not a good example to the world of European democracy?

Mr Brinkhorst. — *(NL)* As a Minister and as President-in-Office of the Council, I should like to endorse fully what the honourable Member has stated, namely that secrecy is often the enemy of democracy. I

should like to make it very clear that I do not argue with that statement. But the problem he raised has more to do with the general structure of the Community, with the system of decision making as a whole. Any changes that may be made to it do not depend solely on the Council, but also on the European Parliament and ultimately on whether a greater measure of agreement can be achieved between the Member States on the further development of the Community. I feel that this must be stated quite plainly here.

Mr Patijn. — *(NL)* Can the President-in-Office of the Council give us his own personal view on this question, since in a former capacity, namely that of Professor of European Law, he was responsible in the Netherlands for a learned publication in which the Council's Rules of Procedure were set out in detail?

Mr Brinkhorst. — *(NL)* Mr Patijn is only indicating that there is a connection between my statements today and my activity in a former capacity to which he kindly drew attention. I would have thought that consistency was an important virtue in both policies and learning.

President. — We now turn to the questions to the Commission. I would ask the Commission representative responsible for the subject involved to answer these and any supplementary questions.

I call Question No 4 by Mr Cousté:

Can the Commission give a brief account of the situation in the data-processing sector as regards technical and commercial rationalization agreements recently concluded between European firms on the one hand and between European and non-European firms on the other?

Mr Guazzaroni, Member of the Commission. — *(I)* Mr President, the most significant events as regards the technical and commercial rationalization of the data-processing sector result from the negotiations between the French Government and the American Honeywell concern. These negotiations led to the founding of CIIHB - Compagnie Internationale de l'Information Honeywell-Bull — in which France has a 53 % controlling interest, and to the setting-up of SEMIS — Société Européenne de Moyens d'Information et de Systèmes.

The French move led to the break-up of Unidata and has had the following consequences for two other associates of CII — Philips and Siemens: Philips have decided to concentrate on management information systems and have announced a reduction in the workforce, while Siemens are sceptical about any large-scale moves and regard CIIHB as a competitor and not as a possible partner. ICL — International Computers Ltd. — has now taken over the activities of the American company Singer outside the United States

Guazzaroni

in the field of mini-computers and intelligent terminals. We do not feel that there can be any major rationalization among medium and large-scale European data-processing companies in the immediate future, but we cannot exclude the possibility of agreements between European, American and Japanese companies on specific products.

Mr Cousté. — (F) I have noted with interest the reply I have just received. However, my question dealt with a fundamental line of policy. I should therefore like to know whether the Commission still intends to create a European-based data processing industry as a counterbalance to the power of the dominant American company. Here lies the basic problem, and I think that it is good for us to be told that new possibilities for rationalization between European firms are now in the offing. That is the point on which I should like to have a further reply.

Mr Guazzaroni. — (I) As the questioner is aware, the Commission has already submitted two proposals concerning a series of projects to be implemented on a European scale. Three of these projects have already been approved by the Council and others are under discussion. Furthermore, the Commission is drawing up a draft four-year plan — to run from 1978 to 1981 — for the development of data processing in the Community. This plan takes account of the situation I have just described, as well as of foreseeable developments in the market and in technology, and proposes two principal lines of action: the aim of the first is to create favourable overall conditions through standardization and by way of the public markets, while the second is aimed more directly at helping European users and producers through the support and joint development of new applications and products, notably in the field of distributed computing.

Mr Dalyell. — Does the Commissioner recollect that Mr Spinelli came along to the Committee on Budgets and solemnly told us that for a few million u.a. we could set up a data-processing industry 'to rival IBM'? Has this fairytale suggestion been properly forgotten, and can we have the assurance that, in the light of Mr Spinelli's departure, we will have more realism in the industrial sector?

(*Laughier*)

Mr Guazzaroni. — (I) I can only repeat what I said before about the Commission's intention to draw up a four-year plan which is realistic and which takes account of current developments in the European data-processing industry.

Mr Fletcher. — Can the Commissioner define a European data-processing company and a non-European data-processing company? In view of the fact that IBM employs more people in Europe in data-processing than all the European data-processing companies, is IBM a European data-processing company or is it not?

(*Laughter*)

Mr Guazzaroni. — (I) ICL is undoubtedly a European company. IBM has offshoots in Europe, but the decisions are taken in the United States.

Mr Fellermaier. — (D) May I ask the new Member of the Commission whether Mr Spinelli's statement in the Committee on Budgets was the personal statement of a Commissioner or that of the Commission, and may I in this context request — and I address this to the President of the Commission himself — that the House be given an explanation of what a four-year plan means. I feel that, if the Commission talks of a four-year plan for data processing, it should tell the House more than that it covers the period 1978-1981. We should like to hear something about the strategy of this plan as well as something about the funds allocated to it, and also to know to what extent it has been agreed with the Governments of the Member States.

(*Scattered applause from the left*)

Mr Guazzaroni. — (I) A detailed communication on this plan — which, as I said, the Commission is still in the process of drawing up — was submitted to Parliament at the time the second programme was presented.

Once the Commission has agreed on the new proposals, these will naturally be submitted to Parliament in the customary way for its perusal and opinion.

Mr Albers. — (NL) There is no doubt that rationalization in the sector concerned affects employment. I should like the Commissioner to tell me whether this is being taken into account, whether the employees are involved in these talks through their trade unions, and if not, whether the Commission intends to attempt to bring this about.

Mr Guazzaroni. — (I) Rationalization undoubtedly has an effect on jobs, and as I pointed out in my initial reply, the rationalization at Philips has led to a reduction of about 2 000 in the workforce. The problem of employment in all sectors is regarded as a fundamental and major problem in the general directive on the Commission's activities, and we shall naturally also take account of the opinions of the trade unions when drafting the various proposals.

President. — I call Question No 5 by Mr Nyborg :

Seeing that the extraction of energy materials from the ocean bed has an adverse affect on fishing, has the Commission contemplated giving it priority to the detriment of fishing in the areas concerned ?

Mr Lardinois, Member of the Commission. — (NL) The answer is no. I can add that the Commission hopes to be able to demonstrate this as soon as it has greater responsibility through, among other things, the extension of the Community zone to 200 miles.

Mr Nyborg. — (DK) May I thank the Commissioner for his answer which was as straightforward as we could perhaps have expected. However, I should like to stress two points in connection with my supplementary question. The first point is that — and this was debated at the last part-session — we have what is called the involuntary discharge of oil and other materials into the sea. According to a United Nations study, the figure is 7 million tonnes per year in the case of oil. That is one side of the matter. The second point is that experience has shown that, where there is sea-bed extraction, waste matter can destroy nets and trawls and can thus have a very damaging effect on fishing. Would the Commission therefore be so good as to take account of these two points, to follow developments and to intervene whenever necessary.

Mr Lardinois. — (NL) If the Commission obtains real powers in this field — and I see that coming about mainly through the extension of the Community zone to 200 miles — we can expect it to demonstrate what I said in my first reply. Of course a balance will have to be found between oil and natural gas production on the one hand, and the fishing industry on the other. The fishing industry is not only of great economic importance — it also has the environmental protectionists as a very important ally in this matter because of the whole range of ecological problems involved. On this point I should like to tell the honourable Member that the Commission will indeed do what I said in my first reply.

Mrs Ewing. — While this sounds a very dramatic problem for the fishing industry in those rich waters round the British Isles, the real problem is not the fouling of fishermen's nets by material from the oil industry. There have been very few reported incidents, and I keep abreast of this matter. The real problem is that an exclusive fifty-mile limit is needed for the survival of the fishing industry of the British Isles; they alone have had the decency to preserve fishing grounds for tomorrow, unlike the rest of Europe which has fished the waters dry without respect for tomorrow. The exclusive fifty-mile limit is the question, not the oil industry.

(Mixed reactions)

Mr Lardinois. — (NL) I have taken note of this statement.

Mr Noè. — (I) Does the Commission not think that one way of reconciling these two activities even at considerable distances from the coast would be to promote research into ways of preventing escapes of oil from exploration and production drilling at great depths? The aim of this research would be to develop new techniques for operating at depths of 200 to 1 000 metres, and I feel that considerable priority should be given to such a research programme so as to allow these two activities to exist side by side without causing damage to each other.

Mr Lardinois. — (NL) I think that this remark by Mr Noè is very much to the point. He can rest assured that this matter, too, will receive the closest attention.

Mr Normanton. — Can the Commission, if not necessarily Commissioner Lardinois, assure the House that it is aware of the potential dangers of our reliance, in obtaining oil and gas from ocean sites, on means that are extremely vulnerable to accidental or intentional severance, since in the event of such an accident this House might well be bewailing the fate, not of the poor fish in the North Sea, but the fate of 250 million 'poor fish' on the dry land of the Community ?

(Laughter)

Mr Lardinois. — (NL) Indeed, the Commission is only too aware of the problems relating to energy.

Mr Dalyell. — Commissioner Lardinois is being far too polite when he says he will take note of the statement. Surely one takes note, Commissioner, of serious statements. Is it not better for the Commission to call a spade a spade and say when a Member of Parliament is talking drivel ?

(Laughter)

Mr Lardinois. — (NL) I think that Parliament can expect a Commissioner to be polite, and to be especially polite where a lady is concerned.

(Laughter and protests)

Mr Osborn. — The extraction of oil and natural gas from continental plateau has extended throughout the world and is not confined to the North Sea. Does the Commission not consider that it should have developed its own procedures for ensuring safety precautions? To what extent are these now left to the oil companies, to what extent is this the concern of the OECD, the United Nations and other international bodies, and what coordination has there been in this field, as distinct from leaving it to the oil companies ?

Mr Lardinois. — (NL) As far as Community waters are concerned, these safety precautions are at present usually imposed on the companies concerned when

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concessions are granted. But of course a good deal of coordinating work is also already being carried out within the United Nations. I am of the opinion, however, that, certainly once the Community zone is extended to 200 miles, the responsibility of the Community as such will undergo a fundamental change.

President. — Since its author is absent, Question No 6 by Mr Nolan will receive a written reply.¹

I call Question No 7 by Mr Osborn :

What are the Commission's views on the future of the world sugar market and the associated international agreements and Institutions ?

Mr Lardinois, Member of the Commission. — (NL) I can answer this question briefly. The Commission holds the view that we must aim at a new international agreement on sugar. On this point the Commission has also obtained the agreement in principle of the Council. In the forthcoming talks on an international sugar agreement we shall therefore endeavour to achieve a better agreement in which the Community as such can participate.

Mr Osborn. — Following the entry of the United Kingdom into the Community, Great Britain acted as a catalyst, bringing sugar consumers and sugar producers together. Bearing in mind the unpopularity of the quota system for sugar, the need to make the best use of cane refining capacity, the cut-back of three quarters of a million tons in Britain and the impact of the drought on sugar beet production, will the Commission now assess a desirable level for the production of sugar beet, and possibly maize substitutes, in relation to other crops, while at the same time undertaking an active as distinct from a passive part in the forthcoming international sugar negotiations ?

Mr Lardinois. — (NL) The Community must certainly play an active role in this matter. I hope to have time this evening, if we are to hold a special debate, to speak about the effect of the drought on the sugar harvest. We really must use refinery capacity to the full as far as is necessary and economically justifiable. Very broadly, it can be said that sugar-producing undertakings which specialize only in refining find it extremely difficult to compete with integrated sugar-producing companies where refining is done more cheaply.

Mr Evans. — Is the Commissioner satisfied, in view of the drought that there will be sufficient beet sugar produced in 1976/1977 to satisfy the Community's needs ? Is he also satisfied, and will he in fact tell the House, that we will not need to import further cane sugar from the ACP countries for 1976/1977 ?

Mr Lardinois. — (NL) At present it looks as if sugar production in the Community will be equal — to within about 100 000 to 200 000 tonnes — to the quantity which we in the Community will consume during the coming marketing year. Those are the latest estimates. So this means that in the course of next year we will probably have to sell on the world market a quantity equivalent to our imports under the ACP agreements. In other words, there is at present no risk of having to import sugar outside these existing obligations.

Mr Scott-Hopkins. — Could Mr Lardinois say whether the ACP countries will be fulfilling their quotas for imports of cane sugar during the 1976/77 campaign year, and could he comment on the current low level of the world price of sugar ?

Mr Lardinois. — (NL) I do not think the ACP countries will need any encouragement — unless there is a disaster in one region or another — to supply the full amount to the EEC. At present the EEC price is considerably higher than the world market price, and the price which can be obtained for sugar in Great Britain, in particular, is now approximately 40 — 45 % higher than the world market price, since it is guaranteed in units of account.

Mr Nyborg. — (DK) Even though the Commission is just as aware as we are that the sugar-beet producers would like to enlarge the area under cultivation, and that the producers feel that there is more than enough capacity to expand production, I should like to ask the Commission whether there is any intention of expanding sugar production in the Community at present or within the next three to four years.

Mr Lardinois. — (NL) In view of the balance between supply and demand, in view of the competition from other products containing sugar and also in view of developments on the world market, I expect that in the next few years we shall have to pursue a policy designed not to increase production but rather to limit it.

President. — I call Question No 8 by Mr Dalyell :

Is the Commission aware of the separate nature of Scots law and the Scots legal system ?

Mr Ortoli, President of the Commission. — (F) The Commission is fully aware of the existence of three separate legal systems in the United Kingdom, and it is also familiar with the special nature of Scots law and of the Scots legal system ; this has also been the subject of discussions between our legal service and the Lord Advocate and of contacts with the Permanent Representation of the United Kingdom.

Mr Dalyell. — What good has come out of the discussions with Mr Ronald King-Murray, the Lord Advocate, over what, I gather, is an 18-month period ?

¹ See Annex

Mr Ortolì. (*F*) Our position is perfectly clear-cut. There is a legal system in the United Kingdom which we cannot ignore and about which we have been fully informed, particularly with regard to the aspects peculiar to Scots law. We shall of course take account of these when we come to tackle problems which may concern the Community as a whole and hence the United Kingdom. As for our departments, they are fully informed, and I think I can say that, since we have specialists in Scots law in the legal service — quite apart from the regular contacts, the full details of which I am prepared to give to the honourable Member — the position is clear with regard to our information and to our capacity to take account of the peculiarities of Scots law in our deliberations.

Mr Fletcher. — How does the Commission take account of national differences within Member States, such as the separate Scottish legal system, when it is preparing Community legislation? Does it depend entirely on the views of national governments, or does it also attempt to take direct account of regional opinions?

Mr Ortolì. — (*F*) We have to take account of many different legal systems: that of each Member State — that means at least nine — plus other legal systems which exist in certain of these countries, as in the United Kingdom for example. Consequently, when we make proposals, either these apply equally to all the Member States — and we are thereby witnessing the creation of a full-scale Community legal system in which we obviously take account of the special characteristics of all the Community countries, and not just of the various parts of one Member State — or it happens that, when more narrowly defined provisions have to be laid down, we take account of either special legal situations or special economic situations. As you are aware, however, in certain cases it is not up to the Community as such to pass the implementing legislation. When we adopt a directive under which the provisions adopted at Community level are subsequently implemented, it is in the individual countries and in accordance with the different legal systems — although naturally in cooperation with the Community — that the implementing legislation is passed. I think that, both as regards information when a general provision is adopted and as regards implementation — general implementation or implementation by means of a directive —, this provides every guarantee that can reasonably be expected.

Mrs Ewing. — May I reassure Mr Dalyell that this Community is very well aware of the separate nature of Scots law because I am on the Legal Affairs Committee. I can assure him that the committee, that is to say the Members from all the Member States, treat Scots law with great respect. Is this question also

not just a little insulting to Lord Mackenzie Stuart's existence as a most distinguished judge across the road? Could I just add that never has there been — apart from perhaps 200 years ago when the universities' legal faculties exchanged ideas which have made the European systems of law, including Scots law, so rich — never has there been such a good opportunity for the legal systems to borrow from each other. This is happening before our very eyes and it is a pity Mr Dalyell is so ignorant of this.

(*Laughter*)

President. — I call Question No 9 by Mr Cointat:

What aid is the Community giving or planning to give to marine aquaculture?

Mr Lardinois, Member of the Commission. — (*NL*) The Community grants structural aid as part of the financing of projects by the Guidance Section of the EAGGF, including aid to marine aquaculture. The Commission has also forwarded proposals to the Council for the restructuring of the inshore fishing industry, and these proposals include provisions for Community aid to this form of fish farming.

Mr Cointat. — (*F*) The exploitation of the continental shelf is a major problem and should come under regional planning. In my view the sea should be cultivated like a field of peas or a field of tomatoes. I therefore think it would be a good idea to have a wide-ranging debate in this House on this major problem of exploiting the continental shelf, as regards both marine aquaculture and developments on and under the sea bed. I should like to know whether the Commission is prepared to enter into such a debate; if so, I shall put an oral question to that effect.

Mr Lardinois. — (*NL*) I should especially like to thank Mr Cointat for his very constructive approach to this problem. I can tell him that the Commission is ready and able, provided it is given due notice, to take part in a full debate on this important matter.

Mr Osborn. — Will the Commissioner bear in mind that there has been considerable research in Britain on the possibilities of fish farming? To what extent, bearing in mind that the cost of fish is likely to increase, will fish farming now become commercial and will studies be undertaken with governments on the possibility of commercial fish farming both inland and in the sea?

Mr Lardinois. — (*NL*) I can reply that we are also contributing actively to this in a number of studies, through financial aid to certain national projects aimed at improving and finding out more about the economics and methods of fish farming.

Indeed, in the medium term I see real possibilities of achieving further progress in this field.

Mr Scott-Hopkins. — Is the Commissioner aware that one of the unhappy effects of the drought is that many fish farms have suffered a most serious depletion of their stocks? Is the Commission thinking of giving any help towards that as well as towards agriculture?

Mr Lardinois. — (NL) We are aware that the drought, too, did not leave this sector unscathed. Fortunately, however, it did not only have negative consequences, but also positive ones. One example is oyster farming, where in a number of regions of the Community the quality has been much better than in normal years.

(Laughter)

Mr Bersani. — (I) I should like further details of the EAGGF and other Community institutions' help in this sector.

Mr Lardinois. — (NL) We have financed projects in France and the United Kingdom. In France mainly projects involving oysters and molluscs, in the United Kingdom salmon and trout raising in Scotland, and in Ireland facilities for a study on salmon. If the honourable Member wishes, I can have detailed study carried out and the results sent to him.

Mr Cifarelli. — (I) I should like to know whether the environmental aspect — e.g. the safeguarding of natural conditions and humid zones etc. — is taken into account when considering these problems, and whether there is thus close contact with the directorate-general responsible for environmental questions, so that nothing is built up which subsequently has to be dismantled because of differing principles.

Mr Lardinois. — (NL) I fully agree with the honourable Member that it is pointless, even extremely dangerous, to become involved in such cultivation unless the highest environmental standards are demanded. I can also tell him that strict conditions are laid down for every project which we finance in this field, since otherwise this type of cultivation is pointless and even dangerous to human health.

President. — At its author's request, Question No 10 by Mr Herbert is carried forward to the next Question Time.

I call Question No 11 by Mr Dondelinger:

Is there any truth in the persistent rumours reported by *Agence Europe*¹ that certain Member States are continuing to limit as far as possible the publicity given to information on the work of the Regional Fund? Which governments are involved and what steps does the Commission intend to take in their regard?

¹ *Agence Europe*, 1. 7. 1976, p. 1.

Mr Thomson, Member of the Commission. — Mr President, it is certainly true that there have been delays and difficulties in settling the detailed arrangements for making information about Regional Fund grants available to the public and to the investors concerned. They were primarily due to differences in national practices relating to commercial secrecy and in the administrative structures of the Member States. I am, however, happy to be able to tell the House that arrangements have recently been agreed with all Member States. In consequence, a full list of the projects for which the fund has so far made grants will be published in the Official Journal not later than next month. In future we will also be making available to the press full lists of projects in all countries as each new batch of fund grants is decided.

Mr Dondelinger. — (F) I know that the Commission is responsible for administering the Regional Fund; it works on the regional policy committees and even holds the chairmanship of the Fund's Management Committee. Commissioner Thomson's reply indicates that things will be changing in the future. But I should like to know whether, in the event of certain Member States not fulfilling their obligations, the Commission would publicize the fact, listing the countries concerned by name, in its regional policy report.

Mr Thomson. — I am grateful to Mr Dondelinger for putting down this question because he is right; it does raise an important issue both of principle and practice in relation to the Community. But we now have agreement amongst all the Member States about how action should be taken. I think I can claim that we have that agreement because the Commission throughout has remained determined to fulfil its responsibilities and it regards the Regional Fund, the Social Fund and the Agricultural Fund, the various funds which make grants on a local and regional basis, as being one of the best ways of selling the European Community to the ordinary citizen as something that means something in their ordinary lives.

Mr Giraud. — (F) Should a Member State fail to meet its obligations, has the Commission the right to take that State's place?

Mr Thomson. — I have just reported that an agreement has been concluded between the Member States concerned and I think that is the best way to resolve this problem, but the Commission's rights and obligations in this matter are laid down in the various regulations relating to the Regional Development Fund and we have always been determined to fulfil our obligations.

Mrs Dunwoody. — We very much welcome that reply but is the Commissioner aware that it is tremendously important for these lists to be published every six months, because it is only by getting publicity for the Community's constructive achievements, that we shall get the support necessary to increase the size of the Regional Fund. And I would point out that, since men and women are equal in my Parliament, he should not hesitate to express himself plainly in his reply.

(Laughter)

Mr Thomson. — The grants from the Regional Fund will now be published regularly in the Official Journal, but, with all respect to that publication, I think what is even more important is that news about the individual grants and their location throughout the Community, will be made directly available to the press of the Community as and when the decisions are taken.

Sir Geoffrey de Freitas. — Will the Commission particularly publicize the Regional Fund when it is available for reservoirs and other water supply schemes in those regions which are regularly short of water?

Mr Thomson. — I think it is perhaps of topical interest that one of the major ways in which the Community has contributed to regional development in the Member State of the Community that I know best, is in regard to water. This has not only been through the Regional Development Fund but through cooperation between various Community Institutions including the European Investment Bank. The Northumbrian Water Authority, which has made intelligent use of the Regional Fund, the Agricultural Fund and the European Investment Bank, is, I think, able to face whatever droughts may occur in the future and guarantee the water that means work in the north of England for the rest of this century.

(Applause)

Mrs Kellett-Bowman. — I would agree very strongly with the Commissioner that the funds are indeed the best way of selling the Community to the ordinary citizen. But would he not agree that he can sell only an adequate fund? Although publicity is important in building up public interest among the citizens in the Community in what is currently being done, would he not agree that the present rules of the fund, which are nothing like as good as those which the Commission originally proposed, and the miserable amount of money available, which is shrinking hourly because of inflation, make an adequate regional policy at the present time quite impossible? Would he not further agree that improvements, both in the rules of the fund and in the money available, which we hope will be agreed in the coming year, are vital if the Community is to become a living reality to its citizens?

Mr Thomson. — I agree that, in order to persuade the citizens of the Community that Community operations are worth while, its resources must be deployed on an adequate scale. I think it is therefore very important that the next stage of the regional development operations of the Community should be on an adequate scale. The present Regional Fund comes to an end at the end of next year, and the new Commission and this Parliament will have an early opportunity next year to go into the very questions that the honourable lady has raised.

Mr Hamilton. — Will Commissioner Thomson now take this opportunity of confirming that the total Community aid committed to Scotland up to July 1976 was, excluding the Agricultural Fund, £ 171 million in loans and £ 33 million in grants, but that the size of this fund should nevertheless be indexed so that it grows adequately as inflation continues? As has been pointed out already, the real value of the fund set up in 1975 has been reduced by 50 % because there is no such provision for indexing it.

Mr Thomson. — It will be important in determining the future size, not only of the Regional Fund but of other comparable Community funds, for due account to be taken of the erosion of their value by inflation. Apart from that, I am happy to confirm the figures in relation to the total Community aid of one kind or another to Scotland, which I think confirms the fact that the European Commission takes not only a proper account of the problems of Scottish laws, as the President has said, but a proper account of the development needs of Scotland.

Mr Molloy. — Mr President, may I ask Commissioner George Thomson when he might be in a position to indicate what representations he may be making about the manner in which successive British governments have failed to treat the Greater London area as a region of the United Kingdom, leaving it almost bereft of any industry? Commissioner Thomson was aware of this situation at the last part-session and I know that he understands the situation. Could he indicate when he might be making representations on behalf of millions of Londoners to the British Government?

Mr Thomson. — There is a later question on the agenda that deals with this subject, and I think all I would want to say at the moment is that, to have a proper balanced Community policy, it is necessary to take account of the problems of the great conurbations as well as the problems of the less developed areas. I think this will be one of the important aspects that will be debated, and for which proposals will be put forward in the coming review of Community regional policy.

President. — Ladies and gentlemen, although slightly more than two-thirds of the time set aside for Question Time has elapsed, we have only dealt with half the questions. I should like to stress that speeches — including replies by the Commission — should be as short as possible.

I call Question No 12 by Mr Hughes :

In view of the imbalance of nationalities of its staff revealed in my written question No 751/76¹, will the Commission undertake public advertising for new staff in countries whose nationality are at present underrepresented?

Mr Ortoli, President of the Commission. — (F) Commission officials are mainly recruited through open competitions in the basic career brackets. It is therefore not possible to recruit by nationality.

However, any imbalances which may occur ought to be corrected, as in the past, by improving publicity for the Commission competitions and our civil service careers in those countries with insufficient applicants.

The present situation is partly due to the enlargement of the Community, and I think it should improve in due course.

Mr Hughes. — May I first point out that I was disappointed by the original answer to my written question earlier this year because no information was given on Community Institutions other than the Commission itself, and clearly the imbalance in the other Community Institutions is no less grave. Can the President of the Commission indicate any good reason why Belgium, with a population of approximately 10 million, should provide 844 staff in grades A and B, while the United Kingdom, with a population of over 50 million, can provide only 444? Surely it is not just the problems of accession but also the far graver problems of lack of publicity, inadequate provision of press advertising for recruitment, and so forth, which lie at the base of this severe imbalance, which must be corrected.

Mr Ortoli. — (F) There are two points I must make. Firstly, we have a recruiting system and we must abide by it. As you are aware, we departed from it considerably when the Community was enlarged, since we did not follow the procedures for normal recruitment in the Community. There were cases of officials being asked to accept early retirement and of appointments being made outside these procedures.

Secondly, there is undoubtedly a certain imbalance. First of all I must say that there will always be imbalances, because we cannot go so far as to impose an absolutely proportional system. But these imbalances are due to the fact that, in the case of some of the executive staff and even of a considerable number of

the staff concerned with administrative matters or equipment, our institutions have a natural tendency to recruit people from the country in which they are situated.

This having been said, you are nevertheless right. There is a problem. And, for my part, I believe that there is only one way to solve it, and that is to organize competitions which take more account of the special features of each of our educational systems, with these competitions being far better publicised in the various countries so that we have more candidates. I consider this matter to be so important that I have been personally involved in it, my belief being that one of the problems with which we are faced is that our competitions were devised a very long time ago, when the Community was first set up.

We must gradually adapt the structure of our competitions to offer more scope for recruiting people who do not have exactly the same educational background as the candidates of the past and who, consequently, might be put off by this type of competition. On the other hand, you are right in saying that these matters must be regularly and well publicized in order to correct this imbalance.

Mr Lagorce. — (F) I think that our colleague, Mr Hughes, is referring in his question not only to the quantitative, but also to the qualitative imbalance of nationalities, since it is not enough to have a number of officials from each Member State in proportion to its size; there must also be fair proportions not only of officials in grades of high responsibility, but also of lower-grade executive officials. Therefore, in the recruitment system requested by Mr Hughes, will this suggestion be taken into account so that the balance which Mr Hughes is asking for is truly maintained? I should like some reassurance on this point.

Mr Ortoli. — (F) The recruitment referred to by Mr Hughes mainly concerns our competitions, i.e. entry to what is termed the European Civil Service. The balance to which you refer is another sort of balance; it is the natural overall balance which may develop at top administrative level, not because we practise nationalism — I would point out straight away that in the Commission we could not accept a situation in which we had to appoint someone to a post on the grounds of his nationality — but because we are a Community whose rich variety must be reflected at the different levels of responsibility. This is one of our concerns; it should not be our concern to achieve absolute rigidity, which would ultimately destroy our civil service by laying down unacceptable quotas. I can assure you despite everything that we are taking the greatest care to ensure that a balance is maintained which is in keeping with the interests of Europe and with that rich variety with which it is bound to be endowed by the different nationalities.

¹ OJ C 119 of 29. 5. 1976, p. 11.

Mr Noè. — (*I*) Does the Commission not feel that, if the quality of Community officials is to be increased still further, it would be important to give greater preference in future to candidates from particular schools — e.g. the 'Institut Européen d'administration des Affaires' in Fontainebleau?

Mr Ortolì. — (*F*) Mr Noè will appreciate that it is difficult for us, in a Community such as ours, to attempt to select the schools from which we wish to take our officials. What we can and must do, and what we are in fact doing, is to organize high-level competitions and competitions which take account of the different types of education in our countries. I do not consider it necessary at present to raise the standard of recruitment; we have a very good civil service, irrespective of where those recruited have come from; you can see them in the Council, we can see them in the Commission, you can see them in Parliament; we are on the whole satisfied with both their quality and their work, and I might add that I hear the same views expressed in the Member States.

President. — I call Question No 13 by Mr Kavanagh, for whom Mr Albers is deputizing:

Can the Commission give an account of the progress made to date on the Community programme of pilot schemes and studies to combat poverty?

Mr Hillery, Vice-President of the Commission. — Mr President, the Council decision authorizing the Commission to approve projects for the programme of pilot schemes and studies to combat poverty was adopted on 22 July 1975. Consultations were opened immediately with the Member States to finalize their proposals, and on 27 November 1975 a series of 23 projects was approved involving a total expenditure of approximately 5.3 million u.a. over 2 years. Contracts were signed on 1 December. Two of the projects in the programme are cross-national studies of poverty, financed 100% by the Community. The others were to be funded 50% by the Community and 50% from other sources. Consultations are in progress at the moment to consider proposals for the small margin of available funds not engaged for the November series of projects. A first meeting of personnel from all the projects was held in Brussels from 28-30 June 1976 for an exchange of experiences and a discussion on future action. The Commission has asked for a full report on each project to be submitted by 1 October so that the Commission can prepare an overall report for submission to the Council before the end of the year.

Mr Albers. — (*NL*) Are the amounts which were made available in 1975 and 1976 for pilot projects and pilot studies sufficient for all the applications? And what proportion of the social budget is to be allocated to these projects over the next few years?

Mr Hillery. — The amount is adequate to meet the projects. Indeed, some two projects were dropped altogether and one was dropped but an alternative supplied which left a margin of money available to be redistributed, and the line appears in the social budget.

Mr Cifarelli. — (*I*) I have two questions.

Are these projects drawn up by the authorities of the Member States or by private organizations as well?

Secondly, does the money for these projects include not only the studies but also the implementation, and hence the funds required for the planned aid?

Mr Hillery. — There are studies and schemes and, of course, the schemes will require implementation and may indeed require continuation after the two-year period, and so the money made available is for studies and for implementation as the case arises.

Sir Brandon Rhys Williams. — When is the Commission going to get beyond these piffling pilot studies and recognize poverty as a major Community problem? Why, for instance, in answer to a written parliamentary question, was the Commission unable even to publish the scales of basic national family benefits expressed in terms of the current purchasing-power of the national currencies?

Mr Hillery. — The Commission, when dealing with the poverty projects and pilot studies attempted to convince, and for a long period had difficulty in convincing, other institutions of the Community that poverty as such did exist outside the national schemes for social aid. And it was after some activity by the Commission that it was accepted in the Council that such studies be made to demonstrate that poverty did exist and could be dealt with in an original way. I cannot at all accept the description of this activity as 'piffling'. The social care of the poor and the unemployed and the sick is at the moment in the competence of the Member States, and there is nothing to convince me that taking it over by the Community would improve their condition greatly; but certainly these studies by the Community have advanced greatly our knowledge of poverty within the Community, and I am sure the honourable Member on reflection would like to withdraw the description of 'piffling'.

Mr Laban. — (*NL*) I have noted with interest the statement by the Commissioner that the first reports on these pilot projects are to be submitted on 1 October. I assume that they are to be submitted by the various Member States. In this connection I should like to ask to what extent it is possible for the Commissioner to assess the projects so objectively that we can be assured that the objective of these projects as seen by the Council, Parliament and Commission are in fact being achieved?

Mr Hillery. — I should have answered already that most of these schemes — all of these schemes — are brought forward by private groups already in the field of dealing with the underprivileged, but they have to have confirmation by their national government to present them for help under the schemes. The schemes themselves are studies, and we do not know what we shall find out, but we certainly expect to find methods of discovering poverty in our industrial society and new ways of dealing with it. We cannot at this time say that we are searching to prove anything preconceived in our own minds: we are seeking information and the pilot schemes should bring this information forward.

President. — I call Question No 14 by Mr Evans:

What plans do the Commission have to prevent a further concentration of wealth in the most prosperous regions of the Community? Will the Commission propose rules requiring special permission for big investments in these regions?

Mr Thomson, Member of the Commission. — The honourable Member is justified in his concern. In 1970 the richest regions in the Community were five times as wealthy per head as the poorest, and by 1975 the gap had widened to six times. A recent Commission analysis shows that the long-term trend towards a concentration of wealth in a minority of millionaire cities within the Community is in fact continuing. A real Community regional policy, therefore, will require action in the richer areas to deal with their problems arising from congestion as well as incentives in the underdeveloped areas. This is recognized in the fact that the Regional Policy Committee is required by statute to study disincentive measures in regions with a heavy concentration of economic activity. These are, needless to say, difficult and extremely delicate matters and Commission proposals will require careful preparation. This is at present under way in a series of studies on the problems of excessive economic concentration.

Mr Evans. — Certainly I consider paragraph 8 of the report on the first year's operation of the Regional Fund, which draws attention to the widening gap between the member countries, to be one of the most disturbing things in it. I wonder if the Commissioner would accept that the Regional Fund as it is at present constituted is only a very very small step in the right direction and that, to be of any truly major significance, the next fund must not only be a great deal larger than it is at present but it must also be accompanied by a Community policy involving a major element of practical discouragement to the over-concentration of wealth and investment in certain regions of this Community.

(Applause)

Mr Thomson. — I agree that in connection with the next stage of development of Community regional

policy the kind of issues raised by the honourable Member are certainly as important as and probably more important than, the decisions about the size of the next phase of the fund. I do not think one should underestimate the difficulties of getting agreement at Community level between member governments for the kind of strategy that the honourable Member has in mind; but I personally very much hope that in the debate about the next stage of Community regional policy this aspect will play a very prominent part.

Mrs Kellett-Bowman. — I am glad to hear that the Commission is making efforts in this direction, but will the Commission take its courage in both hands and bring forward positive proposals at an early date, not merely to make special permission necessary for extra investment in the over-prosperous regions, but actually to prohibit such investment? Will they also take steps to persuade national governments to remove priority status from any regions within their Community which no longer require help? France has already done this with regard to one region, but it is important that regions which no longer need help for any reason whatsoever — be it the discovery of oil or anything else — should no longer be considered eligible for any aid the Community is offering; otherwise, there is no hope whatsoever of those regions referred to in paragraph 8 of the report ever catching up, ever narrowing the gap between themselves and the more prosperous ones.

Mr Thomson. — This is one of the matters for discussion in connection with the next phase of Community regional policy. At present, it is not open to the Commission to make proposals; we are bound by the operating regulations of the present fund, which carries on until the end of next year, and that is why I laid the emphasis I did on the need for positive and careful preparation in order to tackle some of the very difficult problems that the honourable lady raises. As she knows, and as every Member of this House knows from their own constituencies, these are difficult within a national framework, but they are many times more difficult if you try to get Community agreement to a slowing down of development in one part of the Community in order to encourage development in quite a different Member State of the Community.

Mr Fletcher. — Would the Commissioner agree that the most successful instrument of regional policy in the United Kingdom over the years didn't cost the taxpayer a penny? I am referring to the industrial development certificate, which restricted development in prosperous areas in favour of development areas. Is there any prospect of some kind of European industrial development certificate being introduced?

Mr Thomson. — This is exactly the kind of concept that one naturally has in mind when drawing on the experience from the practice of a number of different Member States. There is the industrial development certificate system in the United Kingdom; there is the direct action that the Government of France takes to discourage development in the Paris region and in the Lyons region; there is the action that I think the Government of the Netherlands has taken in the same context. There are a number of different examples, and out of them all one has got to try and forge some kind of Community consensus.

President. — I call Question No 15 by Mr Prescott:

What representation has the Commission made to the Swiss Government about the conviction of Mr Adams for supplying it with evidence concerning the activities of the multinational Hoffmann-La Roche and will it now recommend that the Association Agreement between Switzerland and the Community be suspended until its obligations are clearly understood by both parties?

Sir Christopher Soames, Vice-President of the Commission. — The Commission will continue to give Mr Adams all the help he needs to conduct an appeal, if he decides to make one, against his conviction by the Basle Court for the violation of commercial secrecy and for economic espionage. Mr Adams has not yet decided whether to appeal, but I can confirm that the Commission has made known to him its willingness to help with funds and to provide all possible and useful assistance. Clearly, interpretations of Swiss law, such as that given by the Basle Court, could affect the Commission's ability to investigate the business practices in the Community of firms established in Switzerland. We need to apply the competition provisions of the EEC Treaties and of the free-trade agreement between the Community and Switzerland. Should the present interpretation be confirmed, the Commission would be obliged to make the appropriate approaches to the Swiss Government.

In answer to the second part of Mr Prescott's question, let me assure the House that the Commission has no intention of recommending the suspension of the free-trade agreement with Switzerland. This agreement has now been in force for nearly four years. It has been to the great benefit both of the Community and of Switzerland, and apart from the problem which is the subject of this question, no difficulties have yet arisen in its application.

Mr Prescott. — This House will note that a Community subject who has provided information to the Commission, which has imposed a miserable fine on a multinational company, has been jailed, bailed, fined, further sentenced, hounded from Switzerland and has lost his wife by suicide; that the Community has financed the legal appeal of this man and his

costs, fines and jails to over BF 100 000; that it is not a tolerable answer that was received from the Commissioner. It is possible, and will he confirm to this House that he can, under the joint agreement between the Community and Switzerland, discuss party call for its suspension as the Swiss Government have not offered any repentance in this matter?

Sir Christopher Soames. — As I have said, the Commission has given its full support to the individual concerned and has taken a decision on the business practices in question and imposed a fine, which the honourable gentleman chose to say was of too small an order, but that has been done. Now, on the first point an appeal may be made to the Higher Court and that therefore remains in my view *sub judice*. On the second, an appeal to the European Court has been lodged by the firm concerned. The Commission is aware that this case may well be an instance of a wider issue. We will certainly watch the situation, and we will take such steps as prove to be necessary with the Swiss authorities, if this should indeed turn out to be the case. But with the two cases pending, I cannot say more than that at present.

Mr Cousté. — (F) I am satisfied with Sir Christopher Soames' reply, which is both moderate and practical, but I should like to point out to him that this association between Switzerland and the Community ought not to be suspended but rather reinforced, even if only on monetary and economic grounds— it is obviously in the Community's interest. But I would add that one fact must be borne in mind: the Swiss judges, independent of political power, have passed judgment. We cannot interfere with the judges' decisions — we who respect and must continue to respect their independence if we want a democratic Europe!

(Applause from certain quarters)

Mr Cifarelli. — (F) That is obvious!

President. — Mr Cousté, we were expecting you to ask a question and not to give a reply!

Mr Fellermaier. — (D) May I ask you, Sir Christopher, whether you do not think, since you gave a negative reply to Mr Prescott's question about a possible suspension of the Agreement, that the Agreement needs to be supplemented by a legal document between the Swiss Government and the Community, to ensure that, in future, citizens who help to combat practices which are contrary to the rules of competition and detrimental to millions of consumers throughout Europe no longer suffer disadvantages in Switzerland either?

Sir Christopher Soames. — This question will certainly arise if there is an appeal and depending on what the High Court says. Equally if there is not an appeal, we will have to consider. I agree with the

Soames

point which the honourable gentlemen has made, but the time has not yet come to know whether or not Mr Adams is going to appeal, and it would not be for me therefore to reach any decision on this until the time when he can no longer appeal has arrived.

President. — I call Question No 16 by Mr Hamilton :

What protests have been received on the imposition of a tax on vegetable oil? Does the Commission agree that this is a tax on the consumer and therefore a blow against the fight to beat inflation, that the tax is likely to increase the sale of dairy products which are a health hazard, and that the tax will discourage the import of vegetable oil from developing countries?

Mr Lardinois, Member of the Commission. — (NL) Protests about the proposed tax on vegetable oil have been made to us by the United States — at least a formal protest — as well as by the Netherlands marketing board for margarine, oils and fats. We have also received a number of letters and protests from vegetable oil processing industries and a number of undertakings in the margarine and related food sectors.

As for the second part of this question, I do not agree that the proposed tax is a blow against the fight to beat inflation, since it must be seen as part of a broad programme aimed at controlling Community expenditure. That includes expenditure on the dairy sector. Well, better control of the relevant government expenditure is in itself far more anti-inflationary than a fairly small tax on margarine, oils and fats, consumption of which by the average citizen in Western Europe is in any case excessive.

Mr Hamilton. — Is the Commissioner aware that many of us were astounded by that kind of reply? Is he aware that this tax has been described by responsible organs of the British press as preposterous lunacy — an outrage against common sense and against the interests of the consumer? What sense does it make, in health terms or any other terms, to seek to reduce the butter mountain, not by reducing the price of butter but by increasing the price of margarine? Doesn't this episode show, once again, the expensive absurdities of the common agricultural policy?

(Applause from certain quarters on the left)

Mr Lardinois. — (NL) The Commission put forward a proposal in the fourth year of its existence, and the present Commission had in fact come to the same conclusion as its predecessor. The proposal has been under discussion since 1963, but the Council has never been able to reach any decision, partly because of the disagreements on this point between the northern and southern Member States. Of course the enlargement of the Community has meant an increase

in the difficulties to be expected in the north. I have been able to follow this matter since 1963 in Parliament, the Council and the Commission and I am sure that, when Great Britain has been a member of the Community for thirteen instead of three years, a British Member will no longer use such language when speaking of this matter.

Mrs Dunwoody. — The Commissioner is a man of good sense and he must know that what he is saying this morning is absolute nonsense. If there is too much butter in the Community, you do not get rid of it by putting up the price of margarine, you lower the price of the butter. Housewives in all of the Community countries will know that in its absurdity this proposal runs a very close second to Alice in Wonderland. It is criminal irresponsibility. If you get a bad idea it does not become a good idea because you repeat it four times over a number of years. Let us be realistic, let us stop talking nonsense and let us for God's sake get rid of some of the dairy produce to the people who want to buy it at reasonable prices inside the Community.

Mr Lardinois. — (NL) Don't act so surprised. I can tell you that we have proposed on numerous occasions to allocate more money for butter precisely in order to make butter cheaper for our consumers. I have enough experience, almost four years now, to tell you that one Member State after the other, including Great Britain — where the Labour Government is currently in charge — refuses to spend more money to reduce the price of butter to the consumer. This door is now closed. If we want to achieve a balance, I am afraid we must resort to other methods which in my view too are anything but the best.

Mr Scott-Hopkins. — Whilst I accept the need for a policy to deal with the surplus in the milk market, is it not a fact that the policies the Commissioner is putting forward will raise the price of butter to the consumer and this makes it necessary, therefore, to raise the price of vegetable oils so as not to change the balance between butter and margarine and vegetable oils? This must be inflationary because both elements are going to go up in order to deal with the milk surplus. Would it not be a better idea for the Commissioner to consider once again whether there needs to be any increase at the retail end, whether he cannot confine the levies to the whole-sale side and the producer end, which is where the surplus has arisen? Would that be a better way of dealing with it rather than applying the levy at the retail end?

Mr Lardinois. — (NL) I cannot believe you want Parliament now to hold a full debate on this matter, for which a whole day is to be set aside in October. But I did not want to refuse to answer a single question, since this matter is being studied in three Parlia-

Lardinois

mentary committees and reports are being drawn up on it. However, I do not think that I would be helping Parliament by devoting a full debate to this matter. Therefore, I should merely like to say that it is not our intention to bring about a greater increase in the price of margarine than is actually necessary.

Mr Frehsee. — (D) If the Commission proposed a margarine tax in 1963, thank goodness its proposal did not get through. I should like to ask the Commission, Mr President, whether it is aware that this proposal, if put into effect, would further detract from the Common Agricultural Policy in the eyes of the majority of the population the nine Member States, and whether the Commission is aware that this is detrimental to the Community concept in Europe.

(Applause from the left)

Mr Lardinois. — (NL) If we can only keep the European Community together by playing Father Christmas and being nice to everyone, then I do not share your concept of the European Community.

Mr Fellermaier. — (D) Shame, Mr Lardinois, shame!

President. — I call Question No 17 by Lord Bethell:

In the light of the World Health Organization report on 'Smoking and its Effects on Health' (1975), will the Commission state whether it is contemplating a programme to discourage tobacco consumption and to limit cigarette advertising in the interests of protecting public health in the Member States?

Mr Hillery, Vice-President of the Commission. — While the Commission's role in the public health field has considerable potential, at the present time the responsibility for protecting public health is primarily one of national competence and a Commission initiative on smoking and its effects on health, of the kind suggested by the honourable Member, is not envisaged at the moment. The Commission is, however, following with interest the work of the World Health Organization on the effects of smoking on health and has also noted the work being done in this field by the Council of Europe. We are also closely in touch with a wide range of scientific research in the same field. The possibility of future action by the Commission will be considered if it appears appropriate and in this regard I might say that in July last, the Commission asked the Consumers' Advisory Committee for its opinion on the possible limitation of cigarette advertising.

Lord Bethell. — The Commissioner's reply is slightly disappointing, particularly in the light of the recent report on smoking and its effects on health, which demonstrates that this habit is not only obnoxious socially but extremely addictive and dangerous to health. Will he consider bringing in measures, first of

all to rationalize and harmonize warnings on cigarette packets, perhaps in more than one Community language, which would give a more telling message to the consumer about what the effects of cigarette consumption may be, and will he also consider harmonizing the rules about cigarette advertising in the Community? Does he not agree that such measures would not only help the health of the Community as a whole but also eliminate certain distortions of trade which exist under the present uncoordinated system?

Mr Hillery. — Mr President, the Commission is not convinced at this time that the matter would be better dealt with at Community level if the Commission took such an initiative, but I do not want to exclude a possible initiative in the future. As I say, an opinion has been asked of the Consumers' Advisory Committee about the advertising question, but if such an initiative is taken it would require both legal and material resources and, as I say, the Commission is not convinced that such action would be more effectively taken at Community level than at national level at this time. I accept, and the relevant Commission services accept, all that the honourable Member says about the habit of smoking and its bad effects.

Mr Espersen. — (DK) The Council recently approved several directives on cosmetics. These substances contain poisons which may be detrimental to health. The Commission put considerable pressure on various Member States to get them to accept these poisonous substances. We now find that the Commission is competent when it comes to spreading poisons, but that it is not competent when it comes to restricting poisons. Does the Member of the Commission share my regret that this is so?

Mr Hillery. — I think the honourable Member will accept that Member States are conscious of this and have taken action in relation to tobacco. The point I am making at this time is that I can see no Community action which would improve the effect of national action, but I do not exclude a future initiative.

President. — The time set aside for Question Time is over. I call Sir Geoffrey de Freitas on a point of order.

Sir Geoffrey de Freitas. — Mr President, at 11 o'clock you took stock of the number of questions that we had covered at that time and you drew attention to the increasing length of the supplementary questions being put and the answers received.

Now the length of the answers is not a matter for me but for the Commission and the Council. The length of the questions is a matter for Members of Parliament and I suggest, Mr President, that there are many

Geoffrey de Freitas

Members who would support you fully if you interrupted questions which become excessively lengthy, since many of them are in fact speeches and not questions. Mr President, would you please consider this. I am sure you will get the support of the House, because otherwise all sparkle and thrust will disappear from our Question Time.

President. — I call Mr Spicer.

Spicer. — I should like to give my fullest possible support to the suggestion made by Sir Geoffrey de Freitas. It was made quite clear, for instance, on Question No 9 that there might be an oral question with debate and that would be welcomed by the Commission but thereafter we had four or five supplementaries. I think we are having far too many supplementary questions and we would give you the fullest possible support if you would cut down the number of supplementaries, thereby giving those people who have taken the trouble to put questions down the opportunity to get an answer to their questions.

President. — I thank Sir Geoffrey de Freitas and Mr Spicer for their support for the Chair. I must point out to you that the role of President in this respect is more difficult than in a national parliament, since he must maintain a balance between the political groups in the speeches, and even between the nationalities. You will also have noticed that, on several occasions, I did not allow certain Members to speak.

I thank all those who help to keep Question Time within its allotted limits, and I would ask all Members and the representatives of the Council and the Commission, who — and we do appreciate this — always try to give detailed replies, to make their answers in future as brief as possible.

I call Lord Bessborough.

Lord Bessborough. — Mr President, could we be assured that the questions which have not been taken this morning will either be given an oral answer at the next part-session or, if the speaker would prefer it, a written answer as soon as possible.

President. — That is indeed the rule, Lord Bessborough.

I call Mr Fellermaier on a further question of procedure.

Mr Fellermaier. — (D) Mr President, on behalf of my Group and in accordance with the Rules of Procedure, I should like to request a topical debate on Question 16 concerning the tax on vegetable oil. I should like to state the reasons for this. I consider that the tone in which the Commissioner replied to some Members of this House was out of place.

Secondly, his answers regarding this proposal to regulate the market by introducing a further burden on

consumers throughout the Community were not very convincing.

Thirdly, the Commission could announce tomorrow that it was introducing a tax on fruit juice in order to regulate the wine market. That would be exactly the same thing as introducing this tax on margarine in order to regulate the butter market. No, this is where the Commission must come clean. It has not done so sufficiently on this question, and I therefore request a topical debate.

President. — Question Time is closed. I thank the representatives of the Council and Commission for their statements.

Questions Nos 20, 23, 24 and 25 will receive written replies,¹ and Questions Nos 19, 21, 22 and 26 are carried forward to the beginning of the next Question Time.

4. *Welcome*

President. — Before we begin the topical debate requested by the Socialist Group, I should like to extend a welcome to the new Members of the Commission, Mr Guazzaroni and Mr Vouel. The baptism of fire to which Mr Guazzaroni was immediately subjected this morning did not prevent him from replying to our questions smilingly and with the utmost competence, for which he has earned our most sincere congratulations. As for Mr Vouel, we had the opportunity on several previous occasions to appreciate his qualities during his period of office as a Minister in the Luxembourg Government. We wish them both success. I call Mr Guazzaroni.

Mr Guazzaroni, Member of the Commission. — (I) Mr President, I should like to thank you warmly for your kind words and for the welcome which Parliament has been so kind as to give me on my first appearance here. I regard it as an honour to participate in the work of this Parliament as a Member of the Commission of the European Communities, and I should like to take this opportunity of paying tribute to this House's constant efforts, which are of fundamental importance for the development of a democratic Community. I, for my part, can assure you that, in the exercise of my functions, I shall make it my duty to pay the closest attention to the work and opinions of this Parliament and its committees.

(*Applause*)

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) Mr President, I also thank you most sincerely for the kind words which you have addressed to me in this House.

¹ See Annex.

Vouel

They are a very great encouragement to me. May I add that I shall do everything in my power within the Commission, in carrying out my duties and responsibilities and in cooperation with you and this Parliament, to contribute to the attainment of our common goal: the construction of an economically and politically strong Europe where the quality of life is even better.

(Applause)

5. Debate on request: Tax on vegetable oil

President. — The next item is the topical debate requested by the Socialist Group on the tax on vegetable oils and fats.

Ladies and gentlemen, I urge you once again to be brief, since Mr Brinkhorst, the President-in-Office of the Council, has to leave at 9 p.m.

I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — *(NL)* Mr President I am sorry that we have to have a debate on the tax on vegetable oils and fats proposed by the Commission at such an early stage. I too am of the opinion that this matter should be dealt with in a broader context when the proposals come up for proper consideration. Nonetheless I think that Mr Hamilton is perfectly entitled as a Member of this Parliament to ask Mr Lardinois a civil question, which Mr Lardinois has in fact answered. Moreover, Mr Lardinois has said this morning that he always tries to give a polite and civil answer, and he added that this applied particularly when a lady was concerned, which we must of course not take too seriously and certainly not as a form of discrimination. I also believe that a politician who does not show his emotions and feelings lacks a proper human dimension in his politics and I thus find it thoroughly normal for emotions to come to the fore in debate. But I cannot help saying — and I am sorry to have to — that the way in which Mr Lardinois thought it necessary to cut down Mr Frehsee did seem to me to be going rather too far, considering that Mr Frehsee, and in general all members of my Group, are politicians with a constructive attitude, particularly with regard to the agricultural policy. It seems to me that in this case the answer given to Mr Frehsee was not right. We still have the whole debate before us, but as our Group has been pointing out the various Member States are worried about the effects which the possible introduction of a levy on vegetable oils and fats would have on the price index, since I imagine that even Mr Lardinois does not expect — although certain published figures in the Member States for the price of a packet of margarine are certainly exaggerated — that the multinationals will absorb the tax themselves and not pass it on to the consumer. Moreover, we have always objected to the practice of offloading problems

from one particular sector of agriculture and solving them with the help of money from another sector. We have in particular spoken at length in this Parliament about Mr Lardinois' proposal with regard to the obligatory mixing of skimmed milk powder into animal feed, which was adopted in an amended form. In that case Mr Lardinois agreed that the transferring of difficulties from one sector to another — and he was less dogmatic about it than most Members of this Parliament — was to remain an exception, but in fact more or less the same thing is happening here.

This question will be discussed in Parliament after being dealt with by the Committee on Agriculture, and I can assure Mr Lardinois that my Group at least is concerned — and practically all the other Groups in the Committee shared this opinion — that the possible effects of the drought on milk production should not be used as an excuse, as the Council has been doing so far. We think it is absolutely essential that the Council and Parliament should now at last give the Commission suitable powers for tackling effectively the structural problem of milk production. The doubt as to whether a levy is a proper way of going about it is something we shall have to argue out together here. But I insist on my Group's right to draw attention to certain reports in the press on the milk surplus and the butter mountain which is slowly building up again. And since public opinion — wrongly in Mr Lardinois' opinion but quite rightly in my view and in that of many members of the Socialist Group — seizes on that, the result is that the common agricultural policy, and we all wish to acknowledge its great merits, in fact suffers in public esteem because of such proposals. That is what my colleague Mr Frehsee wanted to emphasize. The British Members have rightly pointed out that the fight against inflation, with which we are all concerned, will be hampered by a levy. And in view of remarks like this it seems to me that Mr Lardinois has not paid sufficient attention today to the concern expressed by my Group.

President. — I call Mr Bertrand to speak on behalf of the Christian-Democratic Group.

Mr Alfred Bertrand. — *(NL)* Mr President, I merely wish to declare on behalf of my Group that we cannot take part in this debate at the moment, because it seems to us to be irresponsible to hold a debate today on a subject that is at present being dealt with in detail in the Committee on Agriculture and on which a motion for a resolution is to be submitted without the slightest preparation, just because of an ill-humoured reaction to what was perhaps a rather ill-humoured reply by Mr Lardinois. We shall therefore not take part in this debate and shall reserve a full statement of our position until the debate on the Committee's proposal at the October part-session in Strasbourg.

(Applause from the centre and the right)

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, I too, regret that this debate has been asked for by the Socialist Group, and I support what Mr Bertrand has said. There are so many facts which are unknown as yet; we don't know what the proposals are, yet the matter is going through the Committee on Agriculture with a deep and far-reaching debate. I think it would be much better if this House left it to that committee to come to the next part-session with a fully prepared report. We should then have all the facts at our fingertips, as would the Commission. This is the wrong time to do it, and I regret that we shall take no further part in this debate.

President. — I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) Mr President, I just want to say a few words on the real subject of this debate and not on the questions raised by Mr Laban.

For two months now our Committee on Agriculture has had before it a proposal for the stabilization of the market in milk products as a whole. We have heard Commissioner Lardinois on two occasions, our rapporteur has already made a lengthy report and he is to submit a motion for a resolution at the next meeting, and the Committee on Agriculture is ready to submit a text to Parliament at the next part-session in October. I think therefore, without wishing to get involved in the debate, that as regards the real subject today's discussion is thoroughly misplaced. I am not, as Mr Laban has done, prejudging the decision of this or that member of the Committee on Agriculture or of this or that Group: we shall see about that when we submit the motion for a resolution. We thus wish to await the much more thorough debate which is to be held in October on the stabilization of the market in milk products, for that forms a unified whole with the question we are discussing today.

(Applause from the centre and the right)

President. I call Mr Frehsee.

Mr Frehsee. — (D) Mr President, although my esteemed colleague Mr Bertrand says that Mr Lardinois was trying to be humorous in his reply, I am afraid that I did not get that impression. I regret the way in which he chose to point out that his ideas on agricultural policy are different from mine and those of my political friends. I regret the manner of his remark. The remark itself I do not regret at all, since we have made it clear in many previous debates that we are critical of the operation of common agricultural policy. We think this policy is wrong and I say that, I am sure, on behalf of the largest Group in this European Parliament.

This common agricultural policy, the main defect of which is that it aims to regulate agricultural incomes almost exclusively via prices, is a policy of artificially inflated agricultural prices, resulting in surpluses in many sectors which we then have to dispose of by means of enormous contributions from the taxpayers in all the Member States of the European Community. That is the main feature of this agricultural policy. I am surprised, Mr Lardinois, that you wish to depart with this tax on margarine as your swan song. Although I am quite sure you have been of service to agriculture in the Nine, in this case our opinions differ. We shall continue in the future to advocate a different agricultural policy, as we have often indicated.

To spell it out quite clearly, Mr President, the Commission prides itself on the fact that the cost of the common agricultural policy amounts to only 0.4 % of the GNP of the nine Member States of the European Community. What does that actually mean?

Let me just give some figures that are being discussed at the moment in my own country. In 1975/76 proceeds from the sale of agricultural produce rose to DM 46 000 million, but to this must be added — according to a public statement by leading politicians in my country and representatives of the German Wholesalers' and Exporters' Association — DM 31 000 million in taxes and in the prices that consumers have to pay for agricultural produce of (i.e. for food), of which DM 19 000 million was simply due to increases in food prices under the import levy system of the common agricultural policy, a further DM 7 000 million was paid through the EAGGF, a very considerable contribution was made via the national budgets. That is what people in my country see and I am quite sure that consumers in the other Member States of the European Community see the same thing. Numerous experts have calculated that if all the money spent on the common agricultural policy were used to benefit farmers directly we could perhaps even save a considerable amount.

I am convinced, Mr Lardinois, that you have only put forward this tax on margarine because you want to introduce the producer levy, this 'shared responsibility tax', and wanted to make it psychologically palatable to the farmers of Europe by telling them: look, we are imposing a tax on the consumers as well. In doing this you forget how much the consumers have already been asked to pay. These sizable contributions demanded of the consumer and the taxpayer amount, according to the figures quoted by Mr Tupfer — I have not checked them, I merely quote — to DM 60 000 per year for each farm run on a completely commercial basis and an average of DM 25 000 for each agricultural holding in the Federal Republic. If we used part of this money, in accordance with the proposals that we have repeatedly made in this House,

to give direct assistance where it is necessary, we would spend less overall and such a common agricultural policy would surely be more popular with consumers.

(Applause from the left)

Furthermore, it has been calculated that this tax on margarine will amount to 60 cents per kilo. Mr Lardinois told us that he wanted to keep it equivalent to the producer levy paid by farmers, which would mean 140 million u.a. for a producer levy of 1 %, and it could be that the rate will be 5 %, thus giving a total of 700 million u.a. from the producer levy.

The same amount of 700 million u.a. would thus have to be raised from the tax on margarine, which, as the Dutch margarine dealers have calculated, would cost 60 cents per kilo.

That, ladies and gentlemen, is how it starts. I am taking no bets on these 60 cents not becoming 90 next year and 120 the year after if we continue with this policy. This is, not a policy, it is a downright absurdity. I stand by my observation that a policy like this bound to bring the common agricultural policy more and more into disrepute, and I would like to change this. For the sake of the European Community and of the European idea, my political colleagues want to put a stop to such policies, which bring the European Community into disrepute.

(Applause from the left)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, I think I can speak for all the Socialist Group when I say that we make no apology whatever for initiating this debate on behalf of the consumers in the whole of Europe. Let me say at the outset that for my part, and I think I speak also for Mrs Dunwoody, that we have no objection to the frank speaking by Mr Lardinois or anybody else on that front bench. Indeed, the blunter, the more brutal, the more frank, the better it will be for the health of this institution. But we raise this debate because we feel that this is another indication that the common agricultural policy exists predominantly in the interest of the producer and not the consumer.

Let me just quote to Mr Lardinois one or two opinions which have appeared not only in the British press but elsewhere. Let me quote from *The Guardian* of 10 July on this matter. *The Guardian* is not of our political affiliation at all. This is what it says:

Nothing so ill becomes the Common Market as its butter-mountain. Except, perhaps, the methods proposed to get rid of it. The EEC Commission's scheme to have the nine Member States tax margarine until people stop buying it (for that is the intention) is yet another outrage against common-sense and the interest of consumers. The last time the Commission faced up to its butter mountain the decision was to sell it off cheap to the

Russians. Which was outrageous but not preposterous. The latest proposal is both.

It is preposterous because — as the Commission said last week — Europe's highest priority must be to beat inflation. This week the Commission says that the Nine must increase (by over 100 per cent in the British case) the price of a basic food eaten mainly by the poor. The reason given is that people are not buying enough butter to reduce the mountain so they must be compelled to buy it for the sake of the Common Agricultural Policy, the harmonization of eating habits and Commission Lardinois' peace of mind.

He is not going to get peace of mind so long as he pursues this kind of policy. The article went on:

The proposal is outrageous because it runs counter to all responsible medical advice on the dangers of eating too much butter and the comparative safety — from the point of view of heart disease — of eating polyunsaturated fats instead. Which means margarine. Which is what the Commission wants us not to eat. The proposal is that a safe, cheap food should be taxed to the extent that people turn to an unsafe expensive alternative.

Now that's *The Guardian*. The representatives of the British food manufacturing industry also made representations on the same matter, opposing this tax. I hope I am in order in referring to comments or opinions alleged to have been made on this issue by Commissioner Soames himself. It is reported in *Agence Europe*, dated 15 July that,

while not dissociating himself from the decision taken by the College, Sir Christopher Soames may have formulated three precise objections to the taxation of fats of vegetable origin:

- (a) It is not appropriate to impose a price increase on the consumer simply because a sector is in a state of imbalance and this at a time when the Community says it wishes to combat inflation.
- (b) It is bad to press the consumer into consuming certain products (which are sometimes inadvisable for health reasons).
- (c) From the point of view of external relations, whilst regarding the American position as excessive and unacceptable Sir Christopher considers that the Community must not obstruct access to certain products, the development of which has been encouraged in the developing countries whether associated or not. Granting aids to the States does not represent an appropriate counterpart. Before the Commission's proposals are formalized in September, Sir Christopher will try to convince his colleagues of the grounds for his objections.

So there are divisions in the Commission on this proposition. We in this group — in the Socialist Group — are completely united in the interest of the consumer. This is a damnable, indefensible tax which ought to be removed and Mr Lardinois ought to think again about it.

(Applause from the left)

President. — I call Lord Reay.

Lord Reay. — Mr President, I agree with those who regret that this debate should be taking place without giving us a proper opportunity to prepare for it. But since it is taking place, there is one matter I would like to say something about, which was touched on at the end of his speech by Mr Hamilton, and that is to do with the developing countries' interests. Mr Lardinois in his remarks during Question Time referred to the fact that we import from the United States substantial quantities of the oils on which the taxes are to be imposed, but he did not make a reference to the developing countries.

It is plain that the developing countries export to the Community very substantial quantities of these oils: coconut oil, groundnut oil, palm oil and so forth; and I would like to ask the Commissioner if he can state in his reply what percentage of the imports into the Community of these oils come from developing countries, what the quantities are that we import from the developing countries and what he expects the fall-off in the quantity of their imports into the Community to be as a consequence of the imposition of these taxes.

But don't let us have any doubt about it, the developing countries which export these products to the Community are likely to suffer from the imposition of these taxes; indeed, it must be the purpose of these taxes to reduce the quantities that are consumed within the Community. Commissioner Lardinois in his introduction didn't mention whether any developing country had complained to the Commission with respect to the imposition of these taxes. Indeed, the very list he gave suggested that he had received no such complaint. If he is to use that as an argument in his reply, I do think that we need to take it with some caution. It is, after all, one of the symptoms of underdevelopment that countries are not necessarily organized to make complaints with respect to the introduction of measures by third countries which may be to their disadvantage.

I think that it is very difficult for us as a Community to enter into international fora, for example in the context of GATT, with an attitude of claiming to be extremely open to the imports into the Community of products from developing countries and impose, at the same time, taxes of this kind on products from those countries. I hope very much that the Commissioner, when he comes to reply in this debate, will take this matter seriously and tell us what his attitude is.

(Applause)

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, I think the most significant comment in this debate has been that made by my colleague, Mr Hamilton, and it by itself

makes this debate worthwhile. It would have been better if the Christian Democrats had shared the concern expressed just now by Lord Reay and my colleague Mr Hamilton to the extent of taking part in this debate, for we can see here how far the contradictions within this Commission go, and as we know, this is a Commission that is coming to the end of its period of office in just a few months. I ask you: Is this the parting gift from Mr Lardinois — the disillusioned Commissioner for Agriculture — to try and introduce the tax on margarine though he knows that he is still far from getting the milk producer levy?

Mr President, I would really have appreciated it — since this debate is not primarily a question of agricultural policy but of farming and foreign trade policy — if the President of the Commission and the Commissioner responsible for external relations had remained on their bench. If we are to be told here that outside this Chamber two members of the Commission are saying different things in their speeches and press conferences, then the only solution is to demand that Mr Ortoli should take his place at this table.

(Applause from the left)

He, as President of the Commission, must say who is actually speaking on behalf of whom: Mr Lardinois or Sir Christopher Soames, or are there any other possibilities in this matter?

This is after all also a question of how this Parliament should be treated, in that it is not right for Sir Christopher Soames to voice different opinions outside in the lobby or at home in Britain and then fail to appear here in person to take part in this debate. I think this needs to be said with regard to the proper conduct of such a debate.

(Applause from the left)

And now two specific questions, Mr Lardinois! Firstly: Are you in a position to give us exact figures on how the tax on margarine will increase the price to the consumer if margarine producers pass it on in full? Secondly, Mr Lardinois, do you seriously believe that you will find any support for this tax on margarine in the Council of Ministers? Is it not more likely that you will have left the Commission before this farce of a margarine tax can be introduced? Are you not too realistic a politician — and in your time as Commissioner for Agriculture I have in fact come to know you as a prudent realist who often has to wage a hard and frequently unsuccessful battle in the Council of Ministers — to stake everything on a card that has no hope of winning? I hope you will have the courage to bury this idea of a tax on margarine before it goes too far. It is not a suitable way of trying to solve the problems of the market in milk.

(Applause from the left)

President. — I call Mr De Koning.

Mr de Koning. — (NL) Mr President, in view of the attitude of the Socialist Group in this debate, I feel the need, on behalf of the Christian Democratic Group, to express my appreciation in general of Mr Lardinois' handling of this matter and assure him of our Group's support in his attempts to face up to the problems of the market in agricultural produce.

(Loud laughter from the left)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I must say that frankly I like debates like this and I am afraid I shall miss them in future.

(Applause from the left)

First of all I should like to reply to Mr Laban, who opened this debate on behalf of the Socialist Group. I am very grateful to him for the tone of his speech. After Mr Fellermaier's remarks it could have been rather different.

In view of the tone in which he justified this debate, and of the very constructive way in which we have been able to work together over the past four years, I in turn should like to say that I am sorry I used an expression which, no doubt in part because of the translation into German, was taken to mean something rather different from what I intended. You see, when I talked about playing Father Christmas the expression I used in Dutch meant something quite different from what you have understood from the German. Indeed, Mr Frehsee, I noticed exactly the same thing when you quoted Mr Bertrand's words. Mr Bertrand did not say anything about the debate being 'humorous'. He described it as '*humeurig*' which in Dutch means 'ill-humoured', precisely the opposite of humorous! I am grateful to Mr Bertrand for using this word, for my reaction was indeed ill-humoured and it was ill-humoured because of the language used, not by you but by the gentleman who opened the debate, Mr Hamilton.

I suggest you look up in the report of proceedings what he originally said, which was addressed not just to me but to the whole Commission. I could, in fact, justifiably have reacted quite differently. However, I am sorry to say that mine was a delayed reaction, coming at the end of the first speech and not at the beginning, which would perhaps have been better. Mr President, after these general comments on the debate I should like to take up a number of specific questions.

In the first place I basically agree both with Mr Bertrand's proposal and with that of Mr Scott-Hopkins. It is indeed rather unfortunate that we should today be discussing this problem, which is being considered by three committees and for which ample time is to be set aside in October. However, Parliament is master of its own time and also our time

as far as parliamentary debates are concerned, so although I am perhaps a somewhat unwilling servant in this matter, I am nonetheless your servant.

To begin with, I should like to reply to some of the remarks made by Mr Frehsee. He quoted some very interesting figures which show that the subsidies granted, particularly in Germany, are rather on the high side and also that a rather high degree of protection is given. That is no news to me. You know, and Mr Frehsee knows better than I, that ever since I took up this office I have sought reductions, particularly in the monetary compensatory amounts and the amounts paid in respect of the 1969 revaluation. In my opinion the monetary compensatory amounts have a *raison d'être*, but this ceases to apply after two or three years. They should then, if need for them arose before such period, disappear completely. Yet here we are at the end of 1976 still taking account in the farm prices and in the compensatory amounts for German farmers of the revaluations of 1969 and 1971.

In my opinion this means that German prices are in fact 10 % too high, and the whole common agricultural policy is increasingly being undermined. Neither I nor the Commission can be accused of not making repeated and persistent efforts to cut this down. In these four years we have managed to cut back some 5 %. But 10 % is still there. And in my opinion that is exactly the level of excessive payments in various forms that the present German Government in particular has allowed to continue. If the finger is pointed at the Commission and the Community I would answer that the prime responsibility lies not in Brussels but elsewhere.

Then Mr Frehsee talked about a levy on margarine of 60 pfennigs per kilo. These statements remind me of the Americans' objections. During the month of August I had the opportunity of staying in California among the soya farmers and there I discovered that in fact their objections came down to this: first you exaggerate the whole thing, you make a big thing of it and then you let fire.

I have the impression that this also applies to those newspapers or Members of Parliament who put the levy on margarine at 60 pfennigs, then at 90 pfennigs and then probably at more than 1 DM.

The Commission has yet to formulate a proposal for the levy on vegetable oils and fats. This will be done before the debate in Parliament is held in October. I can thus not yet say — and this remark is also addressed to Mr Fellermaier — what the figure will be. I can, however, give my own impression, which is that we are not going to put forward a proposal for 60 pfennigs per kilo.

I think it will be less, less than one-third of that amount. This is only an indication. I cannot say any more since this is a question which ultimately has to be settled by the Commission. I also think therefore

Lardinois

that the way in which the Socialist Group is presenting this matter is — to use an English understatement — just a little overdone.

I too have read the article in *The Guardian*. It is an interesting article, but I attach no more importance to it than to the views of Mr Hamilton, for example, who said the same thing in his own way. Why should I invoke a journalist of *The Guardian* as an oracle when I myself have in fact already rejected Mr Hamilton's views? In my opinion even journalists — for newspapers are made by journalists and not vice-versa — do not always have the requisite knowledge to be able to judge a matter in its overall context. So much for the article in *The Guardian*.

As for Sir Christopher Soames' objections, I cannot reply on his behalf. I can only answer for the Commission, and that is what I am doing.

At the moment I can unfortunately not provide Lord Reay with precise figures, since this debate has caught me rather unawares. I can, however, assure him that we shall pass on the precise figures he asked for to the Committee on Agriculture, and to the Committee on Budgets and the Committee on Development and Cooperation, so that he will have available before the debate in October all the data on imports of oil seed and vegetable oils. At the moment I can only give a few pointers. Vegetable oils and fats are imported from North America, from the developing countries and from Eastern Europe, in that order. As the years go by, imports from the developing countries are in general decreasing somewhat, while imports from the highly developed areas, particularly from North America, show an upward trend. Before the War approximately two-thirds of the vegetable oils consumed in Western Europe came from the developing countries, the then colonies. That proportion has now been almost halved, while on the other hand imports from Eastern Europe in particular have recently greatly increased and those from North America have grown even more.

Let there be no misunderstanding on this point. You will have gathered where I stand from what I said to start with about the scope of this proposed tax. In the first place it is not intended that the consumption of margarine and related raw materials should be reduced as a result of this measure. That is not our intention at all! But we do not wish to have butter alone carry the handicap of an additional tax at source in relation to its competitors. We do not wish, by means of this tax, to further undermine consumption or above all competitiveness. In other words, we want these levies — if they are approved — to have a neutralizing effect on the relationship between butter and margarine. No more and no less.

Secondly, it is definitely not our intention to damage the position of the developing countries in our market in any respect whatsoever as a result of these

measures. And so we are also proposing, insofar as any tax revenue arises from these oils and fats, to make this revenue available to the developing countries. There are all sorts of ways of doing this. This revenue is thus not intended to swell national exchequers or Community funds.

Lord Reay quoted me as saying: 'No claims from the third countries' and he gave an explanation for this. I wish to say quite frankly that I made a mistake on this point when I first spoke, since I merely said, with regard to third countries, that we had received protests from the United States. I should have added — but that was not down in my notes — also from a number of countries in South-East Asia which are in fact exporters, particularly of coconut oil, to the Community.

Now I come to Mr Fellermaier's remarks. Let there be no misunderstanding with regard to this either. I would obviously regard it as unacceptable if we were to have a levy on margarine without at the same time introducing a tax on milk to help finance the dairy policy. There is thus no question of first taking one decision and the other one afterwards, thereby letting the measures run separately. These measures are linked together in the Commission's proposal. Also, insofar as it is my responsibility, I undertake to see to it that discussions on both subjects are held at the same time and that as far as possible any decisions are also taken together. The question was raised of how much margarine will increase in price when the full effects of the measures are felt. The answer is about 2 to 4 pfennigs for a 250-gramme packet.

I now just want to make one general remark. Here and in the press it has been said that it is idiotic to tie a tax on one product to a tax on another product. May I once again remind you of the discussion we had six months ago. Then we were not talking about a tax of a few percent on one product but about excise duties of 500 or 600 % of producer prices on Community products. I am referring here to table wine. Now the reason why the United Kingdom, Ireland and Benelux had recently increased excise duties to the EEC was that they had decided that the excise duties on beer would have to be raised. And because they were raised, excise duties on wine also had to go up from 500 to 600 %. It was not I who originated the idea of a certain balance in the taxation of products!

(Applause from the centre and the right)

President. — I call Mr Frehsee.

Mr Frehsee. — *(D)* Mr President, I have only a few further remarks to make, so as not to keep this House from its other tasks any longer. I of course accept Mr Lardinois' apology. But I am sorry he subsequently cast doubt on the figures that I quoted, with special knowledge of conditions in my own country, in order to show how questionable and, to put it mildly, problematical the common agricultural policy of the Euro-

Frehsee

pean Community is. I do not think that is permissible, and to turn it into a national and perhaps even a party political question seems to me to be quite unacceptable. This problem cannot be shunted off onto the Germans as you did just now, Mr Lardinois. The problem of surpluses plagues us all: the French, Germans, British, Danes and others in the milk sector, the Italians and French in the wine sector — everyone is involved. The problem of surpluses arises from this misconceived and ill-designed common agricultural policy which you are defending and which needs to be changed, as we have frequently said. It is also not fair to keep on pointing to the compensatory amounts for the German revaluation in order to find some sort of alibi. You know, and everyone else knows, that these compensatory amounts are to be abolished or are in the process of being abolished. At the same time, however, as we are abolishing these compensatory amounts, 650 million u.a. are being paid in other countries as monetary compensatory amounts and accession compensatory amounts. The reason for this is that we have not got a coordinated and unified economic policy. I do not want, therefore, to blame you, but in view of the most unfortunate way in which the question of monetary compensatory amounts in general has developed, it is rather irresponsible of you, Mr Lardinois, to base your arguments on this old compensatory amount for the German revaluation of 1969. This week we are going to have to consider a supplementary budget which will cost the EAGGF alone 717 million u.a., most of which is for these monetary compensatory amounts — and not for my country either!

Two further remarks. To avoid being accused of seeing only the interests of the consumer, we wish also to make the point that this levy on imported oils and fats is also bad for agriculture and for agricultural production, since it will make farm products dearer as well. I just want to say that in passing. Now then: you talk about the tax on margarine having a neutral affect. This is characteristic of a certain political position, for this neutral affect is to be paid for exclusively by the consumer, and you want to neutralize — let us call a spade a spade — you want to eliminate the competition from margarine because you have too much butter and too much skimmed milk and quite simply too much milk. This neutralizing affect is to be paid for by the consumer, and we regret this; we regret that such unsuitable attempts are to be made to save a bankrupt policy. This policy is past saving, it must be changed.

(Applause from the left)

President. — I call Mr Laban.

Mr Laban. — *(NL)* Just a very brief reaction to that, Mr President, I think this debate should be held in October in a broader context than that in which the committees are working with a view to submitting a

motion for a resolution to this Parliament. However, I should still like to say to Mr Lardinois — Mr Frehsee has already more or less referred to this as well — that I cannot accept this argument that this levy on margarine is necessary in conjunction with the levy on milk. We are all agreed, at any rate my Group is agreed, that a programme will be needed for the years to come, firstly to combat the current structural surpluses in the milk sector by containing the milk lake, and secondly to be able to use the proceeds from the levy to improve our marketing techniques and publicity in our own countries. At the same time we should investigate the possibility of increasing production still further without creating surpluses once increased outlets have again been found. And we fully agree that in cases like this the best thing, if it is a matter of reducing stocks of butter or milk in the short term, is to consider giving food aid provided there are certain guarantees. We are also in favour of making stock-piled butter available to a greater extent at low prices for social purposes. But in the long term other means must be found. When Mr Lardinois says: 'Look, the levy on margarine is not to be paid to the Member States, it is not to be paid to the Community, but is to be used to finance the development policy', this strikes me as the sort of *ad hoc* solution that I must utterly reject. I believe that all the countries of the Community should together do all they can to make each Member State at long last set aside an amount equal initially to 0.7 % of the gross national product for cooperation with the developing countries, but that it is no use carrying on a semblance of development policy with this sort of stop-gap measure, which moreover — I must insist on this — hampers the fight against inflation and puts the consumer at a disadvantage.

(Applause from the left)

President. — I call Mr Lardinois

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, I do not wish to go any further now into the question of monetary amounts. I only mentioned it because I had seen certain figures in Mr Töpfer's house magazine, which I read regularly.

Mr Frehsee also quoted this source: I learned from it that the subsidy to German farmers that Mr Frehsee was talking about is based on German prices and makes no allowance for the monetary amounts which it contains. If they include them, then I have a right to include them, in fact I must include them and I must also point out where the responsibility lies in this matter. It is true that the monetary amounts in Germany have no direct effect on our budget. But that is not what we were talking about. We find this budgetary effect particularly in the devaluing countries, but on the other hand the farmers there receive less for their products in real money terms than in the countries which have not devalued or have revalued.

Lardinois

I take it that Mr Laban is not yet convinced by my arguments. I too took a long time to be convinced that this was a course that the Community must follow sooner or later. I was against it as a member of Parliament, I was against it during the six years that I spent as Minister of Agriculture, but in my present capacity I have found it necessary to put forward this proposal. You see how long it sometimes takes for a politician to recognize the truth.

Mr Laban. — If it is the truth!

President. — I call Mr Carpentier.

Mr Carpentier. — (*F*) Mr President, the problem we are talking about today is not new. There has always been talk of butter mountains, milk lakes and so on.

I would like first of all to know where these milk surpluses come from. As to the problem of the 'butter-margarine conflict', my question is as follows: should we not, in the interests of the producer, try to absorb the butter surpluses before dealing with the problems of margarine, which as far as I know contains no products originating in the Community?

In spite of the Agreements and contracts entered into by industry in respect of these imported products, should we not arrange — perhaps this a rather a selfish attitude — in view of the current crisis and of the drought we are suffering from, and in order to improve the market situation in the Community, for Community products to take precedence, at least during a transitional period, over products that we do not produce ourselves or which are manufactured from elements that we do not produce ourselves? This, surely, is the whole crux of the matter.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (*NL*) Mr President, it gives me great pleasure to see that Mr Carpentier is slightly less dogmatic on this question than Mr Fellermaier with the whole of his Group. Indeed, that is hardly surprising, since the actual proposal that I have put forward is in principle the same as the proposal that was made by my predecessor as Commissioner for Agriculture, a doughty fighter for the European cause in the Socialist ranks.

And now to reply to Mr Carpentier. I do not expect there to be any surpluses of butter until April or May next year. Our proposals thus have no bearing on the immediate problem. I think we shall be in urgent need of the butter stocks that we have at the moment to ensure normal supplies in the coming winter, partly as a result of the exceptional drought that we have suffered. There is thus no acute problem, but we must hope and assume that the weather will return to normal again next year. Our whole proposal is intended for normal time. It is conceived as part of a broad programme. I expect that for the same reasons the problem of skimmed milk powder will also be less urgent next spring than in April this year. But that will still not mean that the problem is solved.

President. — The debate is closed.

The proceedings will now be suspended until 3 p.m. The House will rise.

(*The sitting was suspended at 12.55 p.m. and resumed at 3.05 p.m.*)

President. — The sitting is resumed.

6. Tribute to Mr Dehousse

President. — I have waited until we are all present before paying tribute to the memory of Mr Fernand Dehousse, who died in Liege on 11 August. He was a great fighter for Europe and his name will always be remembered, by us and by future generations, for his enduring efforts towards achieving stronger Community institutions.

From the time of the House Conference in 1948, Mr Dehousse was among those who supported the idea of a European Constituent Assembly, elected by direct universal suffrage. On 10 August this year, on the eve of his death, he wrote to me expressing his joy at the decision which had at last been taken on the direct election of this Parliament, and sent me a copy of his last report on the 'Future of the European Parliament'. This document is his intellectual and political legacy.

For almost three decades, between these two dates, he was unswerving in his devotion to one ideal; he died as he lived, dedicated to Europe.

Fernand Dehousse was born in Liege, a French-speaking city at a linguistic crossroads where Flemish and German also meet. He was born near places heavy with the memories of the great fratricidal battles of our common past. He knew that solidarity is the greatest form of humanism, that the only way to survive is to survive together, and that sometimes the greatest service to one's country is to transcend it. The words of Jaurès were dear to him: 'A little internationalism separates a man from his country, a great sense of internationalism draws him closer to it.' It was this conviction which shaped his life.

In 1948 he was a member of the committee which drew up the statute of the Council of Europe, the first official step towards the creation of European institutions. In 1954 he entered the Council of Europe and was its president for three years, from 1956 to 1959. At the same time he was a member of the ECSC Common Assembly and *rapporteur* for the *ad hoc* committee which prepared, so many years ago, the draft treaty establishing the European Political Community.

He entered the European Parliament in 1958, and it was only natural that he should become chairman and *rapporteur* of the Working Party on elections by direct universal suffrage. The result was the famous Dehousse report, which the Council was to shelve indefinitely but which would remain one of the basic tests of our Community.

President

From 1967 until 1970, when he retired, Mr Dehousse was First Vice-President of this House.

But he was unable to take his leave of us, and when we debated the Patijn report he was present in the gallery, experiencing once again the atmosphere of Parliament, following its debates and endorsing its hopes for the future.

Mr Dehousse was also active in other political spheres. He was chairman of the European Commission for the Saar Referendum in 1955; he was president of the WEU Assembly; in 1957 he was co-president of the Franco-German Arbitration Tribunal; he became the Belgian Minister for Community Questions and Constitutional Reform in 1971; in Liège, in 1962, he founded the Institute of European Legal Studies where he passed on his beliefs to the youth of Europe.

Mr Dehousse was teacher and parliamentarian, minister and mediator, and he fulfilled all these roles with an equal degree of enthusiasm, developing his ideas with roughhewn logic and radiant vitality: he hated compromise and respected parliamentary democracy.

On 25 March this year I had the honour of presenting him, on your behalf, with the Gold Medal of the European Parliament in recognition of our esteem. The memory of Fernand Dehousse will remain with us as we endeavour to strengthen Europe's institutions, and especially when we discuss the election of this Parliament by direct universal suffrage, as we shall shortly do.

Ladies and gentlemen, I ask you to stand and observe a minute's silence in tribute to the memory of Mr Fernand Dehousse.

I call Mr Ortoli.

Mr Ortoli, President of the Commission. — (F) Mr President, I should like to associate the Commission with the tribute which you have just paid to the memory of Mr Dehousse. With sadness we learned of his demise, but we are confident that the future will witness the coming to pass of what he so rightly struggled for.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, on behalf of the Council I should like to endorse the sentiments you have just expressed as President of the European Parliament on the occasion of the death of Mr Fernand Dehousse, a distinguished former Member of this House. He was a fount of inspiration for a younger generation which now carries responsibility at European level. It is difficult to exaggerate the role which Mr Dehousse played in the efforts to achieve direct elections, a subject which we shall be discussing shortly. He was a European and a true democrat.

It is only fitting that a posthumous tribute should be paid to him at this moment, shortly before the signing of the draft convention on direct elections. No greater compliment could be paid to this great European.

7. Election of Parliament by direct universal suffrage

President. — The next item is the joint debate on

- the statement by the President-in-Office of the Council of the European Communities and
- the motion for a resolution (Doc 288/76) tabled by Mr Patijn on behalf of the Political Affairs Committee on the election of the European Parliament by direct universal suffrage following the outcome of the European Council of 12 and 13 July 1976 and of the meeting of the Council of the European Communities of 27 and 28 July 1976.

I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, my statement on the election of the European Parliament by direct universal suffrage can be brief. The Council is fully aware of its political commitment to sign the Convention and the decision on 20 September of this year. The positive developments at the July meeting of the last European Council and subsequently at the meeting of the Council of Foreign Ministers undoubtedly played their part in influencing the course of events at the recent meeting of the Foreign Ministers at Beetsterzwaag in the north of the Netherlands. The readiness on the part of the governments to proceed to the final signing of the Convention has in the meantime not abated. I should like to make this quite clear. All the preparations necessary for the Council to take a decision to sign the Convention have been made, and 20 September should be a red-letter day in the history of Europe. Perhaps the long road which Europe has travelled in this respect is a less heroic one than that travelled by the statesman who has just passed away, but it is of no less importance for European democracy. It is clear that Europe wishes to give European integration and hence the role of Europe in the world an identity of its own. It is first and foremost a triumph for democracy, a social form in which we all believe. At the same time it should be a real breakthrough towards increased cooperation at European level and a deepening of the concept of European integration with which all of us in the various Institutions and at different levels of responsibility are concerned. When this day comes, it will become clear that the political impulses of the EEC Treaty and the Euratom Treaty of 18 years ago have not in fact been exhausted, as has sometimes been claimed.

I should like to take this opportunity to express my admiration and respect for your institution, the Euro-

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pean Parliament, which has constantly struggled for direct representation and hence a greater degree of legitimacy. Several generations of Members of Parliament have with great imagination and tenacity drawn attention to this vital element in European cooperation. I should therefore like on this occasion to invite you, Mr President, to be present in an official capacity at the signing of these important documents on 20 September. You will then be able to see for yourself that they really have been signed.

(Applause)

President. — Mr President of the Council, we are pleased to learn that the documents will definitely be signed on 20 September next.

I should like to thank you on behalf of Parliament as a whole for officially inviting me to be present at this ceremony to which we attach a truly historical significance. I am sure that the House will confirm that it indeed wishes me to represent it amongst you on that day.

(Applause)

I call Mr Patijn.

Mr Patijn. — *(NL)* Mr President, I must return briefly to what you said regarding Mr Dehousse, since over the past few years I have not only constantly been aware of his influence but I have also frequently had personal dealings with him. He wrote regularly to me, as rapporteur, with useful suggestions. He continually helped me, and encouraged me to continue where he left off in the European Parliament. I considered it a great honour to be present in March of this year in Liège when you awarded him the medal of this Parliament at a congress which he himself organized. It was not for nothing that I called him the father of the European elections when we discussed this Convention here in January 1975, in the hope that I might, as it were, be his son in this respect. It has turned out that the son has been permitted to finish the work begun by the father, and I am therefore particularly grateful for all the support Mr Dehousse gave me.

I shall not speak for long, Mr President, as I hope that will not be necessary. I have tabled, on behalf of the Political Affairs Committee, as unambiguous a motion for a resolution as one could wish for. We are grateful that the matter has now been settled and that we will no longer have to return every month, as we have been doing for the past year, to matters with which we feel the Council should be dealing. We had fully expected the matter to be over and done with by July, but were disappointed. However, what are two months in the eternity of European integration? We realize that Monday 20 September will mark the end of an initial phase, the phase in which the European Parliament has struggled with the Council and the Commission to reach a decision on European elections — an extremely difficult initial phase, but one in which the political resolve, which we all shared, to achieve a

specific result was dominant. We now have a much more difficult phase before us. We have one and a half years to make the necessary preparations for the European elections — and that is an extremely short time.

I should just like to remind you why it will be possible for the Convention to be signed on 20 September. Two sets of objections had remained unresolved. A solution to the first, that of the Government of the United Kingdom, was found relatively swiftly. The Cabinet then had to discuss the matter again. This discussion subsequently took place, and the British Government announced that it too would sign on 20 September. There were also objections from the Danish Government, in connection with the fact that the elections for the European Parliament would have to be held on the same day as those for the Folketing. As you know, Parliament discussed this problem at great length. We also had extensive discussions in the Political Affairs Committee and I know that the Council, too, devoted a great deal of attention to this matter. I am gratified that the Danish Parliament and the Danish Government together have now found a solution whereby it will be possible for the Danish Member of the Council to join the others in signing the Convention on Monday. I do not need to go into the details. The Danish Government's objections in principle to the situation arising from the European elections still stand. In practice, however, a sensible solution has been found. I should like to say quite explicitly, in my capacity as rapporteur, that the events in Denmark over the past few weeks, which led to the statement on the part of the Danish Government, that they were willing to sign on Monday, do not, in my opinion, give rise to any objections whatsoever which would prevent the other eight Member States from signing. The Member States requested that the principle of reciprocity should be applied, a reciprocity which we all speak about, i.e. either everyone takes part in the elections or no-one does. The compromise which the Danish Government and the Danish Parliament have found is, in my view, a guarantee that this principle will be observed. I am grateful for this, and as rapporteur I feel that there can consequently be no objections on the part of the other Member States.

We must, of course, be quite clear about one thing. There are two possibilities open to us today: we can make celebratory speeches and drink toasts to our success, or we can draw attention to a number of further considerations. I prefer to do the latter, and wish to mention one point in particular. June 1978 was explicitly mentioned as target date in one article of our proposal of January 1975, in order to ensure that the Convention would specify that the elections would in fact take place. Together with the Political Affairs Committee, which had copies of the provisional texts to be signed on Monday, I have observed that this date has been omitted from the draft Convention and included in the preamble.

Patijn

This could lead to hesitation since it appears to reduce the force of the undertaking by the governments that elections will actually be held in 1978. I should like to point out, however, that at last July's Summit, as at earlier Summits, the nine Heads of State and Government explicitly stated that the target date of May 1978, would be maintained. This amendment to the text in no way diminishes the obligation they have taken upon themselves. We, the European Parliament, stand firmly by the deadline of May/June 1978. No reason has yet been put forward as to why any Member State should not be able to keep to this deadline, provided the States have the necessary political resolve to make a real effort to approve the necessary legislation and implementation procedures.

If the Member States do not want to do this, they will of course be able to slow things down at the level of the national legislation. But the political will to which the signatures next Monday will bear witness will surely make it possible to hold the elections in 1978. The governments have known for two years that 99 % of the legislation they must introduce would not be determined by this Convention, but by municipal law, and preparations began some time ago in most countries. We are not starting from scratch on 20 September. The implementing legislation is under way and is in the course of being finalized. This is how matters stand at the moment, and if we are aware of this we can be ready by May 1978 if we so wish. That is one point. Parliament must insist on this date. The people of Europe are looking forward to European elections in 1978 and not to another vague date some time in the future. There is a commitment to a date 18 months from now.

Now to the second point. The distribution of seats adopted by the European Council in July is not completely in accordance with the proposals made by the European Parliament in January 1975. In particular, the proportional character has been somewhat reduced by the fact that the four large Member States have been allocated the same number of seats. I personally think that Parliament took a more progressive line than the governments in this respect. We allowed differences in population — differences of up to seven or eight million — to be reflected in the allocation of different numbers of seats to the various Member States. The European ministers were not prepared to accept this. They have allocated the same number of seats to each of the four large countries. I think this is a pity. I regret that they did not have the courage to accept this responsibility and thereby make it clear, not only that Europe consists of small, medium and large Member States, but that there are differences between the various large Member States themselves. The Puerto Rico group motched themselves off nicely, but that's about all. Nevertheless, the final result is acceptable. We were thinking in terms of 350 to 400 seats, but OK, the figure decided upon was 410. We'll go along with that.

Now to the implementation of the decision. I feel it is important that we in this Parliament should, in the first place, consider the final text of the Convention which is to be signed next week as soon as possible and decide on which points we have questions to put or observations to make with a view to establishing clearly what texts we must uphold in the national parliaments.

Secondly, the European Parliament must not delay in drawing up the rules relating to the statute of the European Parliament in 1978. What measures must be taken if a parliament of 410 members is to operate in a year and a half's time? We ourselves have a serious responsibility in this respect. The Council, too, is faced with a difficult task, that of abiding by the commitment it has entered into, since it was the Heads of State and Government who decided upon 1978 as the target date, not the European Parliament.

I am convinced that through their national parliaments the Members of the European Parliament will ensure that this deadline is indeed adhered to. The task of this Parliament is therefore to keep a close eye on the implementation of the decision in the Member States and see to it that nothing goes wrong *en route*.

Thirdly, it is, I think, our job — and this is a matter we must discuss in great detail in the near future — to decide how we are now going to prepare the people of Europe. One and a half years is a short time for this too.

Many European nations as yet know practically nothing about the European elections. It is still all unfamiliar territory — and I speak now as a Dutchman. I am sometimes jealous of countries such as Denmark, the United Kingdom and Ireland which have held a referendum on Europe and where, at any rate, the question of European integration has been thoroughly aired, so that we can continue to preach the European gospel to receptive or unreceptive ears, as the case may be. This has never been the situation in the Netherlands. We drifted into Europe, in 1957 as if we were merely going to buy a sack of potatoes.

Mr President, all these matters are still ahead of us. The European Parliament must continue with its normal work, but at the same time we must prepare ourselves for this top priority — a matter which is of the utmost importance for the development of our Parliament and hence, I hope, for European democracy. Over the last year and a half, following Parliament's decision, I have tried, in my capacity as your rapporteur, to direct and correct the decisions made in the Council — where possible in close consultation with the Political Affairs Committee, which has regularly discussed the progress made. I should like to thank the Political Affairs Committee for the confidence it has placed in me as rapporteur. I must honestly say that the Political Affairs Committee did

Patijn

not breathe down my neck too much and frequently gave the Chairman, Mr Spénale, and myself the go-ahead. I should also like to express my particular thanks to the Commission and the Council for their extremely fruitful cooperation in preparing the texts, which we shall discuss in due course. On Monday we shall celebrate, and on Tuesday 21 September the European Parliament will get down to work.

(Applause)

President. — Mr Patijn, the applause from all parts of this House show how much we are all aware of the way that you have taken over where that great fighter for Europe, Fernand Dehousse left off, and of the considerable personal efforts you have made to achieve the result which Mr Brinkhorst has just announced to us. We thank you.

I call Mr Stewart to speak on behalf of the Socialist Group.

Mr Stewart. — Mr President, it is certainly right for me to begin what I have to say by congratulating my colleague Mr Patijn on his report and indeed, as you have suggested, Mr President, on the months and years of work that have preceded this report.

And it must be a great gratification to him to find that we are now so near the realization of what has been worked for for so long. But I do not think one need speak at great length on the resolution. After all, its essential purpose is to urge ministers to make quite certain that there is no slip-up this time and that they firmly sign the act on 20 September. And it was very gratifying to hear from Mr Brinkhorst that that in his judgment is exactly what they will do.

Now I will mention, though, as I have suggested, I do not think it is necessary now, after all these years, to elaborate them, the basic arguments for direct elections. First, that it is the fulfilment of a treaty obligation. It is true the Treaty required that agreement on how the direct elections were to be organized had to be unanimous. Now that certainly meant, of course, that no country was under an obligation to agree to the first scheme of direct elections that any one might put up; but it was equally true that no country had a right to go on indefinitely producing this, that and the other objection in order to prevent any scheme being adopted at all. I believe we have now, after so much argument, a scheme which could not reasonably be objected to by any except those who do not want to have direct elections at all. And if one did not want to have them at all, one would be clearly opposed to an obligation that all our countries have accepted in the Treaty of Rome.

A second argument, which, I must say, has always weighed with me a good deal is that once we have direct elections what is called the dual mandate is no longer obligatory on all of us. We do not know when the direct elections are held how many of the people so elected will in fact be members of their national

parliaments as well. My own feeling is that in my own country there will be very few, if any, like that, but this, of course, is a thing that varies from one country to another and in the end, of course, it will be for the voters to decide who they will elect. But at any rate it will no longer be obligatory on a Member of the European Parliament that he should be a member of this national parliament as well and we can be sure, I think, that a considerable number of the members of the directly-elected Parliament will not carry that double burden. Now I believe it to be an advantage, not necessarily that none of them should have the dual mandate, but that there will be a good many of them who have not got that double burden and can give their full time and energy to what will be a growing task. It is true the Community has put up with the dual mandate system for a good many years, but the work of the Parliament and the claims that the Parliament makes are steadily growing and we are finding, I think, that the task of being a Member of both the European Parliament and one's national parliament and having in nearly all, though not quite all, cases constituents at home making demands on one's time and energy is now something that has become out of date. We shall bring into European public life people who will give their whole attention to the Parliament.

The third argument is that not only will the Parliament, for that reason among others, be able to give greater attention to its work, its authority for claiming more work to do and more powers will be so much the greater. When ministers from national governments come here and answer questions, I think perhaps sometimes the thought occurs to them when one of their compatriots gets up: 'Well, it's only so-and-so at it again just as he is at home.' In a directly elected parliament they will be facing somewhat of an unknown quantity, somebody who speaks to them from a new platform and with new authority. I am quite certain that a parliament so elected will both demand and get more powers. It is true there is nothing in the treaties that causes an automatic extension of the Parliament's powers when it is directly elected, but I am quite certain that in practice that is what will happen. On that I would add this point: I do not think the growth of the Parliament's powers will be necessarily at the expense of the national parliaments, because the comparative power within the Community of the Community itself and of each of the nine nations within it will depend on how the Community develops, on what action, for example, is taken on the Tindemans report; but the growth of the powers of Parliament will be to some extent, and I think rightly, at the expense of the Council of Ministers and of the Commission. Things which at present the Parliament asks to be allowed to do, it will be in the position to require that it should be able to do and that seems to me, whatever one's view of the Community, to be a move in the direction of greater democracy.

Stewart

So much, Mr President, for what I have called the basic arguments. On details, I would only mention two. First, in the motion for a resolution, approval is expressed of the allocation of seats. My colleague Mr Patijn told us that it was not what he regarded as the ideal allocation of seats, but I would venture this statement. No two governments, no two people even, will agree on what they regard as the ideal allocation of seats. What we have got to ask of any scheme put forward for us is this: is it at any rate reasonable, and is there any likelihood that if we went on arguing we should get anything better? Well, I think the answer is quite plain here. This is, if not to all of us ideal, reasonable, and it is unlikely beyond belief that if the Ministers went on arguing they would come out with anything that would be generally regarded as better. Broadly speaking, the allocation is based, first, in the principle of proportionality to population and, second, that principle is modified by giving some advantage to the smaller nations in the Community. Now that is a universal rule. Whenever units join together to form a larger whole, you give some protection to the smaller units in it. That is reasonable; it is done here only to quite a moderate degree, but since agreement now has been reached, I am sure we should be wrong in the Parliament to go in a mood of perfectionism, wondering whether we could not come up with yet another allocation. Let us seize on what is now before us!

The other point of detail I would mention is that it is clearly understood that the elections in each country are to be held according to the laws of that country. This is admittedly a temporary arrangement until agreement shall be reached on a uniform method. In view of the time it has taken us to agree on this, I do not know quite when agreement will be reached on that. But, again, I am quite certain: let us seize on what we've got; to try to impose uniformity of method at this stage would be to postpone the direct elections indefinitely.

(Applause)

Now the governments are asked to go ahead with the ratifications and necessary procedures. Governments have two things to do to carry through the necessary legislation, and I believe also — I think it is not mentioned in the resolution — that they do have a job of information, doing whatever it is proper for governments to do to let their citizens know what is going to happen and what all this is about. I think we shall find that the electorate will take to this, that indeed one of the arguments for direct elections is that it will have an educative and informative effect on the public as a whole. It will make them aware that they have a hand in this business of the architecture of the Community.

Mr President, although I am speaking on behalf of the Socialist Group, I think it might be regarded as an unsuitable omission if I said nothing at all about the

position of the British Government, since there has been much argument about this. Like everyone else here, I am not a spokesman for a government. I can merely record what our government is clearly on record as saying — namely, that it is their firm desire and intent to carry through the legislation for direct elections.

(Applause)

They have stated consistently throughout the argument that they might run into practical difficulties which will prevent them realizing the date of May — June 1978. But, may I say this? I do not think that we are the only country with practical difficulties. Perhaps we have talked about them a little more candidly than some; but this reference to practical difficulties is not, and never has been, meant by the British Government as a method of getting out of the clear obligation. Now, it seems to me that there is now no future for attempts to oppose the holding of direct elections, any more than there was a future in our country for attempts to keep Great Britain out of the Community.

(Applause)

I think that, whatever anyone's views have been in the past, we must now accept British membership of the Community as a fact, and the desirability of increasing the democratic element in that Community by going ahead with direct elections.

So, for these reasons, Mr President, I commend the resolution to the House.

(Applause)

President. — I call Mr Bertrand to speak on behalf of the Christian-Democratic Group.

Mr Alfred Bertrand. — *(NL)* Mr President, first of all I should like, on behalf of the Christian-Democratic Group, to thank the President-in-Office of the Council, Mr Brinkhorst, for his brief but important statement in which he let Parliament be the first to know about the decisions which were made over the weekend at the informal meeting in the Netherlands. It is not often that Parliament is so honoured, but it is indeed the case today and I should not like to miss this opportunity of thanking you.

In addition to expressing our thanks I should also, of course, like to say how pleased we are that a fifteen-year struggle has finally come to an end. We have just paid tribute to one of the great protagonists of a democratic Europe, Mr Fernand Dehousse. I am one of the few remaining Members of this Assembly who were present when the Dehousse report was adopted in 1960 and who supported his *ad hoc* report on the European Political Community. I discussed all these matters with him, and now his work, the work of a socialist European, will be continued by his young colleague Mr Patijn. Your statement has assured us

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that this tense struggle is now behind us and that, as from next Monday, we can be sure that the Convention on European elections will be a reality, representing a step forward on the road towards greater democracy in the European Institutions and in European cooperation. This decision is of such great historical significance that we Christian-Democrats do not wish to let the opportunity pass without stressing how, throughout the entire process of European development and construction, we have always insisted that Europe should be given the human face which it has not hitherto had, but which now becomes possible by virtue of the direct elections to the European Parliament. These will enable the citizens of Europe to play their part in determining the course Europe will take in the future and the demands it will have to meet. The European Christian-Democratic Party will start its campaign at European level next Tuesday with a view to giving the people of Europe a picture of the society which they can look forward to in the future, and we hope that the Socialists, Liberals and others will do likewise. We are therefore very grateful to you and do not need to add very much to your brief but meaningful statement. After the innumerable long and non-committal statements made in this House by Presidents of the Council in the past, your statement today very much represents a step in the right direction, which we wholeheartedly welcome. I do not intend to go into details today since there will be an opportunity to do so in October once the signed Convention has been made public. I hope that this Parliament will then be able to express its views on this Convention and offers its advice, since at the present moment the Convention is still being dealt with by the national governments and parliaments. When they have finished discussing it, we shall then be faced with a new struggle which will require great efforts if we are to be ready in time for the elections in 1978.

The ratification procedures will demand our full attention, and we shall all have to do what we can in our national parliaments to ensure that they can be concluded as soon as possible. In addition, we in our national parliaments shall have to press for the introduction of the necessary adjustments to the national electoral laws, and I should like to stress on behalf of the Christian-Democrats that we expect the national parliaments themselves to make an effort to introduce a European element into the national electoral laws, so that the citizens of Europe, whatever country they happen to be in at the time of these elections, will be able to use their votes and that this right will not be restricted to the nationals of the country in question. That would be the first manifestation of a genuine European conviction on the part of the various national parliaments.

Finally, I should like to add that I am pleased that the number of seats finally decided upon is 410, since I think this number makes it possible for all the political viewpoints, minorities, parties and regions of

Europe to be genuinely represented in this Parliament. The figure of 410 seats will allow each Member State to be represented in the European Parliament by the various political parties and tendencies, so that all the various points of view of the European peoples may be reflected there, thus making this Parliament genuinely representative. We therefore endorse what is stated in Mr Patijn's motion for a resolution, i.e. that we agree with the number of seats allocated. After Monday, 20 September we shall know that the Members of the European Parliament will probably be elected for a period of five years. We shall then be certain that the elections will take place simultaneously in all the Member States on one particular day or couple of days. After the signature of the Convention it will be officially established that the period May — June 1978 has been accepted as the target date for the elections, which is something we should like to stress and hope to see formally confirmed in the Convention — if not actually in the articles themselves, then in the preamble. We should like to request the particular attention of the President-in-Office of the Council on this point.

We know that the dual mandate, as Mr Stewart has already pointed out — and I am grateful to him for doing so — will no longer be obligatory — and that some of the Members of this European Parliament will consequently be able to devote their whole attention to their European mandate, which means that they will be in a better position to do useful work in this Parliament.

I should not like to conclude my remarks without saying a special word of thanks to Mr Spénale. On 27 July you sacrificed part of your holiday because of the hesitation on the part of the Council which, according to the decisions of the European Council of 12 July, should have reached a decision on that date.

On that occasion you, in your capacity as President of the European Parliament, showed that you had so much influence and drive that you were indeed able to bring considerable pressure to bear on the Council on 27 July. The fact that it has been possible today for the President of the Council to confirm formally that all the documents will be signed on 20 September is largely due to your efforts, Mr Spénale, and I should like to thank you on behalf of the Christian-Democratic Group.

Nor should I like to miss the opportunity of thanking the rapporteur, Mr Patijn, on behalf of the Christian-Democratic Group. As a young Member of Parliament he probably has less experience than his predecessor, Mr Dehousse, but he nevertheless used such skill and dexterity in drawing up his draft Convention in such a simple form that he managed to win the approval of this Parliament for a Convention which the nine governments can no longer reject. This is the great merit of Mr Patijn's work — the fact that he has expressed a minimum requirement so simply in a few

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articles that the governments can hardly refuse to accept it, thereby ensuring that the elections will now definitely become a reality.

I should like to thank you, Mr Patijn, on behalf of the Christian-Democratic Group, for this too. After the elections we will continue to work on the basis of the Tindemans Report for the further integration of Europe with the support of a directly elected Parliament which will represent a far greater section of the Community than it does at present.

Since Mr Stewart mentioned the British Government, may I take this opportunity to add a few words regarding the government of my own country which, on 12 July, made it possible for an agreement to be reached, by withdrawing its demand for an equal number of seats for the Netherlands and Belgium, thereby enabling the Danish minister to be party to the agreement reached in the European Council. This was a further illustration of Mr Tindemans' European conviction. I wanted to stress this once more today in order to demonstrate how strong this European conviction is in the small countries and how it brings such pressure to bear on some of the big countries to go along with them — albeit somewhat reluctantly on occasion, since they feel that they are big enough and can do many things on their own. However, that is all in the past. Tomorrow we shall set off together, and the Christian-Democrats will cooperate with all the other parties in the organization of these European elections and the further construction of Europe.

(Applause)

President. — Thank you, Mr Bertrand, for the tone of your speech, for the well-deserved thanks which you gave to our rapporteur, and for the rather flattering words which you addressed to me.

I call Mr Durieux to speak on behalf of the Liberal and Allies Group.

Mr Durieux. — *(F)* Mr President, like those who have spoken before me, I should like first of all to thank the President-in-Office of the Council for giving us so soon and so clearly the first news of the decision to be taken by the Council. Naturally, I also wish to thank our rapporteur, Mr Patijn, who has achieved so much in the last 18 months. And finally of course, I should like to thank you, Mr President, for your help in promoting this matter and for the careful attention which you have paid to the Council decisions.

When agreement was reached in July on the number and distribution of the seats in the European Parliament, the heads of state and government overcame — we realize this now — the last major obstacle to the election of this House by direct universal suffrage in May or June 1978. That will certainly be a date to remember in political history, since this ballot will be the first of its kind and will enable our present Europe of national states to develop into a Community of

European peoples — into a Europe of 160 million voters going to the polls to elect their members for a common parliament.

There have been problems, I know and there will be more yet, but the essential thing is that these elections will be held and that the people of Europe will be able to express their opinion on European union. Next Monday, 20 September, we shall have further proof that Europe is working towards unity, in spite of all the hindrances. Considering the profound implications of these elections, I feel that perseverance will undoubtedly have proved more effective than any sign of impatience. The decision on the distribution of seats and the decision to be taken in the next few days on the text of the Convention mark the end of the first stage. But we all know, and this was pointed out by the previous speakers, that another struggle now begins, basically within the various Member States. It is now up to the national parliaments to initiate as soon as possible the procedure for ratifying the Convention so that the elections can go ahead, as planned, in 1978. In one or two Member States the ratification procedure is scheduled for the very near future. This legislation must be passed very quickly. It was only recently, indeed just last week, that the Dutch parliament ratified the convention on the new budgetary procedure which goes back to the end of Mr Berkhouwer's term of office as President. And the Dutch parliament is not the last to ratify this treaty.

The alternatives before us regarding the electoral procedure will be the subject of heated debate within each Member State. We are going to witness some rear-guard actions, you can be sure of that, and old arguments will be trotted out again: the sacrifice of national sovereignty, a semblance of democracy, and so on. My country will undoubtedly not be spared arguments of this kind, but this discussion should take place everywhere. Ultimately, the essential thing is this: the future European union must be based on a democratic system, i.e. on the enlightened participation of our citizens. This means that we must keep them informed and we must have a thorough knowledge of their hopes and aspirations. This will be a major factor in this new struggle, and we must be thankful that the motion for a resolution devotes several paragraphs to this. These elections call for a truly visionary effort from all the political parties in the Community and from each of us individually. We must draw up clearly formulated European manifestos and we must defend these. The Liberals have already begun this work and we shall continue it within the EEC Liberal and Democratic Federation which we set up in Stuttgart last March and which will be holding its first congress in The Hague at the beginning of November, soon after the Council decision. The Liberals will thus be among the first of the major political groupings in Europe to get together to work out not only a manifesto, but also an action programme

Durieux

for the direct elections to the European Parliament. Furthermore, the statutes of our Federation lay down that the member parties will approve these. We want to arrive at a clear definition of what we mean by European union and to find the means of achieving it. Our efforts must be doubled in future if they are to be effective. Fine ideas can be dangerous if not put into practice. This new stage in European integration must obtain the consensus and the cooperation of the citizens of Europe, and must get a clearer picture of their aspirations and expectations. This is essential for a credible Europe and it will be the task of all political, economic and trade union forces of Europe. I should like to close by mentioning again one of the major effects of these elections which has already aroused fierce opposition in some quarters. If there is going to be a latent conflict between national sovereignty and the democratic legitimacy of the future Parliament, this conflict, this tension must produce an impetus towards a new distribution of power at national and Community levels.

But does this mean that the forthcoming elections will be the starting point of a gradual but total erosion of all national power in favour of centralized Community government? This would be an absurd and dangerous development. Such reasoning would ignore totally those national institutions which exist within each Member State. They do exist, and they will not let us forget it, thank goodness. The Liberals believe that various tasks must remain the responsibility of Member States of their regions. We favour decentralization where centralization has gone too far, whether in human terms or in economic and practical terms. The period before us is thus one for thought and for the assimilation of new ideas. There will be two more speakers on behalf of the Liberal and Allies Group in this debate — Mr Berkhouwer, who will be tabling an amendment which I strongly urge the House to support.

The Liberals will naturally give their total support to this motion for a resolution which Mr Patijn has presented on behalf of the Political Affairs Committee.

Applause)

President. — I call Sir Peter Kirk to speak on behalf of the European Conservative Group.

Sir Peter Kirk. — Mr President, little really remains to be said. This is, I think, the fifth debate on direct elections that we have had since Schelto Patijn presented this original report in January 1975 and I do not think that the Council of Ministers nor the Commission can be in any doubt of the opinion of the European Parliament on this matter nor indeed can the European Parliament be in any doubt of the opinion of the Conservative Group on this matter and I do not wish to labour it again today.

The President-in-Office of the Council has told us that next Monday the convention will be signed and I have no doubt that when he says that he means it and that this will happen. He will, I am sure, permit me to have sufficient doubt about the workings of the Council, from bitter experience over the last four years, to say that I will not be uncorking the champagne until it happens, but I have sufficient trust in the Dutch Presidency to get the champagne out of the cellar and put it on ice so that it will be ready when this does happen.

(Applause)

Of course, nobody could produce a convention which would satisfy everyone and, as both Mr Patijn and Mr Stewart, and indeed Mr Bertrand have said, the numbers proposed for the seats and the distribution among the various countries are not those that we in this Parliament wanted. They are not even those that were canvassed by Members of this Parliament. Indeed, if I may be impertinent enough to say so, they are, I think, less logical than any of the various formulas that were suggested by this Parliament. Nevertheless they are there, and we would be foolish to reject them simply because they were not ours. Certainly I would hope that every Member of this Parliament will be prepared to work on those numbers.

Although we understand that the draft convention will have no date attached to it, we rely upon the declaration of the Heads of State and Government that the date will be May or June of 1978. One that basis the Conservative Group will do all it can to ensure that the declaration which the President has made today, and the convention, which we confidently expect will be signed on Monday, is carried into effect on the due date at the right time and in the right way. We believe that this imposes a particular duty on every Member of this Parliament who votes for this resolution today, to see that the resolution is carried through in our own national Parliaments and is effectively supported by our own national governments. That, too, the Conservative Group will do in the countries which we represent and I feel certain the other groups will do in the countries that they represent.

As Mr Patijn rightly said, and Mr Bertrand repeated, one chapter and a very long chapter comes to an end next Monday and a new chapter, and I hope a slightly shorter chapter, but a very exciting one, begins on Tuesday, and there is an enormous amount of work to be done. I am quite confident that in the vanguard of the march towards the rendez-vous that we have with the electorate in May 1978, our rapporteur, who has done so much to get through this great project, will be leading us. I can assure him that modestly as always, but I hope effectively as always, the Conservative Group will be right behind him.

(Applause)

President. — I call Mr Boano to speak on behalf of the Christian-Democratic Group.

Mr Boano. — (1) Mr President, I personally agree with those who feel that today is perhaps not the right time to go deeply into this matter, especially after the brief but very explicit pledge we have heard from the President-in-Office of the Council. We should be running the risk of either of stating the obvious, or, in an attempt to be more specific, of introducing new problems and new misgivings. Nevertheless, we must avoid facile enthusiasm, not only because we are mindful of numerous past disappointments, but also because the decision which will be taken on 20 September is only the first step on a long and difficult road.

Our first task is to educate public opinion in Europe so that there is no risk of a low turnout at the polls robbing these elections of their meaning and their political significance. It is our duty to ask ourselves whether the voters are sufficiently aware, except in the vaguest and most general terms, of the need to align the destinies of our nations; we have to ask ourselves if there exists a popular and widespread feeling that something new and momentous is about to emerge, something which on the one hand will open up vast new political horizons while on the other hand bringing with it difficulties and sacrifices of equal magnitude. Alas, public opinion in Europe does not yet seem capable of rising above the legacy of its recent history, of transcending national, or indeed regional, local and sectoral interests. Indeed, public opinion seems to have little faith in the future of Europe. Even the present party groupings largely reflect internal struggles and traditions, when their role should be to develop wider-ranging and more distinctly 'European' policies. There is a danger, then, that the European electorate will show a relative lack of interest in the election of this Parliament, which until now has been bereft of power and barely known to the general public.

Consequently, I call on the leading politicians in the various Member States to play a major role in awakening and encouraging public awareness, not only within the confines of their own countries but throughout the Community; and not only in the limited arena of political assemblies, but through the most popular and persuasive medium of our age: In this way a clear picture of the great democratic process which will be launched on 20 September can be brought to the people.

It goes without saying that the election by direct universal suffrage is only a first step, albeit a significant and momentous one. Once the legitimacy of this House has been established by popular vote the newly-elected Parliament must find its rightful place within the framework of the European institutions, a framework which over the last 15 years has developed its

own system of balances, and its own limits, on a different basis.

And so a new and difficult chapter is about to open in the life of this Institution. The road to our goal will be long and arduous. And this explains why our reaction to today's statement by Mr Brinkhorst, although emphatic in its support, is also one of reflection and responsibility; for we realize that the task of forging a new Europe for the Europeans has barely begun and must not be made more difficult by bouts of short-lived enthusiasm. Instead, our efforts must be marked by patient determination, flexibility and resilience over a period of time commensurate with the momentous significance and the difficulties of the task which lies before us.

In closing, Mr President, I should like to offer my sincere thanks, not only to our distinguished *rapporteur*, but also to you yourself. Two days ago, when we spoke briefly together, you told me that you felt like a *fonctionnaire*, a bureaucrat who quite by chance found himself in the world of politics. The President-in-Office of the Council has invited you to be present next Monday at a ceremony which has a formal bureaucratic aspect, but which will mark the end of a campaign which you have admirably led. We all envy you, Mr President, the emotion you are bound to feel this coming Monday. It will be as if Giuseppe Mazzini had been there to witness the unification of Italy, as if Tadeusz Kósciuszko had seen the reunification of his partitioned Poland, or — if I may use a more recent and moving example — as if Fernand Dehousse himself were there.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, I too would like to congratulate Mr Patijn on his motion and will go along with a very large majority — though not a unanimous group — of socialists in this Parliament in supporting the principle of direct elections to the European Assembly. It will be an historic vote and will represent a major step along the road towards the establishment of European democratic institutions. Now, I know that there are some Members of the Socialist Group here and in the United Kingdom Parliament who have never believed in the principle of European integration anyway and they, no doubt, will either abstain or vote against this proposition tonight, and I hope that nobody here will question their sincerity in doing that. But I myself believe that the future of our people, whether they be Belgians or Germans or British or whatever, can only be determined within a much bigger political context than national parliaments can provide, and I desperately hope and pray, and will give unequivocally a very firm undertaking, that I will do nothing to stop or prevent our Labour government, our Socialist Government in Britain,

Hamilton

from fulfilling a clearly undertaken pledge to get these direct elections by the stated target date of the early summer of 1978.

But I must tell this Parliament that one's idealism in these matters must be tempered by a certain degree of realism and the fact is that in my opinion there is very little hope of getting the necessary legislation on this matter through our House of Commons in London by May or June 1978, and I will say why.

And there's no good, — the hysteria of the feminine voice behind me shouting 'rubbish' — no good in that kind of interruption. It makes no contribution whatever to the debate which we are now undergoing. We shall have in front of our United Kingdom Parliament other legislation which will be highly controversial, cutting across all parties, on which the present government has got no mandate, on which there is no majority in the House of Commons and which will take at least twelve months to get through, if it ever gets through. And twelve months, if you look at the timetable, ladies and gentlemen, will take us to this time next year, and the legislation will probably not get through at all; and then we shall be faced, in all probability, with a general election in the United Kingdom, in the same way as the Germans are having an election in a fortnight or so, and one of the people who will lose that election will be the lady who is hysterically calling out behind me. She has got a vested interest in not having this election. I want to say to this Assembly that she has got a vested interest in sustaining this place because she has got part of her family fully employed here at the European Parliament's or somebody's expense in Europe, so she has got a vested interest in maintaining her position and her party's position as a Member of the elected Assembly here.

(Protests)

Now, I want this Parliament to be very clear about what it's about. We as Europeans in this Parliament very much want to have a democratically elected assembly here because we believe that democracy, if it means anything, must mean an elected Parliament answerable to our people and we haven't got that at this moment. We are here representing nobody as Europeans, and unless and until we are directly elected here we have no right to seek increased powers for this Assembly. Increased power must follow rather than precede direct elections to it. And, therefore, I very much welcome the propositions being put forward by Mr Patijn, but I hope the Assembly will understand the difficulties and the dilemmas which face some of us, though not all, in our UK Parliament at home.

President. — I call Mr Spicer on a procedural motion.

Mr Spicer. — Mr President, it is not for me to apologize in this House, but I do really believe that we are

beginning to see the arrival of some of the less fortunate aspects of our own parliament at home here. And I personally hope that you, Sir, would draw the attention of this House to the undesirability of the sort of personal attack that has been made upon another member of this House.

I deplore it intensely.

(Applause from several quarters)

Mr Hamilton. — There was no such attack on any member of this House. There was no such attack — it was a statement of fact — I stand by it, there was no attack at all.

President. — Mr Hamilton, I note Mr Spicer's remark, which I feel is to some extent justified. Quarrels or conflicts of internal politics are best dealt with in the national parliaments. In this House we should try to find what unites us and not what divides us.

(Applause)

I call Mr de la Malène to speak on behalf of the Group of European Progressive Democrats.

Mr de la Malène. — *(F)* Mr President, I should like some clarification on the legal status of the document which is to be signed on 20 September. This is to be done pursuant to the third paragraph of Article 138 of the Treaty of Rome — which, however, also states that, if Article 138 is to be implemented, this must be done in accordance with the respective constitutional requirements of each Member State. As I see it, this constitutes either a new treaty, an amendment to the existing Treaty, an addition to the Treaty, or else a modification of the Treaty.

Furthermore, in this particular case we have a decision taken by the European Council, a body not provided for in the Treaty, although the decision was nevertheless confirmed by the Council of Ministers. Does this therefore come under Article 236?

I should therefore like an explanation of the legal status of this document which is to be signed next Monday. It was successively referred to as a 'treaty', a 'convention' and a 'decision'. What is involved here — internal application of the treaties, a new international treaty, or the implementation of Article 236? I feel that the answer to this question is of some importance to various people in my country.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I hesitate to introduce a slight note of dissent into our parliamentary proceedings this afternoon, but I think I should make it quite clear that I am speaking for a small minority of my colleagues, when I say that we will not feel able to vote for this motion for a resolution worded as it is.

Dunwoody

I do not, of course, mean in any way to imply that we do not find in it the normal clarity and fluency which we associate with the name Schelto Patijn, but I think I should explain that there are many of us who feel very strongly about the question of direct elections and I hope it will be accepted that what I have to say this afternoon stems not from any lack of appreciation of the problems of democracy, but from a very strong and lifelong commitment to precisely that ideal and, if I may, I will explain why I think it is so important not to rush into the whole question of direct elections.

Michael Stewart in his speech mentioned the fact that it was going to be exceedingly difficult for Members of this Parliament, once direct elections had taken place, to hold a dual mandate. I must say to him, just as I must say to my colleague William Hamilton, that it is precisely my commitment to the dual mandate which, I believe, fits me to sit in this Parliament. I do not underestimate the physical or political difficulties, but I say to you that democracy is far more than the setting up of a date. It is far more than the declaration of a time at which the machinery will work. It is far more than the printing of pamphlets and the creation of a number of platforms which have only one thing in common, and that is their refusal to accept the fact that there are very great differences not only of history but of political thought between the countries of the Nine, not differences that we should in any way regret, but differences that have to be dealt with if this Parliament is to mean anything. And I stand here because I believe most fundamentally that there is a very great danger in creating merely the semblance of democracy.

May I explain to you precisely what direct elections would mean to many of us in my country? We should be asked to represent ten times our existing electorate. We should, and I believe if we are to do the job efficiently, we must transmit not just their ideas to you, but your ideas to them. And I say to you that at the present time many of us find it exceedingly difficult — spending, as we do, large parts of every month in most constituencies, dealing with the problems of those people from day to day, talking to them in our surgeries — we find it exceedingly difficult to convince them that the EEC has any direct relevance to their lives. And, if you are really seriously to say that it is only when we have direct elections that we shall be able to ask for powers, I say to you: What powers will you ask for? What will you have after direct elections that you do not have today? You have the right in this Parliament to question the Commission and to question them more closely than you do. You have the right to sit in committees, although you do not admit the world's press so that they will know what is going on. You have the right to cast votes in this Assembly which are based upon your political views, and yet those votes are not recorded and the results are not fully handed out to the people of

Europe to understand exactly how you think and why you have reached certain conclusions. You can do all this now. You can do this in the next two years.

Believe me, parliaments which are effective, and those which have been effective through the ages, are the ones where there has been an upsurge of involvement from the peoples of the countries concerned who wanted to participate. I say to you that two-thirds of the people of Europe are not concerned with the European Parliament. If you want me to be vulgar I would say they don't give a damn! And I will tell you why. Because they are not yet convinced that we here are capable of taking decisions which are based on their fundamental rights and their fundamental needs. We have all sorts of practical difficulties to face. I leave aside the fact that many of us believe that my own country is misinterpreting a treaty obligation; they have given this undertaking, but it still has to go through my parliament. My people have to be convinced as to the efficacy of, as to the reason for the sort of machinery that is being suggested. We will have to work hard because of the timing of an election which many of us believe to be not only misconceived, but far too soon to be of any practical use to anybody.

May I say this to you? We cannot exist in Europe by creating goals in the future, by aiming for those goals, and then, when we get there, saying how dreadful it is that the majority of the people of Europe are not involved in what we are doing, unless we explain to them the reasons behind our future plans. Direct elections will give us a semblance of democracy but not democracy. They will destroy this existing Chamber and put in its place something larger, something which will not be any more involved and, indeed, may be dangerously less involved with the electorate of the Nine than it is at the present time. I shall vote against the wording of this motion for a resolution sadly, but from a very deep conviction that Europe must be built on practicalities, and reality does not lie in semantics. We have heard today that South Africa is capable of disguising its particular policies as a 'multilateral approach'. That is semantics. Politics is not semantics. Politics is what you and I and the lady next door and that famous man on the Clapham omnibus care about. And when that man is anxious that we should have an elected parliament with real powers he will say so, and he will say so in unmistakable terms that will be heard throughout the nine countries of the EEC.

(Applause from certain quarters)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I very much support Mr Patijn and his excellent work on the question of direct elections.

Ewing

My party — and this of course, may seem odd to some of you — is aiming at the independence of Scotland and the entry of Scotland into Europe on its own steam with your welcome. Now that may be or it may not be, I do not know the result of the next election, but that is my position here. I have always found that I was treated on the whole with considerable courtesy by this House until today and I think, having been personally attacked on a domestic level, I really must make a statement to this House.

As a non-attached Member, I have an allowance, as you all have, for a secretary. I never claimed it until I had one. I had one when my son failed to get into Cambridge University, which for some reason, which I cannot explain, he wanted to do. He became my secretary in January and I claimed this pittance of an allowance for my son. I said, 'if you can live on this in Luxembourg, it's all yours — get on with it'. And that's what he did. I can say with my hand on my heart that no one could have a more efficient secretary, as is known to many people in this group, and I make no apology about having my son as my secretary on a pittance allowance. Can I therefore say that the innuendos of the Member for Central Fife against me today have been nothing short of disgraceful. If that is the way this Parliament is going to conduct itself. Mr President, my party will have to consider very carefully if they wish to send me back here. That is the position, and I have come here as a reasonable person to speak on ever so many subjects, subjects that sometimes have nothing to do with Scotland. I have come here to do my best as a Member of this forum, which I very much respect, and I just think it is very odd that this forum should watch me being so personally attacked as I have been today.

(Applause)

So much for that.

I want to speak about direct elections. From the beginning, my party has supported the idea, because, if this Parliament is going to be democratic, it must control the two executive arms that we see here today, the Commission and the Council. We must have some control and we must therefore be directly elected; it goes without saying — indeed, there is no argument left.

What I would like to say on behalf of my party is very simple. The Foreign Office of the British Government are going to try and use my party as an excuse for a delay, because, of course, eight or ten seats are not enough for Scotland when we have the same population as Denmark. But my party says to this House: we don't mind, we will take the number of seats you give us at the moment and only if we prove that we are right will we then come back to you and ask you for more seats. At the moment it does not matter to us very much if we get eight or ten seats, so that if the British Government tries to hold up direct elections by blaming the Scottish National Party this will

simply not do. We are on record here, through me, and on record in the House of Commons as saying that we trust the good will of the Member States towards Scotland. If it's eight seats — OK, it's eight; if it's ten — OK, it is ten; but we are in favour of direct elections and unless we have them the citizens, as many speakers have said today, are going to lose interest. Mr President, in this institution the press does not always get through to the local papers. I am sure that is true in every Member State, it is certainly true in my country, and it is a pity, because what happens here is important but we don't get through and one way we shall get through is by direct elections. It's so simple, it is so obvious, there is no argument. The only thing I can say to you, Mr President, is, for what it is worth — and this House has people, as you have seen, who will laugh — that we have 30 per cent of the votes of the people of Scotland, and we give you our pledge that we are only interested in this House if it is directly elected. There is no possible excuse for the British Government to delay a single instant. All the problems — the dual mandates and so on — can be worked out, all these things can be left for a period of time, surely, with good will amongst us all. There is no reason for these elections to be delayed beyond May 1978, and for my party I put my hand on the desk and say, let's have them as soon as possible!

President. — I call Mr Bordu.

Mr Bordu. — *(F)* Mr President, the position of the Communist Party in France with regard to democracy and the election of parliamentary assemblies by universal suffrage is perfectly clear. We believe that democracy and its advance are the result of continually expanding the powers of all elected assemblies and that these alone have the sovereign right to direct the affairs of France.

Our policies are based on democracy, national sovereignty and the independence of France. For these reasons we oppose, from the outset, any plan for direct elections to the European Parliament. We regard these elections as pseudo-democracy for a Community marked by technocracy, as an anti-democratic tool for the political purposes of the great financial and industrial concerns. This is the smoke-screen behind which the multinationals intend to pursue a policy of exclusive benefit to themselves, while the workers have to make all the sacrifices.

This policy pulls the Community further down the slope of crisis with each passing year. Our Community is struggling with serious problems — monetary chaos, inflation, unemployment — without being able to find any solution. It would appear that a pool of 5 million unemployed has become an accepted factor in the Community's crisis; it would seem that mass unemployment, affecting young people in particular, has become a concomitant of capitalist society.

Bordu

Indeed, the decision taken in Brussels on 26 July by the EEC Council of Ministers reveals the renewed determination of the governments of the Member States to impose on the workers a new dose of austerity, an added twist in the policy of sacrifice, the immediate result of which will be to increase unemployment and cause more bankruptcies among farmers and small and medium-sized business.

This is no debate on the technicalities of democracy but rather a discussion of much deeper issues. Some questions must be answered: will the Community be more democratic, a fairer society, after the election of the European Parliament by universal suffrage? Or will the Community then have a screen behind which it can hide as it intensifies the burden on the workers with its policy of sacrifices, with its policy of eroding power at national level? Although there is an element of consent, the workers are rebelling increasingly against this, if I am to go by the demonstrations taking place throughout the Community.

How can one ignore the fact that the Community is dominated by the economic and financial power of West Germany, which even dictates — or tries to — how certain Member States should form their governments? Such interference, even if it was only done to catch votes, is part of the Puerto Rico conspiracy, a barrier to the people's freedom of expression, even if in the end the people do accept their responsibilities.

We are convinced that if 'supranational' powers are given to the European Parliament, we are only paving the way for the political and economic domination of the Community by Germany. Behind the facade of democracy, this Parliament would simply provide a political guarantee for the capitalist policies of Europe and America.

Our position with regard to the Community is well known. We favour a democratic Europe serving the workers; we favour economic and social progress. We feel that cooperation between the countries of Europe and the world must not be achieved at the price of lost national sovereignty and independence. Europe must be built with countries which are strong because they are independent and sovereign nations.

Our fears have just been confirmed by the call from the Lower House of the Netherlands Parliament that the European Parliament should have all the powers of a national parliament. This means that the affairs of France, for example, would be decided outside the country. May I remind the House that we have always stated that French affairs must not be decided in Washington, or London, or Moscow, or Bonn, but in Paris. It is ironical that, after our having been accused for so long of receiving our orders from abroad, this accusation should now rebound on those who levelled it.

It is our desire to occupy our rightful place in this House. And we shall strive to achieve the fair representation which is our right.

Consequently, we shall advocate and support any move which furthers the cause of a Europe of the workers, a Europe which is democratic, independent and peace-loving.

As Members of this Parliament — and even though our numerical strength is an insult to the concept of proportional representation — we shall continue to champion the cause of the workers of France, defending their interests and those of our country. In the same way, the French Communist Party will continue to oppose any attempt to undermine national sovereignty. We therefore believe that the resolution before us is not only a threat to the sovereignty of our country but is also riddled with ambiguities. The veil of silence that has been drawn over the basic issues is too great to allow us to sign a blank cheque mortgaging the future of our country and our people.

President. — I call Mr Sandri.

Mr Sandri. — (I) Mr President, it is certainly not our intention to question the sincerity of Mr Brinkhorst's words or to deny the resolute efforts of Mr Patijn in this matter; indeed, we truly appreciate all he has achieved. However, we feel that this motion for a resolution is simply performing a ritual in deploring the Council decision to postpone the signing of the Convention, and that its calls for future action only hide the true nature of the obstacles which have emerged and which still encumber the road ahead.

We want to take the opportunity which this debate offers of avoiding the usual stereotyped phrases and attempting a more thorough, albeit brief, analysis, going beyond purely defensive arguments. If we take a wider look at the problem, outside the strict Community framework, we see that in the wake of the serious crisis of these last few years — a crisis, by the way which is far from being over — the West is experiencing a steady polarization and concentration of political and economic power in the stronger nations. This is tending, of course, to leave the smaller and weaker nations further and further behind. We saw this during the Puerto Rico summit — I am sorry, but it has to be said — when it was clear not only from the warning handed out to Italy, but also from the criteria by which nations were invited or excluded. This was one of many damaging blows to what is claimed to be Community spirit of the Nine.

I am not digressing here, Mr President, because even the European Council meeting of 12 and 13 July was preceded by bilateral meetings between the leaders of certain Member States. These meetings, where in the main Community problems were discussed, more or less determined the Council decision which followed. It was then that the press, and not only the press, spoke of the emergence within the European Economic Community of a genuine directorate of the major Community powers, a directorate entrusted

Sandri

with and productive of decision-making power. It is our opinion — and this is what we want to bring to Parliament's attention — that the balance of political and institutional power is again being altered within the Community, and that a hierarchical system is in line with the general trend in the West — as I mentioned earlier — and with the political, economic and social disparities which are increasing within the Nine.

We therefore feel obliged to point out the danger that these European elections, far from achieving their avowed purpose, may simply provide the pretext for a concentration of power in the hands of a few dominant nations. This would gravely hinder the construction of a truly democratic Europe, which depends on the equal participation of the peoples of each Member State. To be sure, the election of the European Parliament may lead to something quite different from the unpleasant prospect I have painted, and we in the Italian Communist Party should like to stress our belief in this. On this point — and it would be both pointless and hypocritical to deny it — there is a difference of opinion between us and our French comrades, but I do not feel that it should be exaggerated, nor give rise to unwarranted speculation. It is merely proof of the fact that the workers of our continent are developing different viewpoints which every one of us must attempt to reconcile even using the method of dialectical confrontation.

We Italian Communists do not believe that the election of a European Parliament will provide a magic solution to our problems, but we do believe that it may be — notice that I say 'may' not 'will', there is nothing automatic or inevitable about it — the first step along the rocky road to European union. We do feel, however, that the election of a European Parliament can be a very important step if the electoral campaign permits a civilized contest between the ideologies and policies of the various political and social movements at work in Europe; it can be a very important step especially if the national electoral laws allow effective proportional representation accepted by all, and if the new Parliament becomes, as has been said, a focus for the reinforcement and not the erosion of national sovereignty. It is our belief, therefore, that the election of a European Parliament will provide a new forum for the democratic struggle, and that this is a challenge which must be met, since it will give the workers of Europe the opportunity for making their voices heard.

We agree with the principles enunciated in the motion for a resolution tabled by Mr Patijn but, ladies and gentlemen, we shall abstain from voting on the document as a whole. Even if the resolution is clear enough, there is still too much ambiguity about the basic issues, i.e. the practical application of the decision and the political thinking which produced and still pervades it.

(Applause)

President. — I call Mr De Sanctis.

Mr De Sanctis. — *(I)* Mr President, you will excuse me if I am unable to remain calm and impassive this afternoon. Lack of time prevents me from speaking at any length, but there is also a very personal reason why I should feel as I do. There will soon be a new Italian delegation to this Parliament and I already know I shall not be among its members. But I also know that my party is to appoint me as its spokesman on Community affairs in Italy, and I feel this entitles me to tell both you and the Members of this House this afternoon that I do not so much wish to make a speech as a declaration of political faith and personal commitment.

I said political faith. After having shared with this House the tribulations of Europe in recent years, and having realized that a new Europe is emerging, however slowly, I must thank the President-in-Office of the Council for what is to happen on 20 September, and I must also thank him — perhaps rather more warmly than others — for the direct and instant action he took during his Presidency. I should also like to thank the President of this Parliament — to which I must shortly bid farewell — for the cordiality and cooperation which has enabled us to get on together over the years, and the last two in particular, and has helped me in my political work and that of my two colleagues, Mr Romualdi and Mr Covelli, who were unable to attend this afternoon. Unfortunately this work was rendered more difficult by the fact that several important steps have been omitted, possibly owing to the lack of a genuinely democratic atmosphere and the inability of some Parliament Members to take part in its work to the same extent.

I have to say this as I am deeply convinced that we all want to take up arms together, both inside and outside this Parliament, in the hope of finding a true political identity for Europe, a Europe which is far more important than my own person or party, to find the means of tackling and overcoming the great social and political problems which await us along the road to Europe after next Monday. One of the parties represented in this House has clearly anticipated some of these problems here this afternoon. And although it is their stated intention to abstain from voting on this document — and I agree that it is incomplete in that it remains silent on certain issues, nevertheless it is a significant and genuine step forward along the road to Europe — it is precisely this party which has stated other intentions which I totally reject, just as I have rejected them in the past. And I do this not from any mere party political viewpoint, but because it is my heartfelt conviction that Europe will be built without regard to, perhaps even in spite of, certain factors and certain attitudes.

So much for the state of permanent conflict on the political stage of Europe.

De Sanctis

As regards the problem of genuine participation and the forging of harmonious relations between those involved in social conflicts, I am politically committed to support such a notion, just as I have always supported such ideas. I realize that if the concept of Europe is to be advanced outside Parliament, even as far as I am concerned, this means making proper contact with the vast body of public opinion throughout the Community which is still unaware of Europe and its institutions.

Mr Boano and those who spoke before him were quite right in stressing how much there is to be done, not only to win over our citizens to the idea of Europe, but also to inform them of the Community institutions and what they can achieve.

Speaking now without any false pride but with a true sense of responsibility, I should like to stress the need of a campaign to inform our fellow citizens. The concept of Europe must be brought home to them, as this will encourage the process of unification, at least at an individual and political level.

In the light of what I have said, Mr President, Members of the House, I shall vote this afternoon in favour of the motion for a resolution. I shall do so with enthusiasm, but without any rhetorical flights. Nor, like an earlier speaker, shall I quibble over the precise legal meaning — which is clear to me as a lawyer — of the document to be signed next Monday by the leaders of the Member States. I do not wish to dwell on a problem of this nature, even though it is one which has to be brought to the attention of the President-in-Office of the Council and must not be ignored by the parliamentary institutions of the Community if we are to guide Europe on the right path. If this is not done, those who speak of meaningless ritual and empty ceremony would be right, whereas the real work ahead is of supreme importance. It must not be watered down by trite observations devoid of any real meaning or regard for the future.

With these words, Mr President, and thanking you for the time you have allowed me, I come to the end of what I have to say. Speaking also on behalf of Mr Romualdi and Mr Covelli, who are unable to be present, I should finally like to say that we are in favour of the motion for a resolution which has been tabled.

(Applause)

President. — I call Mr Espersen.

Mr Espersen. — *(DK)* Denmark is the only country with some reservations about the agreement or Convention to be signed on 20 September, and this is perhaps surprising in view of all that has been said about the impending expansion and strengthening of democracy. Let me explain briefly the reasons for these reservations — although not from any desire to

put a spanner in the works or to hold up progress which others welcome.

The fact is that we regard the creation of a new, directly elected Parliament as an extremely serious matter. As Mr Bertrand said, it is not every day that an historic decision is reached. This is an historic decision because a Parliament such as this will be operating to some extent in competition with the national parliaments, and we must therefore naturally proceed with caution. We see many advantages in this new Parliament, but we also see some risks which I should like to deal with briefly in order to explain the Danish government's attitude.

One risk is that there will not be sufficient interest in this new Parliament, in electing members to it, and a Parliament in which the electorate is not interested risks remaining moribund. The second risk we see is that the European Parliament and the national parliaments will proceed in different directions, that they will have different political blueprints for the development of Europe, and if they come into conflict with each other, if disputes arise between them, this will be an extremely serious matter which could have an effect on the vital nerve of our democracy — the function of Parliament. These are the two risks which we feel cannot simply be ignored completely, and this is the reason for our reservations.

In spite of this uncertainty and these risks, the Danish Government and the majority of the Danish Social-Democrats — the government party — have decided to approve the direct elections. We have accepted that there is an obligation under the Treaty of Rome, and we do not want to be the ones to stand in the way of a development which the other eight countries favour. This is why we have accepted the obligation with the reservations I have just mentioned. It is obvious that, if these risks can be contained some other way, if some other way can be found of avoiding excessive disagreement between the national parliaments and the European Parliament, the Danish Government and my party will be only too willing to investigate whether these methods can be applied instead — perhaps we can avoid the dual mandate, for instance — but until such methods have been found, we felt it was best to make these reservations known.

I would point out that, for the moment, the aim is only to ensure that the Danish Folketing has freedom of action. No decision has yet been taken on whether or not to uphold these reservations in practice — that is something for the majority in the Folketing at the relevant time. We do not know whether it will want to uphold these reservations, but we wanted to ensure that it had this possibility. These, briefly, are the considerations underlying the Danish proviso. I should like to take this opportunity of thanking Schelto Patijn and the Political Affairs Committee for their appreciation of the Danish attitude, and I should

Espersen

also like to thank the President of the Council, as representative of the eight other countries, for the friendly and positive attitude of the governments of these eight countries towards the two Danish reservations.

(Applause)

President. — I call Lord Gordon Walker.

Lord Gordon Walker. — Mr President, I would like to say, as briefly as I can, that I support the motion for a resolution before us and the declared attitude of the British Government. I do not go so far as my friend and colleague, Mr Hamilton, in his pessimism about the passage through the British Parliament of the bill on direct elections, but I think I should point out to Members of this House, that there is some possibility of delay in our parliament in spite of the attitude of the Prime Minister and the British Government.

The reason for this is that a convinced minority can hold up what we call in constitutional bill, which this would be, for longer than they could hold up the ordinary type of bill which is passed in parliaments. Nonetheless, I am convinced that when a government and a majority of parliament — because there is clearly a great majority in parliament in favour of carrying this bill for direct elections — when a government and the majority of parliament agree, a bill does get through somehow or other and I am convinced that this will happen by the necessary date. It is most important that it does get through by the necessary date, otherwise the whole procedure will be held up in Europe. According to my reading of Mr Patijn's motion for a resolution, it is not possible for one Member State to stand out whilst the others want to go on. If one stands out, for whatever reason, that brings the whole thing to a stop and one has to set new dates and times.

Now direct elections will not work miracles as some people seem to think they will. The relations between and status of the institutions of this Community are set out and fixed in the Treaty of Rome and that Treaty will not be altered by direct elections. Nonetheless, institutions do change gradually, almost imperceptibly very often, if there is a consensus and if there is real popular support in the constituencies for changes.

There is one historical analogy that is singularly appropriate to the problems that we have been discussing but which I think has never been mentioned. It concerns the United States Senate. It is not generally recognized that until about a century ago the members of the United States Senate were elected by state congresses in exactly the same way as we are elected here by our national parliaments, and for all that time the Senate was a body of very little importance. The House of Representatives was much more

important. Then when, about a century ago, direct elections were introduced for the Senate, the Senate suddenly began to rise in importance and power and indeed the House of Representatives to fall so that today, after a century of direct elections, the United States Senate is far the more important of the two chambers and I am convinced that the effective importance of this Parliament will rise in the same way and for similar reasons.

(Applause)

IN THE CHAIR : MR SANTER*Vice-President*

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — *(NL)* Mr President, I should like to make a few more brief remarks following this stimulating debate on direct elections. This President of the Council has let the European Parliament be the first to know what has been decided. May I sum it up briefly once more. I said that at its July meeting the Council clearly took on a political undertaking. I told you that the Council's commitment had by no means diminished at the recent meeting in Beesterzwaag in Friesland. I should like to leave it at that for the moment since, like Sir Peter Kirk, I too have had almost four years experience of the Council — but as a member in my case — and am only too aware that nothing is sacred in the Community. I think we should therefore take due note of what he said about only uncorking the champagne when the last Member State has put its signature to the document and not a moment earlier! I fully agree with him on that. He can rest assured that the Netherlands Presidency will do everything in its power to see to it that the champagne can indeed flow next week and that the first step on the road to direct elections is taken. I said 'the first step' because I agree with all those who have spoken here today that it will still be necessary for the various national parliaments to hold stimulating and difficult debates if this target date is in fact to be adhered to. At the present moment, all I can say is that the nine Member States have taken upon themselves the political obligation to sign the Convention.

And now two brief comments. I will answer Mr de la Malène's question regarding the character of the decision as frankly as possible. I can say with my hand on my heart that it deals exclusively with the implementation of the Convention and with nothing else. It concerns the implementation of the Convention — which is binding on all the governments and bears the signatures of all the governments.

Brinkhorst

Finally, I should like to address one further remark to certain Members of this House who feel strongly and, I think, for excellent reasons, that direct elections should not be held. It is the right of every Member of Parliament, it is the right of every democrat to speak his mind and I personally have great admiration for the outspoken way in which some Members have explained why they are not in favour of direct elections. One argument, however, does not convince me, namely the argument to the effect that the current state of affairs renders direct elections impossible. A former, and by no means the least eminent, President of the European Commission — and in so saying I am not detracting from the merits of the current President — said once 'There are realities in the world which can be changed.' It is, I feel, in this spirit that the vast majority of this House feel that the realities must be changed if we are to build a united Europe. This is the precondition of progress. The President-in-Office of the Council before you now shares the view of the former President of the European Commission.

President. — The joint debate is closed.

We shall now consider the motion for a resolution tabled by Mr Patijn.

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 3 tabled by Mr de la Malène on behalf of the Group of European Progressive Democrats:

— this paragraph to read as follows:

'2. Insists that the European Council's decision of 2 December 1975 in Rome that the election will take place in May/June 1978 in all Member States should be respected';

I call Mr de la Malène.

Mr de la Malène. — (F) As this amendment is self-explanatory, there is no need for me to comment on it at length. Its purpose is simply to remove any trace of ambiguity from the Council decision. Let me just add, in this respect, that the answer supplied to me by the President-in-Office of the Council is no answer at all; that is the least one can say about it. At most it is no more than an assertion, and yet for one or two Member States this is a relatively serious problem from the constitutional point of view.

Coming back to the amendment, however, I do not believe that any ambiguity which might appear in a Council decision would be a good thing, nor would it be conducive to approval by the Member States. On the contrary, it is my belief that there should be no ambiguity at all in the text if the Member States are to make their decision without difficulty. In other words,

each parliament giving its undertaking must know that the others are committed at the same time. This is the purpose of my amendment, and I hope that Parliament will adopt it.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I should like to ask Mr de la Malène a question since he has just said that there should be no ambiguity. As he introduced this term, I should first of all like to say that I interpret his amendment as follows: if the House adopts this amendment, it is tantamount to making a firm recommendation to all the Member States to go ahead with these elections. Secondly, I should like to ask him whether if for any organizational or practical reason, for some political or diplomatic reason which cannot be anticipated, in other words if anything unforeseen occurs to prevent a Member State from holding the election, he would support the holding of direct elections in the other Member States?

If my interpretation is incorrect, I ask the House to reject the amendment tabled by Mr de la Malène.

President. — I call Mr de la Malène.

Mr de la Malène. — (F) What is my intention, my aim? Quite simply that the parliaments which have to take a decision on this document — the nature of which is still unknown to me — take one that is clear, so that any commitment they enter into is equally binding on the others. In other words, they must feel sure that their commitment will not be unilateral.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, we are indulging in a fairly complex play of shadows here, since in signing the Convention next Monday all nine Member States are taking on this obligation. That is correct. The Danish annex, to which the nine Member States agree, is an integral part of the agreement which has been reached and which will be signed by, among others, the French Foreign Minister. Mr Espersen said that a solution will perhaps be found to the problems in Denmark in connection with the proviso which will form part of the document signed on Monday. I am grateful to him for this answer, but as matters stand at the moment, the Danish proviso forms an integral part of the provisions as a whole. If Mr de la Malène takes the same view of this matter as I do I have no objections to the amendment. However, if he has another interpretation, I should be grateful to hear his opinion. Otherwise, it makes no difference to me whether this amendment is adopted or not.

President. — Call Mr de la Malène.

Mr de la Malène. — (F) I should like to reply immediately to Mr Patijn. As far as the Danish annex is concerned, he has just given us a somewhat cryptic explanation which is no doubt clear to those with a knowledge of domestic politics in Denmark. Deciphering the situation, we believe that the problem will disappear with the ratification of the Convention. Consequently, I agree with the *rapporteur* as regards the acceptance of the Danish proviso.

On the other hand, I should be most put out if my amendment were not adopted because, conversely, this could mean that the commitments were not reciprocal in certain parliaments. I therefore hope that the Council decision will incorporate Parliament's resolution, in order to avoid any feeling among the parliaments that the commitments are not reciprocal.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I shall say it once more in order to make it clear. As I said two weeks ago in the Political Affairs Committee, election will be held in June 1978 in nine Member States in accordance with this agreement. And if it so happens that two or three Member States have not managed to complete the implementation procedures by that date because of difficulties such as those facing Britain, as mentioned by Mr Hamilton — although Britain is not the only country faced with such problems — it will not be possible to hold the elections. This is obvious, since these elections are not to be held in only six, five, four, three or two Member States, but in all nine — and I say this in full awareness of the Danish proviso.

If this is what Mr de la Malène is trying to say, then I agree with him. But surely that is quite clear, since Article 9 of the Convention which is to be signed on Monday states explicitly that the elections for the European Parliament will take place on a date fixed by each Member State falling within a period — beginning on Thursday and ending on Monday — which is the same for every State. This means that the elections must be held at some time during the same period of four days in all the Member States. We are aware of the Danish proviso but all the other Member States have entered into this obligation and if two or three of them are unable to fulfil this obligation, it will not be possible to hold the elections at the time specified. This is implicit in the Convention and does not need to be stated explicitly in the resolution. If Mr de la Malène, however, feels that it should be, I have no objections. But I've given my own views.

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — (NL) Mr President, I should just like to say on behalf of the Christian-Democratic Group that, for reasons of expediency, we have decided to reject all amendments to Mr Patijn's

motion for a resolution. Adding something or taking something away does not affect the value of what we want to say, and we have not yet seen the text of the draft Convention. It was decided not to submit it to us, we do not know exactly what it contains and we cannot pass judgement on something of which we have no knowledge. For this reason, therefore, I urge Parliament to reject Mr de la Malène's amendment and all the other amendments and to adopt Mr Patijn's text as it stands. This is the view of my Group.

President. — I call Mr Espersen.

Mr Espersen. — (DK) I understood Mr de la Malène to say that it was not the Danish reservations that he was worried about, but other things. The fact is, however, as Mr Patijn pointed out, that the draft Convention, which will be signed on Monday, is completely reciprocal in all aspects, in that it states that the date shall be fixed by unanimous agreement on the part of all countries involved. Since it is clear that this principle of reciprocity is 100 % present in the draft Convention, I suggest that the amendment should be withdrawn so that we can avoid over-long debates and difficulties — and I hope Mr de la Malène can accept this.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I should like Mr de la Malène to reply to Mr Espersen. The matter is still unclear to me.

President. — I call Mr Stewart to speak on behalf of the Socialist Group.

Mr Stewart. — Mr President, I would like to say, speaking for the Socialist Group, that we also take the view that it would be best, as a matter of principle, to take the Patijn resolution as it is and reject all amendments.

(Applause)

President. — I put the amendment to the vote.

The amendment is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

After paragraph 4, I have Amendment No 1 tabled by Mr Bersani, Mr Pisoni and Mr Girardin:

After paragraph 4, add a new paragraph 4 a, worded as follows:

'4 a. Considers it essential that, while remaining in line with national legislation, the Convention should make practical provision for all European citizens, and in particular migrant workers, to exercise their right to vote in the country in which they work.'

I call Mr Bersani.

Mr Bersani. — (I) Mr President, in accordance with opinion adopted by such a large majority of the House, i.e. to reject any amendment aimed at giving way on the decision which the Council of Ministers is to take next Monday, I hereby withdraw the amendment, notwithstanding the fact that the basic problem, the reasons which are at the root of it and which concern more than 1 600 000 particularly deserving citizens, must be borne in mind by all those who, be it at national or European level, will have to take the appropriate decisions when the time comes.

(Applause)

President. — Amendment No 1 is thus withdrawn.

Also after paragraph 4, I have Amendment No 2 tabled by Lord Gladwyn :

After paragraph 4, insert the following new paragraph :

'4 a. Invites the governments and the parliaments of all Member States in this context to decide to hold the elections on terms so far as possible permitting in principle adequate and fair representation of all recognized political parties, thus reflecting the overall pattern of popular opinion both regional and national.'

I call Lord Gladwyn.

Lord Gladwyn. — Mr President, the amendment which the House now has before it was rejected by a majority of one in the Political Affairs Committee with a number of abstentions, so I naturally hope that this decision will now be reversed in plenary session. But let me say straight at the outset that of course every national parliament has the right to adopt any procedure that seems good to it for the first election of its national quota to the European Parliament. That is undisputed. So, if the British Parliament, for instance, insists on adopting a system which, among other things, would produce an unrepresentative delegation, it is completely at liberty to do so. We Liberals may protest, but we can only appeal to good sense and fair play. We have no power, nor has this Parliament any power, to ensure that a fair and reasonable electoral procedure is adopted.

At the same time, there may well be — and in the United Kingdom there certainly is — an electoral system which, while possibly suited to local conditions, can have a most unfortunate effect if applied in a European context. If, as I shall hope to demonstrate, this is the case, then this Parliament also has the undoubted right at least to express, by inference and without pointing a finger, a wish, a *voeu*, that no such systems should be employed for the election of a section of its own membership. The so-called 'first-past-the-post' system, still used in the election of the Westminster Parliament, may, as I say, have had an advantage in the past in that it tended to produce a workable majority for a single party, often resulting in

strong and stable government. With the recent Liberal revival and the emergence of a number of smaller parties ... (laughter) ... this alleged advantage has become increasingly questionable. What cannot be denied in any case is that it operates largely on the basis of the so called 'swing', whereby a relatively small change of public opinion in favour of a certain party can, provided of course that that party represents more than about a third of the electorate, produce a considerable, or even a large majority in the House of Commons. It is not too much, indeed, to say that the 'swing' is essential to the operation of the system, which results, among other things, in the grave under-representation of any smaller party unless it happens to be very strong in a particular region or area. This, as everybody knows, has meant that the British Liberal Party, with about 18 % of the votes, has only 2 % of the membership of the House of Commons.

Now, if this system were, adopted for direct elections to the European Parliament, it would mean — and here, I think, no qualified expert would disagree — that not only in all probability no British Liberals would be elected, even if they polled up to 7 or 8 million votes — which is unlikely, but conceivable — but also that there would be a heavy distortion of the representation of the two larger parties. It does not require much intelligence to see that if the 'swing' has such a powerful effect on the election of 635 persons, it will have much more influence on the election of 81. Indeed, there is good reason to suppose that it might even be magnified by a factor of 8. Thus, given a 'swing' of, say, 10 % in favour of the Tories in 1978 — which is not impossible — and supposing the Scottish Nationalists collect more than a third of the Scottish votes — again not impossible, more especially if Devolution goes wrong — you might very well see Sir Peter, still in opposition, arriving at the head of a team of 50 Conservatives, Mrs Ewing leading a Scottish Nationalist delegation of 8 or even 10, perhaps one or two Welsh nationalists ...

(Cries of protest)

... three Northern Irish — but, of course, no Catholics — a Labour representation of only 17 to 20, and no Liberals at all! Equally, if the swing went in favour of Labour, you might get up to 50 British Socialists, very few Tories, the Scottish Nationalist representation, on the same assumption, ending up much the same.

Now, even if the two major political parties in Britain are prepared to indulge in a gamble of this sort, whether out of a desire to crush the Liberals, or because they just like a gamble, or because they simply cannot face any change, I do ask my colleagues here to consider its likely effect on the balance of power in this Parliament when it is directly elected. A heavy reinforcement of the Right or alterna-

Lord Gladwyn

tively of the Left and a grave weakening of the Centre, — which for some strange reason is situated in this Parliament on the extreme right —

(Laughter)

might falsify the entire system and give the Ministers some excuse for saying that the Parliament was unrepresentative and that there was therefore no obligation on their part to give it further powers or indeed to pay any particular attention to its deliberations.

Now, I would not deny that to those in Britain, and on the other side of this House, who don't care much what happens here and who in any case would be opposed on nationalistic grounds to a European Parliament which possesses any real powers or is designed to play any significant rôle in the slow formation of a Union, that might seem to be a desirable result. But if the British Parliament is going to ratify the Convention, which, most of us here must hope, will be put forward for ratification shortly after the Ministers have taken their fateful decision only five days from now, then it must, by the force of things, take the 1978 election very seriously. And if it takes it seriously it must provide the necessary funds, interest the media, arrange for good candidates from all parties and generally behave as a responsible Parliament of the Community. As for the argument that we can't do it now because if it's changed you will have to change it again in five years' time, that is not really serious, it is only an excuse.

I hope in any case that I have now said enough to convince my colleagues of the desirability of approving my proposed new paragraph in the draft resolution, which incidentally, has been slightly modified, notably by the insertion of the words 'so far as possible' for obviously, apart from anything else, if there are more parties than members in any given state not all can be represented. It is couched, of course, in most general terms, and as such I like to think that no convinced European democrat will question its basic validity. If indeed, for whatever reason, it is rejected, it would presumably mean that this House was quite prepared to welcome in its midst a delegation which clearly does not represent the country from which it originates.

(Applause from certain quarters)

President. — I call Mr Brugger.

Mr Brugger. — *(D)* Mr President, ladies and gentlemen, we gather from what Lord Gladwyn has just said that his proposed amendment has a quite specific end in view, namely to ensure that the smaller political parties in the individual Member States are given a fair chance, and I fully sympathize with him on this point. However, it is an unfortunate fact of

parliamentary and political life that saying the right things at the wrong time does not yield the desired results. The previous speakers have told us that we must do everything in our power to ensure that, whatever happens, the Convention on direct elections is in fact signed on 20 September. We have also heard that there are certain forces within the Council who still might try to find a loophole to escape through if they can. In the fear that this might happen, many of the previous speakers have argued that we should adopt this motion for a resolution as it stands without tabling any amendments. I too would be very inclined to table an amendment, but I have refrained from doing so for these reasons in case I endanger the signing of this Convention on direct elections.

My amendment would have been every bit as justified as yours, Lord Gladwyn. It deals with more or less the same subject. I too wanted to ensure that the national minorities would be suitably represented in the European Parliament since I think the national minorities have a special role to play in the process of European integration.

Let us bear in mind what Lord Gladwyn said on behalf of his Group. What we are aiming at is to replace the Europe of states by a Europe of peoples and it is the national minorities in the border regions who are particularly suited to the task of compensating to some extent for the fact that the interests of the Member States usually take precedence over the interest of the peoples, since in the frontier areas the cultures of different peoples are very closely interwoven. Certain considerations and actions are thus necessary if we are to achieve the aim for which Lord Gladwyn is working and which I wholeheartedly support.

The position, however, with this agreement which is about to be signed is that on this occasion the elections are to be organized by the Member States and in accordance with their laws. Do you not think, Lord Gladwyn, that we will have plenty of time to discuss the recommendations we have put forward once the Convention has been signed? We will have further opportunities to discuss this Convention in the European Parliament and it would be better, I think, to recommend the actions, which you and I advocate, to the Member States when we come to do so. For this reason, may I ask you — I repeat, I have every sympathy with your wishes — to withdraw your amendment so that we will not be put in the unfortunate position of having to reject it in spite of the fact that we have the greatest understanding for the recommendation contained in this amendment.

(Applause)

President. — I call Mr Waltmans.

Mr Waltmans. — *(NL)* The fact that the signing of a Convention is particularly expedient at a given time can, of course, never be a reason for refraining from expressing a principle. One of the issues involved in the European elections is political representativeness, and it is therefore inadmissible that in a genuinely European Community one-third of the population of a particular country should not be represented in the European Parliament, or that only the majority should be represented in the European Parliament and that the minorities should be pushed to one side. After all, the struggle for Europe has from the outset been a struggle against the individual States and against an exaggerated sense of sovereignty. It has been a struggle for all the minorities, since in the European Community, as we see it, all the national groups are minorities, the French as well as the Germans, the Italians just as much as the Danes or anyone else. If the elimination of the regions should ever become the aim of the European Community, as has always been the case in centralist states such as France, my party will say: no, thank you very much. We don't need the European Community for this, and that is why, right from the outset, we have always argued in favour of a bicameral system, i.e. a senate for the regions in addition to the directly elected European Parliament, elected according to the principles this European Parliament has rightly laid down. I do not know if Lord Gladwyn has chosen the right moment to table his amendment, but if he maintains it, I will gladly give it my support.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, as I have already made clear to the other members of my Group, I will vote in favour of Lord Gladwyn's amendment if he maintains it. My reasons are twofold. First of all, the directly elected European Parliament will have a mainly constituent function, in view of its powers and the present stage of political development. It is therefore important that the political opinions and major currents of European thought should be represented in this European Parliament, otherwise Europe will seem blind and deaf in certain respects, and be marked by unacceptable limitations and omissions.

The second reason is this: I am a member of a party with a long history, Italy's oldest party, but one which does not have the support necessary for a majority party. Italy has a system of proportional representation, and we therefore run no immediate risks of disappearing as a party. However, we want to avoid a situation whereby, through the re-drawing of the electoral boundaries, and even with the proportional representation system, we end up with the larger parties increasing the advantage they already have at the expense of the smaller parties, such as the Republican party, the Liberal party, the Social Democratic party, the Radical party, and so on.

I shall therefore vote for this amendment; on the one hand, to show my support for the general statement of principle it embodies, and on the other, to warn against the dangers that could face those Italian parties which win less votes.

(Applause)

President. — I call Lord Bethell.

Lord Bethell. — Mr President, this amendment places some of us in a certain dilemma. We all, I think, have paramount in our minds the necessity to come to a quick decision on this matter and are conscious of the fact that the Council of Ministers will very soon be legislating about it. On the other hand, I think that the Liberal Party and Lord Gladwyn have made out a case for the argument that the system to be applied in the United Kingdom will produce an unfair result. I suspect and very much hope that after the first elections take place, some change will be brought into effect to permit a different system of election to the European Parliament and I am confident both that this will happen and that this legislation will take effect on Monday and that there will be no delay in bringing direct elections about in 1978. But I propose personally to vote in favour of Lord Gladwyn's amendment. I must say that if I thought for one minute that by voting in favour I was going to cause any delay in the 1978 date I would not support this amendment. But being confident of the fact that this will not cause any delay I will support it.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — *(NL)* Mr President, if Mr Fellermaier has no objection to me speaking for a moment, I should like to say that, in my view, we need have no fears such as those Lord Bethell has just expressed, namely that if we adopt Lord Gladwyn's amendment this could stand in the way of the decision which is to be taken on the 20th of this month. Mr Bertrand has already said this. We are not discussing the system to be applied in each country. What we are discussing is the date, the number of seats and the decision to hold general elections in the spring of 1978. The system to be applied will be left to the individual countries.

Mr Bertrand said that his Group would vote against this amendment because they are not familiar with the content of the agreement. This is, however, not a valid argument for voting against this amendment, since the Convention will not contain anything regarding the system to be used in each country. That will be left to the countries themselves. For this reason — and I say this with all respect to you, Mr Bertrand — this argument does not justify your Group — which includes members from Germany, the Netherlands, Belgium; i.e. countries with complete, or almost complete, proportional representation — voting against proportional representation. I find it an

Berkhouwer

amazing argument. I cannot understand it. It does not hold water.

My final argument in favour of supporting Lord Gladwyn's amendment is that we in this Parliament never stop talking about the citizen's Europe. Well then, if the various countries were to apply all sorts of systems involving constituencies with simple majorities etc. — I am thinking, for example, of the British system and others — we would end up with a situation whereby millions and millions of European citizens would not be represented in this Parliament. I therefore feel that this Parliament has a right to speak out. It is, in my view, a most fundamental right, and moreover, the duty of this Parliament to say what it feels regarding the system it advocates for the election of its Members. If this is true, this is the right occasion on which to do so. This is a completely different matter from that which the ministers, we hope, will decide on the 20th of this month, and these are the reasons why I will give Lord Gladwyn's amendment my full support.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, after what Mr Berkhouwer has said some things must be made clear. In our principal debate on the approval of this Convention there were two extremely opposed and hotly disputed views — I have Mr Klepsch in mind here — regarding the number of Members which Parliament should have but there was no disagreement on the fact that the first election would be conducted in accordance with national legislation in order to ensure that direct elections would in fact become a reality ...

(Interjection by Mr Berkhouwer)

... No, listen to me, Mr Berkhouwer! Even if it is late in the afternoon you could at least listen. After all, we always listen to your lively perorations, even if we feel like interrupting sometimes ...

(Interjection by Mr Bangemann)

... As regards logic, Mr Bangemann, I'll have a word to say on the peculiar logic of the Liberals in a moment.

We said on that occasion, 'This, then, will be the directly elected Parliament which, as constituent assembly, will have the task of evolving an electoral law which will take greater account of regional and party-political differences than is possible at the present time.' Anyone who wishes to put an extra burden on the Convention which is to be signed next week by insisting that it should demand adequate and fitting representation for all the recognized political parties, so that all the various shades of opinion at regional and national level are reflected in this Parlia-

ment — anyone who specifically demands this at the present stage, runs the risk of possibly delaying the direct elections by playing into the hands of those who would be only too glad of additional demands when the direct elections are actually held. The Liberals could, after all, have thought of this earlier and not made this demand at the last moment.

(Protests)

The Liberals are making this demand at the last moment even though they gave no indication of the fact that they held this view during the discussions in the Political Affairs Committee.

One further remark regarding logic, Mr Bangemann. The logical thing for this Parliament to do on the eve of the Foreign Ministers' decision of 20 September — which is not yet quite definite — would be quite simply to demonstrate formally with a great, indeed an overwhelming majority, that it wishes above all for direct elections to be held, leaving the national parliaments to decide on the choice of the system for the elections. Then the fight can begin in Great Britain as to whether the 'first-past-the-post' system will be applied or not. Then, Mr Bangemann, — and I am sure you will agree with me on this — the battle will begin in the Federal Republic as to whether there should be a single central Federal list or lists for each of the eleven Federal Länder. In the latter case, each Land will have to evolve its own electoral system.

However, we cannot take the second step before the first, since the second step will require us, as constituent assembly, to ensure after 1978 that the multifariousness of European political life, which arises from the many regions and political groups, is reflected in the Second Parliament. I agree that it will be rather less obvious in the First Parliament, unless the maximum can be achieved in all nine Member States by means of parliamentary decisions, which should, of course, be made in those States. This is where the fight must take place, not here.

President. — I call Mr Patijn.

Mr Patijn. — *(NL)* Mr President, I should just like to add two points. Firstly, it is a good habit to ask the opinion of the rapporteur immediately after an amendment has been tabled and before the House votes on it. It is not, however, the intention that an entirely new debate should arise. None of the people who have just spoken took part in the debate and they are now using the amendment as an excuse to start a debate of their own. I think this is wrong. Lord Gladwyn moves his amendment, the rapporteur states his opinion and then we vote. Here we are in the middle of voting and everybody is walking out because we are starting up a new debate.

Secondly, as rapporteur, I should strongly advise against adopting this amendment. We stated explicitly

Patijn

in January 1975 that the electoral law would be that of the Member States. We must not try to revise our views on this. The rapporteur urges Parliament to reject this amendment.

(Applause)

President. — I call Sir Peter Kirk.

Sir Peter Kirk. — Mr President, I should make it plain at the outset that the Conservative Group, like, I think, every other group in this house, has a division of opinion on this particular subject — one that is quite understandable, because it is a matter on which, naturally, everybody feels very deeply. Certainly, as I have made plain in the group and I can make plain publicly, I am not advising my friends as to which way they should vote. But I think it is only right that I should express an opinion in the light of what has been said in the course of this short debate.

The first point I would like to make — which is the principal point I think — is the point just made by the rapporteur: there isn't the slightest doubt that if we pass this amendment we will be going in direct conflict with the convention that we passed in January 1975. I have no doubt about that, whatever Lord Gladwyn says.

(Applause)

We made it quite plain then that we were leaving it to the parliaments of the Member States. If we now start telling them what to do, we are in fact going back on the position we took at that time. And that's certainly not something I am prepared to do.

The second argument I would put to my honourable friends and to the House is that I know from, if I may say so, 21 years' experience as a member of the House of Commons, that if you start introducing these considerations at this stage, we shall never get the legislation through in time for the election. I want elections in May 1978 and for that reason I shall vote against this amendment.

(Applause)

President. — I call Mr Bangemann.

Mr Bangemann. — *(D)* First of all, Mr President, I would like to make it clear that it is not Lord Gladwyn's intention, nor is it the intention of my Group, to obstruct in any way a decision to which we are looking forward as keenly as any other Group. The Liberal Group, like every other Group in this Parliament, has always been in favour of direct elections; we have given so many indications of this that no such intention can possibly be ascribed to us. Quite apart from any intention, there is no way such an obstruction could occur, for this motion for a resolution does not form part of the Convention at all. It is not even necessary that it should lead to amendments

being made to the Convention at the meeting on 20 September. This is exactly what I meant, Mr Fellermaier, when I interjected a few minutes ago that the objections you are raising are based on an illogical premise. I think, by the way, that in simply saying 'We are against any amendment, even if it is a sensible one, because we think that the resolution as a whole should not be amended' the two large Groups are abdicating in a quite dangerous way the political responsibility which is theirs at this time. The amendment:

'invites the governments and the parliaments of all Member States in this context to decide to hold the elections on terms so far as possible permitting in principle adequate and fair representation of all recognized political parties, thus reflecting the overall pattern of popular opinion both regional and national.'

That, ladies and gentlemen, is a declaration of political intent, nothing more, and in no way contradicts what we decided in January or at any other time, because it has no direct relationship to the legally binding decisions which the Convention must embody. That is my first observation.

My second is this: Mr Brugger's statement, in my opinion, illustrates the point of view which should be adopted by Parliament as a whole. If we want to create Europe, ladies and gentlemen, it will be a Europe of minorities. A Europe of majorities cannot exist, because we have national minorities and regional minorities, and also political tendencies in Europe which will probably never be in a position to command absolute majorities.

Thirdly, what disturbed me most during this debate was not the arguments, for people can always exchange views. It was the laughter which greeted several statements made by my colleague Lord Gladwyn, and which came particularly from your Group, Mr Fellermaier. For I had the impression that it was the laughter of arrogance, and that is a bad beginning for Europe. Europe must be founded on tolerance towards those who are in the minority...

(Applause)

... for that, Mr Fellermaier, is the tolerance of freedom of thought. I was once astounded to hear a leader of your Party say at a conference in Brussels, 'We are in favour of Europe, because we are in favour of a socialist Europe.' I say to you: the Liberals are in favour of Europe, because this Europe has a place for everyone, whether Socialist, Conservative or Liberal. And that is the point of this amendment, and the reason why you should support it.

(Applause from several benches)

President. — I call Mr Boano.

Mr Boano. — *(I)* Mr President, in connection with Mr Fellermaier's remarks, I would like to point out that Lord Gladwyn did raise this question formally in

Boano

the Political Affairs Committee, with the same fervour as he had done in the House on 2 September, and it was on that occasion the close vote to which he referred took place.

And now I would particularly like to address myself to Lord Gladwyn. Lord Gladwyn, you know that on that occasion, I deviated from my self-imposed rule of abstaining from voting during my brief term as chairman of the Political Affairs Committee, and voted in favour of your amendment precisely because I recognized the validity and idealism of the arguments which inspired it. Now however, two Groups, both of them quite considerable, have taken up a political position, for political motives which I consider valid, and have refrained from overloading the debate with problems which could protract it. This is the reason Mr Brugger gave for withdrawing his amendment, and I must add that he has not withdrawn it because he wants to drop the problem, but because our Group intends to take up the argument again in the next part-session in the form of a recommendation to the parliaments and governments of the Member States.

I would like therefore to ask Lord Gladwyn whether he thinks it worthwhile to jeopardize, in all probability, the importance that his amendment could have, by risking a vote that will probably go against him? On the other hand, if he withdraws his amendment and brings it forward again at the next part-session, he will no doubt be able to count on an appreciably larger body of support.

President. — I call Mr Durieux.

Mr Durieux. — (*F*) Mr President, I asked to speak following Mr Fellermaier's remarks.

I hope Mr Fellermaier was exaggerating somewhat in his remarks regarding the Liberal Group. I am not certain, however, since it is not the first time he has done this sort of thing.

I should like to go back to what the chairman of the Political Affairs Committee has just said: the Liberal Group, Mr Fellermaier, is not one of the late arrivals in the vineyard, nor did it bring up this matter at the very last moment. This amendment was in fact submitted to the Political Affairs Committee by Lord Gladwyn who defended it on that occasion as he has done today and he was only defeated — if I remember rightly — by a single vote. It is therefore perfectly reasonable that this amendment should be brought up again today.

For the rest, Mr Bangemann, who spoke before me, said everything which the Liberal Group had to say on this subject.

(*Applause*)

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr Bangemann, you have quoted — in a very abbreviated form owing to the

shortage of time — what a party leader said at the Congress in Brussels. According to you he said that he was in favour of this Europe because he was in favour of a socialist Europe. Let me say on behalf of the European Socialists that we are for a pluralistic Europe with democratically fair competition between the political forces in the hope that the European voters will make us Socialists so strong that we will be able to carry out our political programme in the Europe of tomorrow — with the support of the voters. That is the correct interpretation.

The argument about Lord Gladwyn's amendment, Mr Bangemann, would not have arisen at all if you had not used it to set the public discussion on the wrong track at the last moment, i.e. a few days before the signing of the Convention. If Lord Gladwyn has the courage, particularly after Mr Boano's remarks, to withdraw his amendment and wait until the Convention has been signed by the Foreign Ministers next week — after which we will be concerned with deciding what form the elections are to take and influencing the national parliaments — I am convinced that Lord Gladwyn and his Group will find more support in this Parliament than today. I therefore appeal to you not to insist on something at the wrong time when it can be included in the debate at a later date and no doubt then win a lot of support.

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — (*NL*) Mr President, I should like to put an end to these polemics. We all know quite well that if the Convention is signed on Monday it will be included on the agenda for the October part-session, so that Parliament will have an opportunity to discuss it then. If the Convention is signed, we know that the elections will in fact take place. If we know that the elections will take place, we can put forward the wishes Lord Gladwyn has just expressed. But until the Convention is signed, we are not even sure that the elections *will* take place. Therefore all these proposals are pointless at this moment. I should therefore like to urge Lord Gladwyn to withdraw his amendment.

On 15 June 1976 a motion for a resolution was tabled by Mr Bertrand, Mr Durieux and Sir Peter Kirk. Parliament voted on this amendment, paragraph 3 of which contained a request that the number of Members should be between 350 and 400. This is a prerequisite for a proper representation of the population and minorities in the various countries and regions. We in this Parliament adopted this paragraph on 15 June. This proves, therefore, that we are already basically in agreement regarding the matter raised by Lord Gladwyn. Lord Gladwyn, I urge you to withdraw your amendment. In October, after the decision on the elections has been taken, we will all make it known that we wish the countries to take account of our observations in their electoral law. If you maintain your amendment now, you will be weakening our position.

President. — I call Lord Gladwyn.

Lord Gladwyn. — Mr President of course I am sensible to all these appeals, put forward as they are by very sincere people who apparently believe that there will be some terrible development if this amendment is passed. Mr President, I just don't believe it. I don't believe in fact that if it were passed it would have the faintest effect on the decision of the Ministers to sign the act in five days' time. And after all, as I understand the position, the vast majority of this House apparently is in favour of the amendment as such. They said so. Their only argument is that we must not pass it now, lest in a fit of rage Mr Callaghan should say 'I am not going to go on with the elections at all', or something like that. That is quite unreasonable. It is far better that the Ministers should sign knowing that the great majority of this House is in fact in favour of this amendment in principle, even though some of them will vote against it now for practical reasons. Therefore I do not propose to withdraw it. I think, on the contrary, it is a very good thing to vote on it, now that it is likely to be favoured by quite a number of my colleagues.

President. — I put the amendment to the vote.

Amendment No 2 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

I put the motion for a resolution as a whole to the vote.

The resolution is adopted.¹

8. Agenda

President. — I call Mr Aigner on a question of procedure.

Mr Aigner. — (D) Mr President, I have a request. It has just been decided — not officially, but by all my colleagues from the Committee on Budgets who were present — that I should ask you if we can withdraw the interim report drawn up on behalf of the Committee on Budgets on the draft regulation amending the Financial Regulation (Doc. 296/76). We should like to await events on certain points — in the Council as well — so that we can then perhaps place it on the agenda for the next or next but one part-session.

President. — If I have understood you correctly, Mr Aigner, you are requesting that this report be referred back to the Committee on Budgets. Were you speaking on behalf of the Committee?

Mr Aigner. — (D) Mr President, it is in fact immaterial whether we refer the report back officially or unofficially. We merely do not wish to deal with the report now and would prefer to remove it from the agenda. If needs be, we shall place it on the agenda at the next part-session.

President. — I call Sir Peter Kirk.

Sir Peter Kirk. — I think it might be better if Mr Shaw was here and gave us his views because I have not heard that he has agreed to the postponement of this.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I discussed the matter with my colleagues, otherwise I would not have requested the postponement.

President. — I call Mr Shaw.

Mr Shaw, rapporteur. — Mr President, I am sorry not to have been in the Chamber when the item which is in my name was raised, but I understand that it has been stated that there is agreement between ourselves to postpone this matter until next month. I must say, with all respect to my dear colleague Mr Aigner, that I am by no means convinced that this is the best course of action. I can see strong argument for it because of the lateness of the hour and the shortness of the notice, but equally I feel that I am under an obligation, and indeed if I may say so, the delegation that took part in the consultation proceedings with the Council are under an obligation. Obviously we cannot obligate Parliament itself, but I believe that I and my colleagues who were on that deputation are under an obligation to see that this matter gets through as quickly as possible. In view of the shortness of the notice I have been seeking to get opinions as far as I can in the House, but at the end of the day I still believe that I myself am committed to go forward with this business.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, a group of us, including Mr Shaw, discussed the matter earlier and came to the conclusion — shared by Mr Shaw when he left — that this report should be dealt with next month. Of course every rapporteur has a perfect right to change his mind. But we were all of the opinion that the subject should not be dealt with now because — and these are only tactical considerations, there being complete agreement on the objectives — we are waiting for certain developments in the light of which we shall then deal with our report in this House.

¹ OJ C 238 of 11. 10. 1976.

Aigner

However, I think that you should now put the matter to the vote, Mr President.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, I think that at this point we really must consult the Rules of Procedure. If Mr Aigner had presented this request in his capacity as chairman of the Committee on Budgets, supported by a committee decision, of course I would accept without question the committee's views. But since the rapporteur has just given a completely different interpretation, I urge you, Mr Aigner, to consider the position in which you are now putting those Members who are not qualified to judge which interpretation they should approve.

Although Mr Bangemann is not here, I should like to invoke logic. Logically, the agenda should remain unchanged, unless agreement were to be reached between the political groups to postpone the report. But this can only be decided among the groups, since there is no actual request from the Committee on Budget to refer the report back to committee.

President. — I call Mr Aigner.

Mr Aigner. — *(D)* What I said was correct. It is just that, when we split up, we all thought that the rapporteur agreed; that is why I presented the request. If he now feels differently, that is his responsibility, and in that case I withdraw my request.

President. — I call Mr Notenboom.

Mr Notenboom — *(NL)* In that case, as the Member listed to speak on behalf of the Christian-Democratic Group, I should like to propose — and we shall have to vote on this — that this item be removed from the agenda, Mr President. The intention is not negative, on the contrary. The rapporteur and the Committee have devoted a lot of effort to this matter, but the amendment tabled by Mr Cointat was brought to our notice very late, and the Christian-Democratic Group has not had the opportunity to discuss it. This is the very simple reason why removing this item from the agenda will contribute to the clarity of our decision-making process.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, I have no objections to this procedure, but I think that, according to our Rules of Procedure, the item must first be called and the rapporteur must give his introduction before a decision can be taken on a request by one group to refer the report back to committee. Now that Mr Aigner has withdrawn his request, I would suggest that we begin the debate, and during the debate the Christian Democrats can put forward the reasons why the report should be referred back to committee.

President. — Before passing on the next item, I should like to point out that we will not be able to deal with all the items on today's agenda. I therefore propose that the oral questions on the drought should, with the agreement of their authors, be postponed to tomorrow morning's sitting, immediately after the budget vote.

Are there any objections?

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I understand the reasons for wanting to postpone certain items because the President-in-Office has to leave, but of these four oral questions with debate, only one is addressed to the Council. Are you suggesting, Sir, that all four oral questions should be put off until tomorrow and that somebody else other than the President-in-Office will be answering for the Council as well as the Commission? This means, of course, that my oral question with debate to the Commission will be put further down the list. I should like to know, Mr President, how you are proposing to split up these four questions with debate, because the President-in-Office will not be here tomorrow morning.

President. — Your question is relevant, Mr Scott-Hopkins. Of these four questions, three are addressed to the Commission. Only the oral question with debate put by Mr Cointat is addressed to the Council. In fact I have just been informed that Mr Cointat would agree to this question being dealt with tomorrow, even in the Council's absence.

I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, I confirm what you have just said. I regret most sincerely that the Council will not be able to attend, but I appreciate the demands placed on us by the agenda and accept willingly, together with my group, that this oral question should be dealt with tomorrow in the Council's absence. However, I hope that Mr Brinkhorst will be able to speak to us about the drought some other day.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — *(NL)* Mr President, I should like to thank Mr Cointat for his understanding for my absence tomorrow. However, I should like on behalf of the Council to deliver to him, and of course to the House, the original reply which I had prepared, so that he knows the Council's position on this question.

President. — I note that we now agree to postpone the oral questions on the drought to tomorrow morning's sitting, immediately after the budget vote.

9. *Statement by the President on Friuli*

President. — I have just been informed that the Friuli region has again been hit by a serious earthquake, the consequences of which, both in terms of loss of life and material damage, are not yet known. I therefore ask the Commission to take all the measures in its power to come once again to the aid of this region of the Community, whose future is the concern of all of us.

10. *Statement by the President of the Council on the results of the European Council of 12 and 13 July 1976*

President. — The next item is the statement by the President-in-Office of the Council to the European Communities on the other results of the European Council of 12 and 13 July 1976.

I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, as nearly two months have passed since the European Council met on 12 and 13 July, I think that I can be very brief in my summary of the most important points dealt with on that occasion.

As you know, the Tindemans report was also on the agenda and the European Council once again confirmed that it was to be considered by the Foreign Ministers prior to a detailed discussion of it at the next meeting of the European Council in The Hague at the end of November. Since then the Foreign Ministers have devoted further attention to the report, and at the moment I have no new information to add.

The second important subject on the agenda was the social and economic situation in the Community. I am pleased to be able to report that a large measure of agreement was reached with regard to the assessment of the economic situation. The European Council noted that a marked economic upturn was taking place. Of greater importance, however, is the practical part of the discussions, i.e. the fact that it was agreed in the European Council that the Ministers of Finance and Economic Affairs should meet in July to investigate the possibilities of finding a solution at European level to the problems that continue to cause great concern, i.e. the lack of convergence in economic policies and the lack of cooperation in the monetary sphere.

You will be aware that the Dutch Finance Minister, Mr Duisenberg, in his capacity as President of the Council of Ministers of Economic Affairs and Finance, has made specific suggestions to his

colleagues on this subject and these are at present under consideration.

It is, I believe, also important to note that the European Council came to the conclusion on 12 and 13 July that a greater degree of coordination is needed between economic and monetary policies, and recognized that currency agreements, in other words closer cooperation in the monetary field, only make sense if they are actually supported by coordinated policies.

In the light of this the same European Council also took the view that continued efforts must be made to achieve greater convergence of economic policies and expressed its satisfaction at the results of the tripartite conference between the social partners in the Community, held at the end of June in this Chamber. The Council then expressed its appreciation of the Commission's work and endorsed its conclusions. This whole question, and here I am merely repeating what Mr Van der Stoel said in his speech in this House at the beginning of July, is of the utmost importance for the further development of the Community, i.e. for the strengthening of the internal cohesion of the Community. Although the question is a difficult one and situations in the Member States are extremely divergent, the Presidency is making every effort to achieve concrete results in the coming months.

A further point on the agenda was a brief discussion on Puerto Rico. I take it that some members of this House are already sufficiently informed, so that it will suffice for me to say that if a similar conference is ever held again it goes without saying that the Member States of the Community will consult each other at the earliest possible stage, particularly about the way in which Community interests are to be defended, and that if questions are discussed at such a conference that fall within the purview of the Community, then Community procedures and obligations will be respected.

I just want to refer very briefly to the question of extending Community fishing limits. As you know, the Council has asked the Foreign Ministers to try and arrive at a statement of intent by the Member States on the extension of Community fishing limits to 200 miles. On this point the Council has quite clearly complied with the European Council's request. A position has been defined and it is now a matter of making progress before the end of the year on this very delicate question of fisheries, with regard to both internal and external policies.

I hardly need remind you that the Heads of Government in the European Council also took note of the British Government's intention of appointing Mr Jenkins as a member of the European Commission as from 6 January next year.

Brinkhorst

Finally I should like to mention the declaration on international terrorism adopted by the European Council in July, the importance of which it is worth stressing once again in view of the events that have taken place since then. The express intention is that the members of the Community should increasingly act in accordance and strengthen cooperation in the fight against the plague of international terrorism.

After this brief statement I should like to leave it at that, but I am of course prepared to reply to any questions or remarks which Members of Parliament may wish to make in the light of my statement.

(Applause)

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — *(NL)* Mr President, looking at these empty benches I have the impression that the Members of this Parliament think that all the Community's problems will be solved as soon as the document instituting direct elections is signed. I find this a very dangerous tendency, since the problems become more and more serious as the Community develops.

First of all I should like to thank the President-in-Office of the Council for telling us about the other points that were dealt with in the European Council. I should just like to ask a few questions on points that interest me directly.

As regards the Tindemans Report, I hope that the Foreign Ministers will achieve something concrete at the end of November. Those details as have leaked out regarding the discussions in the Council make me far from optimistic. The progress that has been made up to the present in discussing two sections of it is such that we have reason to be somewhat uneasy about the fate in store for the Tindemans Report. On behalf of my Group, I should like to ask that this task be taken very seriously.

As to the social and economic situation in the Community, I hope that the ministers will now realize that there is already a world of difference between what was enthusiastically decided on 12 July and what is now happening in the Community. On 12 July it was possible to believe that we were moving towards a definite sustained upswing in the economy and that the economic trend that became apparent at the end of last year was developing favourably.

Today we know that is no longer true. Today we know that we are faced with an increase in unemployment in the Community instead of a decrease. Today we know that the economic situation — and not just the structural position, but the cyclical trend as well — is developing unfavourably. It would be interesting if the Commission could give Parliament as quickly as possible some information about this new unfavourable trend which seems to be developing in the social and economic situation. I note that little or no

progress has been made in the fight against inflation. I note that no steps whatever have been taken to achieve the convergence of economic policies and the coordination that the Commission advocated to the European Council so forcefully on 1 and 2 April this year.

I also note that, despite the positive results of the tripartite conference, which the European Council has also commented on, there is as yet not the slightest indication that the employment problem is being considered at Community level in the light of the structural problems. These are problems which are really preoccupying us and causing us concern.

The President-in-Office of the Council said something that caught my attention after my many years as a member of the Council of Ministers and my long experience in this House, namely that a proposal had been put to the Council by Mr Duisenberg for the discussion of certain things.

What is the position then with regard to the procedure laid down in the Treaty? Since when has it been up to the governments to put forward proposals in the Council? As far as I am aware, the position under the Treaty was always that proposals could be discussed in the Council that had been tabled by the Commission, thus on the Commission's initiative, not on the governments' initiative. What has happened to this procedure? Has it been perhaps amended? Is it a question of a tacit gentlemen's agreement that proposals may be brought before the Council by governments in future? That seems to me to be a curious procedure.

I should like to know what the President of the Commission thinks of this. To the best of my knowledge, the Council is entitled to consider a proposal from the Commission. The Council can amend or possibly reject such a proposal. The Commission can also withdraw its proposal. But it is quite new to me that, apart from the amendments which the ministers in the Council can make to proposals from the Commission, separate specific proposals can be submitted by the governments on a particular subject that has not been tabled by the Commission.

I should like to know what the position is with regard to procedure in future, in order to avoid any confusion in developing cooperation between the institutions, such as we have had recently, bearing in mind that a new institution exists *de facto* although it has not been established by any treaty: the European Council. There is nothing in the Treaty about decisions by heads of government. The Treaty merely refers to the Council. There is nothing about the composition of the Council. Thus the Council can meet with Prime Ministers or with the Ministers of Agriculture as members. But the European Council is something different from the Council referred to in the Treaty of Rome.

Alfred Bertrand

In that respect we can thus already speak of a certain deviation. I am not criticizing this, I have no wish to destroy, but changes are taking place in the relationships between the institutions which I should like to have clearly explained so that we do not shortly find ourselves faced with unpleasant surprises.

You made a statement on Puerto Rico, in which you said that it had been agreed to consult one another beforehand in future if similar invitations were received. May I ask whether the others accepted this idea? In the Council? May I ask what objections of a legal nature were raised against this proposal? It sounds so friendly: in future we shall not act like this any more. But was an undertaking given in the European Council to consult one another in future before accepting an invitation if it is a question of problems that concern the Community? It is normal for Community procedure to be followed whenever a Community problem is under discussion. It is normal, but I am not reassured and should like to know whether any undertakings were given about not accepting such invitations in the future without prior consultation.

As to the extension of fishing limits, I am glad that progress has been made and that a common position can be found in the Community on this point.

I was also particularly pleased to hear what you said — and I think this is excellent — on something that does not actually quite fit in with the general procedure for appointing the Commission. Mr Tindemans has made concrete proposals on this. Mr Tindemans had proposed that the Council should appoint the President of the Commission in July, that the President appointed by the Council should then appear before Parliament to make a statement and to obtain the approval of Parliament, and that the President should then, in consultation with the various governments, have his colleagues appointed by the governments, taking into account the rules for allocation by nationality and so on.

You told us that the British government had informed the European Council of its intention of proposing Mr Jenkins as President of the Commission at the end of this year when the new Commission is to be formed. That means, then, the end of the normal procedure that we have seen since September 1952, namely that the members of the Commission were appointed by the various governments in consultation with one another, and that these appointed members then as a body selected and appointed a president from their midst in consultation, of course, with the governments. But outwardly it was the Commission itself which appointed its president and its vice-presidents. This is thus no longer the case.

So a different procedure is now being put forward. Now if this new procedure, which we think deserves to be accepted, is followed, why have you only gone half way? Why was Parliament then not involved, as Mr Tindemans proposed? For we are now in a very curious situation. The British government proposes to nominate Mr Jenkins as a candidate, but I take it that the other governments have not yet said that they agree to this appointment. They have perhaps said that they have no objections, but in any case he has not yet been appointed. He now resigns as his country's Home Secretary, is replaced, by someone else and begins to discuss the members of the Commission with the various governments. I must say that I find this all very strange, and it seems that a new practice is being introduced. I have no objections to this in itself, as I regard myself as progressive rather than conservative. However, I should in any case like to know how it has been arranged, how it all fits together, and whether it is all correct and in accordance with the Treaty. What are the deviations that might be decided on tomorrow in other fields as a result of these precedents, deviations from the rules that we have known since the Treaties came into force? These are the questions I should like to put, just when the interest in these important problems seems to be so small in this Chamber. I hope that I shall nonetheless receive an answer.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I would like to ask five questions of the Council in ascending order of delicacy.

The first concerns the Social Fund. I was the rapporteur of the third report of the Committee on Budgets, which outlined how unsatisfactory the position is in relation to payments, in relation to the processing of claims and indeed in relation to the way in which some of our national governments, my own among them, are behaving. No one put this more eloquently than Mr Cheysson himself. He pointed out to the Committee on Budgets that in fact national governments, being composed of politicians, naturally took the most prestigious projects for themselves so that they could get the greatest political credit and left the less popular, less prestigious projects to those Community funds that were available. Now, I think it should be a matter of fair shares, and as a European I am increasingly unhappy at the way in which European funds are not getting the political credit which they deserve. At least the political credit should be shared between the Community and national governments. I do hope, because this is a matter of very great importance in the training of young people, that the Council will pay great attention to the speech that Mr

Dalyell

Cheysson made to the Committee on Budgets in June outlining in some depth precisely what was wrong. In the next twelve months some of us should make it our business to nag both Council and Commission in the hope that we will begin to get a more satisfactory turn of events.

My second question also arises out of my work as a member of the Committee on Budgets and the draftsman of the opinion on the Export Bank. Now, quite bluntly, when I was given this job I was rather shy about taking it because it really does require great expertise and I therefore wrote round a number of national banks, central banks, merchant banks like Rothschilds, and got a whole series of opinions. At first the balance of opinion was rather against going ahead with the project...

Mr Brinkhorst. — I would be very happy to reply to that but I feel, at the moment...

Mr Dalyell. — I checked up and I gathered that I was entitled to ask about the agenda of the next European Council meeting. Now, is it not legitimate for a Member of Parliament, without being unreasonable and expecting any kind of a reply, at least to say to the Council what he hoped would be on the agenda of the next meeting. I don't want a reply tonight, but I think a Member of the Parliament is entitled to say publicly what he thinks should be on the agenda. Does Professor Brinkhorst agree?

I do hope that the documents that the Committee on Budgets has prepared on the Export Bank, where our opinion will be left open, will at least be looked at and we can have some guidance from the Council as to whether ministers think it's a sensible proposition. Because, honestly, if they don't think that it's sensible, they'd better say so now and save other people a great deal of extremely hard work. That is why I think it should be on the agenda.

The third question that I would have hoped that Professor Brinkhorst would have reported back on was the negotiations on Greek entry. Some of us who are on the Joint Parliamentary Committee of the EEC-Greece Association are becoming more and more bothered about press reports of all the problems that are arising — not least in relation to the military situation with Turkey. Surely, when he comes back to the Parliament as Council representative he ought to report back to us on these negotiations. I can imagine that they are very difficult, but really we do deserve to be told something about what's happening.

Now the fourth question. Again, this is the grey area between the Commission and the Council. Could I commend to the Council the report of yesterday's proceedings where a number of us raised the question of uranium prices and the proposed uranium cartel that seems to have existed along OPEC lines, in

which a number of countries are involved. This is something that surely affects the Community and the Council of Ministers. I understand that the Commission are making investigations, and I want to know if the Council of Ministers are making their investigations. Because this affects not only electricity prices but rather basic issues of policy throughout this Community, and therefore I hope that will go on the agenda.

Now, fifthly, I turn to a point that Professor Brinkhorst himself raised. He referred to the appointment of Roy Jenkins. I have been one of Roy Jenkins' political friends for 20 years or more, but I think we are entitled formally to ask, now that he has ceased to be Home Secretary in the UK, exactly what he is doing in this broody period. Because, frankly, anybody who knows how he operates knows perfectly well that he contemplates and then makes up his mind after contemplation and, if people in this Parliament hope to have any influence on him — particularly in relation to the organization of the Commission — they had better give their views pretty quickly while he's in a contemplative state and malleable and before he makes up his mind. Now, since reference was made to his appointment, I think I can ask legitimately the formal question: how is he using these months before he takes up the important position of President of the Commission and, in particular, what are the Council doing with him?

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission. — (F) I shall let the President-in-Office of the Council reply to all the speakers and especially to the previous speaker, but I must answer the very specific and obviously very important question put to me by Mr Bertrand concerning the sharing of responsibilities between the Council of Ministers and the Commission when it comes to economic and monetary affairs. This is one instance where the Treaty has not given the Community exclusive power, where it has not laid down a common policy, but provides for Community-level action and collaboration between or coordination of the policies of the Member States. That is why we are in the present situation which is, I admit, somewhat vague and which I personally deplore: it is one in which the power of proposal does not operate in quite the same way as in the other cases. It is, of course, fully operative, but when it comes to action by the Monetary Committee or by the Economic Policy Committee or to moves by ministers within the Council of Ministers, it is easier to put forward points of view. That is not to say that we should take the easy way out, nor that the Commission should shirk its responsibilities and refrain from putting forward proposals.

Ortoli

In this connection, let me stress that what was recently said by Mr Duisenberg in his capacity as President of the Council, as well as by others who have drawn up reports or opinions on various problems, is a follow-up to proposals made by the Commission last April at the European Council. We submitted a very brief document, put a number of questions, and made a number of suggestions and proposals which gave rise to recourse to the present procedure, which is admittedly somewhat less well defined than the mechanisms provided for in our traditional institutional system and by means of which Member States are able to play their part. I can personally assure you that, in these fields, the Commission is determined to put forward as many proposals as it can in order the better to safeguard Community interests and, as far as possible, our institutions.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, *President-in-Office of the Council.* — (NL) Mr President, I am delighted that even at this late hour a number of Members have put reasonably specific questions to the President of the Council and as far as I am able I shall try to answer them.

First of all Mr Bertrand's quite justified query as to the fate of the Tindemans report and the discussions on it. I should like to ask Mr Bertrand to have a little more patience. The Tindemans report is the central item on the agenda of every meeting of the Council of Foreign Ministers. At every Council meeting there is a discussion which is prepared by the Ministers' closest advisers. I should like to ask Mr Bertrand to reserve judgement until the whole report has been dealt with and the discussions have been rounded off at the European Council at the end of November. I can only assure you, on behalf of the Presidency, that we definitely take the Tindemans report seriously and intend to deal with it as thoroughly as possible.

Then there are the questions about the social and economic situation. I do not wish to go into the assessment of economic trends. I imagine the European Parliament will have the opportunity of going into this matter thoroughly when it discusses the economic and social report. I should just like to say to Mr Bertrand that one of the positive results of the tripartite conference was precisely that it was decided to create a follow-up mechanism, i.e. a mechanism to ensure that the question of employment remains a central element in the discussions in the Council organs. And you, Mr Bertrand, will no doubt have heard the statement yesterday of the President-in-Office of the Council of Ministers for Social Affairs, Mr Boersma, from which it must have been quite clear that the problem of employment is certainly not taken lightly by the Council.

As to the institutional question, the relationship between the Commission and the Council, with

regard to the idea put forward by Mr Duisenberg I should like to state at the outset that I thoroughly agree with the President of the European Commission that the institutional balance in these matters should not be disturbed, but he was right to point out that the powers are different in the economic and monetary sphere from those that apply, for example, to agricultural matters. It is certainly not the intention — and I thoroughly support Mr Duisenberg's idea — thus to undermine Mr Ortoli's right to initiate proposals, or rather the right of the Commission as such to do so. It is a question of contributing to the discussions, with a view to taking decisions that are as specific as possible at a later stage.

And the ideas that Mr Duisenberg put forward to the Commission and the Member States have certainly not been formulated as precise proposals in the legal sense of the word, as laid down in the Treaty. In brief, Mr Bertrand's concern on this point is certainly not justified in terms of any erosion of the Community. Just one word about the divergent situations in the Member States. I do not think the Community can be blamed for this. The Community and the Community institutions are trying, within the limits of what is possible, to effect improvements and the President of the Commission in particular has, I think, given a very clear outline of his responsibility.

The next question, Mr President, concerns the Puerto Rico problem. Here I should just like to say this. Mr Bertrand asked whether there was any talk here of a formal agreement. I note that at the meeting the President of the European Council, in his capacity as such, used the formula that I described just now, and that this formula was not challenged. With regard to the procedure for the appointment of the President of the Commission, I should like to point out that the appointment of a new President, as well as the appointment of the Members of the Commission, must be carried out in accordance with the Treaty. I would draw Mr Bertrand's attention to article 14, if I am not mistaken, of the Merger Treaty, which provides that the President shall be appointed from among the Members of the Commission. That means that no formal appointment can be made before the Members of the Commission have been appointed. It follows from this that the formula I used is in accordance with the Treaty.

The Council too must abide by the Treaty, Mr Bertrand. I appreciate Mr Dalyell's interesting suggestions with regard to possible subjects for a coming European Council. I would be the last to deny that the ideas he expressed not only reflect very considerable thought but are also of great relevance. Whether the various subjects he mentioned can all be put on the agenda of the next European Council, I cannot

Brinkhorst

say at the moment. The first, second and fourth of Mr Dalyell's questions are subjects which I most certainly recognize as important. But I cannot say whether they will be on the agenda at the European Council; I have at any rate taken note of them. With regard to the Greek negotiations, I believe there is a procedure in which the European Parliament also had a part to play. The reason I did not mention the Greek negotiations is that they were not discussed by the European Council on 12 and 13 July, and my statement was concerned with what was discussed. However, not only the Council but also the European Parliament has not yet heard the last of the Greek negotiations.

Mr President, I am glad to hear that Mr Dalyell has known Mr Jenkins for so long. It seems to me that the question of what Mr Jenkins is going to do in the next few months can best be put directly by Mr Dalyell to his old friend Mr Jenkins. I have no doubt that Mr Jenkins will use his time well.

President. — I call Mr Dalyell.

Mr Dalyell. — This is now an increasingly complex matter. Before Parliament meets again and this subject is on the agenda, could we perhaps have some kind of written memorandum, not necessarily too long, from the Council just giving a factual statement of the points at issue in the negotiations and, without trespassing on confidentiality, at least letting us know before the debate so that we are relatively well informed as to the facts of the matter. All I ask for is simply a factual written statement available on the Monday of the part-session.

President. — I call Mr Radoux.

Mr Radoux. — (F) The President-in-Office of the Council has given Mr Bertrand a very precise reply with respect to the appointment of the President of the Commission, citing Article 14 of the Merger Treaty. However, in view of the circumstances, i.e. since everyone now knows who is to be the President of the Commission and it has been asked in an oral question whether the Tindemans report could be taken as a basis, would the President-in-Office of the Council — who, indeed, cannot base himself on this report since he cannot assure us that the Council will give its final decision on 31 December as the European Council has asked — have any objections to the future President of the Commission possibly being involved in the discussions between governments concerning the appointment of the Members of the Commission? I think that that could only simplify matters.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, Mr Dalyell asked for a memo-

randum from the Council on the state of negotiations with Greece. I should prefer to refer him to the European Commission. At the moment it is a matter of exploratory discussions and the collection of various information. At the moment, I think, there is no question of concrete negotiations. A quite separate question is whether it is wise to produce written memoranda on these questions while negotiations are going on. There are procedures for this, and I would ask the honourable Member to respect them.

Mr President, with your permission I should like to answer Mr Radoux's query when Mr Berkhouwer's oral question, which concerns the same problems, comes up. Since Mr Berkhouwer is not here at the moment I should like to reserve my reply to Mr Radoux's question until I answer Mr Berkhouwer.

President. Since no-one else wishes to speak, the debate is closed.

11. *Presentation of and first debate on the draft general budget of the Communities for 1977*

President. — The next item is the presentation and first debate on the draft general budget of the European Communities for 1977 (Doc. 291/76).

I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, I should like to begin by expressing the Council's wish that the budget procedures will be applied in a positive and constructive fashion, thereby strengthening the cooperation between the European Parliament and the Council.

I should like to give you my personal assurance that I shall try during this coming year to achieve an increasingly close collaboration between our two Institutions, particularly in budgetary matters. I consider it important that we should work increasingly closely together, both at formal and informal meetings, and naturally also in the context of any consultation procedures that appear necessary. In this respect I should like to tell you that the Council was very gratified by the meeting which we had with a delegation from your Parliament on 22 July of this year. At that meeting we reached a larger measure of agreement on the introduction of the system of commitment and payment appropriations in certain new sectors, which will shortly have to be discussed. This meeting gave the Council and your President an opportunity to consult together subsequent to being informed of the first general principles formulated by the Parliamentary delegation on the preliminary draft budget for 1977.

Brinkhorst

In this context, too, I wish to add a political observation on the application of the Sixth Directive on VAT, the own resources system and the Financial Regulation. A delegation from the European Parliament brought these matters up. I should like to assure you that the Presidency will try to make considerable progress in this area before the end of this year. The own resources system forms an essential element in the financial autonomy of the Community, and the application of the Sixth Directive on VAT should lead to a greater harmonization of the existing tax systems. It may be objected that this is not a spectacular budget as regards new Community activities, and critics may argue that it does not contain sufficient possibilities for extending the obligations already entered into by the Community. I can only agree. But such criticism must also take account of the fact that the various countries which provide the funds for this budget are currently finding it extremely difficult to arrive at a sound budgetary policy. The constraints I have just sketched are inevitably reflected in the Community budget. This is, in my view, a political reality which must be faced. Before proceeding to the subject proper, I should like to make four brief observations.

In the first place, I would remind you that following the agreement between the three Institutions the timetable for this year's budget has been altered to allow the Council to submit the draft budget two months earlier than in preceding years. This is by way of a trial procedure which we shall all have to review to assess its future utility. The very provisional character of certain estimates means, however, that the Council will have to make certain adjustments in the draft budget this month. Particularly affected are the estimates for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund. The Council will examine these on the basis of the memorandum with amendments which the Commission will submit to it, and which takes particular account of the results of the main marketing years and the consequences of the drought. The Council will also have to study the expenditure to be approved in connection with financial cooperation with non-associated developing countries. In addition, improvements will be made to the own resources estimates which can now be determined with a greater degree of accuracy.

Secondly, the 1977 draft budget reveals a new element which in my opinion is also very important politically, namely a more extensive use of the distinction between commitment and payment appropriations. Like the Commission, the Council believes that this improvement will help to make the budget a modern and transparent instrument, both as regards estimates and the approval of expenditure, and as regards implementation. I believe I am right in saying that agree-

ment was reached during the meeting with the Parliamentary delegation on the principles underlying this distinction. The draft Regulation, referred to a few moments ago, to amend the Financial Regulation is currently before your Parliament for its Opinion.

The Council favours the adoption of the Regulation in which the system of differentiated appropriations, as this distinction between commitment and payment appropriations is known, is extended to projects in the hydrocarbons sector, the three-year project for scientific and technical information and documentation, the Social Funds and the EAGGF Guidance Section. The introduction of the commitment and payment appropriations system naturally does not entail any changes in the budgetary powers of either Council or Parliament deriving from Article 203 of the Treaty.

Thirdly, given the economic and social situation of the Community, the Council faced an extremely difficult task in endeavouring to maintain an equitable balance between progress in internal activities, external policy commitments and the budgetary and economic constraints of the Member States. The priorities have been decided upon, but I should like to draw Parliament's attention to the intensification of the activities in the social sector, aimed at combating unemployment, and in particular to the measures directed to making it easier for young people to find jobs.

My fourth and last remark is this. Although the budget is an instrument for making available to the Community the funds which it needs to carry out its objectives, and although, as Parliament has repeatedly insisted, the budget must contain funds for all foreseeable expenditure, it would nonetheless be incorrect in my view to use the Community budget as a basis for decision on all Community activities. Putting it another way, the Council does not believe that the budget should be inflated artificially with expenditure which it does not believe to be realistic.

Let me now turn to the draft budget itself. The total appropriations included in this draft budget amount to 8 646 MUA, and this figure will have to be adjusted to take account of the factors I have just mentioned.

Agriculture still accounts for around 75% of the budget expenditure. According to the first Commission estimates, spending by the Guarantee Section of the EAGGF will total 6 390 MUA. The Council has just decided that while the effects, of the order of 550 MUA, of the use of differential rates for converting from units of account into national currencies in the context of the markets policy must be detailed separately, they must be retained within the overall Guarantee Section of the EAGGF. These are, after all, consequences of the Community's agricultural policy. However, the Council did not accept the inclusion in Chapter 100 of a provision of 200 million u.a. for an

Brinkhorst

agricultural prices review. It considered that expenditure in the agricultural sector varied so greatly that it must be amenable to adjustments during the year.

The Council approved 172 million u. a. for payment appropriations to the Social Fund, in accordance with the Commission's request. It also approved a provision of 75 million u. a. in commitment appropriations, some 60 million u. a. more than in 1976. I believe this to be an important step. Given the present employment situation the aim of this increase is primarily, as I said a few moments ago, to assist young people.

In the regional sector the commitment appropriations have been kept at the same level as in 1976, an amount of 500 million u. a. being entered. The rate at which the payments are made is, however, not always as high as the Commission would like and the volume of payment appropriations has consequently been reduced from 500 million u. a. to 400 million u. a. with, I am glad to say, the Commission's approval. Clearly, if the payment appropriations should prove inadequate in 1977 the Council will take the measures needed to meet its obligations.

You can see, therefore, that the Council has given the Commission every guarantee, and that there will be no slowing down of the Commission's Regional Fund operations. I say this with confidence, because the Council is convinced that the Regional Fund is an important element in the construction of Europe. A basic principle is involved: the net transfer of revenues from the more prosperous areas of Europe to the less-favoured areas is an absolute *sine qua non* of a balanced Community.

Mr President, I shall now pass over a couple of items, and point out that in the research, energy, industry and transport sector research and investment account for 88 % of the appropriations. A meeting of the Council of Research Ministers is planned for the end of October, to discuss — and I hope to finalize — in particular the long-term programme of the Joint Research Centre. The European Parliament presented its views on this matter yesterday.

I could go into greater detail on a large number of items but shall restrict myself to one or two. At this point, I must draw your attention to the fact that at the Commission's request, and to meet Parliament's requirements, the Council has made a token entry against Article 329 for Euratom Loans, together with the remarks proposed by the Commission. The Council has done the same in respect of the so-called Community loans. You will have noticed in this connection that the Council has included in the draft budget a document containing a survey of the procedures for the conclusion and granting of loans. The purpose of this, of course, is to make the budget more transparent to Parliament.

Finally, I wish to refer to a fourth sector for which the Council has introduced differentiated appropriations, namely technical and scientific information and documentation. These appropriations, i. e. 2.65 MUA in commitment appropriations and 1.25 MUA in payment appropriations, will provide the basis for development of a policy.

As regards development aid, I can tell you that 88 % of the expenditure goes on food aid. As I pointed out at the beginning of my address, the Council has yet to decide on the remaining financial cooperation with developing countries, particularly in respect of that with non-associated countries. The result of the Council's deliberations will be presented to you in the form of a memorandum with amendments.

As regards operating expenditure, the guiding principle behind the Council's decisions was one of restraint, justified I think in view of the restraint which is desirable also in the national sphere. Nonetheless, the Council showed its understanding of the Commission's urgent need for new staff, and approved 220 new posts.

I hope that my speech has illustrated clearly the main items on the 1977 draft budget. I am aware that this is a budget marked by restraint. I said so at the beginning of my address. This budget, whose layout and transparency have been greatly improved — and I hope you agree with me on this — was the subject of lengthy discussions. The Council's manoeuvre was very limited, and it has done its best to balance the need to develop Community policies with the need to combat inflation, and the great sacrifices this entails. The middle road — what else can I call it — followed by the Council is not perfect, but I appeal forcefully to this Parliament to accept the main lines laid down by the Council.

Thank you, Mr President, for allowing me the privilege of presenting the draft budget for 1977 to this Parliament.

(Applause)

IN THE CHAIR : MR MARTENS

Vice-President

12. *Procedural motion*

President. — I call Lord Castle for a procedural motion.

Lord Castle. — Mr President, can I use a device which I don't think is foreign to other countries, that of raising on a point of order the question of the attendance in this Chamber at this time on what is possibly the most important item on the agenda for this week? I think it is scandalous that we show so

Lord Castle

little respect for the President-in-Office of the Council that he is asked to address a derisory audience of this kind. I have heard during the week a large number of comments as to what should be said and done about the budget. I have listened with tremendous interest, because it is the last thing in the world I would claim to be an expert on. I came along here tonight, frankly, to be educated, and I think it is absurd and shows the irrelevance at this moment of this Parliament if on the one subject on which the Parliament can take definite decisions and make tremendously influential decisions so few people should be here: there is not a single representative of my own socialist front bench here. I congratulate Sir Peter Kirk on being there on his, and the new Vice-President. I believe that my colleagues in the Socialist Group will be appalled when they know that after all the discussions we have had inside our own group so few of us are here. This indicates to me, Sir, that if we were so inclined we could decline to go on with this discussion and make a protest, which would be reported, that we ourselves are ashamed that we do not exercise the powers we have. Because this, don't forget, Sir, is a time when we are discussing further powers for this Parliament. We have been glorifying in the fact that we have some control over the budget, and yet we have these empty benches, those empty benches — what a reception for the idea of the increasing powers of this Parliament! I don't know if fellow Members who are present in this Chamber have the same feeling as I have — I am sure most of them have. I know that my colleague, Lord Bruce, has put fantastically long hours and days into the preparation of his report to this Assembly. What contempt it shows that so few people are prepared to sacrifice dinner or high tea to come along! Is it perhaps also a reflection on the organization of the agenda of this Parliament that an item of this kind is not given a priority at a certain time of the day? I should have thought that that was conceivably possible by agreement between all the parties who presumably want to take part in this discussion. Sir, if it was in order I would move that the House do now adjourn.

(Applause)

President. — Lord Castle, I naturally note your suggestion, which will certainly be recorded in the minutes of proceedings and which I shall put to the Bureau tomorrow. I would however, point out that in October there is to be a special part-session devoted to the budget.

As regards your proposal for an adjournment, you are perfectly at liberty to put it forward, in which case I shall put it to the vote, but I should like to point out that we must take advantage of the presence of the President of the Council, who has to leave at 9.30.

I call Sir Peter Kirk.

Sir Peter Kirk. — Mr President, I share Lord Castle's concern and indignation. I have been as guilty as any one: I have literally only just come in, but I had others things to do. I don't know whether other Members are about in the House, but it does seem to me disgraceful that on this occasion we should have so few of us here. I understand, of course, the difficulty that this House is always in that the President of the Council, for wholly understandable reasons, can only manage one day in the part-session and Wednesday is therefore always a day when we have to load in a lot of other things. We have done that today. If Lord Castle is moving a motion to adjourn, I would have thought it only courteous to ask the rapporteur whether he wishes to carry on before a House as thin as this. I know how much work he has done on this and I pay tribute in advance to his speech for the work that he has done. He has had no holiday, unlike the rest of us, in order to make sure of this, and if he is prepared to waste his sweetness on a somewhat desert air I am sure that the rest of us — those of us who are here — are prepared to listen to him. If he would rather start tomorrow morning with a fuller House but with no minister, I would go along with that too.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I sincerely hope that the motion for the adjournment of the House will not be moved. I can assure Mr Brinkhorst, to whom, on behalf of my colleagues, I apologize for an apparent discourtesy, that only the most intense devotion to public duty could have possibly kept them away from an important occasion such as this. *(Laughter)* For my own part, I am myself most willing to give some of my remarks to those colleagues who have done me the honour to remain. They are small in number but they are great in wisdom. *(Applause)* I would particularly like to have the opportunity of addressing what remarks I have to the all-powerful, who, I am happy to see, are in force — that is to say, the representatives of the Council and the representatives of the Commission. The fact that those who really hold the power at present in the Community are present in vaster numbers than those who aspire to power is a matter of very great comfort to me, and I shall be most delighted to give the Council and the Commission the benefit of such advice as I have as a result of having studied both their documents in detail.

(Applause)

President. — I should like to ask Lord Castle whether he is prepared to comply with Lord Bruce's request and withdraw his motion.

Lord Castle. — I don't know if it is in order in advance of the vote to give an explanation of the vote. But I am going to vote against my dear friend and cherished colleague, Lord Bruce, because I am convinced that no matter what satisfaction he will get out of addressing this House, sparse as it is, he is depriving the majority of his colleagues on all sides of the House of the excellent distillation of this challenging budget if he does not address a larger audience than is here tonight. I therefore, Sir, persist against his advice in moving the adjournment of this House so that we can have a proper discussion on this matter.

President. — I put to the vote the proposal to adjourn the sitting. The proposal is rejected.

13. *Presentation of and first debate on the draft general budget of the Communities for 1977*
(Resumption)

President. — We shall now continue with the presentation of and first debate on the general budget of the Communities for 1977.

I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, on 6 July and in the presence of as remarkably select an élite as this evening, it was my privilege to present the preliminary draft budget on behalf of the Commission. This was an innovation called for by the European Parliament and which thus gave this House, as the sovereign authority, all the information necessary for it to subsequently express its opinion on the draft budget, in accordance with the Treaty. Today we move on to the examination of the draft budget itself. I therefore see little point in the Commission's repeating its explanation of the policies and the comments I made when I presented the preliminary draft budget. Consequently, I refer Parliament to the statements I made then and will deal briefly only with the new elements.

Firstly, we have meanwhile drawn up and presented the supplementary budget for 1976, so that we can now compare our preliminary draft budget, which I had the pleasure of presenting in July, with the total expenditure which has been — or will be — approved for 1976 and which shows an increase of 9.3 % over the preliminary draft.

Secondly, events have enabled us to throw more light on trends in agricultural prices and in the Community's external trade which, as you know, have a direct affect on own resources with respect to customs duties. These supplementary elements will be listed in the rectifying letter to which the President-in-Office of the Council referred a few minutes ago and will enable us to increase the estimated own resources by

comparison with our preliminary draft for 1976 — in other words, to adjust the elements concerning revenue.

Thirdly, since I presented the preliminary draft on behalf of the Commission, the Council has met to discuss the budget and has adopted, at the first reading, the draft which the President-in-Office of the Council has just presented, and the Commission has had the satisfaction of seeing that its proposals have been accepted on a number of major points, notably as regards the distinction between commitment appropriations and payment appropriations, and the entering of loans in the budget. Certain technical amendments have been included and are set out in the explanatory memorandum. The President-in-Office of the Council has already referred to them. They concern appropriations for missions and duty travel and training and payment appropriations for the Regional Fund. In other cases — the Council's explanatory memorandum is explicit on this point too — the Council has decided to depart from the Commission's proposals: this is the case with the size of the commitment appropriations for the Social Fund, for Commission staff, for preliminary consultations with trade unions, etc. With regard to these cases, the Commission, for its part, stands by its preliminary draft. However, Mr President, before the debate gets under way, the Commission can only express its regret that the draft budget omits all the new projects, even though these represented only 1.4 % of the total in its proposal, and rejects projects which this Parliament called for explicitly and financed last year through its margin of manoeuvre: I am thinking of hydrocarbons and uranium prospecting, etc. The Commission also deplores the rejection of the plan for an agricultural price review — and this makes a supplementary budget in this inevitable next year, despite Parliament's constant opposition to this — and the rejection of the joint position of the Commission and the European Parliament on points with which you are familiar, such as the inclusion in the budget of our financial aid to third countries. All this is known, but it was the Commission's duty to repeat its position concerning the items which the Council has decided to delete from the headings proposed by the Commission.

With your permission, Mr President, I shall wait until the end of the debate before replying to any specific questions and, as far as our preliminary draft is concerned, I refer Members once more to the explanations I gave in July.

The ball is now in the Council's court, while on the Parliament side the next move is clearly up to the Committee on Budgets, and, in particular, to its general rapporteur.

President. — I call Lord Bruce.

Lord Bruce of Donington, *general rapporteur*. —

Mr President, when we met to discuss the budget on the last occasion, the total budgetary documentation amounted to 1 096 pages. We have made progress since that time, and I am happy to report to you that so far, now that the Commission's draft budget has come into being, the total has risen to 1 736 pages, in addition to which there have been some 1 000 pages or thereabouts of explanatory documents and memoranda submitted by both Council and Commission. Mr President, I do think, despite the rather sparse attendance, it would not be out of place if Parliament paid its tribute to the band of staff at the Council and at the Commission and in Parliament itself, certainly not forgetting the interpreters, for the vast amount of work that has gone into producing the documentation we now have.

We have, as I have said, made progress since the preliminary draft budget was introduced in this House last July. The budget has been reduced by the Council by some 600-odd million u.a. That is all. The total of the budget now does not differ very substantially from the one before in that it is slightly lower than the total budget of the Bayer company in Germany and slightly more than that of Imperial Chemical Industries in Great Britain. This gets the budget in its correct setting. Moreover, it is not possible at this time for us to debate the budget as a whole, because 75 % of the expenditure is concerned with agriculture, and it would be most unwise to give the population of Europe at large any idea that Parliament was able to consider this 75 % at this time. We are told that we are going to have a rectifying letter, which will come in due course, and doubtless, after the exchanges of view that have taken place between Mr Lardinois and myself, it will be broken down into sufficient detail for Parliament to be able to understand it. This will be a slight change, I trust, from previous years. But, even when it does arrive, there will still be no Parliamentary control over it. In fact, the real presentation of 75 % of the Budget takes place at the time of the price-review. So what we are really dealing with this evening (and I must say, Mr President, in case there are any waverers, that I intend to proceed to the full length of the remarks that I was going to make to what I had hoped would be a fuller House, because I intend to pursue my task with diligence irrespective of the numbers that happen to be here) is some 25 % of the expenditure only.

Before passing to that point, I would just mention one constraint that I propose to recommend to my colleagues on the Committee on Budgets — and later, I hope, with their assent, to Parliament — concerning the common agricultural policy, itself comprised in its budgetary form substantially in Titles VI and VII of the budget. I shall be within the recollection of my colleagues (those that are here) and certainly of the Council and the Commission when I say that every year when agriculture is discussed there is a most

remarkable consensus of views on the fact that it has to be changed, that something must be done about it, that it occupies an altogether too disproportionate amount of the expenditure of the Community. It is a little funny, and I have commented on it in the past, that this tends to evaporate as the price review begins to loom on the horizon and the old alliances appear to be suddenly dissipated in favour of new courses of action, which may no doubt have been suggested by the persuasiveness of Sir Henry Plumb. And this year I intend to take advantage of my colleagues' generosity, the Commission's forbearance and the Council's wisdom in suggesting to them that we make a change this year and that the Committee on Budgets, provided it accepts the kind of proposals I propose to lay before it, consent not to a decrease in the funds devoted to the EAGGF in total but to a reclassification of them. And I shall be proposing to my colleagues that there be a very substantial diversion of funds from the Guarantee Section of Articles 6 and 7 to the Guidance Section. That will enable the Committee on Agriculture of this Parliament, DG VI of the Commission, and the learned gentlemen concerned in the Council to have some budgetary framework within which they can draw up alternative proposals so that intervention payments can tend to lessen and the ration of Community funds can go to disadvantaged farmers direct in accordance with proposals to be drawn up by the Commission — to those on poor-quality land, to those who have special geographical difficulties, to those that have merely extremely small holdings and a very small site. I hope therefore that this budgetary initiative may enable the Committee on Agriculture to work within a more reasonable framework.

I come now to the other amendments, which have been touched on by Mr Brinkhorst and to which I listened with great interest. I really don't know how the Council went about their task. I like to feel that after a judicious weighing up of the very complicated economic situation in the various parts of the Community, after taking carefully into account the fact that unemployment was of 6 million, after taking carefully into account the fact, brought out in the latest report on the Regional Fund, that the poor sections of the Community were getting poorer and the rich were getting richer, we should have a more realistic assessment of the Community's real economic problems, as distinct from what I hope Mr Brinkhorst will forgive me for calling the parrot-cry of austerity. The Council is like the Commission: it is caught halfway between Prof Friedmann the monetarist, and the late Lord Keynes. It has not yet managed to assimilate the fact that over the last 15 years there are at least 20 reputable international economists, people known in the Western world, in America as well as in Europe, who have the solutions which the Council have not yet bothered to look at and which, so far as I can see, DG II of the Commission is possibly incapable of intellectually assimilating. The cry of austerity put forward by

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the Commission as a reason for the miserable little economies that it has seen fit to make is one that simply will wash no longer, and Parliament will expect some progress to be made in this field. We shall see, I hope, that perhaps part of the trouble lies in the very structure of the Commission itself.

I was very glad to hear that the slight misunderstanding that had arisen concerning the proposed staffing of the Commission has been cleared up. I was under the impression that the proposals to cut the Commission's staff under Title I of the budget from 399 to 220 had been agreed by the Commission. I am delighted to be assured now that this is not the case and that the Commission do not accept with any degree of willingness the cuts imposed on them by the Council. Because were it otherwise, and indeed I was under the impression that it was otherwise, I should advise my colleagues on the Committee on Budgets, and I should advise this Parliament, to freeze Title I appropriations in the Commission budget at their last year's level and then require a justification by supplementary budget or other means, for any increases whatsoever. I am glad that this necessity may no longer be forced upon me.

However, Mr President, we do have to bear in mind the fact that the Commission this year is going to lose some of its personnel. I sincerely hope it won't lose them all, but the Commission undoubtedly will change and I am given to understand that we are going to have a new President. This means that Parliament has the opportunity — those of us who are here — of taking a very hard look at the whole Commission structure. And this I myself have done. I have spent about a month on it — on studying the precise structure of the Commission with a view to advising my colleagues as to what I consider to be its cost effectiveness in terms of the money that the Community spends upon it. In saying that, I am acutely sensible of the fact that the Commission enjoys the privilege, which Parliament would not wish to assail, of organizing itself exactly as it wishes; but by the same token Parliament has the right to endeavour to assess its cost effectiveness and in any case has a right to pass its opinion on what the Commission's organization might reasonably be. There are various serious defects, in the Commission's organization. I shall not go into them all now, not because of the lateness of the hour but because of the limits of time which I have set myself and also because they will all be incorporated, I hope, in the report that I may have the honour of presenting to Parliament for possible perusal prior to the next special meeting in October. One, therefore, or two I will mention. They are really gems.

Mr President, you will recall that Article 39 of the Treaty requires those administering the common agricultural policy to pay due regard to the interest of the consumer. Indeed, when the Council members get up and speak about consumer interests, and whenever the

learned members of the Commission get up and speak about the consumer, I can assure you Mr President they overflow with sympathy towards the plight of the consumer. Tears almost roll down their cheeks as they talk of the fond affection they have for the whole consuming population of Europe. So when I was examining the Commission organization I thought to myself: 'I will locate this body of brains, this body of Commission talent that is so busy safeguarding the interests of the consumers of Europe'. And what did I find? I found that out of a total of 7 846 employees of the Commission at the latest count, as of 21 August last, *five* were associated directly with consumer protection. Now these five, were not a director-general, two directors and people of high rank. They were very efficient people, part of a body called the Environment and Consumer Protection Service which was, I was delighted to see, under the supervision of Mr Scarascia Mugnozza, who has such other consumer interests at heart as liaising with the European Parliament, being in charge of the directorate-general concerned with transport as well as that concerned with information. This is one and only one of the idiosyncrasies, to put it in its politest form, that exist within the Commission.

There is one more upon which I will touch and that is our own title, Mr President, as the European Economic Community. I found that there was not one division, not one directorate, not one directorate-general that was in any way concerned with the development of European economic policy. Not one. There is DG II, which is concerned with studying the individual economies of the Nine and there is a division for each one. They are studying structural problems within certain parts of industry but there is not one which is responsible for looking at the European Economic Community as a whole, with the idea of presenting a coherent picture to Europe. If all that DG II can do is to present to the European Parliament second-hand and potted versions of OECD reports which are infinitely better in quality, it is high time for some considerable economies and reorganization of that department. Mr President, I will not elaborate further on that save to say that I have given two examples only, and that the situation which will be described in detail in the appendix to the report that I shall issue will show further idiosyncrasies which, I hope, Parliament, the Commission and the Council will take note of in due course.

Now, to come to the cuts. Six million of the six hundred million u.a. were due to the cuts in staffing proposed by the Council. We shall examine this in some depth and I hope the Committee on Budgets will be able to make constructive proposals about staffing after assessing the merits of the applications that have been made and which we have examined. That accounts for 6 million out of the six hundred million. Two hundred million, Mr President, is accounted for simply by the abolition of the contingency fund. This

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has always happened, so this is merely an elaborate ritual through which the Council go every year and is misunderstood by nobody. This leaves four hundred million which is spread among a number of items which I am not going to enumerate, except to say that about ten million of them are what are called hedge-clipping operations. Now in financial and budget terms hedge-clipping means looking at the Commission's figures and rounding them down by 50 000 or 100 000 u.a. and saying our figures are just as good as theirs and this makes us feel good.

But the worst cuts that have been made and ones on which I am going to comment, and on which I hope Parliament may eventually take a stand, are the cuts that have been made in food aid. The Council have cut the preliminary draft budget proposed expenditure of 310 million u.a. to 217 million, a reduction of 93 million. Now, I want to talk frankly to the Council about this. Are they cutting this with the idea that Parliament will use its margin to restore it and therefore they are cutting something that they know we will demand back as part of our rights under Article 203? If that is their attitude in regard to things like food aid and aid to non-associated countries, it does not augur well for the relationship that ought to subsist between Parliament and the Council. At a time when there is growing poverty in the underdeveloped states, at a time when the world is in turmoil, at a time when discontent amongst youth in particular in the underdeveloped countries is exploding more and more into violence, at a time when these things are likely to spread and flame across the underdeveloped countries, is it really considered good statesmanship for one of the richest collections of countries in the world to invite suspicion and further discord amongst the underdeveloped countries by puny, piffling and disreputable cuts of this kind? That is what I have to ask the Council and those are the views which I shall seek to sustain in Parliament.

I observe that the Council has not disturbed the original Commission estimate for the Social Fund. I had a lingering hope, bearing in mind the generous disposition of their countenances, that this was one item for which the Council would increase what the Commission proposed. With the state of poverty in Europe as it is at the moment, even the appropriation of 172 m u.a. proposed by the Commission is a disgrace and Parliament should be afforded the opportunity of doubling it or under certain circumstances trebling it. Mr President, what I would like to say, in conclusion, is that I am very indebted indeed to members of the Commission for having been here in force to listen to my arguments, which were essentially addressed to them in any event. I am most grateful to my colleagues who have stayed and to members of the Commission, and to yourself sir for your kindly forbearance.

(Applause)

President. — I call Mr Carpentier.

Mr Carpentier. — (F) Mr President, it is a pity that we are under such pressure of time when we have to deal with such important problems.

A few minutes ago, the large number of empty seats was deplored. There may be reasons for this. Could it be that there is no interest in the budget: As 75 % has already been allocated, does the fact that only 25 % of this budget can be discussed discourage our colleagues?

Whatever the case may be, I should like to pay tribute to Lord Bruce for the considerable task which he has completed. I, too, naturally regret these absences, but it is not enough to note this or express regrets. We ought perhaps to look for the reasons — other than the lateness of the hour, for if Parliament fails to deal with the problems involved in the budget, I think it will ill become all those who are absent to complain later that some measure or other has not been taken. It is their duty to be present. So why aren't they?

However, it always comes down to the basic issue — which is that Parliament has no powers or, at any rate, that such powers as it has are extremely limited. This afternoon we discussed the direct elections to the European Parliament. The fact is that if the election of Parliament by universal suffrage — which all of us here welcome — does not lead to an increase in the powers of Parliament, which will then have the backing of the peoples of our nine countries, the chances are that, when we come to discuss the budget one fine day or evening, the House will be just as empty as it is today.

Mr President, how can you expect our colleagues to attend when their presence has no impact, when all the issues are already settled — I do not mean at the Commission, but at the Council — and when they know that nothing they can say or do will change the policy. It is quite evident that the growing feeling of disillusionment may account for this poor attendance, especially at such a late hour.

This being the case, what I would like to see — over and above what Lord Bruce said — is a strengthening of Parliament's powers so that, through the Commission, we can give our voice greater weight and have far more say in budgetary affairs.

These are my feelings in the light of today's poor attendance.

President. — Ladies and gentlemen, given the lateness of the hour I should be grateful if you would keep your remarks as brief as possible.

I call Mr Notenboom.

Mr Notenboom. —*(NL) Mr President, I shall do my best to say less than I had intended.

I should like to thank the President-in-Office for his account of the budget, and for the considerable effort beforehand arising from the resolve, which our Group knows the Dutch Presidency to possess, to extend the *de facto* powers of this Parliament in view of the limited competence it officially has as yet. It is undeniable that these powers are in fact gradually increasing. I should also like to thank Mr Cheysson, who has made considerable efforts to help Parliament obtain greater real powers. In addition, we greatly appreciate the accomplished rapporteurs we have had in the past, as we do our current rapporteur, Lord Bruce, who, as we all know, did so much work during the holiday period in order to familiarize himself thoroughly with the budget before we got down to examining it officially, and to make up as much as possible for the fact that he has been here such a short time. He has earned our sincere admiration. We shall be glad to examine with him whether all the staffing is still satisfactory, and it is certainly useful from time to time to act as if we were not aware of the past and to examine whether each department is still as useful as it was when it was set up.

I will not go into figures — at least not to any great extent — but I should just like to stress once more that in spite of the restraint occasioned by the financial situation in the Member States, our European budget must nevertheless expand. This does not, however, necessarily imply an increase in overall expenditure in Europe. It only means that more and more programme objectives should be 'Europeanized', and that the individual Member States should spend less on policy objectives which we shall pursue jointly in the future. Mr Brinkhorst knows that this applies to development aid in the Netherlands and that it is also occasionally the case in other countries. This is, after all, the purpose of an increasing European budget, and not the increasing of total expenditure in Europe as a whole — i.e. the ten budgets together.

We do not want to make too much of the budget, but at the same time we do not want it to be merely the summation of the financial implications of decisions to be taken by specific Councils — which it still is to an excessive extent. For the sake of brevity I should like to illustrate what I mean using the example of the Council on Development Aid. We regret that no amount has as yet been included. I hear from the President-in-Office that another meeting of the Council of Ministers for Development Aid is to be held and I urge him to do what he can to see that this Council meeting is held soon. I should like to take this opportunity of asking whether a date has already been fixed, because if not I am afraid the meeting will be too late. I repeat what Lord Bruce has just said in a different context. The distinction between payment appropriations and commitment appropriations is

extremely significant, even when viewed in isolation, but if the Council thinks that using commitment appropriations for a larger number of areas gives, as it were, a different picture and disguises the reduction in the payment appropriations, we cannot accept this. This is just not on. I do nonetheless get the impression slightly that the increased commitment appropriations, which must therefore be spent in the future, are intended to obscure the reduction in, for example, the European Social Fund payments.

This cannot be the intention and even if it were it would only be effective for one or two years. If one has been working with commitment appropriations for several years, the commitment appropriations for 1978 will naturally be compared next year with those for 1977 and then the sleight of hand — if I may call it such — insofar as it is used will no longer be effective.

I will not go any further into the question of whether we shall be bound to a greater extent by commitment appropriations, Mr President, since I wish to comply with your request. I should just like to ask whether the five fields for which the President-in-Office of the Council said that commitment appropriations could be created are in fact an exhaustive list. I should very much like to know that.

I am pleased that the President-in-Office of his own accord so firmly stressed his intention to assist the progress of the sixth Directive on VAT with a view to promoting complete financial autonomy within our Community. As I told him last week in the debate in the Netherlands Parliament, if this Directive is not adopted this year, there can be no question of it entering into force on 1 January 1978. I know for certain that the Member States need a year at the very minimum to adjust their legislation. I am sure, however, that we appreciate this undertaking on the part of the President-in-Office and his remark to the effect that this would play a part in promoting the so essential harmonization of taxes in our Community. Unless regular progress is made, in the field of harmonization itself, all we are doing at the borders is correcting symptoms, and this Directive will play a part in remedying this situation. I should just like to say that we regret that the Commission's proposals have not been included in the books — I refer to the budgetary documents in this way because they are fairly hefty tomes. We had asked for them to be included and I thought this had been promised. The European Commission is not just a body which makes a few proposals, it is a Community institution that, according to the Treaty, must submit well thought out and substantiated proposals and has in fact done so. This is why the proposals should be included in the budget documents — not only because otherwise the documentation becomes too heavy to lift, since we then have two sets of documents to lug around, but simply out of respect for the Commission which has put a great deal of work into these proposals.

Notenboom

Finally, I hope that our rapporteur, with the support of Mr Cheysson and his assistants, will be able to further our cooperation and that it will be possible to produce a budget which will perhaps not be spectacular, but will at any rate make an essential contribution to the further growth of Europe.

President. — I call Mr Cointat to speak on behalf of the Group of European Progressive Democrats.

Mr Cointat. — (*F*) Mr President, the unique feature of this budgetary procedure for 1977 is to have allowed two policy debates.

On 6 July last, I outlined our position on behalf of the Group of European Progressive Democrats. Without repeating those remarks, and in order to comply with your wishes, I shall not even go into the details of the budget. I shall make three observations which are fundamental to my mind, one on the form and the other two on the substance.

With regard to the form, I observe that progress has been made: the presentation of the budget has improved and there is greater transparency, and we must express our approval and satisfaction. In addition, the inter-institutional dialogue between Parliament, Council and Commission has made it possible to clarify the concept of commitment appropriations, to which we will return later. This great effort also deserves to be acknowledged, even if it falls short of what we had hoped.

On the substance, i.e. revenue, expenditure and the allocation of appropriations, Mr President, I would like to make two important remarks, for the more I study budgetary problems the more I am bogged down by scepticism.

I am increasingly struck by the fact that these Community budgets are completely artificial. I do not question the Commission's good intentions, I do not doubt the experts' skills and, Mr President, I understand the difficulties encountered by the Council, even if I am always astonished by its over-cautious attitude.

One thing, however, is clear: we spend weeks and weeks discussing the budget and we work day and night to draw it up and vote it through. We have the impression of having done a good job and then, a year later, we realize that the real revenue and the actual expenditure is completely different from those forecast. Thanks to the supplementary budgets, the transfers of appropriations and the carrying forward of appropriations from one financial year to the next, we see that we have in fact considerably amended the budget originally approved.

Let me give you the proof. Movements of funds — let me say it again, movements of funds, i.e. appropriations which have been added and those which have been transferred from one heading to another —

affected, if you please, 49 % of the budget for the 1975 financial year. Taking into consideration the two supplementary budgets for 1976, totalling 894 m.u.a. and representing a 13 % increase over the original one, transfers of appropriations amounting to almost 300 m.u.a. and appropriations carried forward which will be approximately equal to those for 1975, it is plain that we are heading towards a variation of 40 %.

So I cannot conceal my astonishment at this situation, and, incidentally, let me point out to the President-in-Office of the Council that where transfers of appropriations are concerned, Parliament ought perhaps to be informed, not in order to allow it to 'participate' in drawing up the budget, since this is not its role, but in order to make the situation and trends in budgetary affairs more intelligible to Parliament.

The fact is, however, that it is not people who are at fault. If this situation provides grounds for concern, it is mainly due to the system and, in particular, to procedures I consider obsolete or unsuitable.

I come now to my third observation which is quite simply that the compensatory amounts, have risen from one year to the next from 665 million u.a. to 1 100 million u.a. They represent 13 % of the budget. And I would inform the general rapporteur that the farmers are not responsible: as had been planned before 1 January 1976, the Commission should have put forward proposals for a substantial permanent reduction in the expenditure caused by these compensatory amounts. This was not done; however, we in the Committee on Budgets sincerely hope that, despite the obstacles, proposals can be made by 1 January 1977. As we have already discussed this, I shall not dwell on the matter. However, I do think it is urgent to try and sort out the difficulties and introduce a European unit of account based on the basket of Community currencies if we want to put an end to the present monetary upheavals.

Let me say that the Commission gave an extremely interesting reply in the Official Journal to a question on this issue put by my friend Mr Cousté on 2 April 1976. In particular, this reply shows that the unit of account has numerous virtues, that we had up to now relied on a gold-parity unit of account, but that at present we have five different units of account: the gold-parity unit of account, the agricultural unit of account, the European unit of account, which is already used in reality, for example, by the EDF and the ECSC, the European monetary unit of account, which is used by the European Monetary Cooperation Fund and also, according to Parliament, the budgetary unit of account (BUC), at least in the case of salaries and duty travel.

When I see all this vast number of units I cannot help thinking it is high time that a European unit of account was adopted if we are to normalize the budget and reduce it substantially.

Cointat

These are the observations which I wanted to make, Mr President. I shall speak on the budget in October. Let me just comment briefly on revenue and beg the President-in-Office of the Council to introduce Community VAT or at least to read a decision on it before 1 January 1977 so that it can be applied, as planned, on 1 January 1978. I ask him to do his best so that the European Council can decide before the end of November. As for expenditure, let me express my regret that there is not new initiative and therefore no will to continue the building of Europe.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, I shall be very brief since these subjects will again be examined in depth at the special part-session which Parliament intends to devote to the first reading of the budget. I shall then have the opportunity of replying in greater detail on behalf of the Commission to various points raised during today's debate.

Mr Notenboom, for example, brought up the question of aid credit to non-associated developing countries. I should like to tell him right away that should the Council, which has to take a decision on this, appear to be behind in its work, the Commission would naturally take up once more its own proposals as set out initially.

I should also like to assure Mr Notenboom and, through him, this House, of the Commission's will to use the commitment appropriation in the full sense of the expression, i.e. as mechanism fixing the limit of the commitments which can be entered into by the Community in a given year. Consequently the effect on payment appropriations does not change the fact that it is the commitment appropriation which reflects the dimension of the policy to which the Community is irrevocably committed. As to the question of food aid raised by Lord Bruce, the Commission naturally shares the general rapporteur's views wholeheartedly as it also shares the steadfast position which this Parliament has maintained for several years. However, as it did during the Council meeting, it cannot help but show its astonishment once more at the problems which seem to be involved in adopting food aid programmes which correspond, especially when it comes to skimmed milk powder, to the Commission's possibilities and to the present needs of the world which is suffering from an increasingly serious shortage.

Lord Bruce raised two general questions which I shall take up very briefly since they are undoubtedly so important that they will have to be debated at length in the discussions with the Committee on Budgets, with the general rapporteur, and perhaps even in the special committees of this Parliament. Lord Bruce referred to the state of imbalance which exists at

present in the agricultural sector between our structural, long-term interventions on the one hand and our action at market level on the other. When I spoke on behalf of the Commission on 6 July, I stressed this state of imbalance and pointed out that it existed not only between the Guarantee and the Guidance Sections of the EAGGF, but also between the very small appropriations entered in the Community budget for guidance and the huge sums spent by the individual governments for the same purpose, that is, reorganization. 325 m.u.a. in commitment appropriations were earmarked for this in the Community budget, compared with 9 000 m.u.a. spent by the nine Community governments. This led me to ask whether Europe's vocation was to finance immediate and short-term intervention at market level and to ignore restructuring and reorganization. In my view, this is a serious problem for our agricultural policy which will necessitate several debates in the special committees as well as in Parliament.

Lord Bruce referred to the organization of the Commission. He quoted two specific examples which I feel do not fall precisely within the same field of analysis. Firstly, he voiced doubts as to the quality of the work of one of our Directorates-General, without specifying the number of staff comprising it. Let me point out that the Directorate-General in question has certain direct responsibilities which, in my opinion, it discharges satisfactorily: such is the case of loans, for example.

Lord Bruce's opinion of DG II's work deserves to be discussed in detail with him and perhaps with the competent parliamentary committee.

Secondly, he quoted a totally characteristic case where the Community committed itself to a line of action with a view to consumer protection, but did not go into what this involved on the organizational side. As a result, we shall certainly be having some very interesting conversations with him on this subject since, of course, as Lord Bruce himself said, this Parliament has the right to give its opinion and to assess the effectiveness of our structures.

We are therefore open to discussion and will always be pleased to receive the guidance of this Parliament, as well as that of the Council, in organizing our departments.

However, let me remind you, and I am sure that the general rapporteur will not hold it against me, that the executive responsibility of the Commission cannot be questioned: it is up to us to decide how it should be organized. If you find our organization at fault, we shall be pleased to discuss and clarify the matter with you. If your findings are confirmed, it will be up to us to act accordingly, but the responsibility is ours.

I shall, Mr President, reply to most of the points raised by Mr Cointat when the subject for which he is rapporteur comes up for discussion. With regard to

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the European unit of account, I should merely like to tell him that the Commission, as it has already stated in this House, is determined to see that specific regulations are adopted in time for the European unit of account to be introduced into the budget — as is already the case elsewhere — as from 1 January 1978. This is one of the Commission's proposals with regard to the amendments to be made to the Financial Regulation. It would clearly be advisable to abandon this profusion of units of accounts and also to abandon a unit of account based on artificial exchange parities such as the present budgetary unit of account which gives rise to fairly serious economic distortions.

(Applause)

President. — The debate is closed.

14. *Agenda*

President. — I call Mr Spicer on a point of order.

Mr Spicer. — Mr President, at this point in the evening I would ask you for some guidance from the Chair. We have been dealing with a fairly long agenda during the day. You have already mentioned the hour of 9.30 p.m. as finishing point. I wonder if you could now give us some firm indication because, quite obviously, people have been staying here for other debates which are due to be called later in the evening. If you could give us your guidance, Sir, we'd be extremely grateful.

President. — As you are aware, the oral questions on the drought have been postponed. On the other hand, as proposed by their authors and with the agreement of the institutions concerned, the oral question with debate by Mr Berkhower to the Conference of Foreign Ministers on the appointment of the new Commission (Doc. 278/76) will receive a written reply, and the oral question with debate by the Political Affairs Committee to the Conference of Foreign Ministers on détente in Europe (Doc. 274/76) is carried forward to the next part-session. This leaves on this evening's agenda the report by Mr Cointat on draft supplementary and amending budget No 2 (Doc. 293/76) and the report by Mr Shaw on the draft regulation amending the Financial Regulation of 25 April 1973 (Doc. 296/76). I consider it important that we should deal with the first of these reports today so that we are not obliged to do without the introduction by the President-in-Office of the Council. With regard to the Shaw report, I do not think it will be easy to find time to deal with it this evening.

I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, I must point out to you that, if Mr Shaw's report is postponed to tomorrow, I will not be able to be present to move my amendment. And it is this very amendment which is at the

root of the problem. It is also the reason why Mr Notenboom requested a few hours ago that the report should be referred to committee.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — *(NL)* Mr President, I do not wish to interfere in your procedural problems, but I have the impression that the question put by Mr Notenboom is one of the factors with which Mr Cointat's amendment is concerned. If I were to give a definite answer to Mr Notenboom's question as to whether the distinction made between commitment appropriations and payment appropriations is restrictive, my answer would be that Mr Cointat has no longer any need for his amendment. Indeed, the distinction is not intended to be restrictive.

President. — I propose that we should in any case deal with the Cointat report now, after which we can decide further.

15. *Supplementary budget No 2 for 1976 (Debate)*

President. — The next item is the report (Doc. 293/76) drawn up by Mr Cointat on behalf of the Committee on Budgets on the

draft supplementary and amending budget No 2 of the European Communities for the 1976 financial year.

I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — *(NL)* Mr President, I do not wish to go into details on the occasion of the formal presentation of supplementary and amending budget No 2 for 1976. These details can be found in the explanatory note to the draft budget which the Council transmitted to you and in Mr Cointat's excellent report. I should just like to mention two points. Firstly, this is a supplementary budget, the agricultural section of which is a consequence of certain unforeseeable developments, particularly in the exchange rates of the various Community currencies, and in the markets and trade in agricultural products. Our three institutions will thus no doubt recognize the need for a supplementary budget of this kind. I therefore sincerely hope that the 'theological' debate on the usefulness of supplementary budgets and our differences of opinion regarding them does not need to be reopened today.

Secondly, I should like, on behalf of the Council, to say how pleased I am that the Commission has agreed to the Council's request that various operations should be included in a single supplementary budget halfway through the year — i.e. this draft budget is not exclusively intended to cover the extra expenditure made necessary by developments in the monetary sector, and, to a lesser degree, the economic situation in the agricultural sector. It also contains four further elements to which I should like to draw the attention

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of Parliament. Firstly, there is a supplementary appropriation for food aid, which is a result of a Council decision of 3 March 1976. Secondly, the appropriations for aid to Portugal has been revised. The Council feels that including all these elements in a single supplementary budget halfway through the year means that the wish of all our institutions to keep the number of supplementary budgets to a minimum has been fulfilled in a practical way. I welcome this development on behalf of the Council and hope that draft supplementary budget No 2 which I hereby present, will not pose any problems for Parliament.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the Commission would first like to thank Parliament for agreeing to deal with this matter by urgent procedure, knowing that a delay in the adoption of this supplementary budget could seriously affect our liquid position.

I should like to join the President-in-Office of the Council in congratulating Mr Cointat on his report and to say that in view of its fully comprehensive nature and of the explanatory statement which accompanied the preliminary draft, it seems superfluous to examine the chapters of this draft supplementary budget in detail again.

I will merely reply to certain observations made by the rapporteur in their reports.

The supplementary budget above all concerns agricultural expenditure and market intervention expenditure for which we forecast an increase of 185 m.u.a., i.e. 4 % over the figure entered in the budget for 1976. This percentage is undoubtedly within the margin of error possible when assessing such large appropriations.

However, the rapporteur from the Committee on Budgets stressed that there have been substantial variations in certain chapters and this was repeated just now by Mr Cointat. I would like to point out to him that in the agricultural sector there are in fact substantial variations which are impossible to forecast. Let me give you two examples. As the general rapporteur has pointed out, there was a difference of 53 % in two months between two Commission assessments in the fruit and vegetables sector. This is quite true. However, as the rapporteur is well aware, there was a very good harvest of fruit and vegetables during this period. This has given rise to what is euphemistically known in the Community as withdrawal compensation. Withdrawals of fruit and vegetables, especially apples, tomatoes and mandarins, amounted to 800 000 tonnes whereas 200 000 tonnes had been forecast, a situation which had been unimaginable a few months previously.

The second example is sugar. The amounts entered under the heading 'sugar' were in fact, increased by 68.6 % between the two Commission assessments of

September 1975 and July 1976. In the meantime, however, there had been a drop in the consumption of sugar in the Community, a better harvest in 1975 than had been forecast — an exceptionally good one, as you know — and finally a slump in world prices. The result was a rise in exports, figures for which were double those originally forecast, an increase in refunds on the basis of world prices and an extension of the storage period. This accounts for the change in the sugar sector which no one could have foreseen.

With regard to market intervention expenditure, the rapporteur is concerned by changes introduced between the preliminary draft and the draft itself, and criticizes the Commission for having amended its preliminary draft without first informing Parliament which is the supreme budgetary authority. I should like to tell him that this was not the case. Sound technical arguments were brought forward by government delegations at the Council discussion and these resulted in certain amendments during the discussion itself and not in an amendment to the Commission's preliminary draft.

Finally, on the subject of this first part, I would like to say that the supplementary budget could and should have been avoided. Although the Commission had not included a provision for an agricultural price review, it did, on 10 December 1975 when it drew up the agricultural prices, provide for accompanying measures corresponding to a saving of 220 million u.a. The Council approved a saving equivalent to 50 million u.a. only, a difference of 170 million u.a. This 170 million, when examined alongside the 185 million u.a., shows clearly that a supplementary budget on this point would have served no purpose.

The monetary compensatory amounts are increasing substantially. This is stressed by the rapporteur and also by Mr Kofoed and Mr Cointat again called attention to the fact a few minutes ago. It is a very serious problem. I would like to remind members that a devaluation of the pound of one point costs the Community budget 20 million u.a. Last week the pound fell two points in one day.

Let me also stress that a devaluation of the Italian lira of one point costs 24 million u.a. As you know, our concern goes deeper and we feel that the market economy has been distorted by the continuance of the monetary compensatory amounts, which were originally introduced as a transitional measure only. The two rapporteurs stressed the need for a compulsory running down of these monetary compensatory amounts over a period of time. As I reminded you when I presented the preliminary draft budget for 1977, this is precisely the position of the Commission, which is now pleased to endorse the commitment which Mr Cointat asks it to undertake in Point 51 of his report. Before the end of 1976 — in fact, at the beginning of next month — it will submit a proposal for a decision to the competent authorities to this effect.

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The accession compensatory amounts have risen as a result of a step-up in trade between the United Kingdom and the Continent, as can be seen from our accounts for the first five months. As you know, these accession compensatory amounts will have to be run down over a period of time since they are transitional measures provided for in the Treaty of Accession.

As to expenditure other than agricultural, I shall be brief. With regard to food aid and the additional expenditure for milk powder, we share the European Parliament's regret that such a detour was necessary before the Council finally adopted what the Commission had more modestly proposed in its preliminary draft budget for 1976 and what the Parliament had proposed very precisely in terms of quantities at the first reading of the budget for 1976. On Portugal, Parliament should be given explanations and the Commission undertakes to provide them in order to demonstrate how the interest rebates comes to 30 m.u.a.

Summing up, Mr President, the Commission recommends the adoption of the motion for a resolution tabled by the Committee on Budgets, and consequently of supplementary budget No 2. It confirms what I have already had the opportunity of stating, namely, that a proposal will be formally submitted to the Council before the expiry of its mandate on the compulsory running down of compensatory amounts over a period of time. The list of appropriation transfers for agriculture made since the beginning of 1976 has already been forwarded and a note concerning the subsidizing of interest rates on loans granted to Portugal will also be forwarded.

As to income, I should like to comment on Mr Cointat's scepticism. 'Scepticism' is a word which always surprises me coming from a person as dynamic as the rapporteur. In the circumstances, however, this scepticism is not justified. We submitted a proposal for a review of customs duties and agricultural levies after three months of the 1976 financial year. After six months, we can confirm that the customs duties are 15 % over the forecast entered in the budget for 1976 and that the agricultural levies are almost 50 % over the forecast made in the agricultural budget. What is the reason for this change in our forecast? The simple fact is, ladies and gentlemen, that when we drew up the budget for 1976 we were not to know that there would be a substantial revival of imports resulting from a upturn in the economy, and therefore an increase in customs duties and a fall in world prices permitting operations which were more profitable than those we had forecast with regard to these levies.

As for exchange rate gains, we are criticized for presenting these as savings. However, that is what they

are. When we pay for a unit of account in real pounds, it costs the budget 1.3 u.a. because of the absurd rates which we use for the budgetary unit of account. But when we receive a unit of account from a rich country, a country with a strong currency, and use it in a country with a weaker currency, we register a gain on the difference in exchange rates. In both cases, accounts come into play. Consequently, in both cases there is a burden which is sometimes neutralized. The real additional expenditure in the supplementary budget is 633 m.u.a. and not 833 m.u.a. Nevertheless, tradition has it that exchange rate gains must be entered as revenue. That is what the Council has decided, that is what Parliament recommends and the Commission falls into line unhesitatingly.

President. — I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Let me first say that the Committee on Budgets recommends that Parliament adopt supplementary budget No 2. The President-in-Office of the Council spoke on this budget a few minutes ago and explained a number of points, for which I am particularly grateful to him. Mr Cheysson then replied to the observations made by the rapporteur and by the Committee on Budgets concerning this issue. I should like to thank Commissioner Cheysson since his replies have satisfied the Committee on Budgets on practically all the points raised; Portugal, the running down of the compensatory amounts, the forwarding of the list of transfers and the question concerning entry under real expenditure of the 200 m.u.a. involving exchange rate problems. This, Mr President, spares me from entering into lengthy explanations and will therefore enable me to close this debate very quickly. There are just two or three very short comments which I would like to make.

The first is that I will not enter into an argument with my friend Mr Cheysson over percentage variations in the budgets. It would serve no useful purpose. The fact is that this supplementary budget represents an increase in expenditure of 11 % which is, let's face it, quite substantial. Of course, most of this is accounted for by the increase in compensatory amounts which is no one's fault. Nevertheless, I hope he will allow me to state simply as a friend that to be 25 % out when assessing revenue is by no means negligible. You will maintain that this is again the fault of the currency. Agreed, but it is 25 % nonetheless. In which case, since I am addressing a friendly remark to the Commission, let me also make one to the Council. There was, admittedly, no point in dramatizing the situation as regards the skimmed-milk powder delivered to the developing countries, since the extra 50 m.u.a. requested by Parliament during the vote on the

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budget corresponds to exactly what will be spent during the year as a result of the supplementary budgets. This goes to show that the Council should occasionally listen to Parliament so as to save a lot of time in its work. With these reservations, Mr President, the Committee on Budgets asks Parliament to adopt supplementary budget No 2.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I won't detain the House long, but I would like to draw the Commission's and the Council's attention to the precise wording of the motion for a resolution approving this supplementary budget and, in particular paragraph 2 which says :

Calls on the Commission to submit, before 1 January 1977, proposals designed to create the necessary conditions for cutting back drastically and permanently the inflation in green currency expenditure.

I just want to emphasize that the responsibility which the Committee on Budgets lays upon the Council does not call for it to take action by 1 January actually to cut back the green pound MCA allowance, but to create the conditions under which that can be done. It becomes very necessary to do that because, of course, any arbitrary elimination at this time of MCA's — and I am not talking about the accession compensatory amounts that are due to be phased out anyway — would cause very great difficulties in at least three of the countries of the Nine. As long as it is understood that the advice of the Committee on Budgets will help to create the conditions under which this can be done, and they concur fully with that — on that basis I am very pleased, Mr President, to support the resolution.

President. — I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, I should like to thank the rapporteur. In view of the lateness of the hour, I shall refrain from speaking any further. I had intended to pursue the question of whether it would not be advisable to dismantle the monetary compensatory amounts rather more rapidly, and to use that money for more specific aid via the Regional Fund and the Social Fund. However, this is too complicated a subject to deal with in a few minutes, so I am content to offer our thanks to the rapporteur and to state that our Group will follow his advice and approve the supplementary budget.

President. — The debate is closed. The vote on the motion for a resolution will be held tomorrow.

16. Financial regulation applicable to the budget of the Communities

President. — The next item is the interim report (Doc. 296/76) drawn up by Mr Shaw on behalf of the Committee on Budgets on a

draft regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities.

I call Mr Shaw.

Mr Shaw, rapporteur. — Mr President I am sorry that this debate should take place at such a late hour, but nonetheless I think it important that it should go ahead as planned. Not having spoken, deliberately trying to hasten things on, in the earlier debates, I would just like to say that I congratulate Lord Bruce on the work that he has done on the Committee on Budgets. We have already congratulated the Commission on the speed with which it managed to produce the preliminary draft, and we ought to add now our thanks to the Council for the way that it, too, has pursued the new policy of early production of the draft budget.

This change in procedure involves, of course, the opportunity for parliament to have an early meeting with the Council to discuss the preliminary draft budget before they make their final decisions. And that really is the burden of this particular regulation that we are discussing tonight. Just over a year ago this Parliament blocked a suggestion by the Commission to introduce wider scope for commitment/payment appropriations. We did it not because we did not want wider scope, but because we felt that it was not just that particular section of the Financial Regulation that should be reviewed and brought up to date, but that a broader review of the Financial Regulation should take place. I am glad to say that Mr Cheysson was good enough to promise that that broader review would take place, and he has fully honoured the pledge that he gave. We are very grateful to him, as I have already said on earlier, for doing so.

We have also been anxious in this Parliament — and that is partly the reason for the haste with which we have pursued this matter — to try and get the proposals that the Commission has put forward through in time for the 1977 budget. When we went to the Council for our discussions, they warned us that it did seem to them that it would be humanly impossible, despite their goodwill, to complete their examination of the revised Financial Regulation, particularly in view of the fact that they would not receive it from this House for some time to come. And, therefore, they felt that if they were to incorporate changes in

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the 1977 budget, they really must ask for an interim form of those changes. Of course, we had to consider whether their arguments for only going half way this year were valid. We came to the conclusion that they were well founded, and we said that provided they were prepared to incorporate in the temporary regulation an assurance that the interim measure would only last for one year and, without any action on our part, would lapse and disappear at the end of one year, and, at the same time, provided they were prepared to give an assurance that whatever is agreed in the interim measure would not be held as a precedent for the bigger review that was taking place, then we were prepared to discuss an interim regulation.

They accepted those two vital provisos. I would draw the House's attention to Article 5, which says that this Financial Regulation shall apply to the 1977 budget and to the work of the Budget Authority in connection with this budget; the explanatory memorandum shows that it will apply only to that budget and everyone is agreed on that. Let me make it quite clear that this is not to apply to the whole budgetary procedure of the 1977 budget. Why? Because we have already had the preliminary draft budget, we have already had the draft budget presented; the remaining stages are all within our hands in Parliament. Therefore we have to ask ourselves whether we have provided all the safeguards that we need on the very propositions that the Commission itself is putting forward. I am bound to tell this House that I sincerely believe that our delegation, with the President at its head, has provided every possible safeguard, unless of course one does not believe in the good intentions and the sincerity of the Council. Nobody has as yet put that thought forward as a reason for objecting to the measures.

If you look at the end of the draft regulation, you will see that there is a draft statement for inclusion in the Council minutes. The Council have agreed to include the following in the minutes:

The Council emphasizes that this Financial Regulation contains transitional provisions which will be reviewed when the Financial Regulation of 25 April 1973 is next amended and which in no way prejudice any decision the Council may then take.

In other words, when this dies its natural death after this budget we shall be back to the original 1973 Financial Regulation, and we shall have before us what we have already, namely the amendments that have been put forward after so much careful work by the Commission. I believe, absolutely sincerely, Mr President, that we have allowed, in the interim, the measures connected with payment and commitment appropriations that we all want to be incorporated in this budget. I have no hesitation in saying that I believe the work your delegation did in meeting the Council and working towards a common solution was

a very worth while exercise. It showed a genuine desire on both sides to reach agreement to improve the financial regulation. We should not cavil at the agreement that is reached now. Of course we couldn't commit Parliament, but we said that we did honestly believe that Parliament would support us in what we had agreed with the Council, and I trust this will in fact be the case.

But we have got to look further ahead. This is, after all, only an interim measure. What are we really after? I was really after safeguarding the position for the bigger review that was to come. If we could establish a sincere and genuine relationship with the Council on what, in many respects, will be a thorny process of discussion, then I believe we did a real service both to the Commission and to ourselves. I would very much regret it indeed if the foundations that we have laid — the preservation of our rights built into this whole scheme — were, at this early stage, to be largely spoilt by this amendment.

Of course there are many things that we don't agree with entirely that may well have been put better. But I must tell the House that, when this was discussed at great length at the last meeting of the Committee on Budgets, I turned to the Commission and I said: is there anything in this interim regulation that will inhibit us in this year? And there was nothing that could be put to us, except that it created a precedent for the future. And that, in my view, is a very bad reason indeed since the whole future of these financial regulations depends on consultation and understanding between each other. If we were to doubt the word of the Council so early in our discussion it would be a very great pity indeed.

Mr President, perhaps I have spoken too long. But I do feel somewhat strongly on this matter. We have not committed the House in any way, but have told the Council that we believed we had come to a good agreement. Whilst not being able to commit Parliament, we believed we could carry Parliament with us. That was certainly the implication at last week's meeting of the Committee on Budgets. We certainly hoped that this would go through this week, which is again a reason why I felt I ought to stick to the timetable. I am sorry that in the heat of the negotiations there was a last-minute misunderstanding with my friend and colleague, Mr Aigner. I would not have had that for the world but nonetheless I felt that I had to stick to the principles as I understood them and to the agreement the delegation had made with the Council. I would now beg to move this working document (296/76) in the hope that it will have the full support of this House.

(Applause)

President. — I call Mr Cheysson.

Mr. Cheysson, Member of the Commission. — (F) Mr President, I think it is unnecessary to dwell on the central issue since the rapporteur has formulated the matter very clearly. For a long time Parliament has wanted to see commitment appropriations shown together with payment appropriations in order to put an end to the absurd situation in which all the appropriations required to cover the Community's obligations are shown in the budget for one year even when it is certain that those appropriations will not all be spent in the course of that year. This leads to amounts being carried over and runs counter to budgetary transparency, as Mr Cointat rightly emphasized just now.

This matter is of course included in the Commission's proposals for a general review of the Financial Regulation, which would also deal with many other matters such as the European unit of account to which we have already referred. In this connection, the Commission is glad that the rapporteur and the Committee on Budgets have included in their motion for a resolution a paragraph 2 which calls on the competent authorities to proceed, as soon as possible, and before adoption of the 1977 budget, with the general review of the Financial Regulation.

However, a decision had to be reached immediately to enable commitment appropriations to be included in the 1977 budget. The Commission's view is that such a decision could have been taken under the existing Financial Regulation, since this lays down that expenditure can be approved for a period exceeding the financial year in question only in accordance with the specific procedures provided for in the budget. That seems clear to us, but the Council was not of the same mind and, since it is entitled to express its opinion on this matter, it preferred to proceed along different lines. It was at this point, in the circumstances described by Mr Shaw, that conciliation began; we should all be glad to note that such conciliation is now becoming one of the principal methods of ensuring that Parliament is given its proper place and that its right to construct the Europe we all aspire to is recognized. In the course of that conciliation the Commission did not want to create further difficulties by voicing its misgivings, to which I should like to refer, about the formula now recommended by the rapporteur, the Council and the Commission. It would be less than honest of me, Mr President, not to deal with those various misgivings at this stage.

In the first place, we wish to register our surprise that a draft regulation has been tabled by the Council since, according to the Treaty the initiative for such a step still lies with the Commission.

Secondly, we think that the list of projects for which commitment appropriations are now to be provided is too restrictive.

Finally, and most important of all, the definitive action which we are proposing for the future is not inspired by the same thinking since in our proposal included in the review of the Regulation, we revert to the formula embodied in the present Financial Regulation and which treats the establishment of commitment appropriations as a budgetary matter, i.e. something to be agreed between Parliament and Council.

Nevertheless, Mr President, the Commission is very pleased to note the successful outcome of this conciliation. It very much wants to see commitment appropriations included in the budget as from 1977, thus putting an end to the anomalous situation which has existed hitherto. It also notes that the Council has given an undertaking that this procedure will apply for only one year, in accordance with the provisions of this unusual draft regulation. This undertaking will be recorded in writing, the Council has given unqualified assurances, and the Commission, in line with the recommendation made to Parliament by the Committee on Budgets, is of course placing its full trust in those assurances; the Commission therefore now recommends this draft regulation for Parliament's approval.

(Applause)

President. — I call Mr Notenboom on a point of order.

Mr Notenboom. — (NL) Mr President, I was told by your predecessor that this was the right moment for me to make the proposal I had previously tabled somewhat prematurely — that consideration of this report be deferred until October. I hope that no-one will be offended by my proposal, since that is not the intention. Our principal concern is to know to what extent our colleagues on the negotiating committee are or are not committed to this text.

If they do feel themselves committed to the text — and I have today heard varying opinions on that point — the question is then whether Parliament should also feel itself committed. My group cannot express any opinion on the matter since it was unable to hold a meeting this morning. Moreover, it was only early this afternoon that we were informed of Mr Cointat's amendment. Also, the report itself appeared only yesterday because a telex received from the Council had to be included. I have nothing but admiration for those who were responsible for this task. They have had to work very fast over the last few days. That is why I ask you to defer a decision on this proposal until October. We fully recognize that a decision must be reached to enable budget decisions to be taken early in the proceedings. I hope the honourable Members appreciate my reasoning, even with so few of us present. I hope that no decision on this far from simple issue will be taken at this stage.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I rise to oppose the motion that this decision be deferred to 1 October. This proposal has not been hurriedly presented to Parliament: it was discussed very adequately at the meeting of the Committee on Budgets held on 10 September in Brussels, and the proposals comprised in it received the committee's approval. So far as I am concerned, I am bound to say that I shared some of the misgivings that inspired Mr Cointat's amendment. I was a little troubled too, and I address myself quite frankly to the Council, concerning the way in which this matter was presented to the delegation that went to Brussels on 22 July. It was presented to us that a regulation of this kind was required; otherwise, the whole of the 1977 draft budget procedure, in so far as it affected the establishment of commitment appropriations, which many of us thought of considerable importance in the 1977 budget, would in fact be placed in peril. This was in fact a pistol put at the delegation's head. The Council representative denies this by the expression on his face, but that undoubtedly was what it amounted to, Mr President. The delegation held a consultation about this, and the misgivings that Mr Cointat has in mind were in fact fully ventilated in the delegation itself. It was decided that the resolution in the form that is now being presented to us would in fact be recommended by the President of Parliament to the Parliament for adoption. That being so, Mr President, I consider myself bound in honour to support the agreement arrived at by the President of Parliament, by the chairman of my own Committee on Budgets and, indeed, by myself and by Mr Shaw, and for that reason, although I willingly concede that Parliament always has the right to override any undertakings to persuade it, I am hopeful on this occasion that Parliament will support the President of Parliament, the chairman of the Committee on Budgets, its rapporteur for the 1977 budget and Mr Shaw, who has worked so very hard upon these regulations, and dispose of the matter forthwith by a positive vote for Mr Shaw's report.

(Applause)

President. — Since Lord Bruce has spoken against the deferral, I can now call only one more speaker in support of the proposal. I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, I intended to remain completely neutral on this question, but in view of Lord Bruce's remarks I have no choice but to speak in favour of deferral. I would not want Parliament to think that I am questioning the work done by the delegation during the inter-institutional discussions. Nor am I in any way questioning the Regulation as it stands or the fact that the delegation won the Council's acceptance of the concept of commitment appropriations. That is very satisfactory and very

positive, and I am grateful to our colleagues who took part in those discussions.

However, I must say that I am astounded, Mr President, that the amendment which I had the honour to table should cause so much controversy, since my intention was not so much to express approval of the outcome of our colleagues' discussions with the Council, but rather to draw attention to one small feature of the wording which surely does not reflect the Council's thinking but which could have serious implications for the future, since the passage in question reduces Parliament's budgetary powers.

It is therefore my duty to bring these implications to the notice of Parliament, for, although I do not question the Council's good faith, I do not know if the same ministers will be sitting round the same table next year. But, since there appears to be some misunderstanding and we are talking among ourselves, I think, in view of the importance attributed to this amendment, that it would be better first to have it discussed in committee and then included in the agenda of the October part-session. I therefore support Mr Notenboom's motion.

President. — I put the motion to defer Mr Shaw's report until October to the vote.

The motion is rejected.

We continue with the discussion of Mr Shaw's report. I call Mr Clerfayt.

Mr Clerfayt. — *(F)* Mr President, in relation to the budget our Parliament has two fundamental objectives. Mr Spedale was one of the keenest supporters of those objectives and, indeed, we are all aware of the key role which he played as chairman of the Committee on Budgets.

The first objective is to have complete budgets which are transparent, satisfy the legal requirements and provide the Commission with the means and authority to act effectively to further Community aims.

Much progress has been made in this direction since our Assembly was established. Today we are about to take a further step by making explicit reference in the Financial Regulation to the procedure for commitment appropriations, so that it cannot be challenged in the future. In this regard we have every reason to be pleased with the proposal at present under discussion.

However, this proposal is the cause of some concern among us and is giving rise to serious misgivings, as Lord Bruce recognized just now in his speech on the motion for a deferral.

For us, as Members of this Parliament, the second objective, which is essential and undoubtedly the more important, is gradually to assert our authority in budgetary matters in accordance with the classical and well-known historical process. I will go so far as to say

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that the objective is to become sovereign in this field. After the progress made in recent years, thanks particularly to the energetic leadership of Mr Spenale, the stage we have reached today is characterized by a certain balance between the Council and Parliament, since budgetary power is divided between these two institutions. However, it is a precarious balance and we must be on our guard against any attempt to undermine it unless it be to increase our share of power.

It must however be noted that while the proposal under discussion provides for the inclusion in the Financial Regulation of 25 April 1973 of a new Article 16a, item 4 of which finally stipulates — and I say 'finally' in reference to the satisfactory outcome of the discussions which took place last July between the Council and the delegation from this Parliament — that it is, I emphasize, during the budgetary debate and not at any other time that the commitment appropriations are presented — thus allowing us to have our say, which is excellent — it also provides for the substitution of another text for the existing paragraph 3 (1) of Article 1 of the Financial Regulation.

The effect of this new text which we are asked to approve is to make what I consider to be a very important alteration to the existing text of the Financial Regulation, referred to just now by Mr Cheysson but which I will quote again. It involves the replacement of the original wording 'expenditure may be authorized for a period subsequent to the financial year only in accordance with the detailed rules provided for in the budget' by the sentence 'expenditure may not be authorized for a period exceeding the financial year'. I think it would be a very serious matter to adopt this new text, for it would involve a formal contradiction — and this is doubtless why Mr Cointat tabled his amendment — between the ideas rightly contained in item 4 of the new Article 16a, that is to say, that commitment appropriations are entered during the budget debate, and the proposed wording of paragraph 3 of Article 1, included in Article 2 of our draft Regulation which, omitting the useful qualification found at the end of the sentence in question, simply prohibits expenditure for any period exceeding the financial year. I must say that the amendment proposed by the Council sets me wondering and here I am using a euphemism, or what our British colleagues would call an 'understatement'.

I think, if I may be forgiven for saying so, that there are signs of malice and deviousness in this proposal. For, suppose that tomorrow the new text of the article included in Article 2 of the draft regulation under discussion were used to support the argument that the sole function of the budget debate was to ratify the entry of commitment appropriations authorized by the Financial Regulation or by basic regulation. What if we were told that the sole function of the budgetary

procedure was to make provision for those commitment appropriations and for none other? Would we not have lost some of our power and damaged our own position by upsetting the present balance between Parliament and the Council, to which I have just referred?

I think, Mr President, that we should not vote for a text which might later be interpreted, to our detriment, to mean that the commitment appropriations could be authorized only by the legislative authority, the Council, and not by decision of the budgetary authority of which, as you know, we are part. We should not vote for a text which would enable people to say that the budget debate provided for and conceded in the new text of item 4 of Article 16a is merely a procedure for formal ratification, for, if such were the case, what then would become of our freedom of assessment and our budgetary powers?

The problem which I am raising can be answered soothingly and reassuringly by saying — and this has already been tried — that the text we are being asked to approve will apply only temporarily and provisionally, that is only to the 1977 budget. It is true that an attempt could thus be made to minimize the significance of my remarks and of Mr Cointat's amendment.

To this I would reply: 'Firstly, let us please avoid creating any precedent which might be used against us later and secondly, my dear colleagues, let us above all be clear-sighted enough to appreciate that good intentions are not always realized'. In fact, it is possible that our firm resolve to complete promptly the general revision of the Financial Regulation might very well weaken and melt away in endless discussions in committee or elsewhere and we would then be prevented from approving a new text for the budget or budgets of subsequent years and would be called upon to renew the existing, allegedly temporary, text.

Furthermore, let us not forget that the Council's intention, in its first version of the proposal submitted for discussion today, was clearly expressed in Article 5 and required the application of this new Regulation to future budgets. We have, I am very glad to say, removed that provision from the text and made this new Regulation applicable only to 1977. That is a good thing, but what assurance have we that what could be called the force of circumstances will not make such an extension unavoidable? There is a saying to the effect that the provisional is sometimes the only thing that lasts.

In conclusion, I would ask our colleagues in this Assembly to be clear-sighted and to approve Mr Cointat's amendment to delete Article 2, for today we are merely delivering an opinion to the Council which it has the right to disregard in any case. There is therefore nothing to prevent us from saying loudly and unambiguously what we want and do not want. I am sure than none of us wishes to see a reduction in our

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powers. So, ladies and gentlemen, let us not give our approval to a text which would have that effect; let us not be rash. Let us assume our own responsibilities and leave the Council to assume its own. Let us delete Article 2 and pass Mr Cointat's amendment. For my part, I will accept my responsibility; not only will I vote for Mr Cointat's amendment but, if it should by any mischance be defeated, I shall abstain from voting on the proposal as a whole in order to show my very strong reservations about the text of this new Financial Regulation.

(Applause)

President. — I call Mr Shaw.

Mr Shaw, rapporteur. — Mr President, even at this late hour I think I really ought to sum up and give my view on this amendment.

First of all, I will deal with one of the points that have been raised. May I say at the outset how grateful I am to Lord Bruce for his support and the way he put forward his views. So far as my colleague Mr Notenboom is concerned, I am sorry that on this issue we are not entirely in agreement; I accept the fact that this has been a speedy operation and that this is largely because I genuinely believe that we gave an undertaking. Certainly I feel, and I am putting forward my view as a commitment, that we should get this through in order to facilitate the progress of the 1977 budget. I am still absolutely convinced that we have tidied things up in such a way that there cannot be any possible harm done to the rights of this Parliament or to the future negotiations on the Financial Regulation so carefully worked out by the Commission.

I thank Mr Cointat — and I know this may sound strange — for putting this amendment forward, because I believe that the discussions that we have had, both in the delegation and in the privacy of the Committee on Budgets, have now revealed through this amendment the full sincerity of the Council when the President of the Council, before he had to leave to catch his plane, made that statement to show that he certainly had no idea of curtailing our authority in any way. So what in fact has happened tonight, is that this discussion has brought out the conviction and sincerity we got in our earlier discussions here in the Chamber, and this must hold out good prospects for the really serious negotiations on the Financial Regulation in the future.

As for Mr Clerfayt, well, he is consistent: he was objecting to it in the Committee on Budgets and he is tonight. But I hope, Mr President, that the House did not fail to notice one phrase that came through in his remarks. He said he believed that there was some malice here and that, as I read it, could only be on the part of the Council in putting this in. First of all, I do not believe there is: when these things are hurriedly put together for a temporary purpose sometimes it is

not all perfection, and we accept that. But I put another point of view: if we as a Parliament were to accept Mr Clerfayt's view, what possible hope could we have in making further amendments to the Financial Regulation if it were to be seen that we as a Parliament were going into negotiations with the Commission on the one hand and the Council on the other and if there was this feeling that has come to the surface here in his remarks, that really we are very doubtful about the sincerity of what is being done? I don't believe that for a moment and I hope that he doesn't either. Part of the need, as I see it, for carrying through the timetable we outlined to the Council is to show that we are as sincere as they are, as indeed the Commission was sincere in putting its own Financial Regulation forward: we all want the same thing, and we have got to learn, the three of us, to work together — sometimes to compromise to cover us over a certain situation and so on, but let us for goodness sake see that we continue to trust each other and continue to build — this is what we are doing in changing the Financial Regulation — build the structure of this Community on added trust through closer cooperation. I am bound to say that if this amendment were to go through, particularly in view of the odd remark that has been let slip during this debate, I believe it would be rather sad. I would ask the House, therefore, to reject this amendment and let this regulation go through in its entirety.

(Applause)

President. — Mr Cointat, on behalf of the Group of European Progressive Democrats, has proposed an amendment No 1 calling for the deletion of Article 2 of the Financial Regulation.

Mr Cointat. — *(F)* Mr President, this amendment, for all its innocuous appearance, is nonetheless a very important matter, if I can judge from the discussion it has aroused in this Chamber.

Mr Clerfayt has accurately analysed the background to this amendment which calls for the deletion of Article 2 of the draft regulation, that is to say the deletion of the new wording of paragraph 3 of Article 1 of the Financial Regulation. This would first of all have the effect of removing the contradiction in the text proposed by our colleague Mr Shaw between Article 16a, which stipulates that commitment appropriations may be authorized in the budget debate, and Article 2, which states that commitment appropriations may not be authorized in the budget.

However, since our colleagues assure us that agreement has been reached with the Council on the authorization of commitment appropriations, which I am glad to hear, and that there was no hint of discord between the Council and the delegation, then we should remove the contradiction which exists in the text.

Cointat

As Mr Clerfayt said, if the text is left in its present form, Parliament is thereby deprived of one its powers, that of authorizing commitment appropriations in the budget, and in future only the Council could do so, by legislation.

Now, there is a precedent: last year, in the budget, we authorized commitment appropriations for the Social Fund so we are in fact being deprived of that power, which might suggest that, if the Council has clearly appreciated the significance of the text, it is not in favour of Parliament being able to authorize commitment appropriations each year. I would admit that that is not a convincing argument and that that was never the Council's intention but you will excuse me for putting it forward; I am an old political hand and I have been on the other side of the political fence as President-in-Office of the Council, I know the ropes and I prefer to be cautious and to ask that things be made perfectly clear so that next year, when the definitive form of the regulation is presented, we shall not be asked: 'Why do you want to change this article, paragraph 3 (1) of Article 1, since you passed it last year?'

If the Council has no objection, if it has absolutely no reservations with regard to the Parliamentary delegation, why should it oppose the adoption of this amendment since it relates to a period of only one year, since we cannot even have recourse to it, as paragraph 4 in Article 16a makes it clear that there are only five chapters in which commitment appropriations can be authorized this year and, the text not being applicable next year, this Article 2 cannot then be held against us, as implied by my amendment. So, if there is such opposition, it must be for some reason which is not clear to us.

In conclusion — and I will speak with my usual frankness — I sincerely believe that those who vote for my amendment will safeguard the powers of Parliament — I am not here accusing anyone — whereas those who vote against it may be responsible for a curtailment of those powers. Even if Parliament rejects my amendment the discussion we have just had will be published in the Official Journal of the European Communities and the Council of Ministers will not be able to point to this precedent as an argument. It will know that it has been told that our discussions were free of ambiguity, that there were no reservations and it will not be able to foist this wording of the article on us in the definitive regulation.

It is with that aim in mind that I have spoken at some length, Mr President, and I beg your indulgence, but I feel the defence of Parliament's powers is worth a few moments' time.

(Applause)

President. — I call Mr Notenboom.

Mr Notenboom. — *(NL)* Mr President, although I have my own views on this matter, which have been reinforced in the course of this debate, I regret that I shall have to abstain from voting on the amendment and also on the report. Parliament, I regret to say — and no blame for this attaches to the rapporteur — did not grant my reasonable and sincere request for an opportunity to discuss this difficult question with my Group. This evening has shown that the question is a difficult one. I am speaking this evening on behalf of the Christian-Democratic Group. Our Group has not been able to give this matter adequate consideration and I regret therefore that, as spokesman for the Group, I must abstain from voting.

President. — What is the rapporteur's position?

Mr Shaw, rapporteur. — I had thought that I had given my view on this matter, but I will go over the ground again with special reference to my dear old fighting comrade who very skilfully kept his remarks to the end. That is a good place to have remarks, I fully accept that, but I think I have made my views clear. This is a mixed package, we don't like everything, but we believe that we built in adequate safeguards. We have got to keep our eye firmly on the future negotiations and we believe it important to go forward along the lines agreed, so that we establish a harmony from the outset. I believe that we are fully safeguarded in what we have got. I am against the amendment, Sir.

President. — I put Amendment No 1 to the vote. Amendment No 1 is rejected.

I put the motion for a resolution to the vote. The resolution is adopted.¹

17. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 16 September, at 11 a.m. and 3 p.m., with the following agenda:

- vote on the Cointat report on supplementary budget No 2;
- joint debate on four oral questions on the effects of the drought;
- oral question on milk production;
- second Bourdellès report on the common organization of the market in potatoes;
- oral question on the Common Agricultural Policy;
- oral question on the North-South Dialogue;
- Normanton report on competition policy;
- joint debate on two oral questions on pollution.

The sitting is closed.

(The sitting was closed at 10.05 p.m.)

¹ OJ C 238 of 11. 10. 1976.

ANNEX

Questions which could not be answered during Question Time, with written answers

Question by Mr Nolan

Subject: Maize-based sugar substitute

Does the Commission consider that the manufacture of a new sugar substitute — fructose syrup — from maize poses a threat to the production of sugar from sugar beet, thereby affecting the income of beet producers?

Answer

Mr Nolan's question draws attention to an important development. The Commission does, indeed, consider that this maize-based fructose syrup, which is being marketed under such names as 'Isomérose' or 'Isosweet', may penetrate the market at the expense of some of the traditional sugar products.

Question by Mrs Ewing

Subject: Substance and procedures of the criminal law and of the rights of accused persons

What comparative studies, if any, are being carried out on the subject of the substance and procedures of the criminal law and of the rights of accused persons, within the various Member States; and if no such studies are at present being carried out, will the Commission undertake studies in this field themselves or take steps to arrange that such comparative studies are carried out?

Answer

The Commission is not aware of any publication which lists studies being carried out in the field of comparative criminal law. However, there do exist a large number of periodicals on criminal law, both national and international, which could, perhaps, help to establish which aspects of this area of the law are at present undergoing study.

As for the Commission itself it is not proposing to undertake any sort of general study on this subject nor of arranging that such a study be carried out. Except in so far as Community law requires this the Commission has no power to make proposals in the field of criminal law.

Question by Mrs Goutmann

Subject: Aid to the Lebanese and Palestinian peoples

In view of the serious situation in Lebanon, does the Commission intend to take any emergency measures, with regard to food and medical supplies, to relieve the distress of the Lebanese and Palestinian peoples?

Answer

I. The Community is following closely and with great compassion the drama which is unfolding in Lebanon. Aid totalling 1 082 500 u.a. has already been granted this year to the stricken population.

On 12 February 1976 it was decided to forward 25 tonnes of skimmed milk powder through the International Committee of the Red Cross.

Some days later the Community initiated a more ambitious programme :

- financial aid of 100 000 u.a. to the International Committee of the Red Cross for the purchase of medical supplies ;
- food aid to the Lebanese Government of
 - 3 589 tonnes of cereals
 - 200 tonnes of butter oil
 - 250 tonnes of powdered milk.

In view of the difficulties encountered in distributing the aid locally, the Lebanese Government subsequently asked the International Committee of the Red Cross to take over this task.

On 7 July the Community decided to forward a further 100 tonnes of powdered milk through the ICRC.

II. The Community is prepared to study further humanitarian action as soon as circumstances in Lebanon permit.

III. Similarly, the Commission is prepared to undertake negotiations with Lebanon with a view to reaching a cooperation agreement to revitalize the Lebanese economy.

IV. Furthermore, in 1976 the Community has granted the Palestinians aid valued at 16 million u.a. :

- through the United Nations Relief and Works Agency (for 1 633 000 refugees) :

- 25 000 tonnes of cereals
- 700 tonnes of powdered milk
- 3 000 tonnes of butter oil
- 6 100 tonnes of sugar

as well as a cash contribution of some 3 million u.a. ; the total value of Community aid was equivalent to 12.7 million u.a. ;

- through the Kingdom of Jordan (for 266 000 refugees) :

- 14 000 tonnes of cereals
- 1 000 tonnes of powdered milk
- 1 000 tonnes of butter oil

(total value of aid : approximately 3.3 million u.a.).

Question by Mr Marras

Subject : Implementation of the guidelines laid down by the tripartite conference

The Commission's work schedule indicates that at its meeting of 20 October next it is to discuss the implementation of the guidelines laid down by the tripartite conference in Luxembourg.

Can the Commission give Parliament or its Committee on Social Affairs, Employment and Education any advance information on the proposals to be submitted at this meeting ?

Answer

Follow-up procedures were laid down at the Tripartite Conference and involved the Standing Committee on Employment on the one hand and consultations between the Economic Committee and both sides of industry on the other.

In the weeks ahead the Commission will examine any action to be taken arising out of these procedures.

When this is done the Commission will inform Parliament and the Economic and Social Committee of any initiatives it will take.

Question by Mr Fabbrini

Subject: Report by a group of experts on inflation.

Information has appeared in the press on the report on inflation drawn up at the Commission's request by a group of experts headed by Mr Maldague.

What are the Commission's views on the findings of this report and why did it not consider it necessary to see that the public was adequately informed?

Answer

The report to which the honourable Member is referring was the outcome of the work of a group of independent experts whom the Commission had asked, towards the end of 1974, to examine the problems of inflation, with a view to providing an additional contribution towards the study on this matter undertaken at Community level.

The group submitted its report to the Commission in March 1976. The opinions expressed in the report are those of the group alone. The problem was approached by the group in a particular manner, based on the analysis of the structural causes of inflation, since it was considered that these were to a large extent the cause of our economic troubles.

The report was forwarded to:

- the Committee on Economic and Monetary Affairs of the European Parliament, on 27 April 1976;
- the Economic Policy Committee on the same date;
- the Economic and Social Committee (Section for Economic and Financial Questions) on 23 June 1976.

The report was also made available to 'journalists concerned' by the Spokesman's Group.

The Commission has not yet examined the report.

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 11.05 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Verification of credentials*

President. — At its meeting this morning the enlarged Bureau verified the credentials of Mr Waltmans, whose appointment was announced during Monday's sitting. The Bureau has made sure that this appointment complies with the provisions of the Treaties.

It therefore asks the House to ratify this appointment.

Are there any objections?

This appointment is ratified.

I welcome our new colleague.

(Applause)

3. *Supplementary budget No 2 for 1976 (vote)*

President. — The next item is the vote on the motion for a resolution contained in the report drawn up by Mr Cointat on behalf of the Committee on Budgets on draft supplementary budget No 2.

I would remind you that the debate on this report took place yesterday. We shall therefore proceed directly to the vote.

I call Mr Cointat.

Mr Cointat. — (F) Mr President, the Committee on Budgets requests the House to vote for this budget No 2.

I would point out, Mr President, that there is a slight error in the wording of paragraph 5 of the resolution. It should read: 'Adopts draft supplementary and amending budget No 2 for the financial year 1976 and instructs its President to make a formal record of this final adoption'. Please excuse the Committee on Budgets and your rapporteur for this slight error.

President. — The amendment proposed by the rapporteur is very relevant. Are there any objections to the adoption of this amendment?

The text will thus be amended as proposed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ OJ C 238 of 11. 10. 1976.

President

The procedure provided for in paragraph 7 of Article 203 of the Treaty establishing the EEC, in Article 177 of the Treaty establishing the EAEC and in Article 78 of the Treaty establishing the ECSC is completed. Supplementary and amending budget No 2 of the European Communities for the financial year 1976, amounting to 832 724 275 u.a., is thereby adopted.

The text of this budget will be published in the Official Journal of the European Communities, L series.

4. Oral Questions with debate: Consequences of the drought

President. — The next item is a joint debate on :

— the Oral Question, with debate, put by Mr Cointat on behalf of the Group of European Progressive Democrats to the Council and Commission, on the state of agriculture and the development of farmers' incomes (Doc. 276/76) :

Following the drought which has hit certain regions of the Community, can the Council and the Commission :

1. give precise information on the state of the crops and the situation in the stock-farming sector ;
2. give a summary of the short-term and structural damage caused by the drought ;
3. state what immediate steps have been taken ;
4. state what medium-term measures are necessary to offset the structural effects of the drought ;
5. assess the loss of income incurred by farmers in the areas affected ? Are the Council and Commission planning to grant direct aid to bring farmers' incomes into line with those of the rest of the community ?

— the Oral Question, with debate, put by Mr A. Bertrand and Mr Martens on behalf of the Christian-Democratic Group to the Commission, on the consequences of the drought (Doc. 280/76) :

Can the Commission state what effects the drought is having on

1. agricultural production, food supplies and animal feeding stuffs and what the repercussions are on consumer prices and agricultural incomes,
2. drinking water supplies for human beings and animals, inland waterway transport and electricity generation (hydro-electricity),
3. employment in the food industry and related sectors,
4. stocks of milk powder and butter ?

Can it also say what measures have already been taken at European level and what national measures have been authorized ?

— the Oral Question, with debate, put by Mr Fellermaier, Mr Broeksz, Mr Corona, Sir Geoffrey de Freitas, Mr Espersen, Mr Giraud, Mr Glinne and Mr Hansen on behalf of the Socialist Group to the

Commission, on the consequences of the drought and the protection of the consumer (Doc. 286/76) :

The aim of the Treaty of Rome, as stated in Article 2, is to promote 'a harmonious development of economic activities'; further, making specific reference to the consumer, it lays down that the common agricultural policy should 'ensure that supplies reach consumers at reasonable prices.'

The long months of drought have caused market shortages of various products in the 'fruit and vegetables' sector, and this, linked to persistent inflationary trends, will probably lead to price rises in this sector to the disadvantage of the consumer. However, the Council, adopting an action programme for a consumer protection policy on 14 April 1975, showed its desire to implement an overall policy to defend the consumer's interests.

An initial measure was taken by the Commission when it decided to suspend the Common Customs Tariff from 30 August to 30 September 1976 for 5 products : carrots, peas, white and red cabbage, cauliflower and celery.

Since this decision was fairly limited in scope, would the Commission answer the following questions :

1. Does it feel that the suspension of the Common Customs Tariff on certain products for a short period is sufficient to guarantee Community supplies of fresh fruit and vegetables ?
2. Does it contemplate prolonging the suspension of the Common Customs Tariff beyond 30 September for the products already mentioned and also for potatoes if the market imbalance continues ?
3. Does it envisage extending the suspension of the Common Customs Tariff to other products in short supply, such as salad vegetables, cucumbers, beans and onions ?
4. Is not the Commission contemplating a policy of price cuts for fruit surpluses to benefit the consumer instead of disposing of it allegedly by distillation ?
5. Will the Commission take steps to combat the shortage of fodder affecting producers which threatens to interfere seriously with the production of and the market in animal products ? Wholesale cattle prices have already fallen to 84 % of the guide price.
6. Has it been in touch with consumers' associations to inform them and ask their opinion of the measures taken to combat the supply problems caused by the drought ?
7. What measures does the Commission intend taking to avoid the retail price increases that can be expected as a consequence of the poor harvest ?

Does it not at the same time contemplate stepping up coordination of the anti-inflationist policies implemented by the Member States of the Community ?

— the Oral Question, with debate, put by Mr Durieux, Mr Houdet, Mr Bourdellès, Mr Kofoid and Mr Jozeau-Marigné on behalf of the Liberal

President

and Allies Group to the Commission, on the economic repercussions of the drought on the agricultural economy and Community food supplies (Doc. 282/76):

Can the Commission state the extent of the effects of the drought which has badly affected most of the Member States, its impact on agricultural production and in particular on animal production?

Does it consider that the regular supply of foodstuffs to Community consumers can be maintained at normal prices?

How does it consider that the loss of agricultural revenue caused by this catastrophe can be offset by direct Community aid to the producers?

Does it intend harmonizing national aid which has been or will be granted by the Member States with this Community aid?

How will it assist young farmers who, to carry out their development plans, have gone heavily into debt to set up or modernize their farms? Does it intend to propose deferring or taking over loan repayments in the first year?

To safeguard cattle and sheep stocks, how does it envisage maintaining winter and spring fodder supplies for existing livestock?

I call Mr Cointat to introduce Question No 276.

Mr Cointat. — (*F*) Mr President, on behalf of the Group of European Progressive Democrats I tabled an oral question, with debate, at the beginning of last July. At the end of June, my colleague Mr Liogier had also submitted a motion for a resolution on this serious problem of the drought which has hit mainly the northern and western regions of the Community. Both Mr Liogier and I were hoping that we were mistaken, but unfortunately the drought has continued and the consequences are frankly disastrous in certain areas. The other groups have since tabled similar oral questions and I am grateful to you, Mr President, for bringing all these questions together for a joint debate, which will permit a wide exchange of views as we study the consequences of this calamity and look into possible remedies.

We must go back to 1921 or 1893 to find a similar situation, for the problem is not one of a summer drought, as you might think, but of a winter drought, since certain parts of Europe have now been without rain since November 1975 — yes, as long as that — or at least have had very little rain. Underground reservoirs are sorely depleted, and the current rainfall is not enough to restock them. At least a year, perhaps two, will be needed before the situation returns to normal and stocks are replenished. In other words, the drought is not yet over in the stricken areas and the time ahead, especially the coming winter, will bring many problems with regard to the supply of water for domestic and industrial use. Our plight is not over

and yet, Mr President, I admire the experts, especially those in my own country, who at this time can produce such accurate estimates of the damage. However, I should add that they fail to agree, since the estimates for France fluctuate between 5 and 25 thousand million francs. This only goes to show how difficult the estimates are.

We learned from the Council yesterday that it would have no representative here today. I was quite willing for this question to be postponed until this morning and I should like to thank the President-in-Office of the Council for sending me his written answer. We are going to hear Commissioner Lardinois, basically to gain some information on the present situation. He will inform us of the expected harvest yields, outline the extent of the damage, explain the economic effects on agriculture, tell us what the outcome will be as regards water supplies in the stricken areas, and inform us of the measures which have already been taken.

But we all know — and let us be perfectly frank about it — that we can do no more than hazard guesses at the extent of the damage. However, we still want to know what the Community intends doing in the near future. Will it swing its weight behind Community solidarity? Is there any definite decision to introduce an emergency plan, in particular an emergency water plan? It would, I feel, be to the Commissioner's credit if he offered us a Lardinois plan for coping with the water crisis. Are we ready to launch an extensive plan for practical aid in this sphere? Will farmers be compensated for a loss in earnings, either by higher prices, direct aid or by specific regional or sectoral measures? We are just as eager to hear what the Commission plans as we should have been to hear what the Council intends doing.

Since I do not have all the facts on this drought problem, I shall not go into any details about what has happened. We only know that the situation is very serious. Similarly, we prefer to reserve comment until we have heard the explanations which Mr Lardinois will offer on behalf of the Commission.

For the time being, Mr President, I shall limit my remarks to a single comment which is general in nature and concerns the budget. It is in fact the only proposal which I wish to make.

When the time comes for Parliament to examine the draft budget for 1977, I feel it would be advisable to set aside specific funds for the victims of natural disasters in the Community. I am including here not only the disastrous effects of the drought but natural disasters in general, be they earthquakes like those which are hitting Friuli — that tortured region which is still suffering — flooding in certain areas of the Community, epidemics of animal diseases, or volcanic eruptions like that of La Soufrière in Guadeloupe.

Cointat

Remember the first earthquake which ravaged Friuli. Even before the full effects of the disaster were known, we had to approve — I think I am right — a supplementary budget of 61 million u.a. as an emergency measure.

This was done in highly irregular circumstances, since the need was urgent and speed was essential. I feel that we should take this opportunity of improving our budget. It so happens that for the first time — and we have the Commission to thank for this — the budget includes a Chapter 59 for aid to disaster victims within the Community, whereas in previous budgets Article 400 was intended to cover aid to disaster victims both inside and outside the Member States. The 1977 draft budget makes the distinction between internal and external disasters, which is a good thing, but I also see that Chapter 59 is indicated simply as a 'token entry'.

I believe that Parliament should intervene here and I put the problem to our general rapporteur.

An agreed amount, say 100 million u.a., should be entered in order to provide a reserve fund to be drawn on when disasters occur. Once this appropriation has been incorporated in the budget, we shall have plenty of time to study its practical application. The funds available under Chapter 59 could either be used as direct aid, or be transferred to the specialized chapters of the Guarantee or Guidance sections of the EAGGF, or to the Social Fund, and so on. In my opinion, the essential thing is to adopt one of these courses of action, so as to avoid the need for a supplementary budget when some disaster befalls the Community.

Those were the comments, and in particular the proposal, which I wished to make concerning this important, indeed dramatic, problem. I hope that, as a result of our discussing the 1977 budget, Chapter 59 will receive a specific allocation of funds, the actual application of which can be decided at a later stage.

(Applause)

President. — I call Mr Martens to speak on Oral Question No 280/76.

Mr Martens. — *(NL)* Mr President, ladies and gentlemen, in July Mr Lardinois gave us a detailed account of the effects of the drought on consumers, farmers and certain industries. He emphasized then that it was a provisional stocktaking and that the final statement could only be drawn up in April or May 1977. Nonetheless he promised to give this Assembly a realistic account of the situation in September, and I thank him for being present here today to do this. With a view to the meeting of the Council of Ministers of Agriculture on 9 September 1976, the Commission in fact drew up a detailed statement of the harmful effects of the drought and of the measures undertaken or under consideration by the Member States, the Commission and the Council. I am sure that Mr Lardinois intends to discuss this statement in

some detail, and since Mr Cointat has already given a short and illuminating introduction, I myself shall be very brief.

Without in the least underestimating the seriousness of the drought for consumers and some industries, I should like to establish from the start that it is clearly agriculture that is worst affected, and in particular stockbreeding, open-air market gardening and plant and tree nurseries. I shall not concern myself with the last two. But since the harvest above all of fodder crops has been bad, and particularly that of grass, hay and green-fodder crops, it goes without saying that the fate of this raw material for the production of milk and beef also has the greatest repercussions in these sectors. In our country we have attempted to calculate the effects of the reduced yield of rough fodder on obligatory purchases of compound fodder to restore the balance. A former colleague of ours, Mr Dupont, has investigated the question very thoroughly in his region and worked out figures which were subsequently taken over by the farming organizations. Let me quote you some of them. If the reduction in yield of fodder crops is 10 %, this means an additional expenditure of BFrs 8 200 and at 50 % it is BFrs 10 300. I wish to underline these figures, since they are on precisely the same level as the income earned by one livestock unit. With a shortfall of 80 %, the additional expenditure would amount to BFrs 20 800 per livestock unit. I think it is important to calculate roughly the reduced yield of rough fodder in this way. Now let me give you a concrete example from the accounts of a friend of mine, who has kept a record since May. He keeps a continuous record and has come to the conclusion that, comparing his expenditure in the period May-August 1975 with that for 1976, he had to spend over those four months in 1976 an extra BFrs 27 662, thus roughly BFrs 280 000, on the purchase of rough fodder and compound fodders for 28 head of livestock. At the same time he found that his receipts from milk were down by BFrs 18 000. That means that over a period of 4 months this man had a loss of income of nearly BFrs 30 000. This thus tallies with what I said just now about the economic return per livestock unit.

Now it is true that this farmer will be granted ample bridging loans to keep his stock through the winter. But there are still nearly eight months to go, and if he has already had to spend nearly eight or ten thousand francs per livestock unit I wonder what will be added to that in those eight months. As I see it, we are thus faced, in certain areas at least, with an extremely difficult task. My friend will get his bridging loans. Some people tell him that he should slaughter his stock, since he will never be able to meet all the costs. And others tell him the opposite: this is your livelihood, you must winter your stock. He will thus keep his stock and take out a large loan spread over five or six years with a reduction on the interest of 7½ %.

Martens

But he will have to pay this money back. What, then, are the prospects for repaying this loan from 1977 on? Well, market prices for beef are around 85 % of the target price, i.e., 15 % below the normal cost price. And how far is that below the actual cost price at present? As early as 1974 I asked if nothing could be done to provide individual income supplements in the Community, possibly by means of slaughter premiums. With regard to the milk price we are naturally not going to talk about a possible adjustment at the moment, but the way things are now we know that the price has not risen and is still in line with the target prices for butter and dried milk. In the meantime we can thus not expect any improvement, unless an earlier price increase is thought desirable.

But there is another reason for my being so concerned. In connection with the stabilization of the dairy market I myself am afraid that next year, when the new prices are fixed, the price for milk will be held down, and my great concern is what price will come out of the hat next year. I should like to ask you, given these facts, although I know that next year this will no longer be your responsibility, to answer this question: will the higher expenses and costs in 1976 be taken into account when fixing the new milk price? If this is not done, I really do not know how the farmers will even be in a position to pay back such large loans. I am afraid that the Commission's answer to this question is the crux of the problem that we are faced with.

I should just like to mention a few additional points. In my statement to the press I said that food supplies were assured practically everywhere, except for vegetables and so on, and that there were no problems in the dairy and meat sectors. In general I can confirm this, since there are stocks of butter and dried milk. The problems can thus be solved.

However, the question is this: in the winter months will there also be sufficient fresh milk and butter for consumption and will it not be necessary to rely far too much on cold-storage butter? The material damage at the moment consists in the fact that large pasture areas will have to be re-sown. This will be very costly. I estimate the costs in Belgium at around BFrs 10 000 per hectare. There is also the problem of water-spraying equipment. There is likely to be a mass of applications for assistance for re-sowing and for possible assistance for the purchase of sprayers. The drought raises the question whether the Commission could not consider making available sufficient funds for this from the Guidance Section of the EAGGF. Lastly, I should like to say, now that we have realized that disasters like this can happen, that we should consider the following fact. We have a stock level that is 10 % too high on paper, but what would the position have been if we had had a stock level that barely corresponded to actual needs? I reflect on this

whenever we are talking about the stabilization of the dairy market. In future we should make greater allowances for the vagaries of our climate.

(Applause)

President. — I call Mr Hughes to introduce Oral Question No 286/76.

Mr Hughes. — Mr President, when tabling this question on behalf of the Socialist Group, many of us were bearing in mind that the drought — which we accept has been extraordinarily serious in its consequences for certain farmers in certain areas — might be used as an excuse for taking panic action in other areas where it would harm the general interests of the Community. We were fearful that because certain areas and certain farmers undoubtedly face economic catastrophe as a result of the drought, measures might be taken in panic which would cause permanent damage to the agricultural balance of the Community. We also feared that consumers throughout the Community might be called upon to pay higher prices to offset the increased costs brought about by the drought, and also, via taxation and Community and national aids, pay again towards reimbursing the farmers for some of their losses.

We doubt whether the consumer should inevitably have to carry such burdens. The first difficulty I would like the Commissioner to turn his attention to is that of determining the precise degree of financial loss incurred by certain farmers. To take the example of potatoes in the United Kingdom: if you have been able, as many farmers have, to irrigate you could have a potato yield of 15 or 20 tons, even in the most severely afflicted drought areas, while fields that did not have irrigation facilities might give a yield of 4 or 5 tons of poor quality potatoes. The mechanism of increasing the price of potatoes to the consumer cannot deal with that difference in production and costs in the same crop. I would like the Commissioner to indicate to what extent generalized aid on a Community-wide basis, or even on a regional basis, is feasible without giving — if it is done by the price mechanism — greater help to those who, by definition, have been less severely affected by the drought because they have more produce to sell.

I turn to the particular problems of the Common Customs Tariff and the continuation of relief to the consumer by guaranteeing supplies of fresh fruit and vegetables up to 30 December. Does the Commission contemplate prolonging the suspension beyond that date if the level of vegetable supplies, as we move into the winter, indicates that it is still needed? Does the Commission intend to extend the groups of vegetables and other commodities to which this suspension applies? In particular, what plans does the Commission have for the emergency importation of animal feedstuffs? It is fairly clear from British, French and

Hughes

Belgian experience that much of the damage may be incurred in the area of animal feeds towards the end of the winter and early next spring. Finally, while commending the Commission and Council for not having been forced into panic by the pressures generated, I ask the Commissioner what particular procedures he has in mind to ensure that consumers in the Community are not more disadvantaged than they need be as a consequence of this drought?

(Applause)

IN THE CHAIR : MR YEATS

Vice-President

President. — I call Mr Durieux to introduce Oral Question No 282/76.

Mr Durieux. — *(F)* Mr President, Commissioner Lardinois, it is no secret to anyone that a large part of the Community is now suffering from the effects of an exceptionally severe drought. It is well known, of course, that the vagaries of the climate are among the risks of the trade for farmers, but the spring drought we have known this year is quite exceptional, since we have to go back to 1921 or 1893 for a similar situation. The effects on agriculture are especially serious in the most severely affected areas. You yourself, Mr Lardinois, will have realized the severity of this disaster, particularly when you visited some parts of France with Mr Bonnet, the Minister for Agriculture. Now that it has started raining again, I feel that it is time to take stock of the situation throughout the Community. Technical and government experts are comparing figures which reveal the extent of the losses to be attributed to this dreadful event. But the figures are still incomplete, and the magnitude of the disaster varies greatly from one Member State to another, even from one village to another in a single region. This great variety of situations is further complicated by the aid policies, strikingly different in concept and application, which have been adapted according to circumstances by each Member State. The problem is currently being met by a series of basically national measures, since the already tight European budget is hard pressed to absorb this growing tale of woe. However, financial solidarity is one of the principles on which the common agricultural policy is founded. If I may, I should like to ask the Commission if it thinks that the loss of agricultural revenue caused by this disaster could be offset by direct Community aid to the producers. It is clearly desirable for national aid to be coordinated in line with Community objectives and even, to a certain extent, supplemented by Community decisions.

We are, however, against any Member State gaining an unfair competitive advantage as a result of aid schemes which differ too widely from one State to another. Yet swift action has to be taken to combat

the effects of this drought. You have clearly stated, Mr Lardinois — and I echo in part the comments which Mr Martens made just a few moments ago — that the Community would not suffer any food shortages. But do you think that you can ensure supplies to consumers and producers at reasonable prices during the coming winter? I am thinking of potatoes, but they are by no means the only problem.

Do you think that you can guarantee the movement of all products within the Community? Quite apart from the facts and figures of the situation, there is the human factor. Farmers have been hit by inflation and have seen their incomes decrease. In France, for example, they dropped by 10 % two years ago. In 1975 they remained more or less stable, but the incomes of other groups continued to rise. And yet farmers maintained supplies to the consumers and contributed with their exports to meeting the oil bill, to some extent at the very least. For this reason we feel that some real expression of solidarity is vital, whether at national or Community level, in order to avert any loss in farmers' incomes for a third year running. Last year, as unemployment increased, most Member States introduced measures to help the unemployed. A similar effort has to be made this year for the farmers, although a distinction will have to be made between stock-farmers and those who are well off. Our aim must be to help those who have really been affected by the drought and who have no source of income other than what they produce. We have to help young farmers, who have gone heavily into debt to set up their farms, and who have also been particularly hit by the drought. Every effort should be made so that stock-farmers are not obliged to destroy herds which can only be built up again with patience and difficulty. It takes three years to raise one head of cattle, and these cattle could well be needed in a few months to satisfy the domestic and foreign markets. This is the crux of the matter, I feel. When we had subsidies for slaughtering dairy cows a few years ago, we perhaps forgot that a cow also produces meat and that it is also a source of beef. Livestock numbers subsequently had to be built up again. With this in mind, we must reassure farmers by compensating them without any delay. I am thinking here particularly of stock-farmers, those with small farms and whose livelihood depends solely on stock-farming; I am not thinking of the large cereal growers who raise little livestock. I should even be inclined to say that in France it is a virtual anomaly for large crop-farmers to receive national subsidies when their incomes are supplemented from another source. Similarly, in certain regions, where even small farmers grow potatoes and where the price of potatoes has soared dramatically, a compensation scheme has to be evolved. Not everyone, in my opinion, should receive this aid and these subsidies. Farmers must be able to rely on a supply of animal feed until next spring; quantities must be guaranteed, but above all prices, since it is clear that prices are also going up with infla-

Durieux

tion. The farmers must also be protected against any slump in the selling price of animal products. As applied in France to livestock numbers, the various subsidies for cows are only a part payment, at times no more than a charity handout, to take the very specific examples I mentioned a moment ago. Handouts are not going to stop any depreciation in the value of livestock; after all, cows do not eat subsidies. As far as this aspect is concerned, the Commission's experts have speculated that the drought could lead to a reduction in livestock numbers in dairy farming which currently accounts for 40 % of the expenditure of the guarantee section of the EAGGF. I am glad to see that people are indicating that this is not so. The experts' speculation can therefore be rejected, since on many small farms the income from the sale of milk to cooperatives provides the wages for the farmer's wife. And once again, I should like to make a distinction between large stock-farmers, who are also crop-growers or who produce on a large scale, and the small family holding where this daily income is vital. So, while recognizing that the current economic problems must not blind us to the deeper and more fundamental problem, I feel that it is not quite the right moment to examine the Commission's package of proposals for reducing dairy production in the Community. I could go along with it if certain distinctions were made. But since it is a social and human problem, I am wondering why the growers of large cereal crops should be asked to give up their dairy herds. An exceptional disaster like the drought really has to be tackled in an original way if we are to temper its effects. If the community at large is going to accept this call for solidarity with the less fortunate stock-farmers, the privileged position of those farmers who are better off must be eliminated.

Large farmers should no longer receive better financial terms, greater tax relief and be generally more cosseted than leaders in industry, professional people or other employed persons. More should be done for small farms than for large ones. It is the small farms which should be helped in order to safeguard supplies, maintain our trade balance and protect the environment.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, I should first of all like to thank those members at whose suggestion this debate has been held. It gives us an opportunity to exchange opinions publicly here in the European Parliament. I should also like to thank those who have already spoken here this morning: Mr Cointat, Mr Martens, Mr Durieux and Mr Hughes.

Mr President, the President of the Council mentioned a number of measures taken by the Council. His list gives some indication of what has been done, but it is

not exhaustive. You have received our report on the situation at the beginning of September, which we also submitted to the Council and which was discussed in the Council of Ministers of Agriculture last Thursday. I fully agree with those, particularly Mr Martens, who have said that this is of course a provisional report.

We shall only be able to draw up the final report at the end of the winter and many things might happen between now and then, as was the case in a number of areas hit by drought last year. I am thinking in particular of Ireland, Great Britain and certain parts of Western France. On that occasion we saw the exceptionally mild autumn and part of the mild winter reduce the normal winter period from approximately eight months to about five. We know that this was a freak occurrence in our climate, but these possibilities cannot be completely ruled out, and two months of what has been more or less winter following such a catastrophic summer for fodder crops make an enormous difference to the incomes of cattle farmers, particularly those who keep dairy cattle.

I also agree with Mr Martens that the after-effects of this drought will probably be with us for a fairly long time. He gave an example of what appear to me to be ample credit measures taken in Belgium. These are nevertheless credit measures even if at a rate of 0 % or only about 0.5 % the interest is purely national. A reduction of 7.5 % still means that capital must be paid back at some point, even though, if the inflationary process continues in the way it has done over the last ten years, some of the repayments may be lighter in relation to the value of agricultural products than at present.

May I briefly outline the food supply situation once more. As I said in the report, we do not feel there is cause for too much concern regarding normal food supplies for the 260 million consumers in the Community during the coming winter. I also said that I expected practically all basic foodstuffs to be available at what we call normal prices, i.e. prices which, at the wholesale stage at least, are for the most part around the levels fixed by our institutions in the spring. I am not implying that there may not be variations in prices. They normally vary between the intervention level and the threshold level. I expect we shall be able to guarantee supplies of the vast majority of basic foodstuffs at these prices until next spring. This is largely because we have certain reserves of most of these products. These reserves may well prove very useful some time. We know, after all, what a shortage at a particular time can cost. Do you still remember what it cost us just over one to three years ago when there was a shortage of a product which is not even one of the most important, namely sugar? On that occasion the sugar shortage cost us more than the total annual resources of the Agricultural Fund. We

Lardinois

must therefore make a distinction — with the awareness we have gained from experience — between desirable reserves and undesirable surpluses.

This is why I have constantly repeated that in my view we should maintain a reserve in, for example, the dairy produce sector. Our milk powder reserves are some 5-6 thousand tonnes and those of butter some 125-175 thousand tonnes at the end of winter. These are desirable reserves, like those we must have in the cereals sector, particularly in the case of wheat. We have often made proposals to this effect within GATT which, I hope, will finally be able to get its discussions fully underway next year. Even a product such as butter can become scarce at times if there is none available in the Community, since the amount the world market can supply at such a time is extremely small. Small amounts are always available on the world market, but if we are looking for substantial quantities, the prices can rise to double and more in a very short time. We have had discussions on this in the past.

In my view, however, we cannot assume from this that the agricultural policy, particularly in the dairy produce sector, must continue along the same lines as in the past. There must be certain conditions. Even the drought we have had does not solve our structural problem in the dairy-produce sector, although it does give us a certain breathing space since problems of surpluses of dairy produce will naturally not worsen in this period. Indeed we will probably have 5—6 % less milk this winter than in previous years.

Mr Martens said that there may even be problems in maintaining supplies of fresh milk and fresh butter in some instances. As far as the former is concerned, I do not expect this to happen, certainly if we make use of the possibilities offered by modern transport. Even in the depth of winter there are areas where milk powder is being made, even for selling into intervention in some cases, which is something we would be far better off without at this stage.

The fresh butter supply will indeed be interrupted first. Of course, we will be able to supply the market very adequately with butter from cold storage and probably take other action to relieve the pressure on the fresh butter market.

I am giving these examples only to show that, in my view, there is no cause for concern regarding food supplies for the consumer. Of course, in the case of a product such as potatoes, for which we have no common policy, an additional problem might arise. However, we have not delayed in taking measures to suspend import duties.

The Council last week extended the duty-free period to 31 December and if the state of the market so

requires the period will be extended still further. I think this also answers Mr Hughes' question. In the case of a number of vegetables we have provisionally suspended import duties for a further month up to 1 November. However, if we revert to this matter at the end of October, we can further extend the reduction or suspension of import duties for these products too. It is clear that things happen much more quickly in the vegetable sector than in the case of such products as potatoes, since we only have a potato harvest once a year. We should also bear in mind that in the case of most of the vegetables in the Community last year's price level still applies for the time being, at least in the countries with fairly stable currencies. This is always the great problem. I should really add 'in units of account' whenever I speak about the prices. However, in most of the Community, i.e. where the official prices are maintained, vegetable prices are at the same level as they were a year or two ago in most cases. Only in the case of a few vegetables, such as certain varieties of cabbage, onions, celery, beans, peas, etc. are prices abnormally high. This is what has led to the measures we have taken. Last week we even reduced the import duty on tinned beans, partly with a view to showing our industry that, if it has stocks it would do well to put them on the market since we are able to use the import mechanism to curb any possible speculation.

The consumers can, in my opinion, expect considerably fewer problems than some producers. This does not mean, however, that the Commission feels that it has done its bit for the consumers and does not intend to do anything more for them. We will keep a finger on the pulse and have set up an extra team to do this in close consultation with the departments responsible for the safeguarding of consumer interests. Even during the holiday period, for example, when there were no Commission meetings, we were able to introduce, among other things, the reductions of import duties, in spite on the fact that the unanimous approval of the Council is required. Extensive negotiations were therefore necessary, but these were carried out by telephone. As far as the producers are concerned, it is very fortunate that we cannot speak of 'agriculture' in general. I am very pleased that Mr Cointat and Mr Martens drew attention to this fact too. You cannot say that 'agriculture' in all its various forms has suffered greatly from the drought. We must make a clear distinction not only between the different areas but also between the different crops and sectors. This is vital. The hardest-hit sector in large areas of the Community is cattle farming in areas struck by drought, particularly those with light or lightish soil. Mr Martens and Mr Cointat were quite clear on this point and Mr Durieux especially drew particular attention to it once again. These were the hardest-hit, areas, and the consequences of the drought are by no means over even if it rains a great deal in the near future. They will be felt for a long time to come.

Lardinois

This is the major sector of European agriculture which is also of considerable social significance. It is the sector in which we have to contend with the greatest difficulties of all. But even here there are great differences, for example, in the types of soil, and in the degree of development of the holdings. Anyone who really knows his agriculture knows that two farmers living next door to each other in the same village with the same type of holding can nevertheless be hit in very different ways by drought, depending on the stage the holding has reached in its development, whether it happened to have large stocks of feedstuffs left at the end of the winter or none at all, etc. These factors can vary enormously so that blanket measures are not generally speaking adequate — and I am by no means excluding those at Community level. There are even cattle farmers in the Community who are expecting a record year at the moment. Therefore general price measures for example, are not suitable. They could lead to major distortions.

We hold the view that under the present circumstances aid to the farmers hit by the drought is completely in accordance with the spirit of the Treaty of Rome and this is therefore our starting point when we assess the various plans evolved by the national governments. But the more the aid is focused on the individual case, the more favourably, generally speaking, we regard it. I must admit straight away, however, that in large areas of Europe it is simply not administratively possible to assess each farmer individually, for reasons of administrative capacity and because of the size of the problem facing us. However, by and large the more we can do for the hardest-hit areas or the hardest-hit products with the administrative resources at our disposal, the better.

I should now like to consider Mr Cointat's idea of setting up a sort of disaster fund at Community level. I attach such importance to this that I should not like to state a definite opinion immediately. I will only say this: on the basis of my experience I feel that if anything of this kind should ever be set up, we must ensure that it does not operate independently of the individual Member States since every year there is a period of drought, night frost or floods, etc. in large or small areas. It is extremely difficult to assess the situation correctly from Brussels and to make comparisons. If this is the direction we take, life for us in Brussels will be made anything but easier. That is not, however, the final criterion. I should therefore not like to commit myself at this stage. However, if we come to consider something of this kind and the question of responsibility is brought up, the individual in a Member State must in some ways always be in the forefront and not take second place. In view of the budgetary resources, among other things, we would do better to concentrate this year on a number of indirect measures with a view to alleviating the problem, rather than on direct transfers of income at Community level. The documents you have received contain a large number of examples.

It has required extremely hard work to keep beef prices at approximately the same level as before the drought. We have not been completely successful, partly because the average quality has been not inconsiderably lower over the last two months than it was in spring. I feel, however, that the farmers in Europe generally recognize that, thanks to the fact that we were able to take a number of timely measures regarding private storage and imports and the extension of intervention to include cows, no particular problems have so far arisen from putting these extra animals onto the beef market.

We are still busy with a second series of measures aimed at influencing the prices of feedstuffs to cattle farmers. Firstly, we have taken measures aimed at making skimmed milk available at particularly low prices — indeed lower than the current price of soya. Last Thursday we considerably extended the number of areas covered by these measures by adding, among others, a large area in Denmark where the practice of supplying skimmed milk to farms is far more common than elsewhere. Additional areas in Germany and France have also been earmarked for this. Partly as a result of the discussion held at last week's Council meeting, we in the Commission decided yesterday to suspend import duties on feedstuffs still subject to customs duties according to our import system until next April.

The effects of this will not be so great, since most of the import duties on rough fodder have already been abolished. However, there are still 15 to 20 products and items for which import duties of 2, 4, 6, 9 or 15 % apply. This represents an import sum of 200 million u.a. per year. We will therefore submit a proposal to the Council to suspend the import duties on these products until 1 April. I hope that this can be done by rapid procedure in the special Committee for Agriculture which is to meet on Monday. I also hope that if the Committee is able to reach its decision then, the measure will be implemented as soon as possible. Relatively speaking, it is only a small step. It will not cost the Community more than approximately 4-5 million u.a. this winter, but we are working on the problem and we want to be seen to be working on it.

We cannot meddle with our system of levies. This was not set up simply for the sake of setting it up. It must provide guarantees for other producers in the market, thereby keeping our system on a firm footing. This does not mean, however, that nothing at all can be done in the field of levies. We can, for example, extend the time limits for advance fixing in the case of cereals. Such measures are designed to ensure that cattle feedstuffs are available on the best possible terms. We shall keep you informed. Indirect measures of this kind may help make life easier this winter for cattle farmers, who are the hardest hit. The initiatives we took this summer with a view to utilizing all the

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reserves available to modern agriculture are also important. The national and regional measures are particularly significant. 'Operation straw', for example, has in my view, been extremely successful in the Community. Never before in Europe — at least since the commencement of modern agriculture — has so little straw been burnt. I hope we will be able to say the same in two months time in connection with, for example, sugar beet tops. A great deal of work has been done with a view to growing further crops after the cereal harvest. I fully realize that this project will be partly unsuccessful on account of the fact that, *inter alia*, the drought continued throughout a large part of August. However, in large measure it will be successful, in other areas where there has been some rain, particularly at the end of August and beginning of September, which admittedly came late, but nevertheless in time to save some things.

The main arable products have suffered much less. This does not mean, however, that they have not suffered at all. The grain harvest was below average, even though it was 95 % of last year's harvest. It was not, however, more than 80-85 % of normal Community grain harvest in years with reasonable weather. Moreover, these are only average figures. I know areas where there has been a record harvest this year, particularly in the case of winter cereals. But in Luxembourg, for example, with its predominantly light soils which are almost exclusively used for the cultivation of summer cereals, the harvest has been barely half the normal volume. There are, therefore, enormous differences, but arable farming has in general been far less hard-hit than cattle farming.

Horticulture too has suffered much less. I repeat what Mr Martens has already said, namely that in some areas under outdoor crops but without irrigation the rain came too late. In the Netherlands on the other hand — which happens to be the country of which I have most knowledge — where practically every horticulturalist has irrigation facilities, the harvest has actually been better than in a normal year, while outdoor crops have been lost in other areas which have not yet had any rain. The picture is therefore very varied and general measures in this sector are consequently much less useful than individualized, regionalized measures. There are, however, a number of general symptoms which must be dealt with by means of general measures. The drought has caused a downward trend in the meat market which also affects people who did not directly suffer from the drought. For this reason, a general measure at Community level would be the sensible solution. The same is true in the case of feedstuffs supplies as a whole. This too calls for general measures.

The total world cereal harvest was somewhat better than three or four years ago. We are therefore not particularly anxious about this sector, although one never can tell. At the moment the feedingstuffs sector throughout the world is dependent on the harvest of

one crop in one country, i.e. maize in the United States. The same applies in the case of the soya harvest in the United States for the rest of the cattle farming sector. Our own feedstuffs supplies will in fact also depend on this harvest during the coming winter which I do not mind admitting is an extremely nasty state of affairs, although I am glad that it is the United States which is involved and not another country, since in our relations with the United States other factors as well as feedstuffs naturally play a part, even though the latter are perhaps tending to assume increasing importance.

I should now like to comment on another crucial matter mentioned by Mr Cointat. I agree with him that modern agriculture — which becomes more and more sensitive the more capital is put into it — is becoming increasingly vulnerable to catastrophies and calamities such as those we have just experienced in many areas if we are unable to take appropriate action. It is clear that a modern holding in which a great deal of expensive capital has been invested, can be completely undermined now and henceforth if, for example, it is not possible to take measures to ensure adequate supplies of water. We have also seen that the holdings with suitable water supplies have survived extremely well and that those without any irrigation facilities — in the same area with the same amount of precipitation — have suffered. Mr Martens gave us some examples. I cannot go into this in very great detail now, but I nevertheless feel that we must adjust our policy on this matter not only at national, but also at Community level. Since the second world war a great deal of money has been invested in drainage for European agriculture. This proved its worth in the predominantly wet fifties and sixties. We get the impression, however, that so much attention has been devoted to drainage that the problem of conserving water for periods of drought has been severely neglected. I therefore think that we should now compensate for the drainage measures and supplement them by large and also by very small-scale projects designed to improve and guarantee water supplies.

I should like to tell Parliament that the Commission decided on two things on 8 September at its first meeting after the holiday period. Firstly it intends to call a meeting with the best meteorologists in Europe in order to hear their opinions regarding the likelihood of abnormal weather conditions in the next few years. Naturally, no one can make any definite statements on this question. We are all aware of this. But we would like to know whether, by means of such things as satellites, which were hardly used five years ago, we can predict any possible repetitions of the weather conditions we have just experienced. Secondly, the Commission has decided to set up a working party with a view to making plans, partly on the basis of the data collected by this working party, for coordinated water supplies, not only for agricul-

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ture, but also for industry and normal daily use. Of course, you can say 'this is all well and good, but what is happening now?' All I can say is that the water supply plan at regional level will from now on be given priority in our assessment of proposed structural measures for the EAGGF. We have issued instructions to this effect and I can therefore only say that those who have plans of this kind which are practically completed and are awaiting the approval of the Ministry of Agriculture in the Member State concerned, stand a good chance of receiving our blessing on their plans for next year and the coming years.

Now to the total damage agriculture has suffered. No exact figures are available, but we are collecting certain data. All the available data which we feel to be reliable will be sent to both the Council and Parliament this winter. I promise to keep you fully informed about everything that happens in this field. I think this is Parliament's right and I also feel that we have a right to hear what Parliament has to say. I can also assure you that we will keep an eye on the situation from day to day, in close consultation with the governments. If we consider we can do something, we will not hesitate to make every effort we can.

(Applause)

President. — I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — *(NL)* Mr President, in this case I think there is every reason to commend the Commission and the Council for giving such close attention to the effects of the drought on food supplies to the citizens of Europe, and for reducing the Common Customs Tariff on several occasions, whenever the situation called for such reductions, especially in the vegetables and fruit sector, in which I include potatoes. On the whole, then, we are satisfied with the measures taken by the Commission. In fact all our wishes on that point have been met.

I have several other questions. Mr Lardinois has described the difficulties anticipated for next year's beef supplies. I understand that a shortfall of approximately 500 000 tonnes is expected in 1977. I know that provision can be made to cover this, presumably by imports from third countries. But supposing that this can only be done at higher prices, can Mr Lardinois give any indication of what the increases will mean for the consumer? As for milk, I have the impression that, taken over the whole of the year, the production figures will be higher than last year's. For the third quarter, it is estimated in the document we have received that production will be down by 3.5 to 4 %, but I understand that milk production is now increasing considerably again. Is this figure still correct? The data available on stocks of dried milk

and butter suggest that there will definitely still be a structural surplus in the dairy sector. Our Group will therefore — as I said yesterday — support all proposals aimed at providing the European Commission with instruments to work off structural surpluses and stabilize market supplies. We think that such proposals should be discussed in this House as soon as possible.

Potatoes, then, will be available at a more reasonable price than last year. But can you say, Mr Lardinois, whether the consumer will be paying less for potatoes than last winter and in the spring of this year? I should also like to ask you, even though this point is going to be raised later, to what extent a Community market regulation for potatoes might have helped to keep potato prices more stable and to what extent the distribution of better-quality potatoes might have better served the interests of consumers. We shall be discussing this in greater detail presently, but I should like to know what the effect would have been for the consumer if such machinery had been available.

I should also like to make one point about animal feedstuffs. Mr Lardinois mentioned various substitutes for artificially dried feedstuffs, even products such as citrus pulp. The French members of my Group have asked me to point out that what remains of grapes once they have been pressed also makes a very good animal feed.

We are particularly pleased that special attention is to be given to the problem of water supplies in the most vulnerable countries, and that in the longer term the Council will endeavour to organize programmes aimed at structural improvements in this area. I should like to request that the longer term be shortened as much as possible. I would also ask the Commission to devise programmes for better control of water supplies as soon as possible, not only for the agricultural sector but also for drinking water supplies.

As far as I could make out, a number of questions put by my Group were not answered and we would be interested to know the answers. I should like to ask how much the consumer organizations and the Consumers' Consultation Committee have been involved in the measures taken by the Council and the Commission to alleviate the difficulties in food supplies resulting from the drought. There is also the question of relief for the farmers affected. My Group is of the opinion that it should not be given to the farmers via EEC funds, and would prefer to see these matters dealt with selectively at national level. The Commission's task should simply be to ensure that arrangements are coordinated properly and that the measures taken fit in with the EEC regulations. In particular, the Commission should take care that no restrictions are imposed on intra-EEC imports and exports of certain products.

President. — I call Mr De Koning to speak on behalf of the Christian-Democratic Group.

Mr De Koning. — (NL) Mr President, I should like to thank Mr Lardinois for the information he has given us. I think that the drought this summer is the most serious calamity suffered by European agriculture in the post-war years, and that it is therefore most important that we are holding a public debate about it here and that Mr Lardinois has outlined the consequences of this calamity for both producers and consumers.

I had meant to press for more detailed information on all these points, but I am pleased to hear that this is no longer necessary, as Mr Lardinois has promised to give us more data on the damage done. He has reported that the Commission has set up a special team and I think this was a very good move. This is also clear from the document that was distributed this morning. We will now be able to follow these matters closely, and I should like to ask Mr Lardinois whether the team will continue to function next year, or may be even for the next two years, as I think that we should have a source of regular information to keep us abreast of trends in supplies of rough fodder, development in beef prices, and the level of intervention stocks, and that we should also have an overall picture of the various relief measures taken in the Member States. And, last but not least, we have a special interest in the development of consumer prices over the next few months, particularly vegetable and meat prices.

Before the summer recess and on 9 September this year the Council adopted a number of measures proposed by the Commission. I support all of these, especially the suspension of import duties on some vegetables and potatoes, but I agree with Mr Lardinois that we must follow this matter very closely. In the questions put by the Socialist Group, lettuce is mentioned as one of the products for which import duties could be suspended. Well, at the beginning of August we were having to pay astronomical prices for lettuce, and at the end of the month lettuce was being withdrawn at auctions again, because it was no longer saleable, at least not in the Netherlands nor probably anywhere else either.

I should like to ask Mr Lardinois whether the Council is considering the possibility of harmonizing transport subsidies for hay and straw. Would the Commission be prepared to make proposals along these lines? This is a matter that would, I think, lend itself to harmonization between the Member States. I should also like to ask whether there is any foundation for the rumours about restrictions on exports of animal feedstuffs from one Member State to another.

I have another question connected with intervention on the beef market. On page 11 of the Commission document we received this morning, I was somewhat surprised to read that with all the purchases by inter-

vention agencies when meat is withdrawn from the market, for which aid has been granted for private storage, the technical limits have now been reached. I do not quite understand this, for how can that be reconciled with the only slight increase in the quantity of beef stored, which is only a little higher than the stocks at the end of 1975, and what are we going to do if we are unlucky enough to have a poor autumn or a late spring, when the intervention supply might increase considerably? Is the storage capacity sufficient, is it technically adequate?

Mr Martens stated that the market price for beef had dropped, but Mr Lardinois said that there had also been a marked decline in quality. Is the Commission prepared to adapt the intervention conditions to the changed situation, especially with regard to the quality requirements, so that more beef cattle can be offered for intervention?

The most important problem is the loss of all or part of their income by hundreds of thousands of farmers. Mr Martens' figures are a particularly clear illustration. These farmers need help, now, and probably next year too. I agree entirely with Mr Lardinois that the Member States have the prime responsibility here. It cannot be otherwise: there are unfortunately still great differences between the social systems in the different Member States; and moreover, Community financing is virtually impossible. But there is certainly something the Commission could do. The Commission should indicate — and it has the necessary machinery for this — where losses of income have been incurred and aid is required. It should, where possible, exert pressure on the governments of the Member States to take suitable measures and check the effectiveness of the measures taken in individual cases. Here again, I fully endorse Mr Lardinois' views.

Finally, a word about the damage suffered by industry. I refer not only to the processing industries for agricultural products, but also to other industrial plants that depend on water supplies and have been deprived of them by the drought, often leading to considerable losses. I understand that the Commission working party will devote particular attention to industrial water supplies in the future. Quite rightly too, after what has happened this summer.

We have learnt a great deal from the drought crisis, but there are two central points. Firstly, we must give more thought to the problem of water supplies in the future. Here the Commission has taken a number of steps and I hope that they will be successful. Secondly, it has been made abundantly clear that we need a strong agricultural policy capable of compensating for large fluctuations in agricultural production resulting from weather conditions. I hope that in the future we will be able to maintain our agricultural policy in this respect and, if necessary, to strengthen it even further.

(Applause)

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — (*F*) Since the oral questions — one to the Commission and the Council, and the other three to the Commission — put by the EPD, the Christian-Democratic, the Liberal and the Socialist Groups, have as their common denominator the severe drought afflicting most regions of the Community to varying extents and wreaking havoc, they are being debated simultaneously. As I have just said, these oral questions concern the disastrous aftermath of the drought and its effects on producers — stock-farmers in particular — processors of agricultural produce and also the consumers who will inevitably suffer the repercussions. They refer to the methods to be implemented in order to offset the consequences of this catastrophe as far as possible, both now as well as in the near and distant future. Those who submitted the questions have made sensible observations and interesting suggestions; moreover, they urge the higher authorities of the Community to take the necessary immediate action, the scale of which should be determined by that of the catastrophe itself throughout the Community.

Commissioner Lardinois, for his part, has clarified the situation and reassured producers and consumers alike.

Of course, in the face of such pressing needs, some had to be met immediately and could not wait until the end of September, the date fixed for drawing up the balance-sheet — which is, admittedly, still provisional, as it is impossible to calculate the losses at the present stage. Hence the worst-affected Member States, France in particular, have already taken measures to provide for immediate needs, without yet knowing how they will fill the gap thus created in their respective budgets. The time has therefore come for the higher authorities of the Community to decide, taking into account both the damage suffered and the situation of those affected, on the various types of measures to be implemented and the aid to be provided to the victims of the catastrophe, with special emphasis on the more modest among them who cannot wait.

The Community might decide to assume responsibility for the payment of compensation. This would seem to be the most rational solution, for isn't this a catastrophe which affects the Community as a whole, albeit to varying degrees? The solidarity which binds us should in that case hold good. Let us not forget that the Community budget is made up from the payments of each one of its Member States.

On the other hand, the Community might decide to handle compensation payments on a bilateral basis with each of the Member States afflicted by the drought. The burden would then be all the heavier to shoulder since the losses suffered would be greater

and recovery would be more difficult. In the latter case, any decision on joint responsibility for the financial burden should at least be taken immediately, coordinating the Community's contribution with that already made or still to be made by each of the distressed countries in order to ensure equitable compensation. That is essential. Things should and perhaps could have been made easier if attention had been given from the start to the motion for a resolution, tabled by myself on behalf of the Group of European Progressive Democrats, on measures to be taken in order to counteract the negative effects of the drought. This motion was presented during the plenary sitting on 18 June 1976 and, since debate by urgent procedure was at that time refused, was referred to the Committee on Agriculture. The latter eventually upheld my observations and adopted the motion after two meetings, making a few small additions to it and appointing me rapporteur.

In order to lose no time, our Committee was instructed to make an oral report, which I delivered on 8 July at the plenary sitting. After a lengthy debate the motion for a resolution was adopted and, along with the rest of us, went on holiday. Consequently, I cannot help but feel gratified at the consensus of opinion expressed by the tabling of four oral questions which, with slight variations, take up the ideas contained in last June's motion for a resolution.

The June motion did nevertheless contribute towards an awareness for the problem, and this gave rise to a few partial measures, in particular intervention in the beef and veal sector. Since June, the effects of the drought have unfortunately been extended to regions which had been unaffected until then.

Speaking time is limited, I had the opportunity of speaking at length on this subject on 8 July and, in any case, the previous speakers have introduced all the useful details into this debate which we resume today, so I need not elaborate any further. Therefore, with regard to the particular point concerning the extension of the suspension of the Common Customs Tariff for vegetables such as peas and beans called for by some of our colleagues, I shall merely draw their attention to the fact that these vegetables are frequently included in crop contracts involving thousands of hectares and prices which are guaranteed and agreed upon in advance by the producers and the food-processing industries. The suspension of customs duties without compensation for the interested parties would deal a mortal blow to the contractual agricultural policy so strongly advocated by the Member States and the Community authorities, since it might discourage many producers who have followed the advice given to them, undertaken reconversion operations and turned towards the production of vegetables in short supply — a shortage also felt in the food-processing industries, some of which have huge deficits this year.

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Lastly, let me insist, as I did in June and in July, on the need to introduce a sound water policy capable of counterbalancing the effects of drought and those of the floods by which it is sometimes followed, as was the case a few days ago in the region which I represent in the French Parliament.

(*Applause*)

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Sir, I must first say that the way in which these debates on oral questions are being organized really tempts every group to put down a question, in order to have a speaker in the first flight. We have heard two speakers from almost every group except my own until now.

I would like to thank Commissioner Lardinois for his long and exhaustive speech on this matter. He has cleared up an awful lot of problems with facts and figures and I am very grateful to him. I am also grateful to him for the balance he maintained in his speech, in so far as there was no panic in his summing up of the situation, on behalf of either the farmer or the consumer. The reassurance he gave to people throughout the Community concerning the level of their food supplies for this coming winter was very gratifying.

Nevertheless, it is true, as he said himself and as many speakers have said, that in various parts of the Community, and certainly in my country, some farmers have been extremely hard hit. There is no doubt about this. We all know this and there is no point in my repeating it. But I must say that, when he was talking about the average loss of income by farmers throughout the Community, I think he was just a little over-sanguine, because the information that I have for the agricultural industry in my country is that there will be a drop in income of between £ 300 million and £ 400 million below last year. That is a very considerable loss. These are the most accurate figures I could get: they date from 8 September, and are quoted in *The Times* as well. And in the UK we shall lose about 2 million tons of wheat and barley, about 2 ½ million tons of potatoes, 2 ½ million tons of sugar-beet and well over 100 million gallons of milk. That is entirely over and above what will need to be imported into the United Kingdom this winter to compensate for the lack of fodder and feed which unhappily exists in my country and, I think, in yours too, Mr President. So the costs to the farmer are going to be very high indeed. There is no doubt about that. I think that the loss in real terms from the drought alone is about £ 30-40 million in itself. Of course, the Commissioner is quite right in saying that it is really up to national governments to take measures to deal with this situation, but I would like the Commissioner to send us a paper stating exactly what is being done by the various national

governments. I think I know what my government is thinking about, although it is not taking any action at the moment. I know what they are doing in France, as I have been going around the drought areas in France and I have heard what is being done. But I would like to see how all this compares in the various countries.

I was very grateful to hear about the suspension of the various duties on vegetables. But I have a problem here, Mr President, and that is that there is a certain unfairness in this particular proposal. The proposals for suspension of duties up to the various dates — October, November and so on — on the vegetables imported into the Community apply to fresh and to chilled vegetables: they do not apply to frozen vegetables. There are certain companies in my country who import frozen vegetables and these are going to be unfairly discriminated against in this instance. I hope the Commissioner will look into this matter. One particular firm that I have in mind is the firm called Bejam, which operates just outside London: to judge from the correspondence I have here, there is certainly going to be unfair discrimination against them.

Turning to the problems our farmers are facing at the moment over this loss of income, one of the immediate solutions which we must insist upon and talk about — and we talked about it last night in the debate on the budget — is for the green pound to be devalued and I do not think there is any disagreement about this between the Commissioner and myself and probably most of our colleagues in the House. Twenty-six per cent, Mr President, is the gap between the green pound and the currency at the moment. This is intolerable and cannot be allowed. Apart from the effect it has on the MCA's and the total of the EAGGF and so on, it is intolerable burden that our farmers in the United Kingdom are carrying and something must be done about it. Of course, it cannot be completely wiped away immediately, but every kind of pressure must be brought by this House, by the Commission, to get my government to start reducing the green pound. The reason for this can easily be seen in the deprivation which some of our farmers and a lot of the farming industry are going to have to suffer because of the drought. And so, therefore, I would like to see a maximum devaluation of 5 % now, another 5 % in 2 or 3 months' time and 5 % later on. I would like to see us back to a mere 7 % difference. This will not increase consumer prices: if you devalue by one fifth, you only increase consumer prices by a half per cent, and this is not very much.

I accept what Mr Lardinois is doing. I hope he will be able to do more, particularly as regards national schemes and grid systems for water. I hope that he will look into this question of the green pound and that he will not be too sanguine that the farming community in my country is going to be able to see this winter through without a great deal of difficulty.

President. — I call Mr Hunault.

Mr Hunault. — (*F*) Mr President, taking the floor after my colleagues, Mr Cointat and Mr Liogier, with whose observations I wholeheartedly agree, I should like to draw the Commission's attention to four points.

Firstly, it is important to promote the development of regional plans for practical aid in the agricultural sector which are suited to the needs of present and foreseeable trends. It would be advisable for the appropriations of the Guidance Section of the EAGGF to be increased so that it can complement the action of the Regional Fund.

Secondly, I should like to draw attention to the special case of young farmers. They have to repay loans which they contracted in order to finance substantial investments undertaken in accordance with Community directives. Therefore, as this is the third consecutive year during which agricultural incomes have dropped, they find themselves in a hopeless situation. That is why special measures in their interests would be particularly welcome.

Thirdly, farmers are deeply concerned by the effects of the drought on animal feedingstuffs during the winter months. The necessary measures must therefore be introduced in order to guarantee stock-farmers plentiful supplies of low-priced good quality products. Farmers are not beggars and they ask for one thing only, namely that the Community policy aimed at guaranteeing them a normal income be implemented.

Fourthly and lastly, I would like to issue a word of warning to the Commission. For the first time in my eight years as a Member of this House, I have detected doubts among farmers, and especially among young farmers as to the effectiveness — and indeed the usefulness — of the European Community. This is something new to which I believe it is my duty to call attention, especially that of the Commission. In my view, this is a serious development as regards the vital interests not only of the farmers, but also of the Community. Yesterday we heard a debate on the direct election of the Members of the European Parliament; many spoke in favour and others against. While not wishing to support the latter, I ask myself how we can convince the voters of tomorrow and, in particular, the farmers, if the necessary measures are not taken. Nevertheless, I put my trust in the Commission where this is concerned.

President. — I call Mr Lemoine.

Mr Lemoine. — (*F*) Mr President, everyone here is aware that the problem which we are debating is serious. It concerns the situation of millions of families in the Community and involves the present state of agriculture, of farmers' incomes and their plight. Agricultural production is an essential component in

the economies of most of our countries and an important element in the maintenance of the employment level in the agricultural sectors upstream and downstream of production itself. It also involves the Community's food supply and its essential role in the world food situation. It has long since become obvious that the prices fixed last spring by the Commission would not make it possible to bridge the gap in farmers' incomes which has particularly widened over the past two years. Not only did farmers' incomes fail to follow a growth curve equal to that of comparable groups of workers, but their purchasing power fell despite substantial efforts in investment and modernization which, for hundreds of thousands of family holdings, has often meant incurring large debts. In spite of the promises made here by the Commission or by the governments of our countries, and with inflation playing its part, we have witnessed a weakening of the purchasing power of farmers for the third consecutive year. Added to this, a large part of Europe has since June been afflicted with drought which has resulted in disaster for holdings and farmers in certain regions. I shall not dwell on this, since the grim aftermath of this calamity has already been stressed. There is no doubt that this summer's drought will leave a deep impression on the agricultural economy and its consequences will assume greater and more serious proportions because it has appeared after two consecutive years during which farmers' incomes have fallen and has therefore struck an agriculture lacking of reserves and heavily in debt.

While it is true that in the vast drought-stricken areas there is a downward trend in practically all types of agricultural production — this is true of cereals as a whole and also of dairy produce, sugarbeet and vegetables — the hardest hit and most seriously threatened sector is that of stock-farming, a sector which provides 60 % of agricultural income in our country. Production costs have risen sharply because of the substantial increase in the price of feedingstuffs and of cattle and also because of all that farmers have had to purchase for their animals. The big American companies have a lot to answer for as regards this increase, on the subject of which neither the Commission nor our political leaders have uttered a word.

It is not only the stock-farmers' income for 1976 which is jeopardized, but also the livestock as an item of capital investment since the repercussions of the losses suffered by this sector will inevitably be felt for a number of years.

The adverse effects of the drought have not been palliated as would have been possible — particularly in France, but also elsewhere — if agriculture had had extensive means of mobilizing water resources. They have revealed the short-sightedness of governments as regards water supply and this negligence has had grave consequences for agriculture and the environment. They also show the shortcomings in the aid to

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be given to farmers struck by the drought. The drought is today used as an argument to replace that of petrol in order to justify, especially in France, appeals for sacrifice and the introduction of a super-tax. In the present circumstances, it is essential to implement the emergency measures necessary to safeguard the production potential of agriculture and the level of agricultural incomes. Help must be given immediately to farmers affected by the drought if we want to avoid seriously compromising the Community's food supply. Providing such help is, of course, up to the national governments and, in this context, we see here that those who have often proposed to help the farmers have, along with the French government, denied them all real help over a period of three months.

The drought victims be aided without delay. The Communist party and its parliamentary group in my country have put forward specific proposals to this end as regards the form this aid should take and how it should be financed.

First of all, the springboard for action should be the budget of the State, which dodges the issues to compensate the farmers adequately, whereas it often makes millions available without hesitation to help the big capitalist companies.

Then, a special financial contribution should be levied on the financial reserves of the big oil or chemical products combines and also on those of the industrial and commercial enterprises who have made substantial profits thanks to the drought and the heat wave.

Finally, as a third financial source, we propose a levy on the total financial contribution of our country to the EAGGF. In our view, this proposal is justified by the fact that the European Community has up to now provided little aid and that, in addition, the EAGGF will not have to see to the disposal of substantial surpluses outside our Community in 1976-77: cereals, sugar and, no doubt, even dairy products, as Mr Lardinois implicitly admitted yesterday morning. In this way part of the sums earmarked for the financing of exports of surplus produce — which the drought has substantially reduced or caused to be used up — should be made available to our country with a view to aiding its drought-stricken agriculture. These, Mr President, were the few observations which I wanted to make in this important debate.

President. — I call Mr Marras.

Mr Marras. — *(I)* Mr President, ladies and gentlemen, judging from the map which has been distributed to us, Italy would seem to be one of the least drought-stricken Member States. In fact, by a strange meteorological quirk, Southern Italy, normally the most arid part of our country, has been unaffected by the drought.

I live on an island, Sardinia, which is traditionally very dry, and as far as I can remember we have never had

as much rain there as during this spring and summer. The weather can play strange tricks. Nevertheless, the part of Italy affected by this catastrophe, the Po Valley and the North, is, agriculturally speaking, the richest in the country, accommodating a vast proportion of the livestock, and during recent months it has faced the same problems as those encountered by farmers in France, Benelux, the United Kingdom and other Member States.

Furthermore, the chronically poor level of stock-breeding, and of Italian agriculture in general, is well known to all. Consequently, even in comparison with other countries, the drought has weighed heavily on our farmers, especially on account of the difficulties in supplies of feedingstuffs and the high cost of these products. We know that action has been taken, and the Commission for Agriculture has today again confirmed the suspension of import duties on feedingstuffs. However, the problem is far from solved, and full backing must be given to all national and — where applicable — Community measures aimed at compensating to some extent for the huge losses incurred by the farmers.

Both Commissioner Lardinois and Mr Cointat referred to the setting-up of a kind of permanent relief fund against natural disasters. I would remind the Commissioner and honourable Members in the other Groups that a fund of this kind has been in existence for some years in Italy, namely the Solidarity Fund against Natural Calamities, which works quite well, although it is generally affected by budgetary difficulties. The Community institutions might do well to study this Italian model carefully, in order to obtain some ideas for similar Community-based measures.

Finally, Mr President, the subject which we are debating, that of disasters and of damage to the land, brings to mind — as has already been stated here today — the continuing scourge which is ravaging a fertile region of my country, Friuli: the scourge of earthquakes.

Mention has been made on several occasions in this House of the plight of people who have known no peace of mind for five months, and whose nervous system has been sorely tried. What is built today may very well collapse tomorrow. The Community has already taken action and one wonders to what use that material and financial help has been put. It might be a good idea for our Parliament to send a delegation to the area, both to show its solidarity with the people, and to check on how Community and national aid is being used. I put this idea to Parliament. As for the Commission and the Council, I hope that they will look at possible new ways of helping the Friuli region.

President. — I call Mr Scott-Hopkins to speak on a point of order.

Mr Scott-Hopkins. — Mr President, could you tell us what your intentions are concerning this debate and the rest of today's programme?

President. — You are aware that there is a very long agenda to be gone through today. That being so, unless there are objections, I would suggest that we finish this debate rapidly — there are not many more speakers left — before adjourning for lunch.

I call Lady Fisher.

Lady Fisher of Rednal. — Mr President, I shall try not to delay the House too long. What pleased me perhaps most of all this morning was Mr Lardinois' observation that the consumers in Europe will, as far as he can judge, be able to have sufficient food supplies despite shortages that might arise from the drought. It would be helpful if Mr Lardinois could state that he is confident that there will be no severe food shortages. This will help to protect the consumer more than he may realize. The fact that somebody says there has been a drought, and there is therefore some kind of shortage, automatically puts up the price of all agricultural commodities. A general point of view is registered that the price must go up because of a shortage. I think what we heard from Mr Lardinois this morning was that there might be some shortages but they would not all be too severe. If he could spell that out, I think he would be doing consumers a great service.

I appreciate, as a consumer, that there will be some hardship for individual farms in the Community. But having said that, I think there will also be very great hardship for individual consumers in the Community if they are not protected from high prices. I think any politician who faces a group of consumers — and I don't know whether Mr Lardinois ever finds himself in this position — is immediately confronted with a barrage of questions about the high prices of food in the Community. I am not speaking only of consumers in Great Britain. I know that pensioners in Germany fire the same questions at their politicians, that the French have this same problem. All politicians seem to have thrust at them, whatever they try to do, is the problem of the high cost of food in the Community. And, if the drought is used as another excuse for putting up food prices, the politicians will again be faced with trying to find answers to these questions. Therefore I would ask Mr Lardinois to speak loudly and clearly to the press and the other media, in order to fight the rumours that can so easily arise on possible shortages. I go along with him in saying there should be some reserves, but reserves should not be taken off the market just to create a shortage in supplies and exploit the consumer.

President. — I call Mr Carpentier.

Mr Carpentier. — (*F*) Mr President, quite frequently during men's lives events occur which are beyond their control. Such is the case of drought.

Quite naturally, everyone — both at national and at Community level — is tempted to act as the champion of the farmers affected by the drought.

In my opinion, this is perhaps a little too easy sometimes and we ought to try somehow to speak the language of wisdom and reason. There is no doubt therefore that the effects of the drought, multiple though these may be, *should not be dramatized*, but neither should they be underestimated.

Mr Lardinois, you went to France during the summer — to Normandy, if my memory serves me correct — in order to judge for yourself the havoc wrought upon farmers by the drought. I am therefore sure that you assessed the full extent of the damage done.

The Member States have subsequently introduced measures. Those taken in France are considered inadequate, which is true, but it is not Parliament's task to judge this. If the Community can really help those who have been hard hit by this drought, and, in this connection I wholeheartedly agree with the statements made by Mr Hunault, who has set out the problem perfectly, I feel that this aid should above all be selective. If it has not yet been done, an exact a census as possible should be organized of all the drought victims throughout the Community. It could prove a difficult task, but it must be undertaken if we are to avoid proceeding by guesswork and giving over-generous assistance to those who may not deserve it or who, at any rate, have not been affected by the drought.

I would like to raise a second point briefly, Mr President, since it is valid under the circumstances. Such action as the Community may take should be intended for the small and medium-sized family holdings, for it is the small-scale farmers who are hardest hit by this situation. They must be catered for first, especially those who have contracted loans. If Community aid is to be introduced, priority must be given to them.

That is all I wanted to add to the debate.

President. — I call Mr Martens.

Mr Martens. — (*NL*) Mr President, I should like to express my appreciation of the way in which Mr Lardinois has outlined the situation, and more particularly of all that the Commission has done ever since the drought began. We have seen that it is following the situation closely, and it has assured us that it will continue to do so. I can only welcome this. I asked to

Martens

speak merely so that I could put a few things right. The interest payable on bridging loans in Belgium is still 3 to 4 %. These interim loans are granted selectively, and at least 50 % of the farmer's land must be under fodder crops if he is to be considered for any aid. That is rather a fine toothcomb, and we have tried to find a solution which would avoid the preparation of individual dossiers, since I can assure Mr Carpentier that, if there were to be individual dossiers, it would be two years before anything was achieved. Immediate solutions, on the other hand, become possible if efforts are made to compile as much general data as possible.

One remark about beef prices; the figure I mentioned was 85 % of the target price. At the moment, however, the cost price of one kilo of beef produced with fodder concentrate is 70 to 80 Bfrs — i.e. about 15 % more than the target price — and in the present circumstances the inevitable result will be that more cattle will be slaughtered than before. The figures for Belgium — and these are fairly complete — show that, in July this year, only 4 % more animals were slaughtered than in the previous year. In August, however, the figure had already risen to 18 %. Slaughtering really is thus going on on a large scale, and unless these farmers are helped or given aid, I do fear that more and more animals will be slaughtered. I am sorry the answer about prices in 1977-1978 was not clearer — the situation is clear enough. 1974 was a bad year, 1975 was better and 1976 will again be bad. The farmers have no choice but to borrow. Just tell me where they are to find the money to repay these loans. Apart from that, further capital expenditure is required, for instance for the conversion of pasture land and the purchase of sprayers. I was once told by an old farmer 'No-one loses more money than a poor person' — and this is the situation many of our specialized farms have now landed in. These farms carry very heavy capital charges, and they have to keep on investing more and more — and if there is no prospect of a satisfactory income in the years to come, I can well understand why many of them are hesitant about taking up yet another loan. I would very much welcome an answer on this matter.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, so many questions have been asked that I must indeed take up some of your time. However, I shall attempt to be as brief as possible, partly because I can refer to the documents that have been supplied to Parliament.

Firstly Mr Laban's question. There will in fact be more milk in 1976 than in 1975. But if we take the milk price year from 1 April to 1 April, then the prospects are that we shall have rather less milk. We estimate this decrease at about 1 %, but it could be

1.5 % or 0.5 %. We certainly do not expect any shortage of beef before 1977, although we do expect a drop in production. This is because the normal cycle in this sector has been accentuated by the drought. This year we had expected less beef — 5 % less than last year. But because of the drought this figure will perhaps be only 2 or 2.5 %. On the basis of our long-term planning we had expected a drop in production in 1977 of 3 % compared with 1976. Now we expect production to be down by 6 %, because this year's extra output will not be repeated next year. This does not, however, mean that consumer prices will be unusually high, since with figures at this sort of level there is still likely to be sufficient beef available on world markets. What the situation will be in 1978 remains to be seen. It depends to a large extent on what happens in other parts of the world, including the United States. The United States is engaged in making rather drastic cuts in its cattle stocks, which means that the Americans will soon be competing with us on world markets to buy meat to cover their own shortage. But I do not expect any great problems before 1977, especially since we have still between 300 and 350 thousand tonnes of intervention stocks to be released to the market, primarily to the internal market.

As for potatoes, speculation, etc. Well, if I could forecast the market in the spring, I could earn a fortune on the futures market, particularly since after 1 January I shall no longer be a member of the Commission. But no-one knows what will happen. However, if my feeling about the state of the market is correct, I would expect far more potatoes to be imported than last year, particularly since we decided so early to suspend the import levies, which means we already know that, for example, the United States' harvest will be a competitive factor. This is quite different from taking such measures at the end of the season, when it is usually too late to really organize anything. I believe therefore that imports will play an important part in determining the price level in Europe, and I expect lower prices next spring than we had this year, despite the fact that we shall produce fewer potatoes. The fact that people now know there are other things to eat than just potatoes also makes a difference. Fewer potatoes will go to the potato starch industry and better potatoes from this sector will be supplied to the consumer market. This creates great problems for the potato industry at a regional level, at it will suffer from a shortage of raw materials. But it means extra supplies for the consumer market.

Now a few words about supplies of drinking water in the short term. I have already said that I accord this a high priority. This winter we shall get the consumer organizations involved in this. Up to now, frankly, we have not involved them in our consultations, partly on account of the holiday period. However, for my part at least, I shall call a special meeting as soon as possible,

Lardinois

although normally my colleague Mr Scarascia Mugnozza keeps in touch with the consumer organizations. But I think this is a sufficiently important matter for me to contact them directly. Secondly, the question about the Community's responsibility with regard to aid. Various other Members also mentioned this. Mr Liogier talked about it, and so did Mr Carpentier, Mr Radoux and Mr Lemoine. You can rest assured that the Community takes action where it is primarily responsible, e.g. to ensure adequate prices for farmers even where there is a surplus. It is our duty to act then. An adequate fodder supply, for example, is another field where we must be prepared to make sacrifices. But how can we act, for example, in France, at a time when there are in fact great administrative problems and it turns out to be extremely difficult to get the aid to where it is needed. I must say that there is a great temptation to show that the Community exists.

But it is impossible to take action everywhere and we have not got the necessary funds to do so. It is certainly true — and I should like to emphasize this point — that a large part of the available reserves can be used up this winter. But that does not mean that in the dairy sector, for example, we shall have to spend less next year, in 1977, than in 1976 or 1975. Our budget includes larger appropriations for dairy farming. We shall continue to share the responsibility to a certain extent, even if this shared responsibility does not become operative until the spring, which seems to me to be inevitable in the present circumstances. Nonetheless the amount we set aside for this is increasing, but we also hope that the stocks can be disposed of, partly by means of shared responsibility. In brief, you may rest assured that we shall keep you posted. Where we reasonably can give help we shall not hesitate to do so, and in cases of doubt we shall decide in favour of the farmers who are worst affected.

I thank Mr De Koning, and also Mr Laban and Mr Martens, for what they said about our efforts in this field. We shall keep this special team in operation next year, since there will be more and more for it to do with regard to long-term planning of supplies. I have come to the conclusion that we can no longer do without planning in the modern world. The situation on the world market in agricultural raw materials is completely different from that in the Sixties, and we must be able to concentrate our requirements accordingly.

As to subsidies for the transport of hay and straw, we could in fact have done something about that. We were not sure whether to or not. Probably we could have granted the subsidies, but on the other hand so much use was made of army transport and so on that it became difficult to do anything. If things had been more straightforward, if for example there had been any long-term planning, then it would not have been impossible for the Community to do something. Happily, however, things went well anyway.

I should also like to emphasize that subsidies ought to be granted for the transport of water in areas where there is no water available for cattle outside.

The technical facilities for intervention with regard to beef are in fact limited. Despite the technical difficulties, however, I believe that we shall be able to fulfil our obligations in the coming months, barring unforeseen circumstances. If necessary we shall have to make more tinned meat, but you will appreciate that we want to avoid this as long as possible since it is likely to involve extra costs. One often has to weigh up the technical possibilities against the costs. Theoretically there are no technical difficulties, but from the cost point of view problems can arise. I do not, however, expect this to be the most difficult factor this winter.

I have already answered Mr Liogier's questions in general terms. I agree with him that too much water can also cause extensive damage. At the weekend I was in Central Italy. There they have had to deal with more rain in the course of the past month than normally falls in a year. You can imagine what enormous damage that rain can cause. The grape harvest in these areas has been halved; they also expect a very poor harvest of sunflowers and olives, for example. The result is, here because of the extremely wet weather and not because of the drought, that the price trend for various essential foodstuffs in Italy is becoming intolerable. This goes for olive oil, for example, for certain sorts of cheese and for a number of other products. We are in contact with the Italian Government with a view to providing the intervention agencies in Italy with sufficient quantities of four or five important products for them to maintain regular prices for the consumer.

In many respects Italy is a special case with regard to the consumer market: special products, somewhat greater distances, and a situation still aggravated by the import deposit scheme. For this reason there are always much more speculative developments in Italy. I have agreed with the Italian Government that measures should be taken to provide the intervention agencies regularly with dairy products as well, so that they can keep the markets under much better control and make them in this respect more comparable with those on this side of the Alps.

Mr Scott-Hopkins described the loss of income. It is true that in many respects there are additional difficulties in the United Kingdom. Although they are no greater than in the west of France, they are additional in that a wide range of products have to be bought at the same price — soya products, for instance — while the milk and beef prices have fallen by 30 to 35%. It is perfectly understandable that he should link this with the green pound. This does not mean I think this is the only decisive factor, since we are both

Lardinois

aware of the extremely difficult position of the present British Government with regard to the wage agreements, consumer problems and the various other problems related to the state of the pound. But I have often noticed that, because of the mainly internal difficulties in the agricultural sector, action is frequently taken too late. It is much better to take less action, early, than to take a lot of action too late. This is a major risk, particularly in the livestock sector. However, I should not like to imply too close a link between the drought and the pound. The green pound is, after all, a rather different matter.

I will willingly investigate the position with regard to frozen vegetables. I must admit that I was completely unaware of what you told me, and I should be grateful if you could provide me with details. Then we shall look into it thoroughly and see if there is anything we can do. Indeed, this applies to all Members; if you feel you have suggestions of your own, or from consumers or industries, we shall look into them immediately and see to what extent we can solve specific problems.

Now Mr Hunault's remarks. It is true that young farmers are a special category. I find it particularly unfortunate that the Council has still not got around to studying what the Commission and Parliament approved more than a year ago. We want to give a special place in our policy to young farmers who have just started up. I shall take advantage of Mr Hunault's remarks to remind the Council of its responsibility.

To Lady Fisher I would repeat what I have already said in writing — that, as things stand at present, the effects of the drought on the great majority of primary products in agriculture and on foodstuffs supplies must not be used as an excuse for further price increases. I am in complete agreement with her and would therefore emphasize this. We have reserve stocks of the major primary products in the Community, and access to markets outside the Community, so this must absolutely not be allowed to happen. There have admittedly been difficulties in the case of some minor vegetable products — I have already told you about this — but the difficulties now appear to be less than we some time ago expected. Moreover, we have taken additional steps with regard to import duties, and these apply to Great Britain as well. The import duties between Great Britain and the rest of the Community are in any case disappearing automatically, and those that remain in force until 1978 will disappear then too. As far as potatoes are concerned, we can reasonably expect the situation to be somewhat quieter than last year, despite the smaller harvest in large parts of Germany, France and Great Britain. We think, however, that the necessary additional supplies can be organized in time, and that additional stocks can also be obtained elsewhere in the Community. I agree with Lady Fisher. No reserve stocks must

be built up in periods of shortage or in order to create shortages. That is not and must not be the aim, nor do we do this. Furthermore, the reserve stocks which we do have are immediately made available as soon as the normal price is exceeded. We keep these stocks in order to keep the consumer price as stable as possible.

On the one hand, we build up the reserve stocks when we feel that the price to the producer is too low, but we also put them straight back onto the market when we feel that the consumer is having to pay too much. This is in fact the basic principle of the whole market organization. We do not use these stocks for speculation. They are used principally to keep the consumer price as stable as possible, and they are kept in order to keep the price to the producer as stable as possible. This is the basic principle of the common market, through thick and thin.

I am grateful to Mr Carpentier for his objective remarks about those who are hardest hit, and I have already made my views known to him. In reply to Mr Martens, I agree that the rate of slaughtering has gone up somewhat, and I said as much in my initial speech. Mr President, I think I have answered all the speakers. If I have forgotten anyone, I would ask them to accept my apologies.

President. — The debate is closed.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The proceedings were suspended at 1.40 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

President. — The sitting is resumed.

5. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the following committees to draw up reports:

— the *Legal Affairs Committee*:

a report on the compatibility between the management committee and Article 205 of the EEC Treaty.

The Committee on Budgets has been asked for its opinion;

— the *Committee on Energy and Research*:

a report on the need for Community measures as regards the risks and costs of the storage of atomic waste and of the treatment of nuclear power stations shut down under the Community energy policy; and

a report on the need for Community measures to promote research in the field of solar energy — direct and indirect action.

6. Oral Question with debate: Milk production

President. — The next item is the Oral Question, with debate, by Mr Scott-Hopkins, on behalf of the European Conservative Group, to the Commission on milk production (Doc. 279/76):

Can the Commission say what total revenue it expects from the imposition of a levy on liquid milk delivered to dairies, by what amount it is estimated sales of milk products would thereby drop, and what revenue it expects from the levy on vegetable oils and fats?

In view of strong medical opinion regarding harmful cholesterol levels, what effect will this levy have on consumption? What will be the effect on the level of milk production of the non-delivery premia, bearing in mind that a 36 cow herd can be eliminated, and will not the cessation of subsidies in the milk sector mean an arrest to modernization and development of a vital section of the farming industry?

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I think the timing of this oral question is really very strange. It is certainly no part of my brief to criticize what happened yesterday, but you will remember that we had a debate requested by the Socialist Group on the imposition of a levy on vegetable oil. It seems strange that that was allowed, when we had on the agenda a debate on milk production which, if one reads the question, also concerns vegetable oils. At the same time, the whole Commission proposal has been through the committee.

The purpose of my group in putting this question down was to try to elicit from the Commissioner exactly what was in the back of his mind, because we are going to have to make up our minds collectively as to whether proposals from the Commission are going to deal with the question of surplus in the milk sector. Until one has a little more information to go on, it will be very difficult to do that. Since these proposals were put forward earlier in the summer we have had the drought. We had the debate this morning which set out the problems that exist for the dairy farmers and, quite obviously, before the Commissioner can think of bringing in the actual regulation, the proposals in his document for dealing with the milk situation, he will have to consider very carefully the question of timing, because the dairy industry is staggering at the moment under the effects of this severe drought.

I shall concentrate my remarks on three points. The first point which is absolutely essential to make is that there is controversy as to whether the proposal from the Commission concerning vegetable oil fats is or is not against GATT. The United States, the French and, I believe, several people in my country are unhappily under the conviction that the proposals from the Commissioner are contrary to the regulations of GATT. Now if this is so, it means the most unholy row in GATT. It will be the second time that the

Americans have felt that we in the Community are breaking our agreements. The first, as you remember, was when there was the compulsory levy on skimmed milk and on various vegetable oils, and particularly soya beans. If this particular Commission proposal is considered to be against the GATT agreement as well, then I think the Commissioner really is going to have to think again. We want that clarified and that is the first point.

The second point is one that was raised by my noble friend Lord Reay in yesterday's debate on this particular vegetable oil issue. What is the position with regard to the developing countries? I know he said in his reply that he thought that there would be very little diminution of imports from the developing countries. Frankly, I do not believe him. He also said he was going to send figures to the relevant committee, which is the Committee on Development and Cooperation, concerning what he thought would be the effect of these measures on the level of trade with the developing countries. But I would only say this to him on this particular point: it is no good putting a levy on and saying you are going to channel the money back into the developing countries for their use, if at the same time you are in point of fact going to cut the export of those particular products upon which these developing countries depend. Now it may well be that the Commissioner is quite convinced, and has sterling evidence to show that this will not happen. If so, then perhaps he will be kind enough to tell us that today.

My third point, which is the main one, concerns the whole overall approach towards milk production. We know we have a surplus throughout the Community. We know that because of the drought this surplus is going to be cut back and that the various measures announced today are going to help bring down the various stockpiles that we have, certainly that of skimmed milk. We know also that there is probably going to be a fairly even balance between production and consumption of liquid milk during this winter. The Commissioner assured us this morning that, from the consumer's point of view, there was no need for anxiety. Nevertheless, the underlying trend, I fear, is that we are still moving into positions where there will be surpluses created in 1977, given normal conditions. Obviously one has to support the Commissioner in his attempts to deal with this imbalance. I said when I began that it will be a question of delicate timing as to when he does what. But what, obviously, he must very much bear in mind is that when dealing with the imbalance in the milk sector it would be utterly wrong to penalize the consumer. The Commissioner says in his document and in his speeches that the levy is going to go on liquid milk at the dairy, and he expects that to be passed on to the consumer as far as butter is concerned. Therefore — and that is the reason — he is going to put a levy onto vegetable oils to even things up, and this will be equivalent to that which is being put on liquid milk.

Scott-Hopkins

Hence there will be no imbalance between the price of butter and the price of vegetable oil — in other words, margarine — they are going to be in balance. This is what he said. But, if this is so, if the price is going to be passed on to the consumer, through the dairy, where the levy is imposed, how is the producer affected? He is not going to suffer a reduction in the money that he is getting for his liquid milk. It could happen in my country, because of the system of marketing we have, but I do not see it happening in the rest of the Community. Unless he can explain to us how the producer of liquid milk is going to pay a penalty (because that is what it is) at some time in the future, because of over-production of milk, and not the consumer, then I do not see the point of this particular measure, which is the reason, the *casus belli*, for putting a levy on vegetable oils. He really must square these two arguments up. At the moment I would say frankly that he has not done so, and I am sure that in his reasoning there must be something which I have left out, something which I have not understood. But I would beg of him, where there is a case — as there will be, probably next year — for trying to reduce the level of liquid-milk production, let there be co-responsibility in that sector of the farming industry. When they accept co-responsibility, they will also have to accept the price of it. It is those who are producing, not those who are consuming, Mr President, that should accept this responsibility, and I do not believe that this is what is happening at the moment. I said in Question Time yesterday that there must be a cut-off whereby the levy is paid either by the producer (which is what I think should happen) or by the wholesaler, but not by the retailer and the consumer. If this can be done, then I, and, I am sure, my group, will support his efforts to try and get this imbalance corrected, but I would like an answer to those questions.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, Mr Scott-Hopkins has put a number of supplementary questions with regard to the measures in the milk sector, which I shall gladly answer. First, there is no doubt in my mind, nor in the minds of the whole Commission or the Commissioners who are directly responsible for relations with GATT, that our proposal for a levy on vegetable oil and fats is entirely compatible with the letter and the spirit of GATT. Why? Because in this proposal for an additional levy on the consumer there is no discrimination between imported oils and fats and those produced within the Community. Thus the Member States are completely free in this respect. That is so even where these consumer levies are excessive, as I said yesterday, for example in respect of table-wine. Even levies of 500 or 600 % are still compatible with the regulations of GATT and unfortunately even with the regulations of the Community, which goes even further in the fields of integration and free trade than does GATT. There

can be no doubt about that, and if the Americans maintain the contrary, then they are using arguments 'pour les besoins de la cause', as the French say. Our American friends have a regrettable tendency to take any opportunity to belly-ache about the Community's agricultural policy even when there is no more than a possibility of their exports' suffering a slight setback. That is a typical American reaction which we need not take seriously. Some of you are perhaps aware that I was in California during the summer recess. I spent a great deal of time discussing the soya-bean problem and heard a number of valid arguments from the Minister of Agriculture, who was also there, and from representatives of the trade and of other ministries who were present.

And the statements made in private on this matter have a different ring about them from those made in public a fortnight or a month before elections are due to take place. Secondly, I am convinced that the levy we are proposing — I announced certain details about it yesterday and do not wish to go over it again — will not have any adverse effect on the overall trade of the developing countries in these products. Our aim is to avert a worsening of the situation.

Now Mr Scott-Hopkins said quite rightly that he has always understood that the proposed levy on the raw material for butter, namely milk, is paid by the producer and not passed on to the consumer. That is fair, that is our intention, but we must also be honest with one another. It is also to a certain extent just a piece of theory, because, of course, this levy will constitute part of the cost of producing milk. It is part of the cost even though we do not agree that these costs can be passed on. Our view is that they cannot be passed on to the consumer. They are not costs like other costs which can be added up and passed on. That cannot be allowed. But in the overall assessment of prices and other costs components they will of course have an indirect effect. You know that every year we hold a discussion about cost increases and the public authorities are naturally quite right, especially for a surplus product, to try to underestimate rather than overestimate cost components; but when an important cost component crops up which cannot be passed on this naturally influences the assessment of overall costs, the other normal costs. But he is right. This is not regarded as a cost component which can be passed on because there is then a loss, but it does have an indirect effect and, in point of fact, politically speaking, it has an enormous effect.

To say, to the detriment of milk-producers, that they must not count this among their costs, while margarine producers are totally exempt from a whole cluster of cost components which affect milk, is, I am afraid, to take an unbalanced view. The primary commodities for the margarine industry can enter the Community free of levies and custom duties; there are no tariffs and no levies on them; but if you are producing milk in the Community, the primary commodity which competes with the primary commodity of the marga-

Lardinois

rine industry, you start paying levies on cereals, and you do not get those cereals at world-market prices. Under our system levies normally have to be paid. The same applies to all your means of production. If you buy a tractor you must pay import duty. Is that not true? And so it goes on.

All products which a milk-producer uses to produce his milk are protected in one way or another. And even when he has his end-product, milk, it is not protected against the basic product with which it must compete. Hence to add another burden in the form of this levy in connection with co-responsibility, without applying the same treatment to the primary products for margarine, would in my view be to penalize this product unfairly.

There are of course arguments on the other side. When I say that the raw material for margarine enters the Community totally exempt from custom duties and levies and that milk is produced with entirely protected products it must also be remembered that we do not grant a subsidy to the raw material for margarine but do grant enormous aid through the farm fund to the sale of dairy products and so on, on the markets of third countries, with export refunds, special projects in the Community, etc. So there are arguments on the other side. But they are few in number. That is what this whole discussion is all about. The national governments and the Ministers of Finance say in particular that we cannot continue to run up this bill for milk in order to balance it up with the margarine industry. Production, however, must be limited somehow. And that will not be easy. We shall then be in a situation in which these factors of balance will play a more important role.

I hope that with this statement I have given the House, and in particular the Member who asked one or two very pertinent questions, a clear outline of the background to this whole matter. I think that on the whole I have answered his questions. It is true that this winter no milk surpluses are expected, but the structural problem remains. We cannot therefore simply shelve these plans. My personal view is — and we still have to discuss this in the Commission — that we cannot start imposing the co-responsibility levy until next spring. It would, however, be advisable to take a decision on it in the coming months. The date of entry into force must not coincide with the particularly hard months ahead this winter. The levy must be introduced, but not until production has returned to normal, even if all the effects of the drought have not been fully overcome.

I therefore believe that this measure cannot be introduced until the spring of next year. So we shall be losing a few months and the consequent effect on our budget will not be negligible, but we hope that this loss will be compensated by lower milk production this winter compared to last winter.

President. — I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — (NL) Mr President, I do not think that we are making very efficient use of the time available to this Parliament. I had expected of such a knowledgeable and worthy Member of Parliament as Mr Scott-Hopkins that he would discuss these matters in the Committee on Agriculture, where he had every opportunity to put questions to Mr Lardinois and his assistants. This need not then have come up on the agenda today. But for the sake of completeness I would add that this also applies to a great extent to the debate we held yesterday. Next Monday a draft report on this whole package, which is already in Mr Scott-Hopkins's possession, is due to be presented by Mr De Koning and it will then be debated in Mr Lardinois' presence. Mr Scott-Hopkins knows what the Committee on Agriculture's general attitude is to the complete cessation of investment aid to the dairy sector: we have definite views on the matter. It will have to be discussed again in October if this question appears on the agenda and I am afraid that everything may have to be repeated all over again.

Now that the matter is on the agenda, however, I should like to ask Mr Lardinois to give more details on certain points, and I wish to make a comment on a matter he touched upon. It appears from the data submitted to us by the Commission that a 1% levy on milk would yield 140m u.a., and yesterday Mr Lardinois said that the levy on vegetable oils and fats would have a neutralizing effect. But how are we to understand this? Does he mean that if the levy on milk were 1% for example, and yielded 140m u.a., the levy on vegetable oils and fats as he understands it — though I doubt whether it will ever be effectively imposed — will also yield 140m u.a. or does he mean that it will also be 1%? I should appreciate some clarification on that point.

In addition, though we shall go into this in greater detail in October and in Committee, I am somewhat uneasy about Mr Lardinois' remark that the levy can obviously not be passed on. He went on to say that in the assessment of prices and other components in the dairy sector this item would, however, continue to play a part. That means that the burden of the milk levy will again be shifted on to the consumer. I would regard that as totally unjust. The price increases adopted by the Council in the milk sector are much higher, as Mr Lardinois himself admits, than he intended or was intended by many Members of this Parliament. This coupled with the practically unlimited intervention arrangements, is responsible for the large surpluses with which we are confronted. These surpluses are ultimately financed, *via* the Member States' contributions, by the taxpayer, i.e., by the consumer. If this milk levy is somehow being passed on indirectly to the consumer we strongly object to it in advance. I hope that you will be able to provide some clarification on this point.

(Applause)

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — (*F*) Mr Scott-Hopkins's question may be thought premature, since no specific proposals have yet been submitted by the Commission on the problem of introducing a co-responsibility levy on liquid milk supplied to dairies. Nor has it made any precise proposal regarding a levy on vegetable oils and fats.

The only information we had was the Commission's programme of action designed to bring the milk market gradually into equilibrium. In this programme of action the Commission gives us only a general outline of the proposals that will probably be made and our discussion therefore has to be confined to general principles.

The purpose of the first part of Mr Scott-Hopkins's question seems to be to induce the Commission to disclose certain details about its proposals relating not to the content of the measures but to the effects they will have on Community resources and sales of milk and dairy produce.

The second part of the question relates to the premiums for the conversion and non-delivery of milk, on which a draft has already been drawn up by the Commission. Since this specific proposal is being considered in the Committee on Agriculture, with Mr de Koning as rapporteur now would seem to be the wrong time to debate it in plenary session. Nevertheless, the question gives this Parliament a fresh opportunity to question Commissioner Lardinois publicly on a problem we feel to be extremely important. The presentation of the Commission's programme of action aimed at creating equilibrium in the milk market is one of the most significant events to take place in the agricultural sector for some time. A full exchange of views on the subject and a real debate on the problems raised would therefore seem to be essential.

I believe it is generally thought — and perhaps the Commissioner could give us some enlightenment on this point — that the proposals regarding non-delivery and non-conversion premiums are on the verge of being adopted and very shortly to be applied. The effect of these proposals could be to assist producers of dairy products affected by the drought. The fact is that many of them have had to sell their animals because the pasture-land no longer provided sufficient food. Moreover, many farmers have no forage left, or have none, or hardly any, for the winter. More and more cows are therefore going to have to be put on the market.

One of the purposes of the Commission's proposal regarding the non-supply premium is to reduce milk production by having cows slaughtered. Since many farmers are unfortunately being forced to send their animals, or some of them, to the slaughterhouse, the

premium in the Commission's proposal will therefore provide them with some help. In principle, this proposal should not meet with much opposition; on the contrary, any assistance to farmers affected by the drought should cause satisfaction.

Conversely and for the same reason — namely, the drought — there are no grounds for satisfaction in the proposal regarding co-responsibility levies on milk supplied to dairies. The threat of such a levy has long been in the background and is now materializing. I believe that the Commission is aware of the difficulties and even the dangers of imposing such levies on milk producers in the present circumstances. I know that many, if not all, Members of Parliament are directly acquainted with the disastrous effects of the drought on farmers' earnings and particularly those of dairy farmers. Each one of us could produce innumerable descriptions of the misfortunes suffered by the farmers in his area. In spite of the rain that has begun to fall in some places, the problems are still there. Many areas have not yet had any rain and even if it came the problems could not be solved, or the damage made good.

However much rain falls from now on, the effects of the drought are likely to be felt for several years because of the time farmers need to build up their stock again, buy fresh cattle and pay off the debts contracted during the last six months. We also have to count with the possibility of a bad winter. It is very likely that the winter will not be beneficial for everyone. A dry one would help farmers short of feed but would worsen the problems caused by water shortage. A rainy and cold winter, however, could possibly put farmers short of feed in a lamentable situation. In my opinion, therefore, it is essential that we should clearly realize the uncertainty hovering over the next few months when we look at the Commission's proposals regarding the imposition of a co-responsibility levy.

At a recent meeting of the Committee on Agriculture, the Commission told us — to our great astonishment — that last May, total milk production in the EEC had increased by 6%. Today, however, it looks very much as though there will be no increase in production. In actual fact, the drought has already reduced it by a certain percentage. Nevertheless, the Commission maintains that we are in a situation of surplus production and it therefore refuses to give up the idea of a levy on milk. In spite of the arguments, figures and statistics advanced by the Commission — it has no shortage of these — it must be said that at the present time the institution of such a levy on milk producers would be bad policy.

Today, the only thing to be done is to put proposals on co-responsibility on the shelf, or better still in cold storage, and to leave them there as the purely academic ideas they have so far been.

(Applause)

President. — I call Lord St. Oswald.

Lord St. Oswald. — Mr President, the Commissioner said earlier in this part-session that he enjoyed a knock-about in debate and in that sense my intervention today may disappoint him. I do not join the debate in any hostile mood and indeed, as I hope he knows, my group in general — despite some fairly drastic measures we took at the end of last summer's part-session — holds the Commissioner in high regard, and my own feeling is that he will be hard to replace when he has to make his departure at the end of the year. I address him today far more in sorrow than in anger with some fairly searching questions which I hope will clear my mind and perhaps the minds of others as to his actual intentions. The levy on liquid is designed to penalize — and my honourable friend used the word 'penalize' and I repeat it — to penalize dairy farmers for the very occupation of producing milk which is their profession. It penalizes, if I am reading the Commissioner aright, the efficient farmer as gravely as the inefficient farmer. It is a tax on productivity as well as a tax on production.

This is very discouraging for farmers, and I am one among them, who are meeting a need in the most up-to-date and least wasteful manner we can manage. He wishes us to get out of dairying and into beef and mutton. Mr Vice-President, this is literally where I came in. The first speech I made in this Parliament in January 1973 was on incentives to change from milk to beef production. So responsive were the farmers of the Community, so sophisticated is modern farming, so flexible and adaptable, that within a year there was a beef mountain and those who had responded to the exhortation found that the selling-price of beef was less than the production costs. There was a ban on Argentine beef, thereby illiberalizing trade in contradiction to Community policy. Now may I ask what is the beef deficit at this time and what is the mutton deficit within the Community? I would expect that it is small rather than massive. And does he not think it possible that his successor will face a beef mountain and a mutton mountain? Would it not be possible and wiser to widen the application and purpose of the premiums rewarding the non-milkers? These premiums, as proposed, are only available to those transferring to beef and mutton production. Where the land may be suitable, could there not be premiums for changing to other forms of agricultural production?

There is some bewilderment in some of our minds as to the Commissioner's determination that the extra cost to the farmer who continues producing milk will not be passed on to the consumer. I wonder if he would be kind enough to explain yet again how this is going to be taken into account in the price review. I listened with care to his explanation, but I am bound to say it seemed to me elaborate and possibly self-de-

feating. There is an impression that at one point he indicated that the levy on vegetable oil affecting the cost of margarine would be passed on to the consumer. I think he repeated that today. Are those who received that impression mistaken? What precisely are the methods in the Commissioner's mind for preventing additional production costs being passed on to the consumer? And supposing that they are, supposing that the whole burden is taken by the farmer, in the form of a tax on what he produces, what happens if certain producers find themselves — and I suggest they inevitably will find themselves — overequipped? Who is likely to buy the surplus equipment? Has he given thought to how these measures may effect the manufacturers of dairy equipment, which, as he is well aware, has required very considerable capital outlay in recent years on the part of those who have sought to improve their farming by modern methods and machinery? This is in fact in harmony with what he required today, that is keeping the cost element as low as possible. These were his words.

Now, I hope the Commissioner's nights are not disturbed by dreams of drowning in milk. Who else but our Community has this perennial and so far uncontrollable problem? Some have in fact an opposite problem — an exactly opposite problem. It is related that not many years ago the Polish authorities were ordered to increase milk production by 10% in a single year. This order was passed on to the dairy section and this remarkable feat was achieved in a single year. The order was repeated the following year and again achieved. When the third successive command was issued the next year the producers said it was totally impossible. Perplexed, the authorities demanded why. The season had brought rain, the pastures were rich, there had been no outbreak of disease: why had the expected improvement, the now traditional improvement, become impossible? The sad answer came back that after more than 25% water had been added, the consumers began to notice the difference in the taste!

(Laughter and Applause)

President. — I call Lord Castle.

Lord Castle. — Mr President, I am grateful to the Commissioner for the high sophistication of his argument this afternoon, because, while I am neither a farmer nor a member of the Committee on Agriculture, it reinforced my own innocence — a state of affairs which I have not enjoyed for years. I really feel that as a consumer of a specialized kind — which I will explain in a moment — I have to be assured, in some way that I have not yet discovered, that a tax, which was the burden of Mr Lardinois' argument, is not going to be paid either by the producer or the consumer. Mr Lardinois must know that the proposals of the Commission on this are the most unpopular

Lord Castle

and illogical that have been propounded since I, at least, have been a member of this Parliament. An eminent person with whom I do not always agree, the Prime Minister of our country, has called them 'daft' and I think that description sums up the general reaction of the people of that country.

I speak this afternoon, as I said, as a consumer — and of a special kind. I am, despite appearances to the contrary, an invalid — I am a heart sufferer. I have great gashes on my chest to prove that I have had an open-heart operation, and there are thousands and millions like me in the Community. This proposal — whatever explanation one has from the Commissioner — this proposal to increase the cost of margarine made from vegetable oils is a tax upon us, because we are required by doctor's orders — though some of us do not always observe all that the doctor says about our diet — not to take butter, but to consume vegetable-fat margarine. So, in addition to being an attack upon the underdeveloped part of the world, this is also an attack upon a large section of the invalid or semi-invalid population. This, I believe, should reinforce in the Commissioner's mind the knowledge that this tax must be withdrawn, unless it is to attract the contempt of the whole Community.

(Applause)

President. — I call Mr Carpentier.

Mr Carpentier. — (F) Mr President, ladies and gentlemen, this is not the first time that we have discussed the problem of butter and margarine and the levy on vegetable oils. I have to tell my friend Lord Castle, not without some sorrow, that his line of argument, all things considered, is a one-way road to the extent that some people suffering from other conditions from those he referred to will find that they cannot take butter.

However that may be, that is not the problem. It is not a question of banning butter or margarine. The problem is how, in the situation we have and in the light of the varying prospects that may materialize, to predict a situation governed by nature, six or twelve months or even two years in advance. And the problem is primarily that of finding a difficult equilibrium and not, to repeat myself, Lord Castle, of putting a ban on butter or on margarine. In any case, let it be said in passing, the strongest arguments — medical or financial — will never make butter-eaters switch to margarine or margarine-eaters switch to butter.

The problem, Mr Commissioner, is to work out a solution, in the light of present circumstances and the near future, which will safeguard the general interest, i.e., the interests of a country, the producers and, of course, consumers. Admittedly this task lying on your shoulders is thankless and difficult, but that is precisely why it is important.

Personally, as a member of the French Parliament, I of course support what Mr Liogier has said. Milk production and conversion are important to our economy and should be maintained, but I would immediately add that that is no reason to disregard what affects the economies of other countries.

In conclusion I would turn once more to Mr Lardinois and ask him to do everything he can to find this difficult balance I have referred to.

President. — I call Mr Lardinois.

Mr Lardinois, *Member of the Commission*. — (NL) Mr President, to Mr Laban I should like to say that the 1% milk levy does indeed represent about 140 million u.a. But that does not mean that we shall be taking 1% for vegetable oil, nor 140 million u.a. By my phrase 'a comparable levy on vegetable oils and fats' I meant neither the one nor the other. What matters is the effect the levy has on milk when expressed in the intervention price for butter, the effect it has on the cost of butter production. That figure can then be compared with the adjustment of the price of margarine which might then be necessary. Thus neither of the examples you cited holds water. I clearly said that in my views this levy could not be passed on to milk. I did not say that with regard to margarine.

Lord St Oswald and Lord Castle are therefore quite right to say that it is intended that this can be passed on to the price of margarine. Of course, we must make sure that no other cost components are currently being passed on too heavily. This is not our intention with regard to milk, however. But since this milk levy is a big one, and I discussed it with the producers a few months ago, of the order of 4 or 5%, it is inevitable that at the political level, especially here in Parliament and in the Council too, account will be taken of it in the assessment of the other cost factors. Cost factors can either be minimized or exaggerated. That depends on all sorts of circumstances, for instance the amount of the levy. I merely wished to point out that this question must be approached in a practical as well as a theoretical way. A levy of this type does not just yield money. It also has other effects. Thus production may fall, an eventuality for which no precise forecasts can be made.

Mr Liogier agreed with me that if these proposals are approved they cannot be implemented until next spring. I think I already made that clear from the outset.

Lord St Oswald said that this levy does not distinguish between efficient and inefficient producers. That is true. Nor does it distinguish between big and small producers. A proposal without distinction between persons is an absolute requirement for the COPA. The COPA has said that if there has to be a levy it must entail no discrimination of any kind. You know as

Lardinois

well as I, perhaps even better than I, that it is impossible to establish criteria for an efficient producer and an inefficient producer. There are no criteria for this, except accounts. But we cannot check the accounts of 2 million producers. Besides, not all of those 2 million producers in Europe keep accounts.

We too take the view that one must not compel every producer who ceases milk production and obtains a premium for doing so to switch to beef or mutton production. There must be wider opportunities. That applies particularly to smaller producers. What is more, we are not providing these opportunities for the big milk producers. We take the view that the bigger producers are structurally sound and do not need to be offered premiums to cease milk production. The equipment and specialized machinery surplus will not be all that big therefore. The premiums are in fact being granted only to smaller producers who, generally speaking, possess far less of these special machines than farmers with large herds of 100 or 150 milk cows. The latter will indeed probably constitute a major problem.

Lord Castle has raised a thorny problem. He has highlighted something which has strong emotional overtones. Nevertheless I am inclined to adopt a rational approach to the matter. I know that there is a health problem in connection with fats. We all have to admit that. Speaking generally — I shall return to this specific problem directly — the health problem in connection with fats is almost comparable with the health problem with alcohol and tobacco. These things do not do people any harm unless they are taken to excess. Now in our Western society we eat too much fat because, relatively speaking, we do not do any physical work. That is the general health problem with fats.

Turning to the specific problem raised by Lord Castle, I repeat that I am in a very difficult position. I would, however, say this: if it is or is becoming such an important political problem, why has a discussion never been held in the past in the United Kingdom, where this problem is clearly such an important one? Until 1973 there were no Community taxes on the oils and fats in question, on soya oil or soya beans, sunflower oil or maize oil. They existed in the United Kingdom but not in the Community. The United Kingdom has always levied customs duties on soya beans and the other primary commodities I mentioned. Now it is precisely these products — soya oil, maize oil and sunflower oil — which are recommended by doctors for the types of margarine you mentioned. In other words, this problem was never controversial in a national context in the United Kingdom as long as these taxes were levied at the frontier. Suddenly, however, now that the Community is discussing the matter, it has become a tremendous problem. I do not have exact figures before me at the

moment. I only know that in 1973 an import duty of 8 % was levied in the United Kingdom on soya beans while none was levied in the Community. I also know that there used to be an import duty in the United Kingdom on sunflower seeds, partly because they came chiefly from Eastern Europe and not from the former Commonwealth. But I shall make a precise comparison between the taxes levied by the United Kingdom and those levied in the EEC on the oils in question and shall then forward the most important figures to Lord Castle and the Committee on Agriculture.

President. — The debate is closed.

7. Regulation on the common organization of the market in potatoes

President. — The next item is the second report by Mr Bourdellès (Doc. 289/76) on behalf of the Committee on Agriculture on the

proposal from the Commission to the Council for a regulation on the common organization of the market in potatoes.

I call Mr Bourdellès.

Mr Bourdellès, rapporteur. — (F) Mr President, the report on the common organization of the market in potatoes was referred to the Committee on Agriculture on 18 June last in Strasbourg on the grounds that it had not been studied sufficiently. In actual fact you had felt that it would be wrong to discuss so important a text in a hurry at the same time as the great volume of reports that had to be rushed through that Friday morning in Strasbourg. Our Committee on Agriculture has kept the same text, merely adding two amendments by Mr Scott-Hopkins on behalf of the European Conservative Group. The report was unanimously adopted by the Committee on Budgets, but in the Committee on Agriculture there were only 11 votes in favour, with 4 abstaining and 3 voting against.

In other words not all the members of the Committee on Agriculture were in agreement on all points of this proposal by the Commission on the common organization of the market in potatoes. And yet, to realize the utility and urgency of the measures to be taken, it is enough to look at the figures on page 27 and the chart on page 30 of my report. They clearly show the great disparities in potato prices that have always existed and still exist, either between the various Community countries or from one year to the next. In 1975 ware potatoes fetched a very high price. This winter the fear is that prices may be even higher and we are not even certain of being able to supply enough to the retail markets, in spite of the recent decision taken by the Council of Ministers to suspend customs duty up to the end of December, as Mr Lardinois confirmed to us this morning. Whilst the

Bourdellès

drought is part of the cause of this state of affairs, we are not free from blame, because we are responsible as well. In the absence of an organized market, given the disorder that has developed in the potato sector, producers have slowly abandoned this no longer profitable crop and, with your permission, I would say something in passing to a number of members of this Parliament. Trying too hard to keep agricultural prices down on the grounds of protecting consumer interest is bad logic. When a product no longer pays, farmers lose interest and the scarcity of the product inevitably sends up its price. Producers and consumers both have to be satisfied, and it is not through European-level organizations that we shall create stability in the market and prevent speculation. One of the reasons why my report failed to find favour with all the members of the Committee on Agriculture is that most of the Community countries already have their potato marketing organization. There is the Potato Marketing Board in the United Kingdom, Irish Potato Marketing in Ireland, SNIPOT in France, STOPA in the Netherlands and AIMA in Italy. If this proposal is adopted by the Council the Member States will be asked to throw out their own regulations in favour of a common organization of the market in potatoes, but this is no novelty and it should therefore be acceptable to all. The organization of the market proposed is based essentially on the setting up of producer groups in each of our countries whose role will be very important. Among other things, they will be responsible for concentrating potato supplies, helping to stabilize the market by marketing the whole of their members' production, improving the quality of the product marketed, adopting common production rules and managing the market support machinery in the best way possible. Member States would grant aid to encourage the setting up of these groups and to facilitate their operation, but the Committee on Agriculture felt that the three-year period these initial aids were planned to cover was too short to enable the groups to organize themselves properly. We are therefore asking the Commission, Mr Lardinois, to extend this period. The Committee on Agriculture also stresses the opportunity this provides to set up such producer groups, and to develop them where they already exist, since at the moment they control only 5 % of the total output of potatoes and 10 % of that of ware potatoes. The efficacy of market support mechanisms is therefore ill-assured. I also draw your attention to paragraph 8 of my motion for a resolution regarding new potatoes.

It is difficult to deny the special nature of the potato: it is a perishable foodstuff that has to be marketed immediately it is lifted. What is more, its price varies considerably from one day to the next, and measures to stabilize the market are therefore essential both for the consumer and for the producer, even though the market has more affinity with the market in fruit and vegetables. My report also stresses the need for efforts to be made to improve quality, to conform with high

standards and to discourage, as far as possible, the production of inferior qualities. One of the important points of this proposal is the aid that may be given to producer groups for private stockbuilding and, in the event of persistent sales difficulties, the aid for dehydrating stored potatoes, which would then be sold exclusively as animal fodder. These are the main provisions that are to be found in the report. I earnestly recommend you to give a favourable opinion to the Commission, which will soon be submitting its proposals to the Council.

(Applause)

President. — I call Mr Haase to speak on behalf of the Socialist Group.

Mr Haase. — *(D)* Mr President, I am very grateful for this opportunity to put the Socialist Group's point of view on the introduction of a common organization of the potato market in the Community. We are still not prepared to agree to the proposed organization of the potato market. We are certainly in favour of an organization of the potato market, but not in the form envisaged in this document.

In these opening remarks I should like to refer to the Commission memorandum of 28 November 1973; I shall take up some points from this document briefly later on. First of all, however, I should like to thank our colleague Mr Bourdellès, for the enormous trouble he has gone to, as rapporteur for the Committee on Agriculture, in drawing up this motion for a resolution, which he has just now explained briefly once again. In the course of repeated discussions in the Committee on Agriculture, of which I have unfortunately been a member for only a very short time, we made only two amendments to the proposal for a directive. The first was to delete sub-paragraph (e) of the third paragraph of Article 7, which is the principal provision relating to the establishment of the producer groups that are envisaged for the marketing of potatoes in the Community and which are therefore to be supported accordingly. The second amendment was to change Article 7 Paragraph 3, sub-paragraph (h), where the alternative phrase referring to a dominant position of producer groups 'on a substantial part of the common market' is deleted and a dominant position within the Communities is thus the only thing that counts.

However, that does not help us to arrive at a political solution of this problem; indeed, it even seems to us to be of very little significance. The important thing is that in its memorandum of 28 November 1973, the Commission was satisfied that quality standards and rules on competition were adequate. Now further measures are contemplated which will, in our opinion, have important consequences, particularly for the consumer. I should like to refer briefly to only three points.

Haase

The first point is that the Commission reserves the right to change the planned minimum quality criteria in accordance with the market or rather the market supply situation. This gives rise to some anxiety in our minds. Some day when potatoes are in very short supply on the market, you may suddenly open your newspaper to find advertisements saying: 'First-class fodder potatoes, suitable also for human consumption, at reasonable rates'. Perhaps I exaggerate, but, after all, if we go by the proposed regulation such a state of affairs is not beyond the bounds of possibility.

A second point is the material support envisaged for the establishment and further development of producer groups. In this connection we feel, and here we are in agreement to a certain extent with the rapporteur, Mr Bourdellès, that these producer groups have too small a share of the market at the present time to be a suitable means for bringing about an organization of the market. At present they amount to only 5 % of the total potato market and only 10 % of the market in potatoes for human consumption. There must be other ways to go about promoting the development of producer groups and extending the scope of their activities.

A third, and as far as we are concerned, a crucial argument against this organization of the market is the possibility envisaged therein of financing temporary storage of fresh potatoes and dehydration of potatoes from Community funds, that is to say, from money taken from the Community's taxpayers, in the event of supply exceeding demand. We are critical of this approach and would like to put a question to the Commissioner, who is so kind as to be present here with us this afternoon and ready to deal with our questions.

Mr Lardinois, what induced the Commission to go so far beyond the rules laid down in its memorandum? And a further question: could it be possible that the market price trends of recent years were the cause of this change of heart on the part of the Commission? I am not thinking now of the increase in consumer prices caused by short supplies as a result of long periods of drought during the potato-growing season, but rather of the first phase of the price increases, which was caused by a shortage of supplies to the market as a result of a reduction of the area under cultivation. It is true, after all, that the area under cultivation has been drastically reduced, and many explained the price trends by saying that since fewer potatoes were now on offer, a higher price per unit had to be asked. This answer, however, ignores the fact that the area thus made available was used to raise other agricultural produce, which was also sold and thus turned into money by the producers. Should we perhaps freeze the extremely high consumer prices at their present levels? Another and perhaps more serious question is: should we be trying to guarantee

that producers can in future grow unlimited quantities of potatoes without the risk of a possible fall in price — and I am not referring to a disastrous drop in price but to the normal fall in prices as a result of abundant market supplies?

I should like to ask you one last question, Mr Lardinois, and it is this: In the event of a surplus situation, a possibility which cannot be excluded, shall we have to reckon with import duties on rice? You will remember that something similar happened on a previous occasion in the milk market. Please do not think that I am engaging in polemics, but we have just been discussing this very problem in another sector. This is undoubtedly a problem with which your successor will have to grapple, because rice can be regarded as a rival to the potato, just as vegetable fats and animal fats may be regarded and indeed are regarded by the Commission as being in competition.

These questions have not yet been answered and indeed, I feel, cannot be answered, and it is this that prompts the members of the Socialist Group to withhold their approval from the motion for a resolution submitted by our colleague, Mr Bourdellès. The motion for a resolution does indeed, and this I freely admit, offer valuable suggestions to the Commission, but basically it is in favour of the proposed common organization of the potato market. Actually, point 14 of the resolution should read: for the abovementioned reasons the Commission's proposal cannot be approved. In points 1 to 13, a series of sentences and phrases refers to inadequacies in the Commission's proposal, and so it seems to us that point 14 cannot simply say that Parliament approves the Commission's proposal, subject to the amendments to which I have already referred.

Mr President, I know that there are colleagues in this Parliament who are saying: well, what about it, at least we have some kind of market organization. But this reflects a certain uneasiness and dissatisfaction. We Socialists feel that the market organization proposed to us by the Commission is such that we cannot be sure that it will achieve the desired effects, and we cannot vote in favour of it.

President. — I call Mr Martens to speak on behalf of the Christian-Democratic Group.

Mr Martens. — (NL) Mr President, I begin by congratulating Mr Bourdellès on his report. I know how hard he had to work on it, because there are few problems on which opinions differ more than on potatoes. I think that his motion for a resolution constitutes a fair compromise between the various opinions. As a Belgian, I might say that we do not have any problems as far as potatoes are concerned, because when we have no potatoes we eat chips. I can tell you, however, that potatoes have been a significant issue in the Belgian Parliament and are important to the

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Belgian economy as a whole. In my country potatoes have for a long time represented old vegetables in the cost-of-living index. The result was that during years when they were scarce prices would rise and the index would rocket up and when there was a surplus prices would plummet but the index would not fall. I once calculated that in my country a round of wage increases of 2.5 % costs about 2 500 million and that total potato production costs us 2 000 million. By including this product in the index we have brought immense costs upon our heads, because potato prices are extremely unstable. We all know that potatoes are a product whose yields can be enormous, as much as 30 tonnes per ha. But this year's yield is between 5 and 10 tonnes per ha. Whenever prices have been favourable, production has been expanded and whenever prices have been poor production has been reduced, the result being that it is extremely difficult to strike a balance between the supply of and demand for potatoes, and I hope that the Commission proposal will at last get us on to the proper middle course. My group therefore approves the report drawn up by Mr Bourdellès on behalf of the Committee on Agriculture. One final comment, concerning the arrangements for new potatoes. We take the view that new potatoes are a quality product, indeed almost a luxury product, and that at certain times of the year it may be rather dangerous to fix intervention prices for them because this may lead to surpluses with a consequent burden on the Guarantee Section of the EAGGF. That will not prevent us from voting in favour of Mr Bourdellès motion for a resolution, however, since on the whole we find it acceptable.

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — (*F*) Mr President, on behalf of the Group of European Progressive Democrats I am very pleased with the framing of this report on the common organization of the market in potatoes, presented and defended by Mr Bourdellès with the greatest conviction. Although potatoes are a basic food-stuff and represent an important part of EEC agricultural production, the Community had not yet set up a common organization of the market in this sector. This project is not a new one but has never materialized for many reasons. We are now in a position to overcome these difficulties and we are pleased at these provisions, which will open up trade and improve the situation for both producers and consumers. The Community is a big producer of potatoes, with its 2½ million producers totalling an annual output of 40 million tonnes. It is, however, a delicate and perishable product, highly sensitive to changes in climate. Since last year we have suffered from the weather, and potato production has been totally inadequate, even if only because of the drought. The result was a fierce increase in prices which, as you know, had highly

unpopular effects. Whilst the proposals under review make no claim to cope with the bad weather, they will nevertheless help considerably to regulate this sector. Quality and marketing norms are proposed in order to ensure that the market receives a regular supply of better-quality potatoes. Support measures are also proposed which will protect producers in periods of surplus. The common organization of the market will also facilitate intra-Community trade, because the national regulations will at last be harmonized. Neither should we forget the Charmasson judgment delivered by the Court of Justice, which will soon prohibit Member States from maintaining obstacles to trade in agricultural products not covered by a market organization. This underlines the need to set up a common organization of the market in potatoes. The Community is faced with a similar situation as regards other products such as horsemeat, alcohol and sheepmeat, for which a regulation will have to be introduced fairly quickly. In this proposed regulation, the Commission suggests that the responsibility for managing the potato supply be given to producer groups and in this way the producers would be responsible for stabilizing the markets. The groups would also administer the market support measures.

The producer groups are thus being given heavy responsibilities and it must be admitted that they are regarded with some apprehension in some of our Member States. This is the case particularly in Community areas where producer groups do not exist, are few in number or are not organized. The producer-group idea is new and will take some time to be absorbed properly. In order to overcome these transitional difficulties, the Commission proposes to give special aid lasting three years for setting up such groups. However, as the rapporteur, Mr Bourdellès, has clearly explained, this does not seem long enough and we support his proposal to extend the period for this running-in aid to five years.

The fact remains that the idea of giving responsibilities to the producer groups is good in principle and that we support and fully agree with it. Groups of this type have, moreover, been showing their worth for many years, particularly in France, in spite of a few bad patches here and there. Why should they not operate just as well in other Community areas? We are pleased that they will now be set up on a Community basis. However, their success will depend on the volume of aid that is granted and on the time allowed for them to be set up and organized, since, as I have already pointed out, the running-in period might be fairly lengthy. We should see this as a further reason for implementing the present proposal without further delay. Let us not forget, as I have just said, that potatoes are a vital product for many farmers. For some areas in the Community, Brittany and the North of France in particular, it has become the only crop on

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some farms, and potato-growers depend on its price to give them a reasonable income. On top of the potato's sensitivity to the weather, the lack of a common organization of the markets has intensified the problems of supply shortage or surplus. The very low prices in the 1974 season have a direct connection with the present scarcity, which, with some often inexplicable disparities, has sent production and consumer prices soaring upwards. We should therefore look forward with satisfaction to the stability that a common organization of the market in potatoes should bring. This is why we are ready to give our support to the motion for a resolution presented by Mr Bourdellès on behalf of the Committee for Agriculture.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, whenever one is faced in this Community with a regulation which is breaking new ground, I think one has to ask oneself two questions: is it necessary and will it work? I think that in this particular case of potatoes one has to look at the issue from a rather narrower point of view one would normally like to. In other words, one has to look at it from one's own country's point of view, because one knows it best. One asks oneself whether it is necessary for there to be a regulation for potatoes on a Community basis.

The House will be fully aware that in the United Kingdom there is an excellent system, involving the Potato Marketing Board and the various regulations which flow from that under government control; there is an acreage control, penalty clauses and so on, and there are various methods of dealing with surpluses when they arise. That system has worked reasonably adequately over the years. There have been problems, as there always are with main-crop potatoes, sometimes surpluses and sometimes deficits, high prices and low prices in converse relationships. For the last two years we have had high prices and before that we had a period of very low prices, but on the whole I think one can say that in the United Kingdom things seemed to be going reasonably well and there was no urgent necessity — as far as I could see — for the Community to move into Community law on this particular subject. This probably applied to many other countries of the Community as well, but of course this is no longer true when one looks at the legal judgments which have recently been given: the Charmasson judgment, as it is called, made it quite clear that, when the transitional period comes to an end, then indeed it is against Community legislation to maintain obstacles to trade in agricultural products not subject to market organization. This is quite clear and unequivocal and therefore it would seem quite obvious that, as far as the United Kingdom is concerned, there will be absolute chaos in 1978 in the

potato market, with the Potato Marketing Board in jeopardy and so on, and that would be quite unacceptable and intolerable.

Therefore, quite obviously, one has to consider what is to be done and here we come to the proposals from the Commission and the excellent report from Mr Bourdellès, on which I congratulate him. I congratulate him also on the way that he has stuck to his views and yet has been flexible in some respects, for which I am very grateful and which I will come to in a moment.

The next question one has to ask oneself, Mr President, is whether this is the right way of going about things. Broadly, I think in many respects the answer is yes. And I hope that many people, certainly in the United Kingdom, even if they are on the Socialist benches, will accept that it is necessary to do something. What is being done is probably the minimum that can be done at this moment and probably it will work. Here I should mention perhaps my gratitude to Mr Bourdellès and to the Committee on Agriculture for accepting the two amendments which I put forward on behalf of my group. These were, incidentally, accepted by the representative of the Commission in the committee at the time and would make it possible for the Potato Marketing Board to continue to operate, insofar as it would not be excluded because of any monopoly position it might have within a part of the Community in other words, within the United Kingdom. And therefore, farmers who work with the Potato Marketing Board itself will not be excluded from receiving whatever grants happen to be available under the proposed legislation. This is not giving any particular advantage to the United Kingdom, it is merely regularizing to a limited extent a situation which already exists there whereby the producers use the Potato Marketing Board as the best vehicle through which they can operate with reasonable security within the United Kingdom.

It is producer groups who are going to regularize the internal position in the market. But of course there is a difficulty here, as has been only too clearly pointed out, particularly as far as imports are concerned. The Commission's proposals for ware potatoes — and I am talking all the time in terms of ware potatoes, main-crop potatoes — is that the Common Customs Tariff and a trade monitoring arrangement should be applied. Now the House will quickly realize that even with the Common Customs Tariff there might well be chaos in the internal markets of any particular country within the Community. There are no provisions for taking potatoes off the market. The argument here is, of course, that one could possibly build up in a bad year a large mountain of potatoes, but there is no method of control and, of course, producer groups would have no method of controlling this. They will only be able to bring influence to bear on the

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Commission at about third hand or by remote control, hoping that at the beginning of each marketing year they will be able to get a reasonable level of customs tariff. But this could easily be wrong and one could foresee, Mr President, in the year 1978 or 1979 a difficult, in fact one might almost say a chaotic position here and I hope that the Commission will seriously examine this situation with the main crop as far as imports into the Community are concerned.

Turning to new potatoes, I do not quite see how this is going to be a successful method of controlling the market. We all know the vagaries of the climate; we all know the differences and difficulties there are so far as new potatoes are concerned. Sometimes one gets an enormous new-potato crop and other times it is a disaster. I used to come from an area, Cornwall, where new potatoes were grown, and sometimes my growers were reasonably affluent and other times they were on the edge of bankruptcy. New potatoes are a much more speculative crop than main-crop potatoes. Therefore I am not sure that the reference price system being proposed by the Commissioner here is, in point of fact, going to protect sufficiently the home growers in the Community against the situation which can arise. He knows as well as I do that in the new-potato trade we rely to quite a large extent on imports from Mediterranean countries, and if the coincidence should happen to be at the wrong moment, there could be a great deal of difficulty as far as the new-potato growers are concerned. I would have much preferred to see this regulation deal solely with main-crop ware potatoes and not with new potatoes and for the Commission to have come forward with a separate proposal dealing with the specific product which the new potato is. I know there is a difficulty of delineation: when does a new potato become a ware potato? I know that, but it is not beyond the wit of man to make the distinction and we in my country have managed to find a system for delineating between the two. I hope that even now the Commission might have second thoughts and bring forward separate proposals for new potatoes. But, Mr President, with the other groups — our Christian-Democratic colleagues and those of the DEP — my group will support Mr Bourdellès in his report, which is, on the whole accepting the Commission's proposals.

(Applause)

President. — I call Mr Hughes.

Mr Hughes. — It will come as little surprise to you, Mr President, or to the Commissioner, or to other Members of this House to find that I am not in agreement with Mr Scott-Hopkins or Mr Bourdellès in wishing to support the Commission on these proposals. I, in no way, would wish to withdraw my highest congratulations to Mr Bourdellès personally on his intellectual calibre and the hard work he has put into

his report. The position is that the ways part at a much earlier stage than that.

If I may start with the remarks of Mr Scott-Hopkins on new potatoes. About the most unsatisfactory part of this Commission package, the whole of which is unacceptable in any case, is its proposals regarding new potatoes. If there were even a shred of merit in the other proposals, the suggestions regarding the intervention procedures and all the rest for new potatoes are totally inadequate to deal with the problems of new-potato producers ranging from Greenland in the north to the Canary Islands in the south, and throughout the Community.

These proposals do not begin to deal with the complexity of the new-potato market. One area where that is absolutely clear (and where I am in agreement with Mr Scott-Hopkins) is that neither the new-potato producer within the Community, nor the new-potato producer in such countries as Cyprus, the Canary Islands and the Channel Islands, will be benefited, and it is certain that the consumer — the housewife buying new potatoes — in much of Northern Europe at any rate, will be materially disadvantaged.

I secondly turn to the more disputed area of the national problem facing the British Potato Marketing Board. I would acknowledge that some safeguard for the position of the Marketing Board has been achieved by the amendments agreed the week before in the Committee on Agriculture. I am not, however, quite as hopeful as Mr Scott-Hopkins and others that they have effectively guaranteed the position of the Marketing Board. I think the limitations that will be imposed on it are still unacceptable. Of course, we heard in our previous debate from the Commissioner that, as a consequence of the action of the Potato Marketing Board the British housewife should have to pay more for her potatoes, and that it would be difficult to argue the statistics against that. Can I, however, riposte to that by saying that, if one looks at page 24 of the Bourdellès report itself from the producer's and the consumer's point of view, there can be deduced an alternative reading?

It is that, to use the technical economic jargon — and I apologize for it — the amplitude of fluctuations in the price to the farmer is less in Britain over the period 1964-5 to 1973-4 than in any other country in the Community. Broadly, in Britain the ratio between the highest and the lowest producer price is 1.46:1. Compare that with Belgium, which gives a ratio of 5:1 between the lowest and the highest prices. The size of these fluctuations is as damaging to both the consumer and the producer as the actual continual level of price. It is these enormous variations in price that cause both the political and the consumer objections. Whatever else may be said against the British scheme of regulation through the Potato Marketing Board, the record, on the basis

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of data provided in June 1975 by the Directorate-General for Agriculture in the Commission itself, at least illustrates that the procedures we have deployed in Britain for 30 years have given the British producer and the British consumer a greater degree of certainty as to price. For example, in the period 1971-72, the price index in Belgium for ware potatoes (farmers' receipts) is 66.7 (1964-65 = 100). The following year it is 249. That jump must be compared with the greatest move in the United Kingdom (and I accept these figures) from 106 to 140. That is the area where I see no evidence that the present Community proposals will do other than increase the possibility for these wide fluctuations in price. I do not see that this will benefit either the farmer (by giving him the certainty of a known price) or the consumer.

I next turn to the problem raised by the Charmasson judgment. Again we should be hiding our heads in the sand if we did not accept that some changes in the regulations will be needed. All I am saying is that these are not the right ones, that this is not the way to tackle the problems which the Charmasson judgment has brought about. I accept that the need for both Britain, nationally, and the Community and the other Member States to do something about potatoes has been highlighted by the Charmasson judgment but, I would agree that these particular proposals serve no purpose at all.

I then turn to paragraph 4 of the resolution, which reads: 'Deplores the inadequacy of the means available for regulating market supply ...'. To try to regulate market supply through producer groups which represent, at best, 10 % of ware potato production is to live in cloud-cuckoo-land. That 10 % is not a sufficient basis upon which one can attempt to regulate the whole supply and demand situation in potatoes. When we were discussing the drought it was probably greater than on any other single crop, and that the gap between potatoes produced under irrigation and where irrigation was not available — the yield gap — was quite enormous. There are also the problems of sprouting and so forth that reduce the quality and the keeping capacity, so that not merely do you have a shortfall in total supply but a greater shortfall in the quality. To base this Community's hopes of a decent market in potatoes on producer groups, who, by definition, leave 90 % of potato production untouched, seems to me to be quite wrong.

I turn finally, Mr President, to paragraph 11 of the Bourdellès resolution where action is suggested regarding phytosanitary rules, i.e., plant health problems. For the first time since 1952 a breeding colony of Colorado beetles was found in Britain three weeks ago. The risk of rabies coming across to Britain is also well known. The damage which excessive free trade in potatoes could do to the plant health of potato-growing in Britain and Ireland is inconceivable. It

is proposed to rush into easier access because it is suggested (as in paragraph 11) that these phytosanitary rules impede free trade. If I may put it bluntly to the Commissioner, I will impede free trade in potatoes to the best of my ability if the risks to plant health from Colorado beetles or disease could cost the British agricultural industry and the consumer as dearly as we are led to believe. On those grounds, as well as those mentioned by my colleague and friend, Mr Haase, I reject both the report and the Commission's proposal, with all good wishes to Mr Bourdellès himself.

(Applause)

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I should like to speak on behalf of a minority of my group, in connection with the report by Mr Bourdellès, to whom, like the previous speakers, I am thankful for the considerable amount of work he has done. I think it will save time if my intervention is simultaneously regarded as an explanation of vote.

I am of the opinion that we must have a simpler organization of the market in potatoes. At the present time, there are considerable differences in the arrangements operating in the various Member States which are hampering trade within the Community. I think harmonization is therefore necessary, because the Charmasson judgment, mentioned by Mr Hughes, also forbids Member States — initially the original Six, though this will shortly be extended to the three new Member States after the transitional period — to erect barriers to trade in those products for which there is no organization of the market. Common standards with regard to the quality, size and weight of potatoes, i.e., the orientation of potato production to the requirements of the consumer, that is the sort of thing that interests me. Real competition throughout the Community will lead to lower prices for all European households.

The idea of granting financial aid to improve the position of producer organization will stimulate their operation. I approve of this, especially if the producer organizations are prevented from establishing a monopoly. Such monopolies have been proven to exist, and I think they are harmful to consumers who must pay higher prices in certain Member States for potatoes for consumption than in the rest of the Community. As a member of the Socialist Group, which gives such high priority to the interests of consumers, especially with regard to the European agricultural policy, I find this unacceptable.

Therefore I shall also vote against the proposal of the Committee on Agriculture to amend the wording of Article (a) of the draft regulation. I for my part see a great deal that is positive in this draft regulation. I oppose the Committee on Agriculture's proposal to switch to intervention arrangements for new potatoes.

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I think that may lead to the production of ware potatoes being replaced by new potatoes. That might cost money in the future, but I also believe that there is absolutely no need for us to damage the interests of North African countries and Malta. For these reasons I am against it. In addition, I object to the proposal to grant financial aid for the private storage of ware potatoes and artificial dehydration in the event of their not being sold.

That all seems quite harmless. But it may be the beginning of a full-scale intervention system under pressure from the green front, if there is ever a large surplus of potatoes. It is my view that that must be prevented at all times. The artificial dehydration of potatoes is also particularly expensive and I believe that in most Member States stocks can be clamped, although they are harder to get at if it freezes hard. For these reasons I am against this proposal and I should be interested to know Mr Lardinois' opinion on this matter, though I know that he must naturally defend the Commission's point of view.

After considering both the positive and negative aspects of the proposal, I have regretfully come to the conclusion that I cannot possibly vote for the Committee on Agriculture's proposal on the draft regulation as presented to us by the Commission. We feel compelled to abstain from voting.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I shall indeed be very brief, because I too have been opposed to this document from the very first day it was presented to us. I regret that it was impossible for me to attend the last meeting of the Committee on Agriculture, when it would have been possible to put in some extraordinary measures to control the market in potatoes. In our country there is a very sad chapter of our history very closely entwined with the potato.

Successive native Irish governments have done considerable work not only to improve the quality of potatoes but also to undertake trials to breed new species and to achieve a very strict disease control, and I cannot see how the Commission can be serious in believing that the proposals that they have laid before the House are going to improve that situation. All that is required, and all that I would welcome, is that the housewife should have the benefit of some quality control — because consumers' interests should be safeguarded by ensuring that in the normal harvest cycle it is possible to cushion a bad harvest with a good one. This could easily have been done on the free market by improving or encouraging the more modern storage of seed and ware potatoes. I am very disappointed that the tremendous work and the expertise that our government has built up over the last 50-odd years in this field of potato-disease control must now go over to a cooperative enterprise. We

have one grower cooperative in the entire Republic: is the Commission serious in suggesting that this cooperative should blossom forth into a huge administration to look after all the regulations, as is proposed in this document? Indeed, were it not for a few amendments taken out I think this document would have been bizarre. I very much regret that the Commission should have adopted such a very complicated way to improve the situation. Surely, the Commission could have been perhaps a little less ambitious and endeavoured to improve not only supplies but also the quality for the consumer and the viability of potato-growing for the very many farmers across the Community who get their livelihood from it? I think it was monstrous for the Commission to propose that if a member of the groups they want to set up wanted to cease growing for any good reason in one year he would have to give three years' notice. This would be all right if each country and each grower were able to control the costs of production, but since most of the superphosphates required for potato-growing are imported from outside the Community, surely the Commission were unrealistic in putting in this, and I am glad to see that an adequate amendment has taken care of that.

I very much regret, Sir, that I shall not be able to vote for this report, though that is not to say that I am against quality control or giving guarantees to the consumer and the housewife — this, of course, we would hope to see implemented.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I shall try to be as brief as possible, if only because there was already an opportunity before the summer recess to hold a full debate on this question. On behalf of the Commission I should like to extend especial thanks to Mr Bourdellès for the trouble he has taken and for the high intellectual quality of his interesting report. He has also collected some excellent data which have helped to make it possible for today's discussion to be held at a quite different level and on a more informed basis than before the summer recess. I am particularly grateful to him for that. That does not mean that every misunderstanding has been cleared up, but our positions have become somewhat closer.

First of all, I should like to inform the rapporteur of my opinion on the various amendments. I think that it is gradually becoming clear that an optimum supply of potatoes on the market at stable prices will not be possible until we have a common organization of the market for this product.

We saw last year how dependent each country can be at a given time on production in another part of the Community. Because even if, at a given moment, it is too wet or much too dry, as happened in the last two

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consecutive years, the situation is never exactly the same in every locality. Now thanks to the common market there is much more scope for exchange between areas suffering from a shortage and those enjoying a surplus. One of the most important reasons why there must be a common market is precisely that within a common market one can attempt to ensure more stable prices, purely and simply by means of the simple mechanism of the market.

I do not think that supplies of potatoes can be properly guaranteed at national level by controlling that market if there is no interference at the frontier. It is therefore not without cause that the United Kingdom, which has an organization of the market with intervention prices, guarantee prices, etc., for potatoes, also has arrangements for closing the frontiers or opening them if there is a domestic shortage. It also has full control over cultivation. I think a system of that type would be impossible at Community level. Nor would it be desirable at Community level. It would entail excessive costs, both for the consumer and for the treasury. I believe in an organization of the market in potatoes, a system comprising a number of instruments, but what we call very simple instruments. A system resembling more the organization of the market in vegetables and fruit rather than the organizations of the market in the chief basic food products, such as cereals, sugar, meat and dairy products.

I think that is one of the reasons why the potato has gradually lost importance in modern feed. This is due mainly to the fact that the potato-growing area in the Community has receded quite considerably. At present, it is one-third of the area used for that purpose in the early 50's. This is an enormous decline, especially as potatoes are hardly ever grown for animal feed now. Potatoes are no longer really suited to modern feeding methods. The practice of using potatoes for animal feeds, except to dispose of a surplus or scraps, is a feature of areas where cattle-breeding is still underdeveloped. These are a few basic points.

I now return to the report. I think that, generally speaking, the motion for a resolution can be said to be positive and to approve the proposal. On a number of points, however, far-reaching amendments to the draft regulations have been tabled, and I should like to state my opinion on these on behalf of the Commission. I strongly advise Parliament against recommending intervention arrangements for new potatoes. I am convinced that it would be undesirable. I make no secret of the fact that if Parliament were to adopt this, I would then propose to the Commission that it should not include it in our proposal to the Council. What is in fact involved here? The Community has to import most of its new potatoes. In the event of an absolute surplus of these early potatoes and a consequent drastic fall in price, we can make the necessary adjustments more easily by applying the preference system or by consulting the exporting countries. This does not apply to ware potatoes, of

which in principle we produce more than, or as many as, we consume. New potatoes are more expensive to grow and yield far smaller quantities per ha. The idea of conserving these expensive potatoes, I find economically absurd. I therefore advise you against adopting the amendment proposed by the Committee on Agriculture.

I now turn to the other amendments. I discussed British potato-marketing in the July part-session. The intervention practised in the United Kingdom over the years, though the area utilized could in fact be checked, is proof of the fact that the potato is a product which does not lend itself, and certainly not at Community level, to such far-reaching *dirigisme*. Potato production in the United Kingdom averages about 7 to 8 million tons per year and the flow of imports can be turned on or off according to requirements. There have, however, been years, for example in the early 70's, when 15 to 20 % of production was not sold or had to be withdrawn from the market. In my opinion this is proof of the extent to which the production of potatoes can vary within a single growing area, and costs would therefore be extremely high if we were to proceed in the same manner at Community level.

The Committee on Agriculture proposes that instead of talking about prohibiting dominant positions in a single market we should be more concerned to prohibit dominant positions throughout the common market. I think that with regard to a product such as potatoes, if the market shows many features of a free market organization, a simple market organization, we might be more flexible on this point than in our proposal. We might be content to declare applicable the general rules of the Treaty in this area. In other words, we do not really need an article on this matter. I would even go so far as to say that the article in question, to which the amendment of the Committee on Agriculture refers, can be deleted. We do not need to make a regulation on this point. We can simply apply the general rules of the Treaty, which in fact says that dominant positions which jeopardize the free market are forbidden. In that case we do not need to talk about particular markets or the whole market. We do not need to be specific. I think that would be the simplest and most reasonable solution.

An amendment has also been proposed with a view to fixing a longer period for initial aid to groups of producers. On this point too, I am inclined to adopt a flexible attitude to the request of the Committee on Agriculture's rapporteur. I do not mean that we shall extend this period from 3 to 5 years, but I accept the possibility of its being extended beyond three years. That is in fact the purport of this amendment and I am prepared to be conciliatory on this point.

I now come to the comments made by the various Members.

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Mr Haase said on behalf of the Socialist Group that he opposed the regulation, chiefly because it was too dirigistic and went too far; it interfered too much in the operation of the market and went even further than the Commission said it would go in 1973. On the other hand, Mr Hughes said, both in a personal capacity and on behalf of other members of the Socialist Group, that his objection was that this organization of the market did not go far enough and it did not provide for sufficient intervention. He said that for these reasons, plus the reasons mentioned by Mr Haase, he was opposed to this organization of the market. It is obvious that the left-wing of the Socialist Group, or rather one wing of the Socialist Group, wants a far-reaching dirigistic organization of the market and the other wing of the Socialist Group, which Mr Haase represents, does not want any organization of the market at all. So Mr, Hughes, you cannot say that you oppose the regulation for your own reasons plus the reasons put forward by Mr Haase because those reasons contradict each other completely.

I am sorry that the Socialist Group has adopted this attitude: it is an unconvincing one, because the reasons for its opposition are so obviously contradictory. They should have put their own house in order first. A group should know what line it wishes to follow before announcing its reasons. In reply to Mr Haase's arguments, I would make the general comment that it is by no means intended that the Community should withdraw potatoes from the market at any time, or that it should own them or be responsible for them. We are not proposing that and that is in my view the big difference between this and intervention markets in other sectors. We do not propose a guarantee price, still less do we ever want to take possession of intervention products, because the possibility of intervention is precisely what we are excluding. What we do propose is to give producer organizations the opportunity at the appropriate time to hold on to their production for a longer period, in the event of surpluses, in order to ensure regular supply throughout the year. Everybody must understand what is meant by regular market supply after the events of the past year. Prices were then still quite reasonable during the harvest and just after but in the closing months of the year they became intolerable to the consumer. If more early potatoes were held back until the later season the market could be supplied at more stable prices.

Now the Commission has gone a step further than in its report of October 1973 because the experience of the 1975 harvest had a certain influence on own thinking and because the potato-growing area had decreased appreciably since 1973. In our view we only need a simple organization of the market in potatoes, but we also think that in view of the need for stability in production from year to year we cannot be content to treat this product like cut flowers or pine greenery:

we are dealing with a product which for the time being is still an important food for human beings, certainly in northern Europe. And in view of the reduction in the growing-area we feel that some sort of organization of the market is necessary.

I am grateful to Mr Martens for what he said. I agree with him that we are steering the right middle course. I am also grateful to Mr Liogier for his positive comments about this organization of the market. Mr Scott-Hopkins said that he would prefer to see new potatoes treated separately. We met this request of Mr Scott-Hopkins two years ago. Two years ago we submitted a separate proposal for new potatoes. This was, however, rejected by the Council on the ground that it wanted a single proposal for new potatoes and ware potatoes. I too would prefer to adopt the course suggested by Mr Scott-Hopkins, but the Council in its wisdom has decided differently.

At one point Mr Hughes said that we are going too far in wanting a single price for potatoes for the Canary Islands and Greenland. He said that production conditions were entirely different there and so on. I fully agree with him. I too think that that would be absurd and hence undesirable. Nor is that what we want. In the first place, potatoes do not grow in Greenland, so that problem is soon solved; Secondly, the Canary Islands do not belong to the Community, so we are not responsible for them. But we must achieve some degree of coordination between Southern Italy and Southern England for example. That is true, but they are distances which can be bridged. The production seasons in those areas are not all that far apart and I think that the common market has overcome worst difficulties than that.

I was most impressed by what Mr Hughes said about the 'amplitude' of fluctuations in prices. That was most impressive! I agree with him that this is a crucial problem and I was therefore very glad that this was said by a representative of the British Labour Party, because if the amplitude of fluctuations in agricultural prices is to be taken into consideration, the British delegate's opinion of the agricultural policy may change radically, and for the better, in the very near future. I do not contest his point. The amplitude of fluctuations is indeed considerable. I must of course add, however, that it makes a difference if this range is narrower because in the case of potatoes prices cannot fall below a minimum level owing to the existence of a guarantee price in the United Kingdom. The amplitude of fluctuation is thus chiefly due to the fact that the British system does not accept low prices. In Belgium, for example, the price-level may drop to one-third of the United Kingdom guarantee price for potatoes. Hence the big differences in percentages. In itself, however, I find the theory of the amplitude of fluctuations very significant and I thank Mr Hughes for lending support in this way to the agricultural policy. I have also taken note of this comments about seed potatoes.

Lardinois

I wholeheartedly agree with Mr Laban on the matter of intervention for new potatoes. The financial aid to storage will be granted only for a few months. The financial aid to dehydration is already being granted. This arrangement is currently provided for in the regulation on grass-fodder. This includes the aid to artificial dehydration of potatoes. We are not proposing to go appreciably further in this direction and there is no question of introducing this aid specially. I would repeat one point: we do not have the slightest intention of introducing guarantees and intervention. I think this should be stated clearly in the minutes of this sitting. Parliament can always come back to this in the future, because it comes under the passing of legislation.

Mr McDonald said that the system proposed was rather complicated. That appears to be the case because it is set out in legal texts. It is really quite simple, however, but once you let the lawyers loose on something they make a complicated paper out of it even if it could be dashed off in ten minutes on two sides of paper. However, that seems to be the way things are.

Mr President, I think I have answered each of the speakers. Once again I thank the Committee on Agriculture and the rapporteur. I have stated my opinion clearly on the amendments and I hope that we shall move further towards an organization of the market suited to our requirements.

(Applause)

President. Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

I call Mr Laban on a point of order.

Mr Laban. — *(NL)* Mr President, if I am not mistaken, the intention is that after the vote on Mr Bourdellès motion for a resolution a separate vote be taken on the amendments proposed by the Committee on Agriculture to the proposal for regulation.

President. — Mr Laban, there are no amendments. The amendments to which Mr Lardinois was referring were the amendments which are contained in the resolution.

I call Mr Bourdellès.

Mr Bourdellès, rapporteur. — *(F)* Mr President, I can but confirm what you say. It is true that the only amendments put forward to the Committee on Agriculture were those tabled by Mr Scott-Hopkins. These have been incorporated in my report and there is therefore no need to vote upon them. By voting on the motion for a resolution, Parliament is at the same time voting on Mr Scott-Hopkins's amendments.

President. — Mr Laban, the Rules explicitly say that the Parliament shall vote only on the motion for a resolution.

Mr Laban. — *(NL)* Mr President, after having been a Member of the European Parliament for three years, I can only make the observation that quite obviously we have always acted in violation of the Rules.

8. Oral Question with debate: Common Agricultural Policy and the Third World

President. — The next item is the Oral Question (Doc. 277/76), with debate, by Lady Fisher of Rednal, Mr Hughes, Mr Hansen, Mr Broeks and Mr Flämig to the Commission on the common agricultural policy and the Third World:

Will the Commission make a statement regarding its future proposals to ensure that the Common Agricultural Policy plays a fuller part in developing cooperation between Europe and the Third World both in the exchange of agricultural produce and in working towards a more rational organization of world food supplies?

I call Lady Fisher.

Lady Fisher of Rednal — Mr President, today we have been discussing agriculture for a very long time, but we have been discussing it in a very different way from that which normally applies in this Chamber. We are generally discussing surpluses and over-production, mountains and lakes of surplus foods, and while today has brought out a different aspect, I make no apologies for reverting to the topic of surpluses in the Community. I might say that, to me, death by starvation in the world on the one hand and destruction of food on the other hand is entirely repugnant and something which I think is contrary to the thinking of those European pioneers who were the fore-runners of this organization.

It is very difficult for us always to realize, because we live in Europe, that there are still millions of people who are suffering deprivation because of food shortages. Many of these people are poor people and I think we ought constantly to remember that it is only poor people that starve. The transfer of surplus milk powder from Europe might be a necessary palliative, but it has no impact at all upon long-term investments in rural development in the Third World countries. It is true to say that many of the governments of the developing countries believe in self-help, but some of the skills, some of the know-how can only be given to them by richer countries: what better knowledge can come than from the farm producers in Europe who somehow seem to be able to produce food surpluses? Surely that great know-how, their great techniques might be used much further in the development of rural communities in the Third World. I do not want to decry the food aid given by

¹ OJ C 238 of 11. 10. 1976.

Lady Fisher of Rednal

the Community. I think it is necessary for famine relief. I think it is necessary for sudden shortages which might arise from various factors. In those circumstances I feel it is invaluable. But I think it is also true to say that its limitations must be clearly recognized. It cannot in any way be comparable with know-how, technique and, in some instances perhaps, much longer-term contracts between developing countries and EEC states.

I am fully aware, Mr President, that the Commission has very extensive and sympathetic contacts with the Lomé Convention countries. But I think we have to build upon those contacts and develop a much more sympathetic understanding, especially with those nations who are the providers of raw materials, because Europe will eventually have to reconcile itself to the fact that it has to have a new dependence upon those nations which supply bauxite, coffee, tea, cobalt, manganese, tin and all the other commodities which are essential for manufactured products. The Third World countries are beginning to be aware of the power that they hold in their hands because they have these raw materials at their disposal. They will become much more restless, they will become much more acquisitive, when they realize this superior bargaining position. And what Europe must avoid at all costs is tension between nations which own raw materials and nations which need them. I think that we in Europe can lessen that tension if we can extend our food aid, extend our production methods, extend our long-term contracts with these countries.

I am not going to weary the House with statistics, but I do think it is important to remind ourselves that one thousand million people that inhabit this earth at any given time suffer from an empty stomach and they suffer physically because of a poor diet. Now there are not many of those people who live in Europe, but I think it can be argued that if the EEC countries want to maintain their present high standard of living and high consumption of meat and livestock products, they should consider that it might well be important for us to import a much greater amount of such commodities from countries that raise the animals on pasture and range land rather than on cereals and concentrates. Now, Mr President, this may not be a feasible proposition and I am fully aware that, if it were a feasible proposition, it would require the lifting of EEC quotas and import levies. But I think I must emphasize, and it must be realized quite clearly, that what the under-nourished peoples of the developing world need above all is more cereals to bridge the protein-calorie gap. And it is precisely these cereals, these oil-seeds, which we in Europe are importing to feed our livestock. And then, of course, we try to salve our consciences by providing aid from the surpluses arising from feeding these animals. I think, Mr President, there will be political and commercial advantages which may emerge, but aid to the Third World in my view must be looked upon as an extension of

Community development policy. And I shall be pleased to hear the Commission's comments on extending their aid programme so that it becomes world-wide in application. I would be interested to have the observations of the Commission on the cuts in the budget on food aid that were mentioned by Lord Bruce yesterday in the debate.

Now I appreciate, Mr President, that I have only touched the fringe of the very, very serious question under my name on the agenda. I realize that it is a massive problem in geo-politics and all I ask is whether it is being studied intensively enough in Europe.

I would like to conclude, Mr President, by saying that I think there is much cynicism regarding Europe amongst many people at the present time: Europe is regarded as a producer's paradise without any feeling at all for consumers outside and with only little feeling for consumers inside Europe. And if the profile of Europe is to be changed from a producer's paradise, I think what we have to look forward to is that the EEC through the CAP will do its best to narrow the gap still further between those richer countries and the poorer countries.

Mr President, I have not tabled the question this afternoon out of any sense of criticism of what the Commission is doing to help the Third World. The reason I have tabled it is to give the Commission an opportunity to outline some of their forward thinking on the question.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, I am especially grateful to Lady Fisher of Rednal for the opportunity she has given us of exchanging views on this topic. I do not think that it is a luxury for me to make some comments on the matter myself instead of discussion with Parliament being always carried on with my noble colleague Mr Cheysson, who is in fact primarily responsible in the Commission for these matters.

Perhaps it would be useful to state one fact of which people are not sufficiently aware in our Community. The Community imports enormous amounts of agricultural produce from the developing countries. The value of these imports is currently about \$ 12 000 million and is thus equivalent to imports of agricultural produce from Japan, the United States and the whole of Eastern Europe, including the Soviet Union, together. I do not mean imports of agricultural produce into Western Europe but imports of agricultural produce into the Community which come under our common commercial and agricultural policies. These imports are, I repeat, equal to total imports from the United States, Japan and the whole of Eastern Europe, including the Soviet Union. I think it

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is worth emphasizing this because it shows us where the limits lie. It shows us where these limits lie inasmuch as we alone cannot be made responsible for the trade problems of the underdeveloped world. In other words, if a solution is to be found for this problem the rich northern hemisphere as a whole must make a contribution to it. I think we should appreciate this fact and should state it clearly in international forums. That would ultimately bring us and the Third World appreciably further along the road indicated by Lady Fisher. I agree with her — and let me be quite clear about this — that trade is more important than food aid. Food aid is important insofar as it represents direct humanitarian aid. But in the long term technical aid for the development of a country and its trade agreements with the developed world are of greater and more lasting significance. I am reminded of the well-known Chinese proverb that it is better to teach someone to fish because by teaching someone to fish you are helping him for his whole future life.

We have, however, gradually developed techniques in connection with the world food programme and such like — I am particularly thankful to Mr Cheysson for this — according to which food aid will increasingly be used as a sort of capital fund to pay people working on development projects. In this way food aid acquires another dimension and, for many of the countries concerned, will constitute an asset comparable with capital aid. But as far as the limitations to this are concerned I think Lady Fisher and I are on the same wavelength.

As regards the actual amount of food aid, you have already said that the Council has shown a clear tendency in the budget to reject proposals in that regard. I do not hide the fact that this has given, and still does give, rise to a great feeling of frustration within the Commission. That is the reason why the Commission is currently envisaging the possibility of drawing up a long-term food-aid programme, despite this opposition, a long-term programme spread over various phases. Food aid obviously enjoys high priority in our policy towards the poor countries, and we therefore hope that it will be distributed among the countries concerned in such a way that the poorest of these countries derive maximum benefit from it. Lady Fisher has at least as much experience as I myself in this matter. She also knows that we as donors do not always have complete control over these things. I should like to make another comment in this connection. Lady Fisher broached an important problem when she mentioned livestock products. A great deal of discussion is taking place on this subject. Is it right to give cereals and oil-seeds as feed to animals which can transform this feed into only very small quantities of food for human consumption? The ratio is about 1:5. In other words, 5 to 6 kilograms of cereals yield about 1 kilogramme of meat. Thus with this feeding method an enormous

proportion of food value is lost. When one considers the consumption of meat in the United States and in Western Europe too it becomes clear that this is a major problem, considering the above ratio of 6 kg of cereals to 1 kg of meat. How far can this be said to be morally right? I should like to make two reservations. Firstly, we in Western Europe, in comparison with North America, have made relatively little use of cereals in the production of meat and milk — not half as much as the United States, because of the grass and also the climate in Western Europe. Their grass has greater food value and in particular is richer in protein than our cereals. Secondly, the use of all sorts of waste products from our own feeding-stuffs industry and imports from other countries have also been important factors. Nevertheless, we continue to use large quantities of cereals, especially for pig and poultry feed, where the conversion ratio is better than in meat production. So we are still using enormous quantities of cereals in relation to the quantity of meat produced by this process.

I think the following is of vital importance. I believe that the feeding of human beings deserves priority, not only in the Community but throughout the world, and morally speaking feeding animals from cereals is acceptable only if it serves as a sort of buffer, in other words, if it helps us to maintain cereal production at a high level. That is, in fact, what is happening at the moment. We are producing twice the amount of cereals which, strictly speaking, the human race needs, at least in the Northern hemisphere, though this is even true for the world as a whole. Now this high level of cereal production can be maintained because the cattle population is so big. But if real shortages occur this buffer stock has to be drawn on. That has already occurred. In 1974, the year of the great cereal shortage, the use of cereals as animal feed was severely restricted, especially in areas where cereals consumption was high, and these cereals were delivered to developing countries in order to provide them with a minimum amount of food. I admit that the price then went up, but we are compelled to accept the price mechanism, at least within certain limits. We cannot possibly expect farmers to produce large quantities of cereals if there is no demand for them in normal years and if no market can be found for them, and we must therefore accept the fact that in the event of a shortage of foodstuffs the price mechanism continues to function and affect the level of cereals prices in the EEC.

I am grateful to Lady Fisher for giving me the opportunity to explain this to Parliament. I do not think that the problem has been solved, but I do believe that it is a subject worth further study because, as Lady Fisher said, it is a matter of crucial importance in today's world. The EEC is certainly not a 'producers' paradise' for farmers. The number of milk producers in the EEC has declined from 3.6 million 8 years ago

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to 1.9 million today and I doubt whether anyone can point to another major area where this has happened. The 'producers' paradise' is the paradise of city-dwellers who go abroad for their holidays, who enjoy fine weather but are not aware of the hardships of rural life, especially in the less developed areas. Perhaps these remarks may contribute to closer links between town and country in our Community and to a similar *rapprochement* at world level between the developed world and the underdeveloped world.

(Applause)

President. — I call Lord Walston to speak on behalf of the Socialist Group.

Lord Walston. — Mr President, I am very happy to be able to speak in this debate and should like to start by thanking my friend, Lady Fisher, for having put this question. It is of vital importance. But it is something which it is extremely hard to deal with in a few minutes or even in an hour's debate in this Assembly. It is highly complex as Commissioner Lardinois has pointed out to us and there are so many facets to it that it is very hard to strike a balance between them.

I am very glad that the Commissioner took Lady Fisher up on this question of farming as a producer's paradise. Some farmers in Europe do not do too badly. They probably do not do half as well as they would do if they had gone into some less productive industry with the same amount of training, skill, hard work and capital behind them, but they do not do too badly. Looking at agriculture as a whole, even in the Community as the Commissioner pointed out, you do not have millions leaving paradise voluntarily for something else — they only leave it because they do not find it a paradise. And, if that is so in the Community — as indeed it is — it is even more so in the Third World, where anybody who has the slightest opportunity of doing so will leave the countryside, will leave the job of producing food and will go into the nearest town or city, or emigrate to Europe if he can because he will find, not only a better life himself there, but a better life for his family also. And that is a factor that we cannot, must not, lose sight of.

There is malnutrition, as Lady Fisher so rightly pointed out, throughout the whole of the world — even in the rich countries there is an undue amount of it. But in the Third World there is a terrifying amount of it, there is actual starvation. And the basic reason for that is that people do not have enough money with which to buy the food they should have. And those people who do not have enough money are, in the main, the primary producers of some form of food or other themselves, and they do not have enough money because we, in the rich countries of the West, do not pay them a fair price for what they produce. That is the main cause of poverty and of

malnutrition and of starvation. Now, if that cause were overcome either by charity from the West or — far more important — by raising the prices of primary products so that the purchasing (which perhaps we shall deal with when we come to the next question) so that the purchasing power of those people who are producing them in the Third World was increased — if that poverty were overcome, then there would undoubtedly be a physical shortage of food throughout the world and more would have to be produced (I hope one can say more *will* have to be produced). When we talk about solving the problem of world hunger, of combating malnutrition, we are in fact saying that we, in the West, can no longer go on buying food from the primary producers, in the Third World at prices which in fact condemn them to poverty and to near starvation. At the moment the price of most commodities is high. Cocoa is high, oilseeds relatively high, and some people are making profits out of it. But even at those high prices today, if Lady Fisher went — and I wish she and many other people would — to those small holdings, farms, large plantations, where these commodities are produced, she would find poverty of a sort that she does not find in our own cities, let alone our own countryside, in Europe. She would find malnutrition and starvation there. So we must start this fight against malnutrition by raising the price of primary commodities and increasing the standard of living of those who produce them very largely for us.

Now, there are one or two points one is tempted to take up in Lady Fisher's speech, emphasizing all the same that I go along wholeheartedly with the main points that she has raised. It is true that cereals, proteins and carbohydrates are needed to combat malnutrition, but we must not forget the importance of protein, and particularly animal protein. There is a great deal of evidence accumulating today to show that shortage of animal protein, particularly in young children, leads to a slowing down of mental development from which they can probably never recover. One of our efforts, if we are sincere about combating malnutrition, must be to ensure that the protein supply is increased as well as the carbohydrate supply.

The second point that I would make — as I say, a minor one — is (and the Commissioner has drawn attention to this also) that there is in fact very little competition between the Third World and the Community with regard to agricultural products. The competition that we have is more with the developed countries, be it Canada and the United States for maize, be it New Zealand for butter or lamb, but very little indeed with the developing countries, most of whose products are of a tropical nature which we cannot grow here. So, when we talk of competition, it is mainly between countries already developed.

Lord Walston

Now, specifically, Mr Chairman, I would urge upon the Commission and the Commissioner — both Commissioners, Commissioner Cheysson, too, who has done so much work in this — to continue and intensify their collaboration with FAO and to take the lead in attempting to set up something like a World Food Programme, so that we know what it is we want to produce in the world, so that we can do our best by means of long-term contracts and security and so on, to encourage production of those commodities — a long job, a slow job and an expensive job, especially to us in the West. But by working out that kind of production and distribution programme, I believe that the Community, in cooperation with FAO and other international organizations, will be able to make a really substantial contribution to solving this problem.

(Applause)

IN THE CHAIR : Mr SCOTT-HOPKINS*Vice-President*

President. — I call Mr De Koning to speak on behalf of the Christian-Democratic Group.

Mr De Koning. — *(NL)* Mr President, I should like to begin by drawing attention to the fact that if my information is correct this is the first time that you have taken the Chair and I should like to wish you and this Parliament good luck. It is an honour for me to be able to speak under your chairmanship.

(Applause)

I enjoyed the speech Lady Fisher made in introducing the question. At first sight the question seems to be aiming a certain amount of criticism at the common agricultural policy. I am glad that in her speech she completely removed any such impression, because I really believe — and on this I agree with Mr Lardinois — that at the moment there is not much cause for criticism of the common agricultural policy; there is not much cause for putting the common agricultural policy on trial on the ground of its effects on the Third World.

I am not unaware of the fact that in the past criticism has been justified. A bitter dispute took place in this Community over the question whether cane sugar should be imported to supplement our own beet-sugar production. The dispute was settled to everyone's satisfaction — including the Third World. Looking at this question from a positive point of view, and there is every reason to do so, one is inclined to repeat the old question: What can be done to improve our common agricultural policy, how can it be made to play a more important rôle — as Lady Fisher said — in relations between Europe and the Third World? Mr Lardinois cited some impressive figures regarding our trade in

agricultural products with the Third World. The common agricultural policy has a task to perform in the area of food aid, but also in the area of technical and financial aid. And, last but not least, it has a task to perform in the matter of regulating the world market prices of primary commodities. When we talk about a new economic order, we are talking about an undertaking of major proportions. It is easier said than done. But the key to this new economic world order is to establish better economic relations between the products which third countries produce and the prices which we pay for them, better relations than those created automatically by the operation of the market mechanism.

At present we are giving 200,000 tons of skimmed-milk powder in food aid. I know that we do not do this purely out of charity but because we have stocks of skimmed-milk powder which we cannot get rid of any other way. This quadrupling of the amount of skimmed-milk powder which we usually allocate as aid is morally justifiable only if we maintain that effort in years when there are no surpluses and even in years when there are shortages. We should emphasize our readiness to grant technical and financial aid by contributing to the international fund for agricultural development. It is most important that we should make our know-how and financial resources available through this international fund and contribute to the development of agriculture in third countries, which is the most effective means of combatting hunger in the world. It is most important, for the stabilization of primary commodity markets, that Europe should take part in world agreements on primary commodities and contribute to the financing of these agreements. The Community, as Mr Lardinois has pointed out, is by far the biggest customer on the world agricultural market. We must accept the responsibility that that implies.

In conclusion, I should like to refer to a question put by Miss Flesch on 26 May 1976. Miss Flesch asked the Commission what taxes were levied by the various Member States on tropical products. The Commission provided an excellent answer from which it was clear that the matter deserved further attention in the future. It really is too absurd that in Germany, to name just one country, a levy of more than 1 000 million lire is charged on coffee, that millions of guilders are collected in excise duty on cocoa, that a levy of 140 million DM is charged on sugar in Germany, 28 million guilders in my country, the Netherlands, and 11 million Luxembourg francs, Miss Flesch, in Luxembourg. These levies impede the sale of these tropical products and I think we should stop using them to finance our own general expenditure.

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — (F) Mr President, ladies and gentlemen, I would first like to thank the members putting this question for their timely choice of this subject for discussion. The fact is that today, after the drought which has ravaged our countryside, we are better able to understand the basic rôle of the common agricultural policy and what its rôle ought to be both in securing our own supplies and in international trade.

We are better than ever able to realize the serious danger that a malthusian policy may represent. The hazards of agricultural production mean we cannot make a mistake. Surplus may be embarrassing but scarcity is sometimes fatal. Let us never forget this.

At world level, Community agriculture has a major position and is an unbeatable card for us to play. Since hunger is far from being defeated at world level we should play a leading part in the fight against it. The policy of aid to developing countries is the natural complement to our common agricultural policy. It should also be the stimulant of that common agricultural policy, because of the extent of the world needs. We need to give developing peoples the means to live by their own efforts and to benefit from the dynamics of world trade. Gifts of all kinds, such as food aid and emergency assistance, are certainly extremely useful but should not form the basis of development aid policy. Their purpose is to enable the positive effects of a real policy of co-operation to be extended. Even then, they need to be adequate and suitable.

Whilst, therefore, it is unthinkable to base food aid on cyclical surplus, it would, on the other hand, be worthwhile increasing our efforts when such surpluses enable us to do so. But our action should not primarily consist of food aid. Our agricultural potential enables us to play a leading part in the reorganization of the world markets. The prior condition for uninterrupted supply and the development of the food for foreign currency-generating production that is absolutely essential for the poor countries, is better market organization. It all depends on that. An end has to be put to the present free-for-all, in which world prices shoot up or down at the news of a few speculative deals, in which some kinds of production are wrongly located and unprofitable, and in which there is surplus production in some sectors and serious shortages in other and sometimes vital products. The world's agricultural potential is not exploited properly, and Europe can and should make a serious contribution to its better utilization.

There has to be a gradual advance from the stage of confrontation, uncontrolled competition and opposition to that of complementarity in expansion.

In this connection, the Lomé experiment is an example to be followed. By first buying what the 46 poor associated countries have to sell and, of course, paying reasonable prices for these products, and then

by successfully tackling the acute problem of marketing products at preferential prices, Europe has at last primed the development pump.

The sugar agreement is also basic. If this policy of regional market organization proves more effective for the time being than a world policy, where dilution often blunts effectiveness, it should be taken further. The negotiations planned by the UNCTAD Conference in Nairobi on the stabilization of export earnings for basic products would also seem basic in this connection. Europe should respond to the hopes placed in it.

The impact of the Community on world markets is considerable. Whenever Europe's import requirements go up, in a long period of frost or drought, world prices, when lower than European prices, tend to be jacked up to the European level. There can therefore be no question of reducing Community protection to nothing and at the same time abandoning the idea of a better organization of the market as certain quarters would like to persuade us with the object, it is said or they say, of improving the world system. The effects would be disastrous both on prices and on the organization of production. What needs to be done is the reverse, in other words to propagate European market organization principles and at the same time to improve them firstly at regional level and then at national level, where, at the moment, there is a certain degree of anarchy. We hope that the Commission will spare no effort to work towards this end.

(Applause)

President. — The debate is closed.

9. Oral Question with debate: North-South Dialogue

President. — The next item is the Oral Question, with debate (Doc. 275/76), by Miss Flesch, Mr Van der Hek, Mr Kaspereit, Lord Reay and Mr Springorum to the Commission on the North-South dialogue:

How does the Commission view the results of the first phase of the North-South dialogue and what conclusions does it draw from it for the second phase?

I call Miss Flesch.

Miss Flesch. — (F) Mr President, ladies and gentlemen, if the members signing this oral question and myself felt that it was necessary to put such a question on the progress of the North-South Conference and on the conclusions drawn by the Commission from it, particularly with regard to the second phase of these negotiations, it was primarily in order that the European Parliament might be better informed. The 4th UNCTAD Conference in Nairobi was regarded as a success to the extent that its results would enable the dialogue between industrialized and developing countries to continue. The North-South Conference, a parallel dialogue, showed itself to be the first opportu-

Flesch

nity for testing the validity of such a judgement. Some problems, particularly that of the debts of developing countries, could not, as you know, be settled at Nairobi. It is for this reason that, thereafter, those taking part in the UNCTAD Conference transferred all their hopes for a solution to the Paris North-South Dialogue. The July meeting at the level of senior civil servants, however, and that attended by four working parties, were unable to finalize a draft agenda for the second phase of the dialogue.

At the same time, press commentaries were extremely pessimistic and the possibility of the dialogue's being broken off was not ruled out. Since then, news regarding the continuance of the dialogue has been more reassuring, but the fact remains that, basically, we are not very well informed on this question.

The commissions met again on 14 September 1976 in order to draw up a programme of work.

The developing countries, disappointed in the statements and promises that certain industrialized countries had proffered them, particularly during the 4th UNCTAD Conference in Nairobi, now seem determined to obtain commitments on the few items which, in their eyes, are at the basis of the new world economic order that they insist must be brought about. As I have already said, I am thinking here in particular of the debt problem and also the question of maintaining the purchasing-power of developing countries' export earnings.

This is why I would like to ask the representative of the Commission to draw his conclusions on the first phase of the dialogue and to tell us what the possibilities are of a satisfactory solution to these two thorny problems for all partners in the negotiations.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — (F) Mr President, as reported in the press, the first phase of the dialogue was largely analytical. It was devoted to the consideration of the problems involved in the economic relations between the developing and industrialized countries, an analysis of the difficulties and a comparison of viewpoints. Nevertheless, a number of interesting features marked this long discussion.

Firstly, the atmosphere prevailing in the discussions was good and this unquestionably helped to allay the tension between developing and industrialized countries after a period when it had been very great, as you will remember.

Secondly, this first phase confirmed the advantage of a procedure that is discrete. The delegates meet in a private room, which is effective — because there is only a small number of delegates at the table — and remarkably flexible — because the object of the dialogue is not to reach decisions, because not all the countries concerned are represented, but to lead to

decisions being taken elsewhere. Discussion can therefore be very free and a significant feature is that there has been no striving for a single front in the dialogue on the part of the 8 industrialized countries, a fact which obviously permits great flexibility, as I have said.

Lastly, the very existence of a dialogue underlines the fact, as the developing countries rightly insisted, that development problems are many and various, and present themselves in many different forms, and that they have to be treated as a whole and not singly. Oil is not the only reason why certain difficulties arise in the world; this argument, widely used at the time of the boycott, is not the explanation for everything, and the general nature of the development problem was stressed during this first phase.

All this was noted with satisfaction in the Third World. The open-minded attitude of the industrialized countries was remarked upon, particularly on the part of the Community — which, I would remind you, spoke with a single voice, since, for the first time in its history, it was privileged to be the sole representative of the interests of the Nine.

Nevertheless — and to this Parliament I believe that the Commission has a duty to be very frank — I cannot conceal that there was also some disappointment because these analytical discussions were very lengthy. The developing countries — particularly those not present at the Avenue Kléber — had the feeling that matters were being dragged out and that the discussion might well go on almost indefinitely. Concrete results failed to emerge. From that feeling to scepticism, doubt and the accusation of bad intentions was only one step, and there were many who took it. And the 19 developing countries which had the privilege of representing the 77 — alternatively, the 110 or 120 — developing countries in the world lost no time in sowing the seeds of suspicion. More was needed than this first phase to be credible.

And then, Mr President, the UNCTAD Conference took place in Nairobi. We had one debate in this chamber with the European Parliament and we had another in this same chamber with the ACP countries, at which, as you will probably remember, emerged the great disappointment that many developing countries felt at the progress or lack of progress made at the Nairobi Conference.

This was aggravated in a somewhat curious manner by the fact that the 77 had proclaimed their cohesion at and prior to Nairobi. There had been the Manilla meeting, where they defined a common position, but, in stating their cohesion, although their interests are often at variance, they tended to simplify the problems — perhaps too much — and focussed their claims on two subjects. These they nailed to the masthead and it was a matter of accepting them or being branded as an enemy of the Third World.

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These two subjects were of the utmost simplicity. One was the common fund on raw materials, an important point, to which I shall return in a moment, but only part of the raw materials problem. The other was the notion of an automatic and generalized moratorium on debts which, in our view, is a completely unsuitable answer to this, incidentally very serious, problem. This excessive simplification, therefore, led to disappointment because the industrialized countries were unable to accept these two masthead subjects. Add to this, Mr President, the fact that the industrialized countries, if I may be allowed the expression, put up a lamentable show at Nairobi. The Americans thought they could deal with the problems by organizing a super spectacle and in doing so they generated the gravest suspicion. When Mr Kissinger spoke about the Bank of resources, as interesting a subject as it was promising, everyone thought that he was trying to play down the problems put to him and divert attention. The Nine proved themselves to be divided at Nairobi, as you know, and this created an even worse effect in that they spoke with a single voice, whence the detestable impression produced by the Nairobi conference — more detestable, in my view, than was justified.

Then, early in July, when it was a question of organizing the second phase — and here I come to the second part of the question put by the Honourable Member — we found, at the level of the senior civil servants, partners from the Third World who set us very clear demands in order to be sure that concrete discussion would begin and that agreements, decisions, and financial commitments could be defined and then quickly implemented. And in their wish to show the 77 that they were representing them as they should, the 19 of the Avenue Kléber endeavoured, in the framing of the agenda, to bias in advance the decisions to be taken at the end of the discussions. A debate which might be thought semantic thus became a debate on substance, with the industrialized countries being asked to take, in advance, positions which could only be the result of conclusions some of which, incidentally, are very foreign to our way of thinking.

This was how the breakdown came about early in July, on technical grounds, the political dimension not being involved. An event then took place which, for my part, I hold to be very important. In the presence of this threat of a breakdown in the dialogue early in July — it was very real and was reported in the press — there was a political reaction on the part of both Europeans and the developing countries and in particular the non-aligned countries, and I would draw the attention of this Assembly to this point of very great significance: the Europeans publicly announced that they regretted this adjournment and that they were determined to go further. Then they worked out between them, though not without difficulty — anything done by a group of nine is always very difficult a text which was already more acceptable to our partners.

But the non-aligned developing countries, meeting in Colombo, also stated very clearly that they rejected confrontation and that they did not want conflict between industrialized and developing countries. Then, the two very remarkable Chairmen — very remarkable and I must underline this — negotiating for the two sides (Mr Perez Guerrero for the developing countries and Mr MacEachen for the industrialized countries) succeeded in finding skilful wording which meant that a text similar to that requested by the developing countries could be retained for the agenda by the addition of a foreword or introduction pointing out that the final result could not in any way be anticipated and that we could not enter into discussions the conclusions of which had been reached in advance.

The talks are therefore going to be resumed. The meeting began again, as you know, the day before yesterday. It is to last a week and will be followed by two others in October and November with a view to a ministerial conference in December or January. At the same time other meetings will be taking place elsewhere, since the UNCTAD has been instructed to organize groups on raw materials and to call a conference in March on the famous common fund.

Before concluding, Mr President, I will with your permission now tackle the core of the problem — I mean by that the recommendations which Miss Flesch very thoughtfully proposes to this Assembly as a conclusion to this short debate. In her conclusions, Miss Flesch stresses the highest importance (I am using her words) of the North-South Dialogue for the Community. This is patently clear. As an importer of raw materials, the European Economic Community is the largest economic unit in the world. Its policy towards the Third World is one of the facets of its unity. This we know since we have seen this progress ourselves.

Lastly, it has an image in the Third World which, in my opinion, is one of its political assets — of which, it must be admitted, it does not have all that many. Its rôle, as Miss Flesch says, is very important firstly because it is motivated, as I have just said, and secondly because this North-South Dialogue is not really a north-south dialogue, Mr President, but primarily a west-south dialogue. This is what emerged at the Nairobi conference, where the planned-economy countries, in what we know as the Eastern bloc, were in fact absent partners — present physically, present by statement, but absent in any constructive approaches and proposals — which, incidentally, is their general attitude when it is really a matter of developing the Third World. When we talk of industrialized and developing countries, therefore, the dialogue is taking place in fact between the industrialized countries of the West and the developing countries — in other words, between, let us say, Japan, the United States, the Scandinavian countries and the Community on the one hand and the developing countries on the other.

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This being so, the Community carries a special weight within the group of industrialized countries. It is clear to everyone that the United States does not want to break off relations with the developing countries. They are not prepared to take the responsibility for this, which is equivalent to saying that whenever the Community has a position on a given subject that is similar to that of the developing countries it will be the hand that throws the switch for general agreement. The Community therefore has a leading rôle to play in this dialogue, as Miss Flesch has so rightly said.

It obviously plays its part better when it speaks with a single voice, because a single voice makes itself heard. Nine different voices are smothered in the fog, inaudible in the uproar. And above all, if there are nine different voices we do not carry the conviction, vis-à-vis our American allies and friends, that we do when we speak with a single voice. This I believe to be a highly important factor that we should bear in mind for the future. And we should bear it in mind in the dialogue, because there, as I have pointed out, we have freedom of expression, which is important and offers an effectiveness incomparable with world meetings organized by the United Nations or others and also ensures an equality between partners that is clearly not to be found at bilateral level.

To return to the present issue, discussions are still concentrating on two subjects, firstly because there is the situation we have inherited from UNCTAD and secondly — this has to be said — because if we want to make rapid progress our discussions have to be restricted. They are the very subjects that Miss Flesch referred to a moment ago — namely, debts and export earnings.

As regards the debt, situation, a distinction unquestionably has to be drawn between cases of acute crisis and the others. Acute crisis is facing those developing countries where payments are about to cease and which cannot restore the situation unaided. There is no denying that this problem must be dealt with. That was agreed and the fact needs to be repeated. As regards dealing with it by an automatic moratorium, the Community — like the other industrialized countries — rejects both the principle and the idea. It smacks of bad management. To apply a moratorium whose immediate consequence would put a complete stop to any possibility of credit for all the developing countries in the world would seem to be very unfair to those developing countries who are successful in managing their affairs, i.e., who have enough courage to pay, their debts. In a liberal or market economy this is an elementary fact.

Conversely, we are all ready to consider, with our partners in the Third World and in particular in the

framework of the Dialogue, what general guidelines might be given, with the help of the International Monetary Fund, to the club of present and future creditors in order that problems may be dealt with, case by case, when they are acute, serious and decisive, priority naturally going to the least-favoured among them.

With regard to debts, we are now agreed — and we are glad that our American friends, after some hesitation, have taken the same approach as we have — that problems also deserve consideration when there is no acute crisis but when the burden of debt constitutes an unbearable obstacle to progress and development. In that case problems should be considered in conjunction with the other aspects of development, consideration being given to all items in the balance of payments and all the other aspects of political, economic and financial development. We are ready to do this and ready to discuss it and we are prepared — when a country considers that it is in this situation — to accept that an international body — the World Bank for example — should advise the country, and possibly convene the consortium or advisory group which will allocate the debt problem its place — and it will often be a leading one — among the economic and financial problems needing to be dealt with for development to resume.

As regards export earnings and the 'indexation' everyone has been talking about, I think the problem needs to be seen in its proper light. To begin with, the developing countries were inclined to ask for an increase in the prices of raw materials as a way of increasing the flows of finance they need.

No one denies that these flows have to be increased, but this is not the same problem as that of export earnings for raw materials. Firstly, raw materials are mainly exported by the industrialized countries and not the developing countries. Secondly, these raw materials are purchased by industrialized countries but they are also bought by developing countries and sometimes by very poor countries for whom any increase in price would be an extra burden. Though the problem of increasing flows of finance, and public aid to development (which is very important) has to be dealt with, it has to be understood that it is not bound up with the raw materials problem, which is to put an end to violent, unforeseeable and intolerable changes in price.

So what about indexation? We are ready to *consider* the principle with our partners. I say 'consider' because we *have never accepted* this principle, contrary to certain reports in the press yesterday and the day before. And although we are ready to consider the principle we do not believe in it. I want to say this very frankly. Conversely, we believe that serious consideration should be given to the problem of

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protecting export earnings and the purchasing-power derived from these earnings, including those accumulated by certain exporters over a number of years; there, of course, I refer mainly to the exporters of hydrocarbons. It should be considered, but this should be done, as we pointed out 48 hours ago in Paris, bearing all the economic factors in mind, that is to say — of course — its effect on the prices of imported goods and services, the problems of the inflation prevailing in the industrialized countries and all factors affecting development. This brings us back to the overall raw materials problem.

It will therefore be necessary to deal with the problem of regulator stocks, because — we will agree this jointly — they will have to be joint-financed by producers and consumers. As you know, 7 of the 9 Member States of the Community believe that this financing of regulator stocks could cover all products so that there would be a kind of common fund. We shall certainly have to tackle this problem.

But we must realize that in this way we shall be dealing with only certain raw materials. The building up of regulator stocks can be justified only for some raw materials where the situation would be improved by the financing arrangements and the holding of stocks at international level. For all other raw materials, on the other hand, and in particular for oil, the problem is different. It will call for the setting up of 'producer-consumer' fora and many other instruments. Perhaps a closer look should also be taken at the first year's operation of the STABEX in the framework of the Lomé Convention, which, though it does not deal with the raw materials problem, protects certain of the poorest countries against the destructive effects on their economy of violent changes in raw materials exports and prices.

To sum up, Mr President, the Commission welcomes the motion for a resolution tabled by Miss Flesch, Mr Van der Hek, Mr Kasperleit, Lord Reay and Mr Springorum with great pleasure. It points out, however, that the problem goes beyond the subjects covered by this resolution. Development problems have an overall nature both as regards the subjects and the countries having to grapple with them. I shall also not dwell here on the need for the planned-economy countries eventually to be involved in the consideration of problems as important as those of raw materials. Lastly, I stress the importance of a Community approach whenever it can be taken. That is how we shall make ourselves heard, and if we are not heard we should understand that the best causes lose their weight, their authority and their chances of success.

Incidentally, it is because this Community approach is so valuable that the Community, wherever it can, should continue along its own path with the countries

that are closest to it. This is why, as I have often told you, I believe in the Lomé policy, which is clearly far more advanced than the policy we can follow at international level. At world level we are hardly at the negotiating stage. At the regional level we have passed that stage and are in the full phase of application and progress. We are developing methods that could often well be extrapolated, providing us with experience and a far closer knowledge of the problems.

President. — I call Lord Walston to speak on behalf of the Socialist Group.

Lord Walston. — Mr President, I shall confine myself to only one aspect of this fascinating and enormously important subject, but I would like to say how grateful I am to Miss Flesch and her colleagues for introducing this subject and to Commissioner Cheysson for his very comprehensive reply.

I would suggest, Mr President, at the risk of over-simplification, that the developing countries look at the West, the industrialized countries, see that they are rich and have factories and a great manufacturing potential. They therefore say to themselves, 'If we want to become rich we also must have factories and we also must become industrialized'. But it is really not an essential economic necessity that those who manufacture goods must have a higher profit and a higher standard of living than those who produce the raw materials that go into the goods. It is purely an accident of history that those who have turned jute into sacks, those who have turned cocoa into chocolate, those who have turned cotton into sheets, or copper, bauxite and tin into manufactured goods have become rich, and those who have actually grown them or dug them have remained poor. It is because of the strength of purchasing-power in the old days and the weakness of the sellers. Well, that has changed now so far as hydrocarbons are concerned: we see what has happened, and other people see what has happened also. And what we must now face up to, I believe, and what I hope the Third World will also face up to, is that their prosperity must depend in the main on the efficient and profitable exploitation of those things for which they are best suited, which is, in general, primary production or exploitation of mineral wealth, and not manufacture, whereas the West, for geographical and historical reasons, can continue with its older rôle of manufacture as opposed to primary production. What we must ensure, however, is that the rewards are more equally divided; that those who produce the primary products get more and those who manufacture get relatively less: that is the only way we really can take a major step forward in solving this problem. What it means, of course, for us is that we shall have to pay higher prices — higher prices relative to the cost of manufactured goods — for primary

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products. At the same time, we must do what we can to improve conditions of work. It is essential, therefore, Mr President, for there to be massive investment in the infrastructure as well as long-term contracts or something similar: more schools, roads, hospitals and so on. And the result of that will be a significant improvement in the relative wealth of the Third World and a happier atmosphere in the talks that are now going on in the so-called North-South dialogue.

(Applause)

President. — I call Mr Springorum.

Mr Springorum. — *(D)* Mr President, ladies and gentleman, I am extremely grateful to Mr Cheysson for speaking to us today about the conference, especially since recent press reports have been very pessimistic and painted a much blacker picture than he has. Parliament discussed The North-South dialogue thoroughly in January this year. On that occasion, Mr Ortoli expressed the view that the dialogue represented the most ambitious attempt to reshape world economic relations. Has this attempt succeeded? I do not think that any of us in this House are optimists. However, the conference is necessary and should be welcomed. At all events, it has certain advantages.

It has the internal advantage that, whatever the outcome, the Community will have to develop some idea for an energy policy, whether positive or negative. It will no longer be possible to deny the need for a European energy policy.

A second advantage is that the dialogue will make the nine Member States of the Community recognize the need for a common foreign policy. Mr Cheysson has rightly pointed out that the rest of world finds it a little strange and rather ridiculous that every country in the Community should wish to give its own, independent views. As I said, the dialogue should bring this situation home.

Externally, it will have the advantage of highlighting the interdependence of the industrialized countries and of the countries of the Third and Fourth Worlds.

Many people wonder what will happen if the conference is a failure. A smaller conference, which is what the French President originally had in mind, is certainly not a possibility. My own view, however, is that even if all these conferences — whether in Nairobi or Paris or elsewhere — fail, it will still be necessary to hold more, simply as a means of getting together. After all, in the long term — and this is something about which there can be absolutely no doubt — it is essential that we should try to develop a comprehensive system for the solution of the very different problems affecting this world. We should bear in mind that not even the people in the industrialized countries, with their high levels of intelligence,

are thinking in terms of such a system. And, to my profound regret, our delegates at these conferences themselves have no idea what form the system might take.

We should also guard against the danger of self-recrimination, of blaming ourselves for the lack of progress in the developing countries, or accusing ourselves of exploitation. I am grateful to the previous speaker for what he has said. Three centuries ago, Europe was in the same position as the developing countries are now. Forgive me, but it is pure nonsense to say that the wealth of Europe and America is due mainly to low oil prices. In the final analysis that wealth was earned. The conference was originally intended for the solution of urgent energy problems. Now we find a mishmash of problems connected with energy, raw materials, development and finance, and I fear that the search for just and stable prices for raw materials and energy will prove in vain.

Despite the North-South dialogue, the oil-producing countries will be meeting in Qatar in December to discuss an increase in the price of mineral oil. The oil industry is expecting an increase of 10% over 1970 prices. The oil-producing countries will base their calculations on the improved economic climate and the tendency towards inflation in the industrialized countries, particularly England and Italy. It should be borne in mind that a 10% increase in oil prices will give rise to 0.4% inflation in Germany, where the rate is low, and to almost 1.5% in England, where the rate is high. Saudi Arabia intends to propose reducing production to one-third of its present level without consultation in the framework of the North-South dialogue. If this proposal were implemented implemented would become a rare commodity and, as the Secretary-General of the International Energy Agency said, God knows what would happen to prices then. Even though the conference is now being disowned by these countries, we should continue this dialogue even if it remains unsatisfactory. I believe that we shall experience many more unsatisfactory conferences of this kind in the hope that one day we shall find a model system by means of which the world can live in peace.

(Applause)

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, on behalf of my group I would firstly like to thank Miss Flesch and the other Members who have put the oral question, with debate, on the North-South Dialogue now before us, since it allows this Parliament to consider the most serious problems of the moment both for the European Community and for cooperation and world peace at the very moment

Liogier

when, after the July setback, the Dialogue is about to resume.

How did the Conference on economic international co-operation come into being? We all know that it was through the initiative of the President of the Republic — and we should pay tribute to him on this score — and as the result of a number of international political and economic factors. These forced the conviction on everyone that it was no longer possible for economic systems to forge ahead, driven by their own dynamics in the most divergent directions, since the eventual result of such a process would have been a confrontation of such a kind as to create an unbridgeable gap between the industrialized world and the developing countries. Bringing together a restricted number of powers representative of all the countries in the world, including the Community, this Conference constitutes an unprecedented forum for the discussion of economic problems on a world scale and for the joint search for solutions enabling a new, stabler and above all fairer world economic order to be gradually introduced.

The Group of European Progressive Democrats attaches especial importance to the resumption and fruitful continuation of the Paris Conference for two basic reasons bound up with the success of this great plan for a new economic order and the future of the European Community itself.

Whilst the rough ride of the Colombo meeting showed the extreme politization of economic problems, it is not a reason for giving up the pursuit of the objectives of the North-South Dialogue. And the Paris Conference has a large number of advantages. To begin with, it is unique in its kind because it forms a framework for discussing all aspects of North-South relations, whereas the many international bodies that exist — UNCTAD, GATT, IBRD and UNIDO — deal with only some.

The second feature making it in some ways unique is that the smallest possible number of countries are involved. Eight industrialized countries, including the European Community, and 19 developing countries are a small number, these days, for the participants in an international meeting, but if tangible results are to be obtained and if the confrontation is to be converted into a dialogue and co-operation then it will be through the work done by small committees. Many developing countries, which no doubt prefer concrete results to the tempting but so bitter fruit of confrontation, are certainly looking forward to be back in the private room of the Paris Conference, because they could see at Colombo — and at Nairobi too — that progress at such meetings is inversely proportional to the number of countries taking part. And everybody knows that failure at the International

Economic Conference would mean reverting the debate to the United Nations General Assembly.

As to the future of the Community, it is bound up with the success of the North-South Dialogue on two counts. Firstly, the Community depends closely on this co-operation for its very existence and for its population's standard of living, because the supplies of raw materials and energy the Community needs are conditional upon it. Lastly, this is the first time for the Community to be represented on its own as such in an international conference of such importance.

Failure would therefore compromise not only the economic expansion of the Member States but also the political power of Europe, since speaking with a single voice helps to strengthen Community solidarity and is a condition for its political success. The fact is that our cohesion is the pillar on which our brand image at international level standards.

The Community has therefore a large part to play in this Conference and in the very resumption of the dialogue. Moreover, it has already proved the fact by making specific proposals likely to help the North-South Dialogue forward. The fact is that the delegates of the industrialized and developing countries parted on 18 July 1976 without reaching agreement on the agenda for the Conference or on the priorities for the committee work.

Two main reasons emerged for this disagreement: the problem of lightening the least-favoured countries' burden of debt and the stabilization of the purchasing power of exports from developing countries. However, on the initiative of the French delegation, the Community is endeavouring to re-launch the dialogue on a crucial point, that of the debts contracted by the developing countries. Even so, the difficulties have not yet been smoothed out. We are, however, proud of the example set by the Community speaking, at last, with a single voice: an open mind as regards the dialogue, the will to succeed and concrete proposals. Although differences still exist between the two sides — industrialized and developing countries — regarding the approach to this programme, the former preferring case-by-case consideration and the latter a general approach, we put all our hope in the action of the Community and in the success of its initiative, which would then bring about an unprecedented ascent in its international image and a victory for Community solidarity.

Lastly, the success of the North-South Dialogue would be an object-lesson in view of the proliferation of mass international conferences, each of which — it has to be said and admitted — is just as fruitless as the next.

(Applause)

President. — I call Miss Flesch.

Miss Flesch. — (F) Mr President, with your permission I would first like to thank Mr Cheysson for the replies he has given to our question with his usual frankness and concision. Regarding the motion for a resolution tabled by my colleagues and myself, on which Mr Cheysson has already stated his position, all that remains to be said that it is very short and hardly calls for any further comment. It is undoubtedly incomplete, as Mr Cheysson has said, but for us it was primarily a matter of a public affirmation of the European Parliament's firm intention to see the Community helping to reach a positive outcome to the North-South Dialogue, particularly as regards indebtedness and maintaining the developing countries' purchasing-power.

In addition, Mr President, the resolution is very reserved. It mentions no date or specific solution. In short, we wished to point out the importance we attached to this question without obstructing the negotiators in their task, which is admittedly difficult.

I hope, Mr President, that this motion for a resolution will have the agreement of all our colleagues here in Parliament.

President. — To wind up the debate, I have received from Miss Flesch, Mr Van der Hek, Mr Kasperreit, Lord Reay and Mr Springorum a motion for a resolution with a request for an immediate vote pursuant to Rule 47 (4) of the Rules of Procedure (Doc. 297/76).

I first consult Parliament on the request for an immediate vote.

That is agreed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Fifth Commission report on competition policy*

President. — The next item is the report by Mr Normanton, on behalf of the Committee on Economic and Monetary Affairs on the fifth report of the Commission on competition policy (Doc. 243/76)

I call Mr Normanton.

Mr Normanton, rapporteur. — Mr President, may I begin by offering a very warm and sincere welcome our new Commissioner, Mr Vouel, and express the hope, on behalf of the Economic Affairs Committee, that our relationships will be rich, fruitful and friendly in the pursuance of what I hope and pray will be a common objective?

Secondly, may I say how sad all of us must be to hear the latest news about Mr Borschette. I understand there is still no sign of any improvement in his state of health.

The third point is, very briefly, that I am sure my committee will be anxious to add our thanks to Commissioner George Thomson for standing in for Mr Borschette during Mr Borschette's illness. We are grateful for all the help he gave in discussion and his contribution at the stage where we were considering our resolution on this subject.

Lastly, a very small technical point. I apologize to the House that there is an omission in the printed document as far as paragraph 17 of the motion for a resolution is concerned: that is made good by the addition of a corrigendum, which is now in the possession of all of us.

Now for the report. May I first of all remind the House that my report relates to the Commission's 5th report on competition policy in respect of 1975, and much — I need not remind the House — has happened in many fields since the period which this Commission document refers. It is easy, extremely easy, for those who are able to look backwards from this point in time to be hypercritical of comments made by the Commission when their report was drafted in the early part of this year.

The year 1975 saw the Community in what one can only describe as deep and growing economic distress. It was the biggest single economic depression since the great world depression of 1931. Unemployment and inflation were at an unprecedentedly high level; industrial activity, order-books, commercial cash liquidity were at an unprecedentedly low level, and international currencies in the Community and elsewhere were developing into a state of chaos and turmoil. It therefore seems to me quite logical and not entirely surprising that all governments in all parts of the world should be increasingly coming up against growing pressures from many quarters — first and foremost, and rightly so, from the public in general and public opinion and, secondly, from industry in general and certain particular sectors of industry, all asking that the governments should do something about it. Very clearly, many people who were making these representations were thinking of the way in which, on so many occasions in the distant and not-so-distant past, protectionist policies, the provision of subsidies, the provision of financial aids and special fiscal and other forms of treatment were in fact being demanded — not for industry in general but for certain industries in particular. The fact that the Community has not succumbed to these many and very powerful pressures, nor reverted to pre-Community economic nationalism, is, I believe, an important tribute to the existence of the European Economic Community. I would also like to believe, as I do, that it is in no mean measure due to the work, the continuous, heavy and intensive commitment of the Commission as a group: at a much lower but more realistic level, I would pay tribute to the Commissioner for competition policy, who has played no insig-

¹ OJ C 238 of 11. 10. 1976.

Normanton

nificant part in this battle. I earnestly hope that the House in some way, at some time, will place on record its appreciation of this as a fact which must not be overlooked.

The policy objectives of the Community (and I hope they will continue to be identified by those which are persistently pressed in this Parliament) are to get away from historic restraints on trade everywhere, but, particularly, on internal trade. It is by the success in this field that I think that the Community and the Commission should be judged.

As far as tariff barriers are concerned, there is no doubt at all that progress has been good, both internally and externally; but is no understatement to say that progress in dismantling non-tariff barriers falls far short of expectations or of what the situation requires. If in this connexion your Economic Committee appears to be hypercritical of the Commission's activities in 1975, I hope the House will interpret this as still further evidence of that committee's refusal to be complacent. The Economic Committee wants more action, more progress, greater emphasis on the promotion of competition in all aspects of community policy, since it is only by achieving success in this field that the 250 million people of Europe will be better able to raise their own standards of living, be more competitive in the pursuance of world trade, and enable us to help the poorer developing parts of the Community itself and of the world in general — a commitment which, with Mr Cheysson on the benches of the Commission, this House will strongly (and, I hope, consistently) pursue as an act of faith and as an act of policy. Competition policy is seen by your Committee, therefore, as but one of an armoury of weapons to be used to help achieve Community objectives. It certainly should not be regarded as an end in itself.

This is the reason for including paragraphs 2, 3 and 4 in the motion for a resolution in the terms in which they are drafted. As the size, number and scope of public purchasing contracts increases, and here I have no intention of indulging in any party political polemics on the merits or otherwise of this — that is not my duty as rapporteur — the greater the importance of open tendering becomes. The temptation of public authorities, whether they be national, local or regional authorities, to influence the placing of those contracts grows inexorably. But all the more so when by doing so it is believed that other social, economic or even political objects may be achieved. Great success has been achieved by the Commission in demolishing tariff barriers in the path of trade between Member States. But in paragraph 5 of the motion we express our deep and continuing dissatisfaction at the progress made in demolishing non-tariff barriers; still so effectively operating in the field of public purchasing. Glaring cases are, and no doubt will continue to be, frequently brought to light, but illumination in itself is not sufficient. The Commission should be much more forceful, much more forthright if this aspect of

Community policy is to become a reality. We all know that the Commission has tried — we believe, genuinely — to combat the growing practice over many years of adopting a wide range of diverse and devious devices and techniques in all parts of the industrial world and not just the Community itself for the purpose of promoting exports to third countries, in a highly competitive world, in preference to those from other countries. Those devices which are most difficult to identify and to restrain are in what I might describe as the financial field — the export credits, the guarantees against inflation, currency fluctuations and a whole range of complex devices. However these may be described, they are in effect violations of the letter and of the spirit of the treaties upon which this Community is founded, and until a common policy for export financing is established and operated transparently by all and within all Member States alike, so long will the Community fail to be a true economic Community.

Your committee appreciates that the establishment of a Community policy for competition will not of itself achieve the objects of the Community in the economic field. Each Member State is still pursuing its own independent line in far too many fields and for purely national self-advantage. In paragraph 7 of the motion, we express this feeling by calling on the Commission to monitor, check and investigate what is happening in Member States, for in a democracy the most powerful influence that is available is frequently public disclosure. Malpractices, indeed all activities of Member States within the framework of competition policy, should be referred to and evaluated by the Commission in its future annual reports. One hopes that the time may one day arrive when there will be a truly universal acceptance of a common code of practice in this field — universal, that is, throughout the length and breadth of the Community. In the meantime, the Economic Committee is increasingly concerned at the evidence we see of distortions of competition through aids and subsidies being applied for largely protective reasons by Member States. I might sum it up by saying that when every one is subsidized — even though there are situations where subsidies of a kind may well be of crucial importance, for social if not economic or industrial reasons — if every one is subsidized, no one is subsidized. Indeed, it would be true to say that those areas and sectors whose need is greatest — that is, for social or economic reasons — are and will continue to be the least able to pursue such a national policy. As a consequence, the gap between the rich and poor, whether we are thinking in terms of Member States or of regions or of industries within the Community, will become wider, and that can never be in accordance with what this Parliament and the Economic Committee wishes to see. In paragraph 11 of the motion, we stress this point in the context of regional policy; but it applies in every other sector of Community policy with equal relevance.

Normanton

The House and the committee have, during and since 1975, been rightly concerned and active in the field of infringements or alleged infringements of Community policy by industrial undertakings of many and diverse kinds. I deliberately and intentionally have refrained from commenting on individual cases, except for the reference in paragraph 10 to the case of United Brands, since, and only for this reason, the cases themselves are either the subject of separate reports, have occurred this year, 1976, and, we hope, will be commented upon by the Commissioner for competition in great depth in his next report, or will be brought, I hope, before this Parliament for thorough and comprehensive consideration and debate. I refer specifically to the Hoffmann-LaRoche case for the reason amongst others, that it is the subject of an amendment which has been tabled to this report. And I also refer to the working of the oil companies. Both these and others rightly will be brought before the Economic Affairs Committee and the House for full and frank debate as considered appropriate. But I did not consider it necessary to include in this report a long list of cases named individually. The committee actively supports and encourages the Commission in exposing all malpractices from whatever direction these may come. This is the purpose of paragraph 10.

In paragraph 9, we introduce the view that by pursuing an energetic policy on competition it would be possible to have some influence on combating inflation. If, as a result of these policies, we can stimulate a greater efficiency in industrial production and thereby match increased output of goods, the Commission should, we believe, pursue its analysis of price discrepancies within the Community to see if there is any evidence of international distortions of competition.

In paragraph 12, we express our concern that competition policy should be seen as part of an armoury of weapons to be used to stimulate industrial restructuring. We cannot, and we must not, accept the present structuring, whether it be national, regional or technical, just because it was appropriate to nine independent sovereign states. The form of such restructuring may be politically highly contentious and is not discussed in this report, and the Commission and the committee take no stand in this report on the question of nationalization or state control of industry.

To bring my remarks to an end, I would only draw attention to one other paragraph, which refers to small- and medium-sized firms, and I earnestly hope the economic and social aspects of this are reflected in the report and the motion for a resolution. The year 1975 was a year of economic crisis; 1976 is little better, but, while some Member States have made some progress towards extracting themselves from the pit of disaster, some are still teetering on the brink. Unless the Community can agree on and adopt common standards, common solutions to common

problems, we cannot claim to be a Community. And that is the objective to which we are committed.

(Applause)

President. — I call Mr Albertsen to speak on behalf of the Socialist Group.

Mr Albertsen. — *(DK)* Mr President, like my colleague, Mr Normanton, I should like to express my pleasure at the presence of the new member of the Commission, Mr Vouel, as the Commission's representative in the European Parliament here today. I wish to stress the importance which we in the Socialist Group have always attached to close cooperation between the Commission and the European Parliament in the field of competition policy. We enjoyed good cooperation with Mr Vouel's predecessor, Mr Borschette, and I would like to express our deep regret at Mr Borschette's condition, together with my hope and conviction that this good cooperation will continue with Mr Vouel.

Mr Normanton has once again presented, on behalf of the Committee on Economic and Monetary Affairs, a wider ranging report, and we would all agree that the subject under consideration is particularly important. The Commission's report is, in a sense, the only opportunity for the Commission and the European Parliament to exchange views on this subject. Parliament must, therefore, use this opportunity to influence the development of future policy.

Remembering last year's debate in Parliament, the Socialist Group naturally awaited Mr Normanton's motion for a resolution and explanatory statement with no little scepticism, and committee members will recall that, at the meeting of 13 July, some Socialist members were unable to vote for the motion. Their reason, however, was that we had not had enough time to consider Mr Normanton's report in detail. This was the fault, not of Mr Normanton, but of the working conditions to which we are subjected. Of course, we consider it reasonable to speed up consideration of the Commission's report as much as possible so that the European Parliament's suggestions and advice to the Commission on future developments in the field of competition policy reach the Commission before its preparations for next year's report are in full swing. If, as stated in the report, we really wish to extend the scope of competition policy, we should contemplate devoting more time to discussions in committee of the multitude of urgent problems existing in this connexion.

Before I comment on Mr Normanton's report, I wish to thank him for his work. Of course — and this will hardly surprise him — we might, given our basic views, have preferred certain points to be worded differently, but by and large we accept the text, except where we have proposed amendments, of which the House is aware.

Albertsen

We consider that this year Mr Normanton's text is much better balanced. It is for him to say whether he has reached the same conclusion. Last year one was given the impression that the mainspring of the Community's competition policy was an unequivocally liberal or *laissez-faire* philosophy. This is not the case, as is now shown clearly in the explanatory statement. While it is in the interests of us all, of consumers and of our economies, to ensure a certain degree of competition, this does not mean that it may not be reasonable or advisable, in certain fields where comparatively small numbers are involved, to concentrate production or services. The question here, as in so many other situations, is to strike the right balance. One of the most important objectives of the EEC's competition policy, therefore, is to prevent free competition from leading to the abuse of consumers, and in this field the Treaty gives the Commission special powers. I would therefore repeat, on behalf of the Socialist Group, my regret that the Council has not yet adopted the rules for controlling mergers of companies, which we consider an essential condition for preventing greater concentration in large and important sectors of production from leading to the formation of monopolies, with the accompanying dangers of abuse. Parliament should consider what action it shall take if the Council does not adopt this proposal before the New Year.

Another aspect of this problem is raised in paragraph 7 of the motion for a resolution and paragraphs 20 and 21 of the explanatory statement. I should like to draw the Commission's attention to these paragraphs. It is manifestly wrong that the Commission should not have the authority to comment on developments in this field in the Member States. There is no reason why the Commission should not compare real developments in competition policy in the individual Member States and consider whether these developments reflect the aims of the Common Market and, consequently, of the EEC's competition policy. I was surprised by the Commission's conclusion that the only legal instrument needed to extend the scope of the EEC's competition policy is the existing proposal for controls over mergers of companies. I would remind the Commission and this House that Parliament, at the end of 1971, hoping that the Commission might possibly submit a proper report on the subject, expressly requested it to submit a report to Parliament every year on the Community's and the Member States' competition policy. It is rightly emphasized in the report that the Commission has merely limited itself to a report on developments at Community level. This is something which must be changed.

I would also draw the Commission's attention to paragraph 9 of the motion, where we strongly urge the Commission to continue the investigations of prices, publication of which began last year. Unwarranted vari-

ations in prices can be one of many possible indications of infringement of Community rules on competition, and an extension of the Community's activities in this field, therefore, would greatly help efforts by national authorities to combat unnaturally high prices.

As I have already mentioned, there are naturally a number of details in both the motion for a resolution and the explanatory statement which we should have liked to change. I shall limit myself to criticizing individual points, so as not to create in public an inordinate impression of disagreement within the European Parliament in the field of competition policy.

Two points with which we are particularly dissatisfied are — and this will hardly surprise the rapporteur — the references in the report to multinational companies and oil companies.

These two subjects are only lightly touched on in the explanatory statement (see paragraphs 30 and 31). It is right, of course, that these subjects should be considered in due time in the Committee on Economic and Monetary Affairs, as the rapporteur stated here today, and dealt with later in special reports, and that their consideration in detail in the report now under consideration would have represented an additional task. On the other hand, we should not forget that it is precisely in these two fields that the public expects the Community to look after its interests. Lack of action by the EEC in this field would therefore lead to a general underestimation of the importance and efficacy of Community rules in other fields as well as competition policy. I therefore consider as a serious shortcoming the fact that no mention was made in the report of Parliament's basic position in this matter. In addition, I would draw the Commission's attention to the fact that Mr Borschette promised the European Parliament that he would examine information provided by Mr Prescott on contributions by oil companies to political parties, etc., and that the Committee on Economic and Monetary Affairs, pending the outcome of this investigation, has begun provisional consideration of the Commission's report on the oil companies' activities between October 1973 and March 1974. We have now been waiting since May, and expect to receive an answer from the Commission soon, so that we can go ahead with this work.

Finally, I wish to mention our proposed amendment to paragraph 10 in the motion for a resolution. There is no need for me to elaborate on my previous comments — the proposed amendments have been distributed, as we know.

In conclusion, I should like to repeat that there are many subjects to be tackled in this field. We are grateful to Mr Normanton for having examined a number of them in his report. The Socialist Group, therefore, approves the motion for a resolution, subject to the above-mentioned reservations.

(Applause)

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — (*F*) Mr President, when more and more aid is being given to mitigate the difficulties caused by the economic crisis and their social consequences throughout Europe, there are grounds for wondering whether we ought to continue to pin our faith on the market forces to increase the effectiveness of community services. Our reply must still be in the affirmative, because the competitive process facilitates the continual adaptation of the pattern of demand and supply to changing preferences and technologies. It is also a tool for combating inflationary factors to the extent that, from many standpoints, the latter reflect structural rigidity in the face of change. Lastly, it is an instrument for ensuring a better utilization of resources, which the maintenance of unadapted structures prevents. In recent years it is probably our policy on competition that has shown itself to be the boldest of common policies, whether one thinks of the action taken against cartels or the condemnation of abuses of dominant positions. A fresh stage is soon to be reached when the proposal for a regulation on the control of concentration of enterprises is adopted. Nevertheless, in view of the conflicts which have arisen here and there, it seems to us — and this is also the opinion of the Committee on Economic and Monetary Affairs — that the tools of competition policy should be used more resolutely and that it should draw itself up to the same level as the dangers threatening it. In particular, it became apparent, during the period of crisis that we have just been through, that the most important question was the possibility of compatibility between a real competition policy and the social, regional and industrial policies of the various Member States. No doubt the circumstances of Community development have become such that interest is reverting to national systems of public aid — more quickly available and better adapted — whilst mechanisms for effective Community support are not developing quickly enough. The crisis in the steel industry and the hesitation of the Commission to recognize its existence in time showed that changes in attitude at the very highest level are urgently needed, failing which, the governments of the Nine, now less impelled by need, would be led to avail themselves of the provisions of Article 92 regarding government aid. At a time when the crisis is spotlighting the limitations of the competitive process as a means of providing a socially acceptable answer to the difficulties in certain sectors, changes will be necessary in the sense that Community decisions will have to be speeded up. It is important, specifically, that Member States be prevented from going to the aid of sectors in difficulties in haphazard fashion. As is clear from the Fifth Commission report on competition policy, action by the Commission, to the extent that it achieves its object, is one of the necessary preconditions for resolving

existing problems, even if it can contribute only indirectly to the solution of present economic difficulties. In this connection, the Commission's reactions with regard to the plans of the new steel cartel will be a test. It is known that the German and Netherlands steel industries and the Belgian and Luxembourg group ARBED-SIDMAR have decided to set up an international economic group which would endeavour to achieve rationalization through specialization and joint distribution. It is clear that an economic entity of this kind would run counter to the very principle of competition as laid down by the signatories to the Treaty of Paris. Were this cartel to be authorized by the Community authorities, it could dictate to the whole of the Community's iron-and-steel market and could challenge the Commission with impunity even if the latter thought to use its powers of control and management conferred upon it by the Treaty of Paris. Such a prospect is frightening because it is far more dangerous than certain state aids complained about here and there — incidentally somewhat unfairly — for in the specific case we are considering the group concerned could freely decide to intervene on the market in any way it liked.

The Commission should not allow itself to be dispossessed of the powers conferred on it by the Treaty without fighting back. It should decide quickly and act boldly. This is the only way to counter one of the most formidable attempts at decommunitization, if I may use the expression, made for the last 20 years. It is far less important to stress, at this point, that to prevent such a manoeuvre the Commission, if it is incapable of offering an alternative to the firms concerned, must show that a novel use of the Treaty, giving new life to the intervention machinery in the event of a crisis, might help to prevent a repetition of the disappointments we experienced during the last two years.

Various problems have been raised in the Committee on Economic and Monetary Affairs, particularly regarding consumer information and protection and proposals regarding export credits. On this latter point real harmonization is truly desirable. It has, incidentally, already been initiated by the framing of common policies on export credits. Support policies will no doubt have to be harmonized in the first stage, not only at Common Market level and resurrecting among other things the proposal for a common credit insurance policy, but also at the higher level of the OECD, provided of course real harmonization on insurance rates and above all the period of time covered is reached. Harmonization is part of the whole process of competition into which both the private sector and Member States and the Community authorities should breathe new life so that certain very undesirable ambiguities may be disposed of.

(Applause)

President. — I call Lord Ardwick.

Lord Ardwick. — Mr President, as I was engaged in other Parliamentary duties, I played little part in the debates in the Committee on Economic and Monetary Affairs which preceded this report. So, when I received it, I opened it with some trepidation, because I had vivid memories of what happened last year. It was a famous victory for this side of the House, and I hoped that it was not going to be necessary to attempt to repeat it.

The very word 'competition' arouses fears and anxieties among some of us. It has a political history. It reminds some of us of the acrid smell of 19th century Manchester and the heartless liberalism of those days, with its attempt at the moral justification of the pursuit of selfish ends — a kind of liberalism which I think hardly exists today. I wish we had some other word to describe the policy with which the report is concerned, namely, what steps the Community is taking towards the creation of one market out of the current six markets. Now the report, as I read through it, allayed my apprehensions, and I thought that Mr Normanton had perhaps recollected that he is not only a Manchester man, he is also a very special kind of Manchester man. If Manchester is the home of *laissez-faire*, he comes from Rochdale, which is the home of the great worldwide cooperative movement, which was the great 19th century economic answer to the rather horrible liberal competition. So, he has brought these two strands of himself together.

I thought that this report was not a bad attempt to describe the compromise on which the Community is founded. I welcomed in particular, I may say, the statement that the Treaty of Rome does not embody a purely *laissez-faire* economy. The jungle, we are told, is neutral. I quote: 'the Treaty is basically neutral on the question of free-market economy or of state intervention'. I hope that those words were repeated more than once, because there are still a lot of people, in our country and I think in other countries, who have an idea that the Treaty of Rome is something other than it is.

I have heard some people describe this report as ambiguous, ambivalent and schizophrenic — and so it is, but of course that is in the very nature of the subject. Competition can be socially beneficial and in certain circumstances it can also be socially harmful, even socially disastrous, as some of those who have been engaged in very strong competition between local newspapers know. But I think that a fair-minded observer examining this document would come to the conclusion that the philosophy of Europe is that competition is desirable as long as it is socially useful, but if it has harmful social consequences then it must be firmly controlled. In this Community we therefore distort competition in the interests of the regions, in the interests of the consumer and in the interests of the farmers, and the complaint that some of us have

to make is that it is not sufficiently distorted in the interests of consumers, it is not sufficiently distorted in the interests of the regions and it is too distorted in the interests of the farmers. Now Mr Normanton's report, as he has reminded us, is critical of the Commission, though the language is always polite and it is never polemical where it might have been; like my colleague, I regret that he was not stronger on the question of the multinationals and of the oil companies, but there will be, I suppose, a later report on that.

The report does point out that since the Community was founded there have been marked economic changes which have affected the rôle of competition policy itself. These changes are conspicuous: fast economic growth, the emergence of the consumer society and of the multinational giants with too much power over the market. The report complains that in spite of the progress made, the Community's policy as outlined in this fifth report remains in many ways insufficient. So it does. What I welcome most warmly is the statement demanding that the Community should have an industrial policy if it is to achieve a rational, economic and social development. It must decide, in a changed world situation, which industrial sectors should be developed and — what is much more difficult — the tragic problem of which should be allowed to decline.

I part company with the report on one vital point. The report says, quite rightly, that the principal aim of sectoral aid must be the restructuring of each sector to conform to changed world conditions. The principal aim, yes — but not the only aim in a humane society. Sometimes it may be necessary to support, for a time, a failing and even dying labour-intensive industry, simply because the social consequences of letting an industry founder are unacceptable in the kind of society we have today. Only in the world of economic abstractions is it possible to replace, within a reasonable time, an out-of-date industry by a new one which can re-employ most of those who have been displaced. During the coming years, the technological and the human problems of restructuring are going to be vast, and they are sometimes going to be agonizing. So competition policy is not enough, it is too narrow and it is too negative to deal with the problem. The Community needs to think more in terms of a positive industrial policy.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, as Lord Ardwick said, Mr Normanton seems to have learned a little since his last report on this matter was rejected by this Parliament some time ago. As a former schoolteacher, if I were writing his school report, my terse comment would be 'Some improvement, but must try harder'.

Hamilton

The Competition Policy is a very vague phrase, it is an economic concept and I suppose all of us on these benches would agree with the desirability of the general aim to create a single market for the whole of Western Europe in which, to quote the explanatory statement, 'goods and services shall be freely available' at competitive and acceptable prices. Nobody can quarrel with that general proposition, but to achieve it is quite another matter. It is a long arduous process of intervention in the form of legislation, subsidization. Now, we in the Socialist Group have a basic aim of tempering competition with human compassion, tempering private capitalistic power with public accountability. We happen to believe that co-operation is a more civilized and humane concept than competition. We believe that the individual consumer, who is scarcely mentioned except in passing in this report, the housewife, is as important as — perhaps more important than — the quiescent private, powerless shareholder content only to draw his dividend.

In the short time available to me I want to concentrate on one or two aspects of the report. Almost in contradiction of what I said at the outset, the report is still a weak concoction — a doctored tom-cat of a document. Indeed, the negative points are perhaps more significant than the positive ones.

In particular, in the reference to concentrations in paragraphs 51 and 52 it is made clear that the Commission has amassed an enormous amount of data on the growth in number and size of multinational companies, and evidence of a great growth in takeovers and mergers. A lot of information but very little action. I happened by chance today to read in the library here, in a European business magazine dated September 1976, an article on this very point. Professor Dunning, of Reading University, estimates that multinationals account for 20 % of world industrial output, excluding the USSR and China; they account for 50 % of international trade and up to 70 % of private technology. The article goes on to outline the attempts made by various governments and by the EEC Commission to control the activities of these extremely powerful concerns. And it cites the Seventh Directive, issued last spring by the Commission, which would require European and non-European multinationals to publish highly detailed information about their operations. I would like to know what progress is being made in this field. The Normanton report rightly condemns the inactivity of the Commission and the Council in these matters. The article went on to predict — a frightening prediction in my view — that by 1985, which is not very far ahead, about 300 multinational supergiants would control the world economy. This is a terrifying prospect, Mr President, and I hope that we may, on a similar occasion next year, have a Socialist rapporteur who will be able to present at least the skeleton of a European industrial policy on which the flesh could be subsequently put. Meanwhile, it is quite clear that

these big concerns are literally getting away with murder, and very little coordinated effort is being made to counteract their power. I think if that message gets through to the Commission and the Council from this debate, the debate will have served an extremely useful purpose.

(Applause)

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I do not want to be repetitive — a considerable amount has been said, particularly by my colleagues, whose speeches I very much agree with. I think we are all at least agreed that this report goes considerably further than the last report, which we contributed to defeating. I think it also reflects the dilemma that this Assembly finds itself in when discussing the economic philosophy and the economic policies that we are to pursue in order to solve the grave economic and political problems that advanced, developed industrial societies find themselves facing, whether they are capitalist or non-capitalist. We are dealing with the problems of advanced industrialized countries, and the liberal philosophy based on some kind of price mechanism and the consumer being sovereign has long gone. I doubt that it now even operates in the corner shop.

Clearly, the question before us is how to develop a new economic philosophy, a political economy that will enable us to control the tremendous concentration of economic and political power that has been mentioned in the speeches of previous comrades. I think, therefore, that the issue whether the word competition reflects the political philosophy that we identify with it is one that normally leads us to reject the idea of competition conditioning our political attitudes. I therefore clearly reject the concept of competition as we understand it, and as it has been historically identified. I reject it as a socialist and I am sure that is no surprise to people here.

In view of the limited time, I want to concentrate on the issue that one or two have picked out, namely, that of the concentration of industries. Our amendment reflects this kind of situation. Perhaps dilemma is almost posed for us by the solution normally attempted, under the *laissez-faire* philosophy, when dealing with concentrated industries, of defining monopolies as controlling one third of the market and then attempting to bust them up, in the hope that smaller companies will somehow be able to compete, the idea being that many producers and many buyers will somehow produce the perfect system.

Clearly that is not so — firms will grow in size, and indeed, this is a phenomenon of developed industrialization that we shall have to learn to live with. The question for the politicians is how we control this new developed industrialized society. I cannot accept, as it says in the report — though I am bound to say it has been said that we must acquiesce in it to a certain extent — that we should introduce competition philos-

Prescott

ophy into the CAP, the Law of the Sea and fishing. That is really going beyond the bounds of the imagination, I think, for anyone who understands the problems that are associated with the fishing industry, in particular.

Nevertheless, we hope that, next year, the report on competition will take the opportunity of commenting on La Roche and the oil companies, as the appeals will have been concluded and the evidence provided by myself about the oil companies will have been reported on. That may well be the opportunity to show the abuses of this concentrated power and perhaps, as my colleague has said, if there is a Socialist rapporteur on this occasion, we may take the opportunity to present the problem from a different view point, and give Mr Normanton the opportunity to overthrow our particular philosophy about competition policy as presented to us by the Commission.

The La Roche affair is a clear example to us, not only with respect to the unfortunate case of Mr Adams, with which we have dealt this week — and there will be more to be said about that in the coming few months — of the issues involved. Because if the case in Switzerland is upheld, it will mean that a country which is a non-Community country will be able to pursue economic policies which are contrary to the rules embodied in this Community and conclude trade agreements that undermine its economic policy. There may well be a loophole in the philosophy and the Treaty agreements which we shall have to look at. We consider the Commission fine on this big multinational, La Roche, as miserable. When you take into account that the Commission has the power to fine up to 1 % of turnover and the fine was equivalent to 0.02 %, it is a very miserable bite on a very large hand — particularly for the offence that was committed.

My second point, Mr President, concerns the oil companies. As this is the matter of the new Commissioner, I would like to wish him well, and perhaps take this opportunity of expressing my gratitude to the unfortunate circumstances in which Mr Borschette has found himself. And I ...

(Protests)

I resent the remark of saying that its partially to me. It's one that is not becoming in this place, and neither is it becoming to the lady who issued it herself.

I still wish to identify my concern at the unfortunate circumstances of the Commissioner, and wish well to the new Commissioner. I hope that the promise given by both Commissioners Thomson and Borschette will mean that he will now receive me to give me and this House and the committee his views about the evidence that we have presented about the oil companies, which clearly showed that they were operating with information, operating breaks in trade

practices, things that are clearly in breach of the Treaty, and I hope that we can establish that point and therefore deal with the very essential point that was brought to our attention in this matter — the rôle of making these companies accountable. I might say that in the committee on Economic and Monetary Affairs, we were not given the information by the Commission that was obtained from the companies. It may well be, if we are to tighten our controls and checks on these companies, that this House will itself develop a kind of Senator Church Committee, such as we have seen in America *(Applause)* and begin to investigate charges against the oil companies and other concentrated multinationals. That will be an effective rôle for us — particularly in connection with direct elections. I hope the next report on competition will raise these very essential issues and that we shall have an opportunity, as Socialists, to present our view of an alternative industrial strategy.

(Applause)

11. Procedural motion

President. — I call Mr Hamilton on a point of order.

Mr Hamilton. — Within my hearing and, I think, that of some of my colleagues, a clear inference was made by Mrs Kellet-Bowman that my friend, Mr Prescott, was responsible for the death of a Commissioner. If that was the inference, I hope you will give her the chance either to correct it or withdraw it. It was a disgraceful intervention; I hope some action will be taken on it.

President. — Mr Hamilton, in point of fact the Chair heard no such intervention.

(Cries of protest)

I have no more speakers on my list.

(Continued interruptions)

Order! Order! Order!

Lord Ardwick, the Chair has stated that it did not hear anything untoward or which was out of order.

I call Lord Castle.

Lord Castle. — Mr President, will you accept the evidence of people whom I assume you can trust on this side that the remark *was* made, and was made in the hearing of this bench, that bench, and that. The Chair is a little further away, and that might explain your inability to hear what, I assure you on my scout's honour,

(Laughter)

was said. I appeal to my friends to support my contention that it was said, and I assure you that you will be doing the right thing if at this time you call upon the lady to withdraw.

President. — Lord Castle, I have never doubted your scout's honour, and this is certainly not the moment for me to start to do so. I have merely stated that the Chair did not hear any remark from any part of the House which was out of order. I do not doubt that what was heard elsewhere may have had a different interpretation.

I call Mr Prescott.

Mr Prescott. — Mr President, I can see the difficulty that the Chair finds itself in when people are not prepared to cooperate, but I did distinctly hear the matter myself. I had to refer to it in my speech, because, quite frankly, I was somewhat shocked by the remark. If the person concerned is not prepared to admit they shouted that, then it can be found out on the tape whether they did, because all our proceedings are recorded. I hope that that could be borne in mind by the person concerned and that they could make a statement, and I appeal to them to do so to cut this incident short. If there is any doubt about it, a reference to the tape (as on a previous occasion) will certainly bring out whether the matter was said. I want this matter to be pursued if no statement is made to it.

President. — I call Mr Hamilton.

Mr Hamilton. — Could I appeal to you, Mr President, to ask the lady concerned directly whether she said or did not say what we alleged she said?

President. — That surely is not the correct method of proceeding, Mr Hamilton. I think you know that as well as I do.

Mr Hamilton. — No, on the contrary, Mr President, there are, and you well know it, precedents in the House of Commons when the same kind of claim has been made by the Speaker there: he has asked persons who have been specifically charged with having made some remark, whether or not they made the remark and, if they did, they have been asked to withdraw it.

President. — I should inform the House that there is no tape-recording of everything that is said, because the microphones are only switched on for the speaker at the time, and therefore it is only the speaker (who was Mr Prescott at that moment) who would be recorded.

I would have thought at this hour that it would be much the best if the House now left this matter.

(Interruptions)

It is up to any Honourable Lady or Honourable Gentleman, if they feel that they have been impugned in any way, to make a personal statement to clear up the matter, if they so wish. There is no obligation to

do so, and the Chair can certainly not force anyone to do so.

I call Lord Castle.

Lord Castle. — I think all of us have been emotionally disturbed, one way or another, by the remark we heard, and I am going to move that the House do adjourn for 5 minutes. I am doing that, I think, in justice to the lady who has been accused of a remark which we have not yet heard withdrawn. I think it would be fair to her to allow her to consult with her friends as to what is the correct thing for a lady to do.

(Cries of 'Hear, hear!')

President. — I now put to the vote the motion that the House should now adjourn for 5 minutes.

As the result was very close, we shall vote by sitting and standing.

The motion is rejected.

12. *Fifth Commission report on competition policy (contd)*

President. — I now turn to Commissioner Vouel and welcome him. We look forward to your first speech to us, Sir.

(Applause)

Mr Vouel, member of the Commission. — *(F)* Mr President, ladies and gentlemen, I am sure you will allow me, on the occasion of my first contact with the European Parliament as a member of the Commission, to pay tribute to my predecessor, Mr Albert Borschette, and to the work he has done, particularly in the field of the European policy on competition.

There is no need for me to stress in this House the extent to which Mr Borschette always regarded competition policy as an essential instrument given to the Commission in order to bring about the integration of economies whilst respecting what he liked to call 'economic democracy'. The goal he resolutely pursued — and the many papers he tabled are there to prove it — was to make this competition policy realistic and effective and, to achieve this, he went firmly beyond the stage of theoretical discussion that marked the first years of application of the Treaty.

But what Mr Borschette regarded as equally important in this policy, what he strove for with such tenacity, was to make the objectives of competition policy understood and to ensure that the policy was accepted. He never ceased explaining his policy and putting it before those it concerned and above all he based it on the serious dialogue that he initiated, particularly with this Parliament.

For my part I am determined to continue with this dialogue, and I am fully prepared to make myself avail-

Vouel

able to your committee should it decide to meet more often in order to discuss competition problems as suggested by Mr Albertsen. The directions laid down by the House itself or by your relevant committees have, without question, deeply affected the Commission's activity with regard to competition and they will certainly continue to do so.

In my view, this debate is particularly important in that it relates to a field of Community action in which the Commission has autonomous powers of decision, the exercise of which comes under the direct political surveillance of your Assembly. For my part I shall strive to help you to exercise these prerogatives to the full.

Your Committee on Economic and Monetary Affairs has put before the European Parliament a report whose constructive nature I am delighted to stress. The first point I shall make is that your committee has noted that we have achieved a number of advances in the field of competition, in addition to the considerable progress already made. In particular you have noted that, in the field of prices, a number of actions or enquiries by the Commission have helped in the fight against inflation. You are nevertheless right to stress that there can be no question of the Commission's setting itself up as a price control body and that its action in this field cannot be preventive but must be limited to those cases where an enterprise in a dominant position demands prices that are patently unfair or discriminatory.

You have also welcomed the Commission's initiatives in extending the application of the rules on competition to the field of sea and air transport. Your committee also points out — and rightly, in my view — that considerable progress has been accomplished in the field of selective distribution. But whilst your committee is satisfied at the progress made, it also draws attention to what your rapporteur regards as gaps. You feel, for example, that the Commission should take more pains to give competition policy wider application, to ensure greater cohesion between it and the other policies that are followed, and to adapt its functions to the requirements of economic change so as to use it as an instrument for combatting inflation and putting the economy on the right rails.

I shall not dwell on all your rapporteur's, in general, highly pertinent considerations and thoughts under this heading. I shall confine myself to just two comments.

The first is that your rapporteur rightly believes that any policy followed by the Commission — and I would even say any action or failure to act on the part of firms and the public authorities, regardless of the field of such measures — affect competition in some of their aspects to the extent that they distort or tend to distort the terms of competition.

The Commission is also perfectly aware of this. Even if it is not apparent from the text of the 5th report. I

can assure you that, far from underestimating the active rôle that competition policy should play in all these fields, the Commission, on the contrary, is continually concerned to safeguard coherence and to bring about the necessary interaction between competition policy and its other policies.

The second comment is that it would be wrong to nurse the illusion that competition policy can take the place of economic, social, industrial or any other policy. Competition policy has its own function in relation to the latter policies, but it is an accompanying rôle, a matter of active supervision, consisting essentially in preserving or recreating conditions of free competition among firms taking action against any activity by economic agents that might jeopardize these conditions and severely disciplining, if necessary, those firms which would deliberately harm the market by such activities.

Your committee's statement to the effect that competition policy should and ought to be used as an instrument for steering the economy into new directions also, no doubt, merits clarification and thought. I would, however, point out that, even when it is a matter of assisting structural change in the case of the small and medium-sized firms by way of co-operation and concentration, competition policy is confined to reacting favourably to such decisions by firms as appear to it to be in accord with industrial progress in the sector concerned and have no adverse effect on the terms of competition. But it cannot be said, for all that, to steer the economy in new directions. It oversees the intentions of business firms in order to prevent the practical expression of those intentions from harming the Common Market.

This is why I believe that competition policy, as I have just outlined it, must primarily continue to pursue the following three objectives: the maintenance of a single market, the prevention of abuse of economic power and the stimulation of business enterprise.

These objectives remain valid in all circumstances and particularly in the mixed-economy system we are familiar with. The resultant policy is modified to suit the economic situation, and the use of the instruments available to the Commission is adapted to developments. As an example I would refer to the more frequent application of Article 86 regarding abuse of dominant positions.

Following these thoughts of a general nature, I would like to give the Commission's reply to a number of more detailed points or observations made in your report and by certain speakers in this debate.

To meet the wishes of your Assembly, the Commission will endeavour to include, in the next report on competition policy, a review of the most salient events in trends of national policies on competition.

Vouel

As regards the application of the rules of competition to a number of economic sectors, the Commission takes a pragmatic approach. In the field of banking and insurance, to which the rules of competition apply as in all other sectors, it is best to move forward case by case in order to gradually build up a body of administrative law. For sea and air transport on the other hand, where existing rules of procedure are inadequate as a basis for action, it is out intention to submit proposals for special regulations to the Council. As regards air transport, a first draft will be discussed with government experts before the end of this year. This draft is based on similar principles to those planned for railway, road and inland-waterway transport.

It would, however, need to envisage broader exemptions in relation to technical co-operation and common tariffs, since the Commission will have to make allowance for the specific structure of the air transport sector, characterized in particular by the fact that most airlines are state-owned, that fares are worked out jointly in the IATA, that governments control these fares and, in general, that public intervention is frequent in this sector.

We shall be discussing competition problems again in your committee and in particular certain problems of the oil companies, as Mr Albertsen has requested.

I would add that the Commission has also taken the necessary steps to ensure that due regard is paid to the Community rules of competition in the mechanisms introduced by the International Energy Agency.

To satisfy you, I hope, on a point of detail raised by Mr Albertsen and Mr Prescott, namely, the matter of the improper payments of which BP has been accused, I would reply that the papers handed by Mr Prescott to Mr Borschette, when in office, are now being analysed by the staff of the competition department. Conclusions have to be reached in the coming weeks and the Commission will certainly not fail to set in motion the procedures provided for in the Treaty should these documents contain evidence of violations of the rules of competition.

As Mr Borschette pointed out to your Assembly last May, the fact that certain behaviour may be a matter of criminal law does not automatically mean that, in specific cases, the rules of competition do not apply. As I have just said, I shall not fail to inform your relevant committee when the time comes of the steps I decide to take in this case. Meanwhile, I am fully prepared to meet Mr Prescott and hear his personal views on all these problems.

As regards consumer protection, I think I can say that regard for the interests of consumers has been a guiding principle of the policy followed by the Commission so far and will remain so in future. This

is why it has always taken vigorous action to resist practices whose effect is to prevent consumers obtaining goods and services on the best terms throughout the Common Market. For my part, I consider that consumer protection must remain one of the objects of competition policy.

In particular, the Commission will unhesitatingly apply Articles 85 and 86 of the Treaty, as it did in the case of the Chiquita bananas, in those cases where, as a result of cartels or abuses of dominant positions, firms apply big variations in price for identical products inside the Common Market.

In addition, the Commission — with the national authorities — is continuing its efforts to organize more systematically the surveys on selling-prices in the Community and on the publicity given to their findings. The data compiled in this way should help to spotlight big differences in price and their effect should be to help, if not cause, the highest prices to be adjusted downwards through the systematic provision of information to traders, users and consumers.

As regards aid granted by national governments, the Commission will continue to base itself on the principles that you approve. During the severe recession through which the Community has passed, the Commission made broad use of the powers conferred on it by the Treaty enabling it to accept government action taken to deal with grave disturbances in the economy. The fact is that there are situations, provided for in the Treaty, where it is vital to correct the effect of market forces and to intervene in order to safeguard production resources and employment. But national support must not promote rigidity or the *status quo*. Neither should it culminate in merely transferring the difficulties of one Member State to another by creating a false and temporary competitive situation. This is why the Commission will continue to see, as in the past, that regional aid is increasingly restricted to the poorest areas and that sectoral assistance encourages restructuring and not purely and simply the preservation of obsolete activities.

As regards export credits, in which it is important to draw a distinction between loans granted by Member States to promote sales in other Member States and those granted to promote exports to third countries, the Commission has always considered that intra-Community export aids were clearly covered by Article 92, paragraph 1, of the EEC Treaty regarding the incompatibility of aid. Since they involve measures that cannot be reconciled with the general principles of the Common Market and in particular the non-distortion of trade principle, this incompatibility cannot therefore qualify for any exemptions. The Commission is making sure that Member States do not make use of such aid.

Vouel

As regards exports to third countries, the Commission is aware of the distortions affecting the way they are financed and has for many years been endeavouring to harmonize the terms of export credit. Since the Court of Justice delivered its judgement at the end of last year it has been clear that any international agreement on export credits must be a solely Community matter, and the Commission has therefore begun violation proceedings against the four Member States which had negotiated agreements with third countries, outside the Community framework, on different export credit terms.

As you have requested and as I have already told you, the Commission will continue with its efforts to complete its statutory law on selective distribution. On this subject, incidentally, I would like you to know that following the appeal by the METRO company against the Commission's decision in the SABA case, the question has been referred to the Court of Justice. The Court's ruling, which may well be delivered before the end of this year, may provide the enlightenment or confirmation that has been lacking up to now because no cases had been brought.

As I recalled a moment ago, we must be particularly vigilant with regard to firms whose activities might possibly harm the interests of consumers, but at the same time we need, in my view, an active policy to encourage small and medium-sized enterprises and co-operation between them. I shall go no further here than to remind you of the various regulations, communications or decisions in their favour and in particular the communication on co-operation between firms issued in 1968 and that on agreements of minor importance in June 1970.

Another point is that, in its proposal on the control of concentration, the Commission has excluded small and medium-sized firms from its field of application. Lastly, the Commission has adopted a favourable stand regarding systems of aid enabling such firms to obtain loans, in particular through the grant of state guarantees.

As regards public enterprises, I am happy to confirm that it is the Commission's intention to ensure that such firms comply with the rules of competition. The Treaty states that such rules shall apply without distinction to any enterprise carried on in the Common Market. Public enterprises should have no advantages as regards competition except when they have been given a rôle of general interest justifying them. The Commission will therefore endeavour to define the obligations on public enterprises arising out of these principles. It will strive to ensure greater transparency in their financial relations with governments in order to allow aid policy to be more coherent, and it will ask them to open up their capital equipment purchasing policy to the Common Market.

The last item in your motion for a resolution provides me with an opportunity to tell you of the lines

currently being followed (in accordance, I think, with the wishes expressed by your Assembly) by our studies on trends in concentration. Whilst our primary concern is to keep watch on the real behaviour of the big firms as regards competition, we are also trying to establish a relation between the degree of concentration of an industrial sector and the price-levels in it and, lastly, we are studying the effect of demand concentration on supply. Finally, I would remind the Assembly that, as a result of certain approaches, the Commission has long been requesting or even demanding that the Council should adopt a regulation introducing preventive control of concentrations. Neither do I need to remind you of the support that your Assembly has consistently afforded us in this area, as it does today, and with you I deplore the fact that the Council has not yet given the Commission the instrument that would enable it to bring in an effective preventive policy on concentration. The fact is that only when it has such an instrument will the Commission be in a position to give effect to the conclusions of the studies on concentration that I have just referred to.

Allow me, Mr President, to wind up my comments by thanking your Assembly for its constant support of the Commission in making its work in the field of competition even more effective.

(Applause)

President. — I call Mr Normanton.

Mr Normanton, rapporteur. — Mr President, may I with the greatest possible brevity express on behalf of the House the deep debt that we owe to the Commissioner for his declaration of his ideas on this important aspect of policy. We look forward to the development of them. We are quite confident that the pledges and assurances which he has given for investigating and considering the many points which have been raised will be honoured and that these points will be discussed at great length in the committees in which he will, of course, be taking an active part.

13. Procedural motion (contd)

President. — I call Lord Castle on a procedural motion.

Lord Castle. — May I draw your attention, sir, to the fact that the lady who has been under discussion was about to get to her feet and you failed to see her. I am sure she would welcome the opportunity which I am providing her with.

President. — Lord Castle, I am sure that there is no honourable Member who is not capable of catching my eye if they so wish.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I made a remark from a sitting position, not speaking to a microphone, which you would not have heard and which attacked the honour of Mr Prescott, and I wish to withdraw it. What I intended to imply was that the attack by Mr Prescott in Strasbourg had deeply offended Mr Borschette. I was in the Chamber at the time, Mr President, and I saw the deep pain on his face and I believe that he was very, very mortally struck by this particular thing. I merely muttered under my breath, and if it attacks the honour of Mr Prescott then I withdraw it.

President. — The Chair accepts the withdrawal of the remark which was made from a sitting position. The incident is closed.

14. *Fifth Commission report on competition policy (contd)*

President. — We shall now consider the motion for a resolution contained in the report by Mr Normanton.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 3, tabled by Mr Albertsen, Mr Prescott and Lord Bruce of Donington :

At the end of this paragraph, add the following :

... but deplores the Commission's lack of adequate means and liaison between its departments in countering the growing concentration of business companies with their particular contribution to inflation ;

I call Mr Albertsen.

Mr Albertsen. — (DK) I should merely like to say that the reason for our proposed amendment is the desire to clarify and emphasize more strongly this position, as stated in my speech on the group's behalf. I feel that this is a wording which Parliament can accept, seeing that no criticisms of the proposed amendments have been made in the other speeches. I recommend this amendment to the House.

President. — What is Mr Normanton's position ?

Mr Normanton, rapporteur. — I do not question, as rapporteur, the validity of the views which Mr Albertsen and others wish to record, but I strongly urge that these have already been recorded, and much more precisely and selectively, by paragraphs 9 and 16 of the motion for a resolution. On those grounds I would recommend the rejection of this particular amendment.

President. — I put Amendment No 3 to the vote. The amendment is adopted.

I put paragraph 1 so amended to the vote.

Paragraph 1 is adopted.

I put paragraphs 2 to 8 to the vote.

Paragraphs 2 to 8 are adopted.

On paragraph 9 I have Amendment No 1, tabled by Mr Albertsen :

This paragraph to read as follows :

'9. Asks the Commission to reinstate in its annual report on competition the results of the investigations into price discrepancies and an in-depth analysis of the reasons behind major price discrepancies ;'

I call Mr Albertsen.

Mr Albertsen. — (DK) This amendment reflects our desire for an extension of the Commission's terms of reference and sphere of activities. I would like to say that, judging from the speeches by the new member of the Commission, he is likely to prefer the wording contained in this proposed amendment. I therefore recommend this amendment to Parliament.

President. — What is Mr Normanton's position ?

Mr Normanton, rapporteur. — Mr President, a similar situation prevails with regard to this amendment, in the sense that the views expressed by Mr Albertsen are not in conflict with those in the motion for a resolution, but quite frankly it is a matter of difference of wording. I frankly believe that the wording as printed in the report is far more appropriate than the amendment standing in the name of Mr Albertsen. I would therefore ask the House to reject the amendment.

President. — I put Amendment No 1 to the vote. The amendment is rejected.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

On paragraph 10 I have Amendment No 2, tabled by Mr Albertsen, Mr Prescott and Mr Lange :

At the end of this paragraph, add the following : '... Hoffmann-La Roche and others ;'

I call Mr Prescott to move this amendment.

Mr Prescott. — Mr President, there is not a great deal to explain about this. It makes clear that we wish to recognize some of the other activities of the Commissioner. In this case we have mentioned La Roche. A number of us have referred to it in the speeches. There has been a fine by the Commission on them. We want to record this company in this resolution and we have also included in the amendment the words 'and others'. There are a number of others and we have in mind the action that is being taken to

Prescott

my satisfaction by the Commission in regard to the oil companies.

We want to put that on record and certainly, in view of events, I also want to put on record that Mr Borschette, who dealt with this matter in very close association with myself, did in fact give me every encouragement, as the man's record has shown, to examine cases where there may have been breaches of the Rome Treaty. He was a man who fervently believed that it was his job to investigate those matters and, in regard to the oil companies, I put it on record that he gave me every encouragement to provide the evidence, to take it into account and, therefore, any other interpretations of the person's attitude which have been declared tonight are entirely wrong I can only offer as evidence, if people want, the staff that surrounded Mr Borschette that night and are seated in this Chamber tonight. So it is not necessarily to take my name or my honour, that apparently has been reinstated in such a terrible way this evening. All I want to say to that, in finishing the point, is that I think if Mr Borschette had been able to understand those remarks that were made here tonight, purportedly on his behalf, he would have rejected them with the contempt with which this House rejected her remarks this evening.

(Applause from the left)

President. — What is Mr Normanton's position on the amendment?

Mr Normanton, rapporteur. — Mr President, my own recommendation is that this amendment be rejected not as a matter of principle but for the following reasons.

The Commission report on which I, on behalf of the Committee on Economic and Monetary Affairs, was called upon to report to this House, related to the year 1975 and to events which arose, including statements and actions by the Commission, during the calendar year 1975. The Hoffmann-La Roche affair was a matter on which the Commission did not make public pronouncements until 1976. In my introductory remarks to my report, I specifically referred to the Hoffmann-La Roche affair and hoped that the commission would include comments on that affair in its report for the calendar year 1976. I think it would be inappropriate for this reason and a number of others to include the mention of Hoffmann-La Roche. I earnestly hope the House will therefore reject this amendment.

President. — I call Lord Bethell.

Lord Bethell. — I thoroughly appreciate the motives of the Commission in dealing with the Hoffmann-La Roche case in terms of the Community's competition policy and I support my honourable friend in his proposal that this should be fully dealt with in the Commission's report when this comes to be written. I

hope, also, though, that the Commission will include in its report a reference to another matter which concerns its own general rules of conduct in such cases. It is a fact that the Commission, or its representatives, encouraged the violation of the law of a friendly country by a certain individual and it may be that the Commission was right to do this. It may be that the Commission was doing the morally right thing to take part in the violation of the laws of Switzerland, but I would suggest that this is something that the Commission should look at carefully and should refer to in its report and should decide under what circumstances violation of the laws of friendly countries should be encouraged and carried out by representatives of the Commission. This is something which should be viewed with caution. Maybe the Commission were right, but I think they should address their minds to it and come to some sort of conclusion and perhaps lay down some sort of code.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — *(L)* Mr President, I have no comment to make on the inclusion of the words 'Hoffmann-La Roche and others'. I merely wish to emphasize that the Commission has never encouraged the transmission of information by anyone whatsoever.

President. — I put Amendment No 2 to the vote. Amendment No 2 is adopted.

I put paragraph 10, as amended, to the vote.

Paragraph 10 is adopted.

I put paragraphs 11 to 17 to the vote.

Paragraphs 11 to 17 are adopted.

I put to the vote the motion for a resolution as a whole, incorporating the various amendments that have been adopted.

The resolution so amended is adopted.¹

15. Oral Questions with debate: Pollution in Seveso

President. — The next item is a joint debate on — Oral Question (Doc. 281/76), with debate, by Mr Fellermaier, Mr Corona, Mr Bermani, Mr Della Briotta, Mr Concas and Mr Ariosto, on behalf of the Socialist Group, to the Commission on dioxin pollution in Seveso:

The escape of a toxic cloud containing dioxin from the ICMESA company installations in Seveso, in Italy, is endangering the health and even the genetic future of a large region of Italy. The threat to the environment is vastly more serious than any other form of chemical pollution.

The Commission is requested, as part of its environmental protection activities, to answer the following questions:

¹ OJ C 238 of 11. 10. 1976.

President

1. Has the Commission been able to gather reliable scientific information on dioxin pollution in Seveso?
2. What steps does it intend to take to prevent similar occurrences, which endanger the health and even the genetic pattern of European populations?
3. Does it feel that the directives on the production and use of toxic substances highly dangerous to the environment are adequate, or does it see a need to submit new proposals to the Council?
4. Does it intend to commission the Joint Research Centre, whose principal establishment, Ispra, is situated a few miles from Seveso, to undertake studies, in particular of safety measures?
5. With a view to coordinating the efforts being made by the governments of certain Member States, universities, private organizations and individual scientists, does it not believe that it would be opportune to organize an international symposium on dioxin in the near future?
6. If other meetings of specialists are organized to study this problem, will the Commission send its own experts to represent it?

— Oral Question (Doc. 294/76), with debate, by Mr Bertrand, Mr Bersani, Mr Noè, Mr Ligios, Mr Girardin and Mr Vernaschi, on behalf of the Christian-Democratic Group, to the Commission on poisonous clouds and their consequences:

The escape of toxic gases containing dioxin at the ICMESA factory, belonging to a non-Italian-owned company, in the region of Seveso (near Milan) has had extremely serious consequences for the whole population of one of the most highly-populated industrial areas. It has necessitated a total evacuation of the population, put a stop to all human activity in the area and caused dramatic health problems. It is still not known whether it will be possible to decontaminate the area sufficiently to enable human life and production to resume in what is one of the most highly-developed areas of our continent.

This event has brought to light similar dangers to the public and to the environment from the numerous factories in Europe whose manufacturing processes involve highly toxic substances for which existing safety measures are probably inadequate and which in any case, when gas leaks or unforeseen accidents do occur, as happened with dioxin, raise problems to which science does not yet seem to have adequate answers.

In the framework of both its social policy and its environmental protection policy, can the Commission answer the following questions:

1. What practical lessons does it believe should be drawn from Seveso as regards improving its own policies and making a practical contribution to ensuring that this kind of thing does not happen again?
2. Does it not think, in particular, that its rules on the production of highly toxic substances should be reviewed?
3. In what way does it feel it can participate in current research on Seveso with a view to drawing as much useful information as possible from developments there, and in any event to contributing as fully as possible to the present efforts to mitigate and eliminate the consequences?

4. Does it not feel that the existing scientific framework, starting with the Joint Research Centre at Ispra, should be used to carry out systematic studies into this sector, which is of such importance to the public and the industrial environment?

I call Mr Della Briotta to speak to the first question.

Mr Della Briotta. — (I) Mr President, ladies and gentlemen, the history of this problem is well enough known but is worth recalling. Last July in Seveso, a highly industrialized and highly populated area, part of the conurbation centring on Milan, there was an escape of toxic gas from the chemical factory producing trichlorophenol, a substance used in the manufacture of medical and cosmetic products, and these poisonous gases were spread over the surrounding area. This is the explanation given by the Givaudan company associated with the Hoffman-La Roche company, headed by ICMESA, which hastily denied that it was manufacturing defoliants.

This poisonous gas with the long and difficult name, which we all know now by the shorter name of dioxin, is not the end product of the industry. It was formed as a result of an accident in the reactors in the production of hexachlorophene from trichlorophenol because of the excessive heat and the failure of the safety mechanisms to function as they should in such cases.

The quantity of dioxin released seems to have been about two kilogrammes enough, scientists say, to kill two thousand million small laboratory animals.

It is therefore one of the most highly-poisonous substances known to us, and as a result has no direct technical application. It was talked about during the Vietnam war in the newspapers, as a consequence of the use of defoliants in the chemical warfare. There have been repeated accidents in the production of trichlorophenol in the past: in 1953 in Ludwigshafen, in Germany, at the BASF; in 1963 in Amsterdam; in 1955 in the United States and on other occasions in Great Britain.

I will also mention, because it is indirectly linked, the tragedy of the children poisoned with talc in the Aube and Ardenne regions in France, an episode which symbolically brings us back to some extent to the same products and the same industrial groups. Seveso is therefore not something new, a mere temporary setback, the price to be paid and the risk to be taken if industrialized society is to make technical progress.

When the poisonous clouds escaped, the inhabitants of the area had the right to be told what had happened. Instead, the terrible name of dioxin appeared only eight days later; the suspicion arises whether risks had not been taken with the health of the public in an attempt to limit or avoid responsibility. The first question is therefore whether we should not have expected the company running the

Della Briotta

factory to have more effective safety measures. Consequently, we must ask whether for products entailing such risks it would not be better to have always at the ready the analytical equipment to reveal the dangers in time and be able to produce remedies. Not only the company, of course, is to blame: similar questions must be asked of the local, regional, national and even Community authorities, including questions about the siting of industrial plant in highly-populated areas. The answers given so far have not been satisfactory.

We have all received the 'dossier' from the Hoffmann-La Roche company this afternoon, but the explanations it offers are self-justificatory and not at all convincing, so we must not take them as gospel.

These thoughts of the past should not make us forget the present and the future, and we must draw from the experience of Seveso a lesson which we did not draw from Vietnam or the Minamata tragedy in Japan, with regard to other polluting occurrences, or the talc affair in France. These are recent events which are present in all our memories.

The Seveso tragedy has brought the fight against pollution — all pollution — into the headlines once more. It has raised once more all those questions to which we must find convincing answers. I am not talking about the frightening question that hangs over the health of those human beings who have perhaps been contaminated, the drama of the pregnant women, nor even the damage to plants. We have to see what we can do in the future to prevent there being another Seveso. The Community undeniably has specific duties: I hope it will accept them and understand that the disastrous consequences of unbridled and disorganized economic development, the logical result of uncontrolled profits and distorted development, may lead to a situation where factories producing dioxin are sited on the edges of inhabited areas, near schools or kindergartens. Nor is it possible to pretend that investments made in Seveso should be viewed as measures to help a country which is in need of jobs — this principle could be used to justify anything.

The only way out of this situation is stricter legislation, more rigorous control, at European level, to protect us from the exportation of risks and the importation of profits. Is the Commission moving in this direction?

Personally, I hope that Community legislation will not merely produce a list of dangerous products, permitted, not permitted or permitted with reserve actions. I do not think it is of much comfort to someone suffering from dioxin poisoning to know that this product is on the list of dangerous products and where its place in the list is.

It is not a question of easing our own consciences or looking for alibis and continuing on the same road or allowing others to do so, merely studying the cause of these events in order to be able to provide more-or-less convincing excuses without bothering to provide

even the minimum amount of help to those affected. Legislation should be drawn up to provide rules on the siting of industrial plant, in view of the consequences which this may have on the environment. We must provide legal means of recourse, penalties which can serve as a deterrent to the directors of firms responsible for pollution.

Are the honourable Members aware that the trial of the Morhange talc affair, where 21 children died, has not yet been held? And yet more than 4 years have passed. We shall have to find solutions at the level of both the Community and national authorities when the question arises of allowing the construction of polluting industries and considering the rights of the public, not only when they become victims, but from the start. It is true — I repeat — that there is a certain price to pay for progress, but we must always know what that price is and not just hope that the risks and dangers will effect others.

Switzerland is a typical case. The Hoffmann-La Roche headquarters are in Switzerland and Switzerland is perhaps the European country which has the strictest anti-pollution legislation. Nevertheless, it was a Swiss company which caused the Seveso tragedy and a related company which caused the death of children 4 years ago in France. This should teach us not to look for our terms of reference only in national legislations. These are the questions being asked by citizens of Europe. I hope we are not going to be content with raising the dust for just as long as Seveso is in the headlines and even silencing confused public opinion by saying that so far there have been no deaths and hoping that as time goes by the disaster will have been without lethal consequences.

If this experience produces fresh European legislation placing a real obligation on manufacturers to provide details of their objects before obtaining permission to build, perhaps we shall succeed in reducing risks in future. We prefer to stress these problems rather than the emergency measures being put to confirm officially what has been reported in the press in recent days and recent weeks. Our first priority, of course, must be the health of the inhabitants of the region and support for those afflicted, including direct or indirect economic aid and compensation and new jobs for the employees; then come measures to decontaminate the area, which are under way. In our question we ask what the Community's contribution is to the measures taken by the Italian authorities and the local authorities in Lombardy, who are faced with a problem which is not their concern alone.

The Commission will be able to give us information on this point. But the problem — I repeat — is not simply one of the healing or helping to heal the wounds; damage — if there has been any — may well be irreparable. We must above all ensure that similar tragedies which may affect each one of us do not happen again in future.

(Applause)

IN THE CHAIR: MR YEATS

Vice President

President. — I call Mr Giraud to speak to the second question.

Mr Giraud. — (*I*) Mr President, before I explain the reasons for the question tabled by the Christian-Democratic Group, I would like to express my gratitude to Mr Della Briotta for his detailed statement on the facts of Seveso. Although the material results of this disaster can be stated in figures — total damage is estimated at 65 thousand million lire — the human, moral, and social implications cannot be quantified. Think of the 23 therapeutic abortions carried out just recently and the traumatic moral and psychological effects on the mothers who had to have them! Mr Della Briotta said that there were no deaths...

Mr Della Briotta. — (*I*) I did not say that, it was the Hoffman-La Roche memorandum!

Mr Giraud. — (*I*)... as far as I am concerned, however, there were 23 deaths.

I would also draw your attention to the disruption which the Seveso accident has caused in the lives and work of people there; to the possible consequences of this event especially as regards health of children, even though most of them have been discharged from hospital; to the uncertainty of attempts to decontaminate the land, in spite of some positive results in recent days.

The question from the Christian-Democratic Group to the Commission is motivated by two basic considerations. The first is a profound feeling of solidarity with the people who have suffered so much, a feeling which I am sure is shared by all my colleagues in this Assembly. The second is the awareness of the responsibility of public authorities at every level, and therefore especially at Community level for not having prevented with appropriate rules the possibility of serious accidents like Seveso.

Does not the Commission think that with this example in mind it should not simply review rules which in fact do not exist but start out on a serious basis, on documentary and verifiable evidence, to draw up Community rules enforcing respect for fixed standards with no exceptions, not only on industries in member countries but also on the multinationals and all industries, even from third countries, which operate within the Community?

Is the Commission in a position to introduce such a proposal and to begin the necessary study and research to define these rules, and the structures and procedures to ensure they are respected?

Is it possible from the start to catalogue scientifically the various kinds of substance whose manufacture is

to be considered highly dangerous and where some rules are not respected and precise guarantees not given? Is it possible through a kind of 'land register' to establish the precise location of these industries in the various regions of the Community? Is it possible to keep this information up to date and to provide therefore for regular checks?

These questions are perhaps very *simpliste* in the present state of affairs and perhaps it is not easy or possible to give a reasonable reply today. I am well aware, for example, that highly dangerous substances produced by various industries sometimes represent accidental by-products. Here there are objective difficulties in addition, Commissioner to those of a legal/constitutional order concerning relations between Community and national law. But these are, I believe, difficulties which should not discourage the Commission from taking these steps which we are asking it today. Scrupulous strictness on this matter is absolutely necessary and there should be no exceptions or margins of discretion when the necessary safety conditions for protecting human health are not 100 % sure.

Expressing my confidence in the responsibilities which the Commission will assume in this field, I would like to acknowledge that the Community does deserve some credit and address heartfelt thanks to those in charge of the Ispra establishment, the Community joint research centre, who reacted promptly to the Seveso events by putting at the disposal of the Italian authorities specialized technicians, services and equipment to measure the extent of the contamination of the atmosphere. Thanks to Ispra, which has mobile equipment such as ultrasonic radar, unique in Europe, the Italian authorities were able to obtain information and identify the major characteristics of the gas which has polluted the Seveso area.

This shows the effective and timely presence of a highly qualified Community instrument. I hope that this presence will be felt not only on the technical side but also on the political side and that it will prove effective and inspire fair standards which do not block progress but make it subject at all times and in all places to the service of humanity.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, *Vice-President of the Commission.* — (*I*) Mr President, ladies and gentlemen, as soon as the Commission was informed by the Italian authorities on 27 July last, it made available to those authorities the knowledge and experience of its departments and gave it the use of those of its establishments which might make a contribution to solving the problems arising from the Seveso accident.

Scarascia Mugnozza

The Commission immediately delegated its representatives in Rome and Milan to find out the needs created by the contamination, as regards human health and the environment. These representatives also took part in meetings with experts. The Ispra establishment of the Joint Research Centre, as Mr Giraudó just pointed out, consulted the data-bank network ECDIN set up under the Community environmental programme in order to obtain information on the toxicity, teratogenic effects, the metabolism, and methods of decontamination of the polluting substances. As and when this information became available, it was forwarded to the Ministry of Health in Rome. In addition, the Commission kept in touch with the Italian authorities to facilitate contact with experts in toxicology and specialized laboratories. Finally, a Commission expert prepared an urgent report on the toxicology of dioxin, which was sent to the Italian authorities.

We can say therefore that valid scientific documentation on dioxin has already been gathered on this occasion. However, as regards the scientific data specific to the Seveso incident, it is still being considered by the Italian authorities and is therefore not available yet.

In addition, the Joint Research Centre made available to the Italian authorities the SODAR laboratory, also mentioned by Mr Giraudó, to help determine the extent of pollution.

What practical consequences does the Commission believe should be drawn from the Seveso incident in the light of the speeches just made by Members speaking on behalf of the questioners?

At present there are no general Community rules on the production of toxic substances of great danger to the environment. However, there do exist directives or proposals for directives on the marketing of certain dangerous substances.

The Council of Ministers of the Community adopted on 27 July 1976 a directive limiting the marketing and use of certain dangerous substances such as polychlorobiphenols, polychlorotriphenols and vinyl chloride.

Since 1967, moreover, Community Directive 548 has governed the classification, packaging and labelling of dangerous substances. This directive has been amended five times to bring it up to date with the results and developments of the most recent techniques, and last week the Commission adopted a proposal on environmental protection amending this 1967 directive for the sixth time. This proposal is aimed at setting up a procedure for evaluating the effects on the environment and on human health of new chemical substances when they are marketed. This procedure would allow the necessary measures to be taken in time to limit the risks of these substances. This proposal has been submitted to the Council, and I am sure that Parliament will express its opinion on it very soon.

Moreover, the Commission forwarded at the beginning of August two proposals to the Council for directives on the standardization within the European Community of pesticides and also on the limitation of the marketing and use of certain pesticides. Therefore in this case we are entering into the production, classification and marketing stages, which is not the case yet for other substances. Moreover, as regards the problems raised by the transport of radio-active substances, the Commission is studying the problem of improving safety measures, and this is also the case for the transport of toxic substances.

These directives, or proposed directives, although of great importance for the protection of the public and the environment, are nevertheless inadequate, since, as I have already said, they do not cover the production of toxic substances. The Commission is studying the best way to fill this gap. It might try to strengthen, where they exist, or introduce, authorization procedures prior to the planning, construction, opening and operation of factories producing certain toxic substances. Moreover, the Commission would point out that in its proposal for a second action programme on the environment it stated its intention of introducing in the Community at the appropriate levels procedures for evaluating the environmental impact of such factories, and these might serve as a suitable framework for the measures which I mentioned earlier.

To cope with polluting accidents, which are always possible however strict the regulations in force, it might be useful to consider first of all a procedure already adopted in the Euratom Treaty, the possibility of establishing emergency plans and contamination levels for reference purposes, and secondly, the creation of emergency teams at national level, coordinated in a Community framework, to which the Joint Research Centre could, if necessary, contribute specialists. The Commission thus intends to follow with great attention this question of accidental pollution. Of course it is going to take an active part in all study meetings at the appropriate levels. I can also add that the Commission intends to organize meetings of national experts to examine the consequences for health, ecology and the economy, of these cases of pollution.

For the short term, until suitable rules are introduced, an important step would be to hold a survey to establish the sites of industries and companies which produce toxic substances. As far as the Commission is concerned, it will use the means at its disposal to obtain this kind of information. But I must add right away that without the cooperation of the national and local authorities and even without adequate national legislation, the Commission will never be able to determine qualitatively and quantitatively what the problems are and as a result foresee or cope adequately with emergency situations.

Scarascia Mugnozza

The Commission will also, at the appropriate time, draw from this incident, in the medium term, the lessons for its own policies. In the meantime, the Ispra establishment of the Joint Research Centre will, at the Italian authorities' request, draw up mathematical models to study the possible movements of the dioxin and will by its own methods take atmospheric samples. Moreover, the Joint Research Centre will remain available to the Italian authorities to provide any technical assistance in this specific case of pollution.

Finally, the Commission has decided, at the request of the Italian authorities, to organize with these authorities, and by that I mean the Ministry of Health, the Health Institute and the Lombardy Regional Council, an initial information meeting to study the effects of dioxin on human health and the environment and the contribution which the Commission could effectively make in this field. This meeting will be held in Ispra or in Milan on 30 September and 1 October next and will be attended by Italian experts and authorities and approximately 20 experts from other Member States. Moreover, the Lombardy regional council will organize a symposium on dioxin and the Commission is ready to cooperate to ensure that this enterprise succeeds.

Mr President, ladies and gentlemen, the Seveso incident is not only a serious case of accidental pollution but above all a warning to public authorities of the risk which the production and marketing of chemical substances have for human life and the environment if suitable measures are not taken in time. For its part, the Commission intends to use all the means at its disposal to fulfill these pressing needs.

(Applause)

President. — I call Lord Bethell to speak on behalf of the European Conservative Group.

Lord Bethell. — Mr President, I wish to join with other speakers in congratulating Mr Della Briotta and those who have raised this question on drawing attention to this very distressing and tragic accident that took place in Seveso. I identify myself, in very large measure, with the opening speech made by Mr Della Briotta, and I was glad to hear the reply made by Commissioner Scarascia Mugnozza and to learn that the Commission is taking this matter extremely seriously and addressing itself to the problems which it raises.

I should at this stage I think, Mr President, express a personal view. I think it is perhaps a little strange that we should be a Parliament discussing an accident of this nature, which has not caused, as far as we know, serious, terrible tragedy to members of the Community. It has caused certain injuries of a superficial nature and it may have induced certain people to terminate pregnancies. This is indeed tragic, but I

wonder whether we should not consider it in the context of, for instance, automobile accidents, which cause the deaths of tens of thousands of members of the Community every year — a problem which is vastly more important than that of chemical pollution, and one to which this Parliament has hardly ever addressed itself. A problem which causes the deaths of tens of thousands of people and to which this Parliament and the Committee on Public Health and the Environment has hardly ever addressed itself ...

(Cries of 'Rubbish!' 'A disgraceful statement!')

President. — If Members wish to make speeches, they are of course at liberty to do so, but interruptions are not in order, and I think this is far too serious a matter to be debated in this kind of way.

Lord Bethell. — I'm surprised, Sir, that honourable Members take so lightly the deaths of tens of thousands of members of the Community in other accidents.

There have also been suggestions that the chemicals involved in this accident have been used for warlike purposes — for defoliation in Vietnam, — without any evidence whatsoever and there has been talk about the profit motive having contributed to the accident. I wonder whether anyone would seriously suggest, and on what basis they would suggest, that such an accident could not occur in a publicly owned company, and on what basis it can be said that the profit motive contributes to such accidents. I think one must be very careful before making such sweeping and emotional statements, which have their basis more in party politics than in reality.

If investigation proves that there has been criminal carelessness, then let the guilty pay the price. But until such investigations show their true result, let us keep an open mind and concentrate on the positive need to find a solution and to improve the safety regulations in such industries.

On this point, I want to make one reference to what the Commissioner said about various regulations and directives which may improve the safety regulations in our Community and help to prevent such tragedies in the future. This is that it is one thing to introduce a regulation or pass a directive, but it is another thing to have it enforced in our Community. All too frequently laws — national laws and Community laws — exist, but are not observed, and there must be evolved some system in all parts of the Community whereby the laws can be enforced. Social services must be provided and safety regulations enforced. In the case of chemical accidents, decontamination must be carried out and ambulances and on-the-spot teams made available, even — as happened in this case — if something disagreeable happens on a Saturday afternoon, when most people are off for the weekend in the middle of the summer. It's not good enough

Lord Bethell

simply to pass a regulation or a law — there must be some means of enforcing it, of seeing that the safety regulations are carried out.

I wish, finally, Mr President, to express my hope that all people involved will cooperate in bringing this investigation to a conclusion and seeing that some good does come out of it. Thank God, it seems that the tragedy has not been a great one. Let us hope that the Italian authorities, the Community, and the company concerned will get together and exact the most rigorous investigation into the tragedy. They must pool their resources, pool their information, and draw some conclusions from this tragedy to see that it never recurs. This is surely the lesson we must learn from this tragedy — that some good must be made to come out of it.

(Applause)

President. — I call Mr Sandri to speak on behalf of the Communist and Allies Group.

Mr Sandri. — *(I)* Mr President, I fully support what has been said by Mr Della Briotta and Mr Giraud, so that I shall only add a few words of condemnation on our part of the companies which take advantage of gaps in the legislation or of failure to apply such fragmentary legislation as exists and have developed industrial installations and production processes which endanger citizens' lives, the balance of the environment and the Community's entire social and economic fabric.

One of our colleagues has just been saying that the damage at Seveso has in fact been superficial; but quite apart from any considerations on the amount of material damage, I should like to draw your attention to what is perhaps the most serious damage to the area affected and that is the feeling which has spread throughout the population — and not only of the immediate neighbourhood — of a dark threat hanging over everybody's future, over their genetic future, and the consequent sense of insecurity profoundly upsetting the Community's life.

Mr Commissioner Scarascia Mugnozza said that what happened there should be seen as an alarm signal; and this is what we should like to emphasize. It is an alarm-bell for all the highly industrialized countries where forces have been released or processes started or are about to be started which need to be controlled. Since I was not one of the signatories of the questions, it is not for me to give an opinion on the Commission's statement. I should only like to point out to the Commission that the introduction of controls must be envisaged and thoroughly examined. How should it be done? By legislation on multinational companies

which should complete — as has already been said in this House — stricter national legislations? Undoubtedly so. This is a most complex subject and I shall not go into its details. Through research and study? Undoubtedly in that way too.

What we ask for, however, is that this research and study should not be done, as it was done at Ispra after the Seveso incident, retrospectively, but should be preventive in nature. It also seems essential to us that at the conceptual level any such control should mean the establishment and implementation of mechanisms and instruments for control from below — that is, for popular control, above all for control by the workers themselves employed in these establishments. Precedents exist; enough to quote the legislation already in existence, or about to be introduced, in Sweden to see how these evils can be combated and combated effectively. I should like to say to my honourable colleague that it is precisely at the level of worker control in the industry concerned that resources for information and the spread of knowledge be made available, just as at the operative level the necessary instruments must be made available to make such control a reality.

This, to us, is the lesson to be drawn from what happened — above and beyond the commiserations and regrets, however sincere, which can only last as long as the event remains topical: we need an effective policy going beyond the territorial limits of the area affected. The tragedy of Seveso has implications well beyond the confines of that unhappy town: human life itself and the gestation of human life has been put at risk.

It is with this in mind that we should like to ask the Commission to study and define what instruments of control from below can be put into effect to ensure that what happened at Seveso does not happen again.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I intervene at this hour because I have a constituency and regional interest, and because I think that I might help the Assembly in this debate.

Firstly, three weeks ago I drove from Milan to Como, and what amazed me on the motorway was how normal the countryside was compared to what I had read in the press.

Secondly, I welcome the intervention of Commissioner Scarascia Mugnozza and his constructive approach to the problems that must be facing the people in that area of Italy. When my colleague, Lord Bethell, was criticized for his reference to the fact that we may pass regulations but they must be enforced, I readily agreed with this because at one time I was a scientist.

Osborn

But why do I intervene? Firstly, the chemical industry is a growing industry, the feedstock being coal, oil or natural gas, and it is a new industry. Secondly, in the British Parliament that industry has formed a Chemical Industries Association with Members of Parliament from all parties represented in the Houses of Lords and Commons. This industry spans everything from pharmaceuticals and antibiotics to plastics. Thirty-three years ago I read organic chemistry. What I now know, what is happening now, bears little relation to what I knew then but, in fact, what was thought out by scientists is being applied to products we want to buy.

Recently industry, including the chemical industry, has become more aware of its responsibilities to society. Some of these responsibilities are dealt with in Britain on a national scale and we have to deal with them on a Community scale and on an international scale. I speak because near my constituency there is a plant belonging to Coalite and Chemical Products Limited. As a result of the disaster, or shall we say the serious episode, in Italy this plant is now closed. It is the only plant in Britain making 245-trichlorophenol, although there are plants making 246-trichlorophenol near Wrexham and Accrington. They had an explosion and a leak such as this in 1968. Little harm was done but in the nearby densely populated area of Bolsover there were 79 cases of chloro-acne: a Doctor May dealt with it and has recently published a report, and he has subsequently been to Seveso to advise. This week we have had in Luxembourg the editor of the *Sheffield Star* and that paper has attacked the Bolsover company. They have asked where the old plant, which was dismantled, was disposed of and they queried whether new plant should go up in a highly populated area. There were similar incidents at the Badische Anilin- und Soda-Fabrik in Ludwigshafen and a Philips complex in Holland. In the latter case the plant was placed in concrete and dumped in the sea. I have been in touch with the Coalite Company. They produced press releases on 6 August and 9 September and there has been pressure from the new Health and Safety Executive in Britain. There are problems such as control of temperature and mechanical integrity, but we should bear in mind that one episode or serious disaster — however we may describe it — in Italy has closed down a plant which provides employment for but a few near where I live.

The other interest concerns the Flixborough disaster on 1 June 1974. Some say this has no relevance to the matters we are discussing, but there has been a committee set up — an advisory committee — chaired by Professor Brian Harvey as a result of the Health and Safety at Work Act of 1974. The theme there has been the management of hazard — hazard as a result of science and technology in the new era in which we live. To what extent should problems be

national, European, even involving the Council of Europe and the Community? Even in the Community this involves not only the energy and research fields, environment and health but also the industrial and economic fields.

Scientific knowledge is international. Safety standards, I think, should not be confined to national horizons. The Committee on Energy and Research will be visiting Ispra at the end of this month, at the time of the conference, and I believe this is a field for greater concerted action and indirect action.

We shall want to know what immediate action is being taken to relieve the hardship in Seveso, and what action the Community can take — and this has been referred to by the Commissioner — to coordinate the safety measures that will ensure that dangerous products, dangerous processes are adequately understood and controlled, either automatically or by means of human supervision. We are in a new field — mankind has faced a difficult time in Italy, but the crisis there does affect us all throughout the Community and I hope we learn our lessons.

(Applause)

President. — I call Mr Evans.

Mr Evans. — I shall be very brief. Indeed, I had not intended to speak in this debate. My purpose in attending tonight was — by my physical presence — to express my solidarity and sympathy with my Italian colleagues.

I must confess that I was very angry at the outset when I listened to Lord Bethell's remarks, because once again we had the Tory Party apologizing for capitalism and big business and defending the profit motive. But I must say at once that the sensible and moderate speech by Mr Osborn was a far different proposition from what, I presume, was the official voice of the Conservative Party. And when Lord Bethell said in fact there had been no loss of life, all I can say is that it was a strange comment when my colleague, Mr Della Briotta, had made it quite clear that over thirty women had to lose their unborn babes and, of course, we do not know at this juncture how many more women may in fact lose their babies. That, to me, is a human tragedy. We also do not know what the genetics effects of the tragedy at Seveso are. It will take quite some time before that becomes clear. And to compare the deaths and the misery which have been caused at Seveso with motor car accidents — all I can say to you, Lord Bethell, is that you have a very strange imagination indeed to suggest that there is a comparison, because there have been many tragedies as far as industry, and particularly the chemical industry, has been concerned. One of the things which always strikes me, and I have lived all my life in a heavily built-up industrial area, is that when these explosions and accidents occur it is always poor, hard-

Evans

working, ordinary people who suffer the consequences of these disasters. I do not know what the final outcome of Seveso will be. I do not know what fresh explosions, what fresh disasters will be awaiting the Community or awaiting the rest of the world. What I think we have tonight to remember is that the motion which has been put forward by my colleague asks the Commission to take positive steps, because undoubtedly, given the complexities of modern industry, given the complexities particularly of the chemical industry, it is absolutely essential that a code of conduct be brought into being which can and must be enforced if we are to protect the population not only of our Community, Mr President, but also of the rest of the world. The only plea that I will make at this juncture is that the Commission be prepared to take evidence, to take assistance and to take guidance from the United States in particular, who have a great deal of knowledge to offer in this respect. I hope that they will draw upon the United States and the knowledge that they put forward at a very early date. And with that, Mr President, I merely want to make it clear that there are two voices prepared to speak on behalf of Britain.

(Applause)

President. — I call Mr Romualdi.

Mr Romualdi. — *(I)* Mr President, ladies and gentlemen, I support what has been said by my colleagues Mr Della Briotta, Mr Giraud and other speakers by way of condemnation, in no uncertain terms, of all the damage, material and moral, caused by the Seveso tragedy following upon an escape of dioxin.

We understand perfectly that the price must be paid for the progress of science and research as applied to industrial production, but it is clear, whatever positions may be taken up by conservatives or progressives, that there are human obligations which must be respected and guaranteed by those who are responsible for the conduct of political affairs, for guiding and controlling the progress of the peoples.

When an industry becomes a physical and moral threat to the lives of citizens, as is the case with the Seveso area, all political parties, all governments and responsible persons must obviously recognize their obligation to ensure, by means of legislation, controls and regulations, that progress does not harm people but improves their standard of living.

This view cannot but be shared by all and must inspire Parliament, the Commission and all who are concerned or whose duty it is to concern themselves with the humanization of progress with a desire to ensure that such progress is directed toward the welfare of humanity and not towards its destruction.

I should like to say to the Commission and to this House that especially on occasions of this kind we

have both the duty and the right to bring all our moral force to bear on the governments. It is not enough to issue regulations: they have to be enforced. Who is to enforce them? The authorities of our countries — the governments, the local authorities, all those who, whether at the centre or on the periphery, bear the responsibility for human lives in the countries we represent here.

Particularly in situations like this one it must be repeated that the principles enunciated by the European Parliament should constitute a moral and legal obligation for our governments. It is certainly not easy to act, it is not easy to put a brake on progress or go against the interests of the big firms, but it simply must be done.

I should like to convey to my friend Mr Scarascia Mugnozza my gratification at the meeting which he has proposed and which the Commission is about to hold at Ispra. The visit to Ispra of the Committee on Energy and Research is due to take place the same day, and it would be interesting if representatives of these two Community institutions were to meet representatives of departments in the Italian government, such as the Ministry of Health and the Higher Institute for Health, which are responsible for dealing with questions arising from this tragic and most distressing incident. In my view, such a joint enterprise might be more fruitful and achieve more tangible results.

President. — I call Mr Della Briotta.

Mr Della Briotta. — *(I)* I should like to thank Mr Scarascia Mugnozza for the detailed and exhaustive nature of his reply, at least within the unfortunately all-too-narrow limits of action open to him within the ambit of his powers.

I should in particular like to welcome the Commission's undertaking to fill in the gaps in the legislation and to introduce a system of controls.

The fundamental problem is that the chemical industry operates to a large extent on the basis of trade secrets and is therefore reluctant to make public plans for new installations and thus enable the authorities to become acquainted with them. In this today's chemical industry is strangely reminiscent of the attitudes of medieval magicians.

We must break out of this vicious circle. Prime Minister Chirac himself was not able, in a French television interview reported by *Le Monde*, to reply to the question whether in his country an incident such as that at Seveso could happen. I suspect Mr Scarascia Mugnozza would find himself in the same difficulty. I myself, when at the end of July I visited the Lombardy region administration, was able to see that if it was not exactly true that encyclopaedias were being searched for remedies to the Seveso disaster, the situation was not far from that.

Della Briotta

In my speech I insisted above all that the question of plant design and installation should be dealt with first so that those responsible are made aware of the problems and can foresee the consequences that may result. It is not only the managers of Hoffmann-La Roche who should know what is likely to happen (in fact they themselves were not so well informed, for on the day following the tragedy there was a rush of telephone calls and cablegrams in search of the necessary information); the local authorities should also have this knowledge, for it is they — and properly so — who bear the responsibility to the population.

If from these events we can draw some lesson that will help us in future to deal better with the problems facing humanity, I think the tragedy of Seveso will prove to have been a severe but salutary warning.

(Applause)

President. — I call Mr Giraud.

Mr Giraud. — *(I)* On behalf of the Christian Democratic Group, I should like to thank Mr Scarascia Mugnozza for his statement, in which, I believe, in the present situation, he could not have gone further. However, I understand his reply to indicate the Commission's willingness to draw up — on the basis of the outcome of its intervention — a proposal to be submitted to the Council for a new set of regulations, which may not be easy but will nevertheless be necessary.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — *(I)* Mr President, honourable Members, I in my turn should like to thank most sincerely all those who participated in this debate and particularly Mr Della Briotta and Mr Giraud for tabling their questions.

I have taken careful note of the remarks made by the questioners and all the other speakers. To avoid misunderstanding, I should like to say at once that if it is true that there were no fatalities it is also a fact — as Mr Giraud pointed out — that the numerous abortions represent not only serious psychological and moral injury to those who had to forego the birth of their children, but also a great harm to humanity as a whole. The Commission is of the opinion that a danger could always arise and that, if so far there has been no death, lethal consequences may arise in the medium or long-term which today we are unable to predict.

What we do know for certain is that many domestic animals were killed by the Seveso cloud, but we do not yet know the immediate and subsequent effects of this kind of pollution on the human organism and on human progeny.

I also listened with great attention to the point raised by Mr Sandri concerning controls and to the suggestions from other speakers concerning the plans and the siting of installations I have noted the remarks of Mr Osborn based on his specialized knowledge of these problems.

I should also like to add that we must not only ensure that Community regulations and directives are applied throughout the territory of the Community but should also more vigorously implement the principle of 'the polluter pays'. It is in fact unthinkable that the Community should pay for industries who draw profits from certain types of production. The public authorities should be informed of the conditions in which certain toxic substances are produced so that if necessary they can refuse licences and can lay down the regulations necessary to protect both the workers and the population at large. That, I think, was the essential aim of all the speakers tonight.

As regards Mr Romualdi's suggestions for the Ispra meeting, I must tell you that it is not certain whether the meeting will be held in Milan or at Ispra. I myself hope to meet the regional authorities in Milan on the 28th of this month to discuss the problem. In any event, I can assure the European Parliament that I shall keep both the Parliamentary committee and the Assembly as a whole informed of the proceedings at the meeting and at the international symposium and of the conclusions at which the Commission will arrive, so as to enable us all, by closely coordinating our activities and our views, to act together in the sense of the environment, and above all, in accordance with our often repeated intention, in the sense of man's environment, man's peace and quiet, man's future.

(Applause)

President. — The debate is closed.

16. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Friday, 17 September 1976, with the following agenda:

9.30 a.m. to 12 noon:

- Bangemann report on the admission of securities to stock-exchange quotation;
- Schmidt report on customs debt;
- Herbert report on harmonization of the laws relating to vehicle driving-licences;
- Bethell report on the dumping of wastes at sea;
- Della Briotta report on the wine sector (without debate).

The sitting is closed.

(The sitting was closed at 9.50 p.m.)

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IN THE CHAIR : MR MARTENS

*Vice-President**(The sitting was opened at 9.30 a.m.)***President.** — The sitting is open.1. *Approval of the minutes***President.** — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Budgetary procedure for the financial year 1977***President.** — I have received a letter from Mr Lange, chairman of the Committee on Budgets, in which, as rapporteur on the internal provisions for considering the draft general budget of the European Communities, he proposes that the rules adopted by Parliament for the 1976 financial year should be similarly applied for the 1977 financial year.

Are there any objections?

That is agreed.

3. *Directive on the admission of securities to official stock exchange quotation***President.** — The next item is the report (Doc. 236/75) by Mr Bangemann on behalf of the Legal Affairs Committee on the

proposal from the Commission of the European Communities to the Council for a directive coordinating the conditions for the admission of securities to official stock exchange quotation.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — *(D)* Mr President, my report is concerned with a proposal from the Commission for a directive coordinating the conditions for the admission of securities to official stock exchange quotation, or at least getting the harmonization procedure under way.

You are aware, Mr President, that we have already approved a proposal for a directive concerning the content of prospectuses issued when securities are to be quoted on stock exchanges. That directive also aimed to clarify the conditions governing the admission of securities for the benefit both of investors and of issuers, and to ensure that the variety of national systems did not lead to misguided decisions on the part of investors or cause issuers unnecessary difficulties.

This first proposal for a directive concerned with standardizing these prospectuses clearly could not

achieve all that is required for the establishment of a free capital market, one of the principles of the Treaty of Rome. The Commission has therefore submitted a second proposal for a directive coordinating the conditions for admission to official stock exchange quotation.

The Commission has indicated in a memorandum the way in which this could be done. The most obvious way would be to introduce a common procedure applicable to all official stock exchanges in all the Member States, whereby anyone could automatically gain admission for his securities by complying with the conditions.

It would also somewhat simplify matters, in that once a security had obtained admission to an official stock exchange in one of the Member States, it would have no difficulty on obtaining admission to others, since common conditions do not have to be fulfilled twice over. That is the ideal, as it were, and the Legal Affairs Committee naturally has much sympathy for this proposal, since it comes closest to the committee's own views on harmonization and coordination.

However, the Commission has now stated that for two reasons it does not consider it appropriate to pursue this course of action: firstly, because although there is a certain lack of uniformity due to the multiplicity of national regulations, the latter have nevertheless become so well-established that they present no difficulties for the investors and issuers in each country. Secondly — and the Legal Affairs Committee considered this to be the most important reason for supporting the Commission's attitude — the Commission felt that at present, political difficulties prevent the adoption of an ideal solution.

Mr President, the Legal Affairs Committee feels that notwithstanding our views, which we must maintain and constantly improve we should for the moment accept the Commission's political judgment, so as not to cause the Commission unnecessary problems not to block the proposal for a directive by insisting on the ideal solution. The Legal Affairs Committee has therefore declared its willingness to follow the course of action proposed by the Commission i.e. to harmonize national conditions to a certain extent without standardizing them completely. This would mean that in future the minimum conditions, which must be applied in all the Member States, could still be supplemented by additional conditions, thus presenting certain difficulties when an issuer from one Member State wishes to have his securities admitted to the stock exchange of another Member State. This cannot be denied, but for the reasons already mentioned both the Commission and the Legal Affairs Committee feel it to be the right course.

Bangemann

On the other hand, in our motion for a resolution we have requested the Commission to take a further step, which we feel to be possible — i.e. to adopt a procedure whereby the national conditions for admission would not be affected, thus avoiding the political difficulties, which determined the Commission's proposals. This would constitute a parallel procedure — which could perhaps be dealt with in a regulation rather than a directive — establishing conditions for admission applicable in all stock exchanges in all Member States and which, when fulfilled, would automatically grant admission for securities, even if national conditions exist alongside — and differ from — the common procedure. This type of procedure is frequently adopted to deal with harmonization problems and it is relatively successful. National regulations are left intact but are nevertheless likely to wither away, since the procedure introduces a parallel system of universally applicable and perhaps even simpler Community regulations.

In the opinion of the Legal Affairs Committee, the Commission should also apply this procedure in this sector and we have therefore called on the Commission to submit a further regulation or directive, depending on legal or political expediency. We have also asked the Commission to harmonize and coordinate procedural formalities.

The Commission quite rightly points out that as regards procedural formalities — certification, supporting documents and their presentation, which authorities are responsible for certain applications, in other words everything connected with the whole procedure — there are much greater differences than among the basic conditions. It is quite clear that these procedural formalities impede admission to another stock exchange in another Member State just as much as the basic conditions; if one first has to consider how to compile the supporting documents and which signatures require certification and in what way, one may well give up before one has even begun.

The Legal Affairs Committee therefore feels that as a second stage the Commission should also coordinate these procedural formalities.

We have introduced a few minor amendments to the directive, Mr President, but I do not intend to discuss these in detail now. I will also deal later with the amendments tabled by Mr Lange on behalf of the Committee on Economic and Monetary Affairs, which were also discussed by the Legal Affairs Committee. At the time of their proposal our committee did not agree with these amendments and I will explain the reasons later.

Perhaps I should mention that among our amendments, the most important concerns public bodies. It is of course possible for public bodies — i.e. local authorities, Länder and of course the Member States

themselves — to issue securities and then apply for them to be officially admitted to a stock exchange. However it was not quite clear to us why these public bodies, of all people, should be excluded from the conditions laid down in the kind of financial situation currently facing the City of New York. The Legal Affairs Committee therefore feels that as long as they are not in such desperate financial circumstances, the local authorities should be treated in exactly the same way as private institutions.

The second and also the final point I should like to make in connection with the detailed proposals, Mr President, concerns the question of appeal against decisions by the authorities dealing with admission. There are in the Member States differing regulations based on the standard administrative appeal. For example in the United Kingdom, there is not such a wide-ranging, formal administrative appeal system as in the Federal Republic of Germany. That does not mean to say that it is less efficient in the United Kingdom — it simply works differently. The English stock exchange — Mrs Ewing is not yet here, otherwise I could have said the British stock exchange — has, in the course of its long history, naturally developed a system which offers sufficient protection against decisions rejecting an application for the admission of securities. However, we feel that we should call on the Member States to increase formal legal protection. We have not included provisions to that effect in the actual text, since the wide disparities between the individual conditions would have made it very difficult to do so. However it is included in the motion for a resolution and the Legal Affairs Committee feels that if this legal protection is made slightly more official, it will be of greater benefit to both prospective issuers and investors than a system based on a gentleman's agreement, which perhaps works reasonable well but in the end does not offer the same degree of legal protection.

That is a brief summary of the proposal for a directive. The Legal Affairs Committee recommends that it be adopted along with the amendments I have mentioned.

President. — I call Mr Lange, draftsman of the opinion of the Committee on Economic and Monetary Affairs.

Mr Lange. — (D) Ladies and gentlemen, as rapporteur for the Legal Affairs Committee, Mr Bangemann has already referred to the ambivalent reception given to the Commission's proposal. In this connection the Committee on Economic and Monetary Affairs must concern itself with several additional aspects. The committee is firmly committed to the further development of the internal market and it feels that the Commission's proposal contains elements which do

Lange

not involve harmonization at all. If, as Mr Bangemann has explained, a minimum regulation is introduced, which nevertheless allows the Member States to adopt additional or more rigorous conditions, future regulations affecting this sector of the Common Market may become even more disparate than they are at present. To avoid this, our committee expressed certain views, which the Legal Affairs Committee accepted in principle and formulated into proposals which are embodied in the amendments I am tabling on behalf of the Committee on Economic and Monetary Affairs. However, the Commission's view, to which Mr Bangemann referred, is that this plan should not be implemented for the time being and that the political situation within the Council is such that the most we can aim for is a minimum solution.

On many previous occasions the Commission has adopted a procedure which complied with the Council's desire to find the lowest common denominator, and in doing so in fact neglecting its responsibilities as laid down in the Treaty. That is why we want to try again to go one step further regardless of which way Parliament now decides — whether it supports the narrower solution proposed by the Commission, or whether it wishes to take a more decisive step which the Commission says will not be passed by the Council. It is a question on which each individual must make up his own mind. The important point as far as I and the Committee on Economic and Monetary Affairs are concerned is to once more make this situation perfectly clear.

I should like to add a further point. If I remember rightly, it was doubts about the legal form of the proposals from the Committee on Economic and Monetary Affairs which was at least partly responsible for their rejection by the Legal Affairs Committee. As draftsman of the opinion of the Committee on Economic and Monetary Affairs I said to my colleagues on the Affairs Committee: If you have doubts about the legal form of our proposals but are basically in agreement with them, then it seems to me that it is your duty and obligation to formulate them more correctly than our committee was perhaps able to do and then present them as Parliament's proposals for amendments, in accordance with the general consensus, which Mr Bangemann mentioned but referred to as an ideal. The Legal Affairs Committee did not do this. Perhaps Mr Bangemann will have something further to say on this matter, but for my part, Mr President, I do not need explain our proposals once again in order to make our position clear.

I am quite prepared to concede that the Commission may feel somewhat cramped by the time-limits which we laid down in our proposals. But that was precisely what we wanted, i.e. to ensure that appropriate action

was taken in this sector. We have one directive, which has not been adopted; it was amended but still not adopted, and now we have this proposal, which may well lead to wider disparities rather than the harmonization, which judging by his statement, Mr Bangemann would like to believe will result. This minimum solution, which allows the Member States to adopt further provisions — either more rigorous, or simply additional ones — does not involve any harmonization, Mr Bangemann. These remarks are also addressed to the Commission. I therefore consider this proposal unsuitable for the purpose it is intended to fulfil. Hence the attempt by the Committee on Economic and Monetary Affairs to establish a common principle, which will benefit the internal market.

I should therefore be grateful, Mr President, if the House would agree to the proposal from the Committee on Economic and Monetary Affairs whereby the Legal Committee's doubts on legal form could be removed by means of a new legally acceptable form, which leaves the actual content unchanged.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, I would like first of all to extend the cordial thanks of the Commission to Mr Bangemann for the care with which he has prepared his report. It contains very interesting suggestions for modifications of the proposed directive, and shows a realistic approach towards the problems confronting us in integrating the European capital markets. The Commission has studied this report with all the attention it merits, and considered most carefully the questions posed. If we are not able to accept all the suggestions, we do value its contribution.

Before commenting in detail on the report, it will be useful to make clear the Commission's objectives in this field. The coordination of conditions of admission to quotation forms part of the work necessary for the creation of a European capital market. The extension by European companies of their activities to the entire Community involves a parallel growth in need to raise capital. From the point of view of such companies, it is important that the market-place should become sufficiently integrated to represent a valid source of investment capital in the context of a common market in the true sense. The coordination of listing requirements is designed to assist this process of integration by eliminating the differences which currently exist between admission conditions imposed by the various Member States. Such coordination should make it easier for a transferable security to be admitted to quotation throughout the Community. It

Hillery

should also encourage issuing bodies to have recourse to such markets. Equally, this coordination has the object of ensuring that securities admitted to quotation anywhere in the Community offer equivalent safeguards to investors. In this way, coordination will contribute to the protection of their interests. However, it is quite impracticable at the present juncture to attempt to achieve integration of security markets in one step; the differences in legislation, practice and even attitude are too great for a blanket measure to be a practical possibility. Integration cannot be achieved at a stroke or by a sweeping political decision. It has to be built on a solid foundation and built brick by brick.

The present proposal represents therefore only a first step along the road to such coordination. In fact it introduces only minimum conditions and leaves the Member States free to impose stricter or additional conditions as they see fit. From this it will be seen that the proposal does not aim at achieving the ultimate objective, which is to impose on all applications for admission the same conditions throughout the Community. If the Commission has thought it right to achieve coordination by stages this is essentially in view of the fact that a very difficult and entirely new field is being dealt with, which, moreover, is in a state of constant change and is very closely linked to prevailing economic circumstances. Other subsequent directives will draw on the experience of the implementation of this one to bring about a more thoroughgoing coordination. The Commission is well aware of the urgency of coordination in the capital market field and will not delay in proposing these further steps.

There are just a few comments I would make on the motion for a resolution before Parliament.

Paragraph 1 regrets the margin of discretion left in this directive to Member States. I have explained why we have not attempted at this stage to standardize more fully these requirements. We shall do so at a subsequent stage. Since the aim of the measure is to establish minimum standards as a first step, I do not agree that the margin of discretion jeopardizes the directive.

Paragraph 2 makes the interesting suggestion of the creation of Community standards separate from national standards, and if I do not comment upon it at the moment, it is because I consider that the suggestion deserves careful examination not only by the Commission but also by the Member States and their stock exchange authorities.

Paragraphs 3 and 4 call for action by the Commission on procedural formalities concerning admission to quotation. This we shall certainly take, but we propose to reserve this until the second stage, when we continue the work of coordinating relating to substance.

Paragraph 7 is the only other paragraph on which I wish to comment. The Commission started work on coordinating conditions of access to the stock-broking profession last July. We hope to submit a directive in this connection next year.

I can accept all the suggested amendments with just one exception, that relating to Article 10 (2). I think it is essential in this, as in all other Community directives, that there should be provision for appeals at law against rejections of applications for listing. In effect, only a court, whether judicial or administrative, provides the necessary assurance of independence and objectivity. Any administrative authority as the appeal body may involve conflicts of interests, especially when it has close links with the admitting authority. I can, of course, agree with the provision of an appeal at law against decisions taken by the competent authorities under Article (2), on discontinuance of quotation, and Article 16, establishment of official quotation. I cannot agree with the suggestion of an appeal facility against decisions taken under Article 14 (2), which permits the authorities to require the publication of certain information they consider necessary to protect investors and the market. An appeal procedure against a decision under this head would effectively delay its publication and might well make it impossible for investors to make a proper evaluation of a security.

Apart from these few points, Mr President, we found ourselves in agreement with the report and are most grateful for the constructive spirit in which the report has been compiled.

President. — I call Mr Shaw to speak on behalf of the European Conservative Group.

Mr Shaw. — I try to keep my remarks very brief because of the very capable way in which our rapporteur has introduced this subject. I think that he has covered in a very short space of time the full scope of his proposals and I don't need to say much more. I only want to say this. Firstly, on behalf of the Conservative Group, we give general support to his proposals. We certainly want to congratulate him on the way in which he has put them forward.

The proposals themselves put forward by the Commission — and here I think the Commission ought to be congratulated as well — are entirely in accord with the attitude that our own group has always taken, since we came into this Parliament, to harmonization and national legislation. I welcome the approach that has been made by the Commission in this matter and, what is even more important, all the work and negotiations undertaken by Mr Bangemann in bringing this before us today.

Shaw

Having given that general agreement, I must indicate where we do differ slightly from him. One of the points at issue is one that was brought up by the Commission themselves this morning. It concerns Articles 10 and 11, which in many ways go together. We accept what our rapporteur has proposed on Article 10 and we shall certainly support him this morning with our vote on that. But so far as Article 11 is concerned, I am afraid that we are still unhappy. The reason for our unhappiness lies in something to which Mr Bangemann himself referred, namely, the different conditions, that apply in the different countries. He rightly said that our system differs basically from that in use in his own country. That is not to say that either is wrong, they are just different.

I can only speak for the British case. Our Stock Exchange, we believe, has proved itself over many years to be a very fine institution that has worked well in the interests of both the investing public and industry and commerce, who need access to the money markets. But the essence of the Stock Exchange is that it is not a statutory body. It is an independent body. If we are going to bring in a lot of laws which create legal provisions and statutory authorities, it will be very difficult indeed for the stock exchange to carry on its work with the independence that the investing public and industry and commerce themselves also value and, I believe, will continue to value. The danger in Article 11 is this: what it seeks to do is to insist that in all cases there shall be a right or a need, in fact, to give explicit reasons as to why a decision or refusal has been made. If the Stock Exchange in Britain had to give reasons in every single case, two things might happen. Firstly, it might run the risk of being sued for libel. While it might be difficult to prove something in a court of law, the information it has might be very important in reaching a decision as to whether or not to allow a quotation. It is also possible that the Stock Exchange might be deterred from refusing an application while feeling that it had good grounds for doing so. If, because of the danger of being sued, it did not do so, it would know that it was letting down the investing public. If the Stock Exchange is deterred from taking the action it thinks appropriate, the interests of the investors may well be harmed. This is a very serious danger if we continue to insist that explicit reasons must be given in every case. If the interests of the investing public are put at risk by this requirement, it cannot be justified. For that reason, I am afraid that we as a group will not be able to support the rapporteur's suggestions with regard to Article 11 and I am afraid that we must vote against it.

Now, if I may say a word about Mr Lange's amendment, I do not believe that the case put forward by Mr Bangemann repudiating the amendments put forward

by Mr Lange is entirely a legalistic one. I am no lawyer and I shall leave it to our rapporteur to take up that argument. I want to speak on more general grounds. I believe — as the Commission and our rapporteur clearly do — that one step at a time in a matter as complicated as this is the best way to make progress. We all have the same objectives. It is our approach that differs. That is the cause of the argument between us. I believe that for the moment we should be satisfied with what we have achieved. Let us see what happens as a result of what we have achieved. We have already got the assurance this morning from the Commission that they are going to keep a very close eye on the working of this new directive. We have already got the assurance that they will bring forward fresh proposals in the light of subsequent experience. It would be wrong for us to tie our hands, because we just don't know what the full effects of the proposals will be. Nor indeed do we know in any detail how the stock-exchange markets of Europe will develop, but I believe they are going to develop very fast indeed. Under those circumstances the general approach of flexibility that has been adopted by our rapporteur should be held to. We have made a good beginning. Let us gain from the experience of what we have done today rather than try to look ahead into the future when we don't know exactly what the conditions of that future will be. We are going to keep our eye on this — if the Commission doesn't, I am quite sure that we in Parliament will. I support wholeheartedly the rapporteur and I am sorry on this occasion I cannot agree with my old friend Mr Lange.

President. — I call Mr Hamilton.

Mr Hamilton. — I had not intended to intervene until I heard Mr Shaw, but lest anybody be under any illusion in this Chamber or in the Commission about the activities of the British Stock Exchange, they had just better go into our library here and read the British press of the last few days, or the last few weeks, when they will see what has been happening in the British Stock Exchange in the case of a company like Lonrho and, only yesterday, disclosures about Slater Walker. There we find, if not downright fraud and crime, something very nearly approaching it, and while Mr Shaw talks about the protection of the investor, there is considerable disquiet in Government circles and throughout Britain about the inadequacy of the self-policing nature of our Stock Exchange. If European institutions can do anything to help our Government to introduce much more rigid statutory control over the behaviour of the Stock Exchange Council and increase thereby the protection of investors, then we of the Socialist Group, I am quite sure, will welcome that kind of advance!

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I certainly had not intended to intervene until I heard the British Socialist, Mr Hamilton, speak. Now, of course, the matters that he referred to are not matters for the English Stock Exchange, they are matters for the reform of company law, something in which the British Socialist Government is extremely lax. You cannot blame the Stock Exchange for the laxity in company law that pertains at the present time.

President. — I call Mr Molloy.

Mr Molloy. — Mr President, I merely wish to say that I think that in Great Britain our Stock Exchange is nothing more than a gamblers' casino. It has behaved in an abominable way, in many instances, towards the many people that wish to invest and do invest. They do not know how the thing can be controlled, they cannot appeal even to the law, they cannot appeal to their MPs, they just have to grin and bear it and many have suffered immense losses. On the other hand, one would readily admit, and would be foolish not to do so, that the Stock Exchange from time to time has a very vital and important role to play, but it has blemishes and I believe that it would be in the interests of everybody involved — investors and those close to the Stock Exchange — if those ugly and vicious blemishes could be erased immediately or as swiftly as possible. It would be to the benefit of this Community and ordinary people as a whole.

President. — I call Mr Bangemann.

Mr Bangemann, rapporteur.— (D) Mr President, I should simply like to say here that this proposed directive concerns the admission of securities with a view to affording the investor rather better protection than he enjoys at present. Consequently, the arguments which have been put forward are not arguments against the proposed directive. They may well be arguments against stock exchanges as such, but we are not being asked to decide on that today.

I should just like to comment on what Mr Lange said, and also on what Mr Hillery said about Article 10. In the Legal Affairs Committee we did not refuse to adopt formulæ which would have fulfilled Mr Lange's wishes, but we said — and this was the basic argument to which I shall restrict myself for the moment, Mr President — that a proposal for a directive, which is of course directed to the Member States and their legislative bodies, cannot contain any obligations binding on the Commission. The legal nature of a proposal for a directive is such that it contains legal provisions which are binding on the legislative bodies of the Member States.

The way we tackle the Commission, what recommendations and proposals we submit to them and how we try to influence them so that they take action — and we all agree on this — can all be found in the motion for a resolution which is their rightful place. A proposal for a directive would not be the proper place to call on the Commission to act. That is the basic reason why the Legal Affairs Committee could not accept all the amendments tabled by the Committee on Economic and Monetary Affairs.

Now to Articles 10 and 11, to which my friend Mr Shaw also referred. Firstly, Article 10: In our discussion in the Legal Affairs Committee, our British colleagues convinced us that since there is no institutionalized administrative legal protection in many spheres in Great Britain, in particular that of the Stock Exchange, it would be preferable to incorporate an alternative in this proposal for a directive and guarantee legal protection either via the courts or via administrative authorities. The latter, as we have clearly stated in the debate, cannot simply be commissions dependent on the institution itself. They must be independent bodies, although they need not be courts, and since the system has worked well, so far at least, in Britain, we said: why stipulate in this proposal for a directive a system which perhaps works well on the Continent, if the result is not a sensible arrangement? If you like, we wanted to show our esteem for the British system of the pragmatic solution, and I still believe that we were right.

However, I do not agree with my colleague Mr Shaw that we should retain Article 11(b) in the Commission's proposal, since that would in fact involve a considerable reduction in protection for the issuer. Article 11(b) states that a Member State may invest the competent authorities with powers to reject an application for the admission of a security to official quotation without giving explicit reasons for the rejection to the applicant. That seemed unacceptable to us, for if someone is told by a court or an authority that his security is not being admitted, he is entitled to know the reason for this decision if he is to enjoy full legal protection. Of course the proper formula must be found so that, while not betraying business secrets, the applicant can be told the reasons for the refusal of his security.

Otherwise I agree with Mr Shaw on many points, but I cannot accept his arguments on this and must insist — at all events as rapporteur for the Legal Affairs Committee — that Article 11(b) be deleted as we proposed.

President. — I call Mr Lange, draftsman of the opinion of the Committee on Economic and Monetary Affairs.

Mr Lange. — (D) Mr. President, I asked to speak in order to shorten the proceedings. Mr Bangemann has now said very clearly why the Legal Affairs Committee saw fit to take no account of the proposals put forward by the Committee on Economic and Monetary Affairs. It would be an interesting legal point to know whether in an outline law, the details of which the Member States must fill in for themselves, the Community institutions can be called upon to do certain things. It is not the Member States who are being called on, and even in the case of outline laws a clear distinction must be made between the two. We have experience of this in Germany where we enact Federal outline laws which must be completed in detail by the Länder.

It might have been useful, Mr Bangemann, if the members of the Legal Affairs Committee had considered more thoroughly just how much pressure can be brought to bear on the Community's institutions, even in a proposal for a directive. I do not quite understand why this idea has been simply rejected just because it is an outline law. We could perhaps even introduce something new into the legislation here if, as Mr Bangemann leads us to believe, this has not been standard practice hitherto. Why should we not go one step further, even if in this context certain requirements arise *vis-à-vis* the Community institutions?

One final word to Mr Shaw. We might agree with you if there was not inherent in the Commission's proposal for a directive the danger that the legal provisions could become more divergent instead of more convergent, since the Member States are being allowed to enact additional stricter or even different provisions. That is, the crucial point which worried the Committee on Economic and Monetary Affairs in connection with the development of the internal market. I just wanted to point that out again.

Mr Bangemann, we can in fact see whether the House approves the proposals from the Committee on Economic and Monetary Affairs. Even if our amendments are rejected, I would not consider that as a rejection of the matter itself, but at best a rejection mainly on account of unclarified conditions of legal form and policy. We ought therefore to vote on the amendments tabled by the Committee on Economic and Monetary Affairs so that this House might also be enlightened.

President. — Before turning to the motion for a resolution we must consider the amendments tabled on the proposal for a directive.

On Article 5 I have Amendment No 1 tabled by Mr Lange on behalf of the Committee on Economic and Monetary Affairs :

This article to read as follows :

1. Within two years of the adoption of this directive the Member States may introduce more rigorous conditions than those listed in Schedules A, B, C and D, provided that they have received the prior approval of the Commission, are of general application and have been publicly brought into force prior to admission to official quotation.
2. The Member States may lay down conditions additional to those in Schedules A, B, C and D, provided that they are of general application and have been publicly brought into force prior to admission to official quotation.
3. The Member States shall not, however, make the admission of securities to official quotation subject to the condition that these securities already be admitted to official stock exchange quotation in a Member State.
4. The Member States shall inform the Commission of the nature and application of the additional conditions referred to in paragraph 2. These conditions shall not be amended without the prior consent of the Commission.
5. Within two years of the adoption of this proposal for a directive the Commission shall submit proposals concerning the incorporation into Schedules A, B, C and D of the additional conditions referred to in paragraph 2, and also proposals on the conditions which the Member States may *not* impose.

What is the rapporteur's position ?

Mr Bangemann, rapporteur. — (D) We are not really in dispute here. The only difference is that the Legal Affairs Committee feels that this proposed amendment, like the others, which would oblige the Commission to do something, has no place in a proposal for a directive but should figure in the motion for a resolution — and it does figure in the motion for a resolution. Therefore I would request the House to reject this proposed amendment and the other two proposed amendments from the Committee on Economic and Monetary Affairs.

President. — I put Amendment No 1 to the vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 1 is adopted.

On Article 6 I have Amendment No 2 tabled by Mr Lange on behalf of the Committee on Economic and Monetary Affairs :

This article to read as follows :

'Within four years of the entry into force of this directive the Commission shall submit a proposal whereby the admission of securities to official stock exchange quotation in one Member State authorizes admission to official quotation on other stock exchanges.'

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

President

After Article 19 I have Amendment No 3 tabled by Mr Lange on behalf of the Committee on Economic and Monetary Affairs :

Article 19a

Within two years of the adoption of this directive the Commission shall submit proposals for the coordination of the administrative and formal procedures connected with applications for admission to official quotation — the submission of certificates, supporting documents, etc.

I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

I put the motion for a resolution to the vote. The resolution is adopted.¹

4. Directive on customs debt

President. — The next item is the report (Doc. 237/76) by Mr Schmidt on behalf of the Committee on External Economic Relations on the

proposal from the Commission of the European Communities to the Council for a directive on the harmonization of provisions laid down by law, regulation or administrative action relating to customs debt.

I call Lord Castle.

Lord Castle, deputy rapporteur. — I apologize to Parliament for the absence of my colleague, Mr Schmidt, and I hope I can apologize too for the absence of Mr Scott-Hopkins, who is the rapporteur at this time. I am going to follow the splendid example of Mr Lange and save the time of this Parliament after what has been a very heavy part-session, because the objectives in this recommendation are endorsed by all of us. They were endorsed by the committee, they were endorsed in principle by the Legal Affairs Committee, and I think the explanation given in the report is so frank, so plain and so easily understood even by laymen like myself, that it would be useless to go into the high technicalities, which were studied for three years by a committee. With those remarks, I commend the report to the Parliament and inform it that our committee accept the recommendations of the Legal Affairs Committee.

President. — I call Mr Santer, draftsman of the opinion of the Legal Affairs Committee.

Mr Santer. — (F) Mr President, if I have understood Lord Castle correctly, all the amendments tabled by the Legal Affairs Committee have been accepted by the rapporteur, so I need spend no time on them. I shall therefore restrict myself to a general remark which does not concern the basic issue.

The Legal Affairs Committee had tabled eight amendments, of which only two were finally accepted,

¹ OJ C 238 of 11. 10. 1976.

because the other six are to be found in one form or another in the different texts. As the versions in the various languages do not coincide, I have applied Rule 29 of the Selected Texts annexed to the Rules of Procedure which, following the Bureau's decision of 26 March 1965, lays down that

No amendment shall be admissible as such if it is established that the wording, in at least one of the official languages, of the text it is sought to alter does not call for amendment.

I would therefore ask the chair to institute a harmonization of the texts. Here the six amendments tabled initially by the Legal Affairs Committee are no longer applicable.

I think there is a case for expressly recommending that the Commission of the European Communities should reword some of the translations of its proposal for a directive, taking as a basis for the title and Article 1 (1) the Danish, Dutch and Italian versions, which contain precisely the amendments requested by the Legal Affairs Committee ; for Article 2 (d) (1), the German version ; for Article 3, first sentence, Article 4, first sentence and Article 6, first sentence the German and Italian versions.

We should make a general request to the Commission to see to it that the translations of its proposals are as close to each other as possible, not only to simplify the European Parliament's task as the control body, but also to avoid the danger that the same text could be applied in a different way in the various Member States.

So we are left the two amendments to Articles 7 and 8 which we tabled on behalf of the Legal Affairs Committee. Since the rapporteur has indicated that he is willing to accept these, I see no need to dwell on these amendments which are, moreover, explained in detail in the Legal Affairs Committee's opinion.

President.— I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, I would like to thank the rapporteur, Mr Schmidt, for his work on the proposed directive. Implementation of the directive will have two important effects. First, it will ensure equal treatment for the Community's importers and exporters by providing an exact definition of the liabilities they have to face, and secondly, it will define more precisely the conditions determining the 'own resources' contribution to the Community budget. In my view both these advances will be of significance for the European citizen.

I would like to add that the amendments proposed cause no problems for the Commission.

President. — Before turning to the motion for a resolution we must consider the amendments tabled on the proposal for a directive. On Article 7 I have Amendment No 1 tabled by Mr Santer on behalf of the Legal Affairs Committee :

This article to read as follows :

'Without prejudice to the time-limits for payment which the debiter may be allowed under the provisions in force, the amount of the import or export duties which constitutes the customs debt shall be liable for payment to the competent authorities *when the entry in the account of the said duties has been completed.*'

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On Article 8, paragraph 2, I have amendment No 2 tabled by Mr Santer on behalf of the Legal Affairs Committee :

The beginning of subparagraph (a) to read as follows :

'(a) the customs debt on importation shall be settled'

(delete twelve words);

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

On the motion for a resolution I have no amendments listed. In view of the amendments to the text of the proposal for a directive, paragraph 3 should read as follows :

Approves the Commission's proposal, but requests it to incorporate the following amendments in its proposal pursuant to Article 149, second paragraph, of the EEC Treaty.

I put the motion for a resolution to the vote.

The resolution is adopted¹.

5. Directive on the harmonization of the laws relating to vehicle driving licences

President. — The next item is the report (Doc. 206/76) by Mr Herbert on behalf of the Committee on Regional Policy, Regional Planning and Transport on the

amended proposal from the Commission of the European Communities to the Council for a directive on the harmonization of the laws relating to vehicle driving licences.

I call Mr Herbert.

Mr Herbert, rapporteur. — Mr President, I regret that this matter has been taken here this morning when the attendance is rather sparse. This is an important report and it represents in itself something of a triumph for this Parliament. I could speak at considerable length here this morning, as this proposal from the Commission has a very, very long history, but since I have incorporated this history — or at least have tried to incorporate most of this history — in my report, I can be very brief.

The Commission's proposal now before you represents, with one major difference, its proposal of 1972 as it was finally amended by Parliament in April 1974 after extremely careful consideration by the committee. Many Members will recall that the original Commission proposal provided for a compulsory European driving-licence, which would replace, after a period of time, the present national driving-licences.

What the Commission has now done is to change that proposal to something which I am sure is far more acceptable to all of us — namely, to introduce an optional European driving-licence. Under this system, existing driving-licences will continue in force for a certain period. Any holder of a valid national driving-licence will be able to obtain a new Community driving-licence, which will be recognized by all the Member States. After the initial period, the new Community driving-licence will be obtainable if the applicant passes a series of tests which will be common to all Member States.

At present, as Members are aware, the position is that in all countries of the Community, and indeed many European countries outside the Community, a person may drive in a country other than his own, using his own national driving-licence; but this freedom is limited to a varying period of time, after which, if one wishes to drive in a country other than one's own, one must obtain the driving-licence of that country — an arrangement, Sir, beneficial to tourism and indeed when people are just going temporarily to another Member State. But if a person wishes to reside permanently in another country he must obtain the licence of that country.

None of the present arrangements of Member States will be altered by this Commission proposal; but a new element will be added — namely, that of holding a Community driving-licence obtained after the first stage, after passing the examination recognized by all Community countries. This, of course, is a very important contribution towards easier and greater mobility of workers within the Community.

This new version of the Commission's proposal is one which I have no hesitation in recommending the Parliament to accept, since it represents in all respects all we asked for from the Commission in 1974 and, indeed, a little more. There is only one point where the Committee on Regional Policy, Regional Planning and Transport is still at variance with the Commission, and that is the question whether a Community driving-licence is necessary for those possessing mopeds or motor-cycles of fairly limited speed. In 1974, the committee and the European Parliament felt strongly that it should be necessary for drivers of such small mopeds to hold a licence. The Commission disagreed, but Parliament voted unanimously for an amendment which is the same as my proposed amendment to Article 3. In the committee we felt that such an amendment was necessary in the interests of road safety and to protect the users of such vehicles, and I

¹ OJC 238 of 11. 10. 1976.

Herbert

am confident that the House today will uphold the decision it took in 1974, although, of course, we shall listen with interest to what the Commission has to say.

Mr President, I have tried to be as brief as possible. I conclude by asking the House to vote unanimously in favour of the motion for a resolution.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, first of all I would thank Mr Herbert for the excellent report which he has prepared on behalf of the Transport Committee. As he has said, the aim of the proposed directive is to take account of the amendments suggested by the Parliament in April 1974, when discussing the Commission's original proposal. In fact, as you will see, our new proposal goes even further than the Parliament's recommendation to us at that time. The original proposal provided for the introduction of a compulsory Community driving-licence to replace national licences. The proposal before Parliament today has as its main aim the automatic national recognition of driving-licences by the introduction of an optional Community licence available in exchange for a national licence and valid in all Member States — an important contribution, I think, to our policy of free movement of workers in the Community.

The Commission much appreciates the good advice given to us by Parliament in April 1974, but there is one small point on which we have not felt able to agree. I refer to the Parliament's proposal that a driving-licence should be compulsory for two-wheeled vehicles with a maximum speed of less than 45 kms per hour. While fully appreciating the excellent principles behind the proposal expressed in Mr Herbert's report, I would have to reserve the Commission's position on that point. The reasons for this reservation are to some extent the same that we put to Parliament in 1974 — namely, that to introduce a driving-licence for this class of vehicle with a low maximum speed would not, on the evidence available, justify the high additional cost and administrative burden. Secondly, in our proposal, the Community driving-licence would, in any case, be optional and it would therefore be inappropriate in our mind to introduce a requirement at Community level which did not apply in the majority of Member States. Furthermore, the experts in the Economic Commission for Europe of the UN at Geneva did not include licences for this class of vehicle in the Vienna Convention. That, Mr President, is our only reservation on Mr Herbert's report.

President. — I call Mr Mursch to speak on behalf of the Christian-Democratic Group.

Mr Mursch. — (D) Mr President, the rapporteur has already pointed out — and in my view, quite justifi-

ably — that we are dealing with a very important matter, one, I should like to add, which has regrettably received such scant attention.

Of course, Mr President, we can have a United Europe without a Community driving-licence. But I believe it would be psychologically very valuable if over 100 million Europeans were to carry for the first time in their wallets a European certificate which would give them the feeling that they were indeed Europeans. That is the psychological reason.

But there are others. The Community driving-licence and the harmonization of the conditions under which it may be obtained will also result in an increase in road safety. We are all aware that not so very long ago, one Community country had no driving-licence at all, so that anyone could drive a car without fulfilling any conditions. If we can harmonize all these conditions, then we are contributing to an increase in road safety.

And a third argument. A Community driving-licence will contribute — albeit in a moderate way — to the elimination of distortion of competition. And that is precisely what we want in the transport sector. We are making no progress in our transport policy simply because we are not eliminating the distortion of competition. We want to liberalize the situation, but we can make no progress because conditions of competition continue to be distorted.

Mr President, we can agree to differ on several points of the important proposal we have before us. Mr Hillery has indeed pointed out that the Commission feels that no driving licence should be required for two-wheel vehicles, that is, bicycles powered by an auxiliary motor, mopeds and lightweight motor cycles with a capacity not exceeding 49 cc and a speed of less than 45 km/h. I do not agree.

In fact, my personal view lies somewhere in the middle, that for mopeds, bicycles powered by an auxiliary motor with a maximum speed of 25 km/h as we have in Germany, no licence should be required. It is sufficient to set an age limit, to say that young people up to the age of 15 or 16 may drive without a licence. But for more powerful vehicles it is necessary. Mr Herbert deserves special praise here. He has pointed out quite rightly that these vehicles are becoming increasingly powerful. They are indeed officially restricted to 45 km/h. — as it says in his report — but thanks to improved technology they can go faster than that. I believe that we should insist on a driving licence for these vehicles.

I also think, Mr President, that the Class G driving licence for the physically handicapped has become superfluous. The point here is that the vehicle should be properly equipped. One does not need to distinguish the physically handicapped by making them have a special driving-licence. I consider that to be quite wrong.

Mursch

The Commission directive contains no details about which driving licences are valid for other classes. It is quite reasonable for instance for a Heavy Goods Vehicle licence also to be valid for a car. Why not? It simplifies matters after all. The question of cost, as Mr Hillery said, is in my opinion quite immaterial as far as mopeds are concerned. Any costs arising would be minimal, but, Mr President, I should like to emphasize particularly that this is a compromise. We shall never agree on a unified regulation in Europe if everyone insists on what he considers to be right. That is the reason why we shall vote for this compromise. My group will vote for the proposal for a directive and we are prepared to go along with the regulation despite the doubts we have about one or two points. I believe we shall only make progress in Europe if we act in this spirit.

President. — I call Mr Osborn to speak on behalf of the European Conservative Group.

Mr Osborn. — Mr President, may I start by assuring the House that my group very much welcomes the Commission's change of heart in this matter, and certainly wishes to support Mr Herbert's excellent report. We, like Mr Mursch, believe that the proposed Community driving-licence is a small but significant and, to some people, an important step in the right direction, that is, a reduction in those formalities which hamper the free movement of persons and the right of establishment.

But I should say that, in discussions amongst the transport organizations in Britain and our own group, we have had one or two doubts. We are not proposing any amendments, because we did not do this in committee, but we have certain questions to put to clarify the position as it will be. They are concerned with safety standards, and I have already sent to the Commissioner a number of questions that the general public, I think, would like clarified. These questions are not only based on Mr Herbert's excellent report, but also on the opinion of the Legal Affairs Committee. I should say I happen to be President of the Institute of Advanced Motoring in Sheffield, and have been very concerned with good driving standards for a large number of years (I think I have been a member of the IAM for 17 years) and many Members of Parliament have been concerned with good driving. I have been concerned with helping people pass their driving tests.

Mr Herbert spoke of the problems of driving in another country — (a) as a tourist and (b) as a permanent resident — and referred to the new element added by the Community driving-licence, and this again has been referred to by the Commissioner. Now, reference was made by the Commissioner to the Vienna Convention. What account now has been taken of the work of UNECE on the mutual recognition of national driving-licences in Europe? In that

context I rather sympathize with the Commissioner in his comments on the amendment that Mr Herbert and the committee put forward on categories. What is important is that you should have international agreement on the categories of vehicles for driving-licence and, subsequently, test purposes.

The second question is what representations have been made to the Commission by motorists' organizations within the Community, and how much support the Commissioner feels he has from those organizations. I have in mind the Automobile Association in Britain and the Royal Automobile Club.

Thirdly, does the Commission envisage a time when motoring offences committed outside a motorist's home country may restrict his right to drive within his home country?

Fourthly, what steps will the Commission take to explain this proposal to the public? In particular, we are concerned that it should not lead to a lowering of safety standards, especially during the interim period. What happens if a Community licence is given when standards for an existing driving-licence are low? The Commissioner did speak about this. Given the existence of the international driving-licence, is a Community licence not merely an instance of unnecessary bureaucratic duplication?

Fifthly, what steps has the Commission taken to ensure that those countries which at present require a heavy goods vehicle licence for certain vehicles will accept, without further formality, the proposed Community driving-licence for drivers of such vehicles?

And lastly, what impressions has the Commission formed of the degree to which standards of testing and standards of driving are similar throughout the Community? Would the Commission not agree there is a risk of a deterioration in safety standards during the interim period provided for in the present proposal, if countries with high standards are required to accept, without further question, drivers whose Community driving-licences were obtained in countries where standards are lower? I might add that, for the future, we are interested in the age at which a driving-licence will be issued, the question of learner drivers, provisional or apprentice drivers, standard test conditions — whether there should be written examinations or not — and the question of health examinations. The Commission has referred to dealing with this separately, but of course the whole lot is bound up in a package. Having posed these questions at this late hour, I do not want answers now, but I think the general public would like the Commission to make its views known before these proposals are put forward to the Council of Ministers, in order that this proposal should have an easy passage there, rather than a difficult one.

(Applause)

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, Mr Osborn's questions are excellent and he, as a Member of Parliament, recognizes the difficulty in giving precise and detailed answers without a certain amount of notice. I would say that if we can find a mechanism whereby these questions can be answered in a formal way to Parliament the Commission would be very pleased to do so and in the meantime I can write detailed answers to Mr Osborn if he wishes.

We have, of course, taken account of the UN Economic Commission for Europe. Their aims are not precisely the same as ours, neither do they cover the same area altogether. They look for minimum standards of acceptance, and so on. At a later stage, we should, perhaps, be able to absorb more of their work than at this time, but certainly we regard their functions as complementary to what we are trying to do and are fully aware of what they are doing.

As far as the consultations with the motoring organizations are concerned, we have been in constant touch and have had correspondence, but human nature being what it is, I am only conscious that there has not been anything very hostile recently. I know that Mr Osborn would prefer a precise statement on the position of these organizations, and I would like to do that for him, given adequate notice.

As for a period of time during which offences committed outside a motorist's home country would restrict his right to drive within his home country, we do not as yet envisage doing that. We would look into it in the second phase under the sanctions in Article 6.

We recognize the problems raised under his fourth question, whether this would not lead to any lowering of safety standards and whether it is not, given the existence of an international driving-licence, merely an instance of unnecessary bureaucratic duplication. We hope the public will see the positive side of this proposal: as somebody has said, it will help to bring the Community home to the ordinary people in the Community, and will, as I said, have practical advantages for migrant workers.

As for steps to ensure that countries which at present require a Heavy Goods Vehicle licence for certain vehicles will accept without further formality the proposed Community driving-licence for drivers of such vehicles, mutual recognition for visiting drivers already exists in practice and we think the risk from giving unqualified recognition for an interim period only is quite small. We hope to be able to convince the Member States.

As to the impression formed by the Commission of the degree to which standards of testing and standards of driving are similar throughout the Community,

there are still differences: there are practical tests in some countries and no practical tests in others, there are differences in medical tests and differences in the conditions of issue. This is true. However, Member States are working towards a recognition of minimum standards, and we think in practice the risk mentioned in Mr Osborn's question is small.

This, Mr President, is as far as I can go on the notice available. If we can agree with Mr Osborn on the mechanism through which we can give a wider publicity to his questions and the answers, which are, of course, of general interest, we shall certainly be pleased to do so.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I am sorry for the short notice, but we Members of this Parliament will no doubt be backing these proposals in our own parliaments. There have been, in the British Parliament, many critics of this proposal. I and my group are convinced this is a step in the right direction, but we want to be, and certainly the governments want to be, certain about what we are now proposing, and I therefore welcome the Commissioner's promise to give publicity to what exactly we are proposing so that member countries know what will happen when we have a Community driving-licence.

President. — I put the motion for a resolution to the vote.

The resolution is adopted¹.

6. Directive on the dumping of waste at sea

President. — The next item is the report (Doc. 216/76) by Lord Bethell on behalf of the Committee on the Environment, Public Health and Consumer Protection on the

proposal from the Commission of the European Communities to the Council for a directive concerning the dumping of wastes at sea.

I call Lord Bethell.

Lord Bethell, rapporteur. — This is an important proposal aimed at controlling the dumping of waste at sea and will, I believe, if it is put into effect by the Council, provide a significant contribution to the control and improvement of the marine environment. The purpose of the proposals has been to work out a united Community approach to this problem and to take into account various international conventions which already exist on the subject, in particular the Global London Convention, the Barcelona Convention, which covers the Mediterranean area, the Baltic Convention, covering the Baltic, and the Oslo Convention, covering the northern part of the seas round Norway.

¹ OJC 238 of 11. 10. 1976.

Lord Bethell

This matter has had certain procedural difficulties in committee, Mr President, in particular over the dispute about duplication. Some members of the committee felt that there was a danger of duplication if the proposal included a detailed set of rules and criteria to be applied to ships that wished to dump in various seas. There was some fear that these criteria might, under certain circumstances, conflict with or duplicate lists laid down in other international conventions and that this would cause confusion. Because of these procedural difficulties I am going to propose that this proposal be referred to the Committee on the Environment, Public Health and Consumer Protection.

I don't believe that it will take very long for the matter to be resolved in committee and I hope that the Commission will be able to give me an idea as to whether it will agree to a new formula or new criteria for dumping. I hope that the Commission will be able to give me an indication that it will agree to specific reference being made in the proposal to the four conventions — London, Barcelona, Oslo and the Baltic — and will agree to the principle that, in each sea, the criteria of the relevant convention will apply. The Global London Convention would apply outside the three areas designated by Barcelona, Oslo and the Baltic.

I hope that it will not be difficult to make this small but significant change in the proposal. Otherwise I am in full agreement with the spirit of the Commission's proposal. I hope that we can produce an encouraging report and that the committee will be united in its recommendation of the report, if only we can get this one point right. I therefore propose, Mr President, that the report be referred to committee. I hope we can get the matter right in one meeting of the committee and bring it forward to plenary very quickly. I would like the Commissioner to give me an indication as to whether he thinks this will be possible.

President. — I take note of the fact that Lord Bethell has asked for reference to committee. I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Of course the Commission would like to see this report dealt with, but we cannot oppose its reference to committee. We will contribute in the committee to finding a positive solution to the questions raised by Lord Bethell. We will work as hard as we can, because we hope for rapid progress so that the report can be brought back to the House as quickly as possible. We will work towards finding solutions along the lines suggested, but I cannot undertake that they will be exactly as Lord Bethell asks.

President. — I call Lady Fisher.

Lady Fisher of Rednal. — Mr President, all I wanted to say was that the chairman of the Committee on the Environment, Public Health and Consumer Protection, Mr Della Briotta, wished me to say on his behalf, because he cannot be present this morning, that he raises no objections to its going back to committee — he is willing to reconsider.

President. — That being the case, reference back to committee is automatic.

The consideration of this item is thereby deleted from the agenda.

7. Regulations on the wine sector

President. — The next item is the vote without debate on the motion for a resolution contained in the report (Doc. 285/76) by Mr Della Briotta on behalf of the Committee on Agriculture on the

proposals from the Commission of the European Communities to the Council for:

- a regulation amending Regulation (EEC) No 1163/76 on the granting of a conversion premium in the wine sector
- a regulation amending Regulation (EEC) No 827/68 on the common organization of the market in certain products listed in Annex II to the Treaty
- a regulation amending Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions
- a regulation amending Regulation (EEC) No 2893/74 on sparkling wines produced in the Community and defined in Item 12 of Annex II to Regulation (EEC) No 816/70 and Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions

Since no-one wishes to speak, I put this motion for a resolution to the vote.

The Resolution is adopted¹.

8. Dates of the next part-session

President. — There are no other items on the agenda. I thank the representatives of the Council and the Commission for their contributions to our proceedings.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 11 - 15 October 1976.

Are there any objections?

That is agreed.

¹ OJC 238 of 11. 10. 1976.

9. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

10. *Approval of the minutes*

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval,

the minutes of proceedings of this sitting which were written during the debates.

Are there any comments ?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 11.05 a.m.)