european parliament

information series

the sittings

3

march 1977

THE SITTINGS

STRASBOURG 7th – 11th MARCH 1977

THE WEEK

The European Parliament began its twentieth session here in Strasbourg this week in the impressive new Palais de l'Europe. Commissioned by the Council of Europe and designed by Henry Bernard, it cost some 215m FF (25 million pounds) and took nearly five years to build.

Parliament first business in the new building was to elect a President. And, after three ballots, it was the Christian Democrat candidate, the former Italian Prime Minister Emilio Colombo, 56, who emerged as winner. He beat Mr Michael Yeats by 85 votes to 77 after the retiring President Georges Spénale had himself withdrawn to give Mr Yeats a better chance.

The main topic this week has been butter. Finn Gundelach and Roy Jenkins made an unscheduled appearance to explain new controls intended to stop subsidised exports to the USSR, e.g. from getting out of hand. But their appearance did not stop the EPDs, who see the export ban as the beginning of the end of the CAP, from lodging a censure motion. It may be taken in Luxembourg on 22-23 March when the 1977-1978 farm price proposals are debated.

The other main event was the flying visit by Mario Soares, Portuguese Prime Minister 'It will be ten years' he said when we asked him how long he thought it would be until his country is a full member of the Community. But the application to join will come soon. All parties in Portugal, bar the Communists, want to come in, he said.

Weatherwise, it might as well have been Spring. There were forsythia and jasmin out all over town. It was mild to the point where, in the new building, Members were asking for the heating to be turned down.

Emilio Colombo elected President of the European Parliament on 8th March 1977

MONDAY

SF DECISION THIS WEEK

Mr Henk Vredeling tells Parliament that the Commission will be taking a decision on the new Social Fund this week

In reply to a question about social policy put down by Rudolf Adams (Ge, S) and several other Socialist Members, Mr Henk Vredeling said that the Commission was now ready to take a decision on the new Social Fund. He was not hopeful, he said, that the Council would take a decision on the new fund by May 1st but every effort would be made to get a decision by July 1st. The delay was not dramatic, he added. The new fund is not due to come into force until January 1st 1978.

This said, Mr Vredeling thought the debate slightly premature. It did, however, give a number of Members a chance to outline how they would like EC social policy to develop in future. Mr Adams himself wanted to know if the Commission was taking a step backwards on co-management and industrial democracy. Mr Carlo Meintz (Lu, L) wanted to know what had happened to the Commission's proposals on schooling for migrants' children. Mrs Elaine Kellett-Bowman (Br, EC) wanted to know if more could be done to subsidize low-cost housing as a way of promoting manpower mobility and Sir Brandon Rhys Williams (Br, EC), who found what Mr Vredeling had said 'wholly inadequate', wanted the Commission to look at the whole range of social problems in the Community.

But for Mr Vredeling one problem overshadows all others: the number of people out of work. In the new social fund the emphasis would be on how to link training (the fund's main target) with job creation. He hinted too at some form of subsidies to further this end. Some five – five and a half per cent of the active population is out of work – nearly six million people.The prospects too are bleak. So the Commission would be seeing how the SF could operate more efficiently and make more of an impact. But it was wrong to criticise the Commission over social policy. The Treaty gave it very little scope.

POVERTY

Dondelinger calls for 4-point attack on poverty

Willy Dondelinger (Lu, S), tabling his oral question to the Commission on combating poverty, this evening proposed a 4-pronged drive to improve the situation. (1) Remove existing obstacles to access for the under-privileged to higher education; (2) Step up the fight against unemployment amongst the young; (3) No credit to private firms without guarantees regarding employment; (4) Radical changes in distribution of wealth in the EC.

Commissioner Henk Vredeling said in reply that 19 projects were currently underway in the Community as part of a programme to assess the best means of effectively getting to grips with poverty.

NO NHS FOR EC

No support for EC-wide NHS, Vredeling tells House in debate on health care

The House agreed this evening that health care in Europe was in need of treatment, if not a radical cure. Although employed persons were covered by reciprocal agreements throughout the EC, the self-employed or non-employed were not. These procedures needed simplifying and extending, said Richard Mitchell (Br, S). Commissioner Henk Vredeling agreed existing regulations should go further, and that major differences existed between Member States as regards costs of medical care. But he said his Commission had no plans to erect an EC-wide health service.

Hans-Edgar Jahn (Ge, CD) was worried about the costs of medical care weighing too heavily on the taxpayer. Carlo Meintz (Lu, L) agreed, and added that the recent economic crisis had further hindered improvement of health services. Elaine Kellett-Bowman (Br, EC) wanted to know what progress had been made in extending bilateral agreements on reciprocal care for the self-employed (Mr Vredeling admitted he did not know).

Sir Brandon Rhys Williams (Br, EC) stressed that health-care involved more than just costs. Why, for example, did the infant mortality rate differ so widely from Member State to Member State?

Replying, Mr Vredeling said that studies on the organization and structure of health care in the Member States were at present underway. And he emphasized that, whatever happened, the Commission would do no more in this field than Member States wanted.

TUESDAY

Opening the European Parliament's twentieth session here in Strasbourg this morning, Mr Roger Houdet, the oldest Member, paid tribute to the work done by President Georges Spénale over the last two years. He paid tribute too to those, now few in number, who had been in the House since 1958. He spoke of the strain of the dual mandate and of the importance of trying to ensure a high poll when the people of Europe go out to vote, hopefully in 1978, to elect the European Parliament directly.

The House then proceeded to the election of the President. Voting in the European Parliament today went to three ballots before the Christian Democrat candidate Mr Emilio Colombo emerged as outright winner.

Mr Roger Houdet then congratulated Mr Emilio Colombo on his election and called him to the Chair. Mr Emilio Colombo's first act on taking office was to pay tribute to his predecessors – not all of whom it was possible to mention by name. He paid particular tribute to former European Parliament Presidents Hans Furler, Gaetano Martino, Robert Schuman, Mario Scelba, Alain Poher, Jean Duvieusart, Cornelis Berkhouwer and Walter Behrendt. He paid an especially warm tribute to Mr Georges Spénale.

The House then proceeded to the election of its Vice-Presidents. The following Members were elected: Georges Spénale (136), Michael Yeats (128), Sir Geoffrey de Freitas (127), Rudolf Adams (127), Ole Espersen (127), Mario Zagari (113), Pierre Deschamps (113), James Scott-Hopkins (112), Carlo Meintz (112), Hans-August Lücker (110), Cornelis Berkhouwer (98) and Gérard Bordu (87). The thirteenth candidate, Mrs Winifred Ewing, got 53 votes.

WEDNESDAY

QUESTION TIME

QUESTIONS TO THE COUNCIL

Mr John Tomlinson MP, Under-Secretary of State for Foreign and Commonwealth Affairs and present President of the Council, replies.

1. Portugal and the Community

Mr Tomlinson told Mr Cornelis Berkhouwer (Du, L) that the Council could not state its attitude to Portugal's accession until a formal application were made. Mrs Gwyneth Dunwoody (Br, S) stressed the need for a fair transitional period and Lord Bethell (Br, EC) asks whether a full debate on accessions might not be worthwhile. Mr Tomlinson said this was a matter for Parliament.

2. Parliament's legislative powers

Mr Tomlinson told Mrs Winifred Ewing (Br, Ind) that any question of legislative initiative for the European Parliament could be brought up under the procedure whereby Foreign Ministers and Commission make annual reports to the Council.

3. The US Domestic International Sales Cooperation

Mr Tomlinson told Mr Pierre-Bernard Cousté that a GATT panel had found the United States DISC legislation incompatible with GATT. Similarly, at the request of the USA, a panel had examined tax laws in France, Belgium and the Netherlands and had called into question the admissibility of these laws under GATT rules. But the Member States concerned were challenging these findings. Mr Tomlinson told Mr Tam Dalyell (Br, S) the Commission statement to the GATT panel would be available to him.

4. Economic and Monetary Union

Mr Tomlinson, while conceding that the oil crisis of 1973 had slowed progress to Economic and Monetary Union, pointed out in reply to Mr Ralph Howell (Br,

EC) that the Council had taken a number of decisions over the last four years. He instanced the regulation setting up a European Monetary Cooperation Fund, a decision on convergence between the Nine's economic policies, a directive on stability, growth and full employment, a resolution on short-term monetary support and a regulation on EC loans. Mr Howell and Mr Pierre Giraud (Fr, S) expressed concern about the 'rainbow running out of colours' for the different currencies. And Sir Brandon Rhys Williams (Br, EC) and Sir Peter Kirk (Br, EC) wanted to know how soon the Council would conclude its consideration of the Duisenberg Plan. Mr Tomlinson did not know: 'But we shall be discussing it next Monday.'

5. Direct elections

Mr Tomlinson, in reply to Sir Peter Kirk (Br, EC), said that the Council had taken its decision on direct elections. The rest was up to Member States. There was laughter when Richard Mitchell (Br, S) asked Mr Tomlinson if he could pay a special visit to London to find out what 'a white paper with green edges' was.

Mr Tomlinson did not accept Sir Geoffrey de Freitas's (Br, S) assertion that 'nothing has happened to encourage us' over UK direct election legislation. Nor did he say more than he has already said, i.e., that the British Government will 'use its best endeavours to meet this solemn commitment' when Sir Peter Kirk (Br, EC) commented that progress on this point was invisible to the naked eye. As to stimulating the laggards, Mr Tomlinson repeated it was for the Member States to act.

6. EC Institute for Economic Analysis and Research

Mr Tomlinson told Sir Brandon Rhys Williams (Br, EC) that it was not possible to say when a decision would be taken on the proposal to set up a European Community EAR Institute. He noted that Rotterdam and Edinburgh are among the cities where the institute might be centred.

7. Financial backing for Kampala Conference

Mr Tomlinson told Sir Geoffrey de Freitas (Br, S) that the EC had given no financial aid to the Kampala meeting of the ACP Council. He took advantage of

this opportunity, speaking as a British Minister, to say he was 'deeply shocked by reports of the tragic events' in Uganda. Asked by James Spicer (Br, EC) whether EC aid to Uganda could be suspended until the 'evil, bloody, vicious régime' in Uganda gave way, if not to civilisation, then at least to a 'lowest common level of decency.' Mr Tomlinson said this was not a matter for the Council but for the political cooperation machinery. Nor could the Council act on the question raised by Mr Norbert Hougardy (Be, L) of Uganda's seeking membership of the League of Human Rights. The response to this 'awful, tragic situation' must come in the fora concerned.

8. Introduction of a uniform passport

The Council's work on the uniform EC passport was, Mr Tomlinson said, 'already well advanced on a number of details regarding its presentation,' and outstanding items 'could be discussed at a Council meeting in the near future.' John Prescott (Br, S) then took the opportunity of referring to the recent 'boarding' of the 'Globtic Venus' at Le Havre. Would the Council ensure that such action would not be repeated?

9. European aeronautical industry

The Council, said Mr Tomlinson, would soon be adopting a declaration defining the objectives to be pursued in carrying out concerted action and consultation between Member States on industrial policy in the aeronautical sector with a view to 'strengthening the position of the European aeronautical industry on the world market.'

Answering a supplementary by Norbert Hougardy (Be, L), the President said that consideration was being given to developing derivatives of the airbus to meet future needs. Lord Bessborough (Br, EC) thought the Council should try to persuade Member States to 'buy European' for civil and military needs. John Osborn (Br, EC) agreed with the need for encouragement of European industry, and Tom Normanton (Br, EC) stressed the value of Conference of the European aeronautical industry.

10. Euro-Arab dialogue

Mr Tomlinson said that some practical progress had been made at the Tunis meeting of 10-12 February. It included agreement in principle in setting up a

Euro-Arab Centre for the transfer of technology, a Centre for Commercial cooperation, and study of proposals for the Juba Valley (Somalia) development project.

Tom Normanton (Br, EC) wanted action on Arab discrimination against certain European firms, but Mr Tomlinson, while sharing Mr Normanton's views, said the matter was not in his province to comment on.

11. Sixth VAT directive

Although Council had not adopted this directive, it had settled the main outstanding differences, Mr Tomlinson said, 'It is hoped that agreement will be reached by the Council next week,' he added. Michael Shaw (Br, EC) pointed out that failure to implement the directive would jeopardize the EC's system of 'own resources' coming into effect.

QUESTIONS TO THE CONFERENCE OF FOREIGN MINISTERS

1. Relations with Mozambique

The Community had no relations whatsoever with FUMO (the United Democratic Front of Mozambique), nor with the Mozambique Government in Exile which it had set up in Paris, Mr Tomlinson told the House.

2. Third 'basket' of the Helsinki Agreements

The Nine attached great importance to fundamental human rights, and the Belgrade follow-up Conference would provide an opportunity to assess the situation, Mr Tomlinson said. The Nine would not be satisfied until all the commitments of Basket Three had been fulfilled by all signatories. In answer to a question from Russell Johnston (Br, L), Mr Tomlinson said the Nine had had no contracts with Soviet dissident Vladimir Bukovsky. The British Foreign Office had been prepared to meet him, but no meeting had in fact taken place. Sir Derek Walker-Smith (Br, EC) pointed out that the Community had every right to bring up the question of human rights, since the Helsinki agreement was a reciprocal one involving all signatories.

3. Monitoring of Helsinki Final Act

Mr Tomlinson was non-committal in his reply to Lord Bethell's (Br, EC) question on the Moscow Committee for the Observance of the Helsinki Final Act. Consideration was given, he said, to a large number of documents received from a variety of organizations around the world.

BUTTER SALES TO USSR

Butter sales to be monitored in future. No more for Russia for time being. Finn Gundelach and Roy Jenkins explain the new arrangements.

Background

About three weeks ago Mr Jean-Baptiste Doumeng, a French businessman, sold some 36,000 tons of butter to the USSR. Availing himself of the regulations in force he applied for an export subsidy of 159.75 u.a. per 100 kgs. This was granted. And the cost of this perfectly normal operation to the EC was some 5m.u.a. It is believed that Mr Doumeng envisaged further sales which would have brought the total to some 70,000 tons.

At this point the Commission intervened. It called a halt to these sales and it decided that, in future, there is to be a three day interval between a request for export aid being filed and the aid actually being granted.

This decision raised considerable disquiet. So much so that Michel Cointat (Fr), speaking for the European Progressive Democrats, told a press conference on March 8th that his group were envisaging tabling amotion censure on the on March 8th that his group were envisaging tabling a motion of censure on the disquiet among those who believe the butter should not be sold to Russia at all: their difficulty being that they cannot see why EC butter should be one price in the Community and another outside it.

The debate

This being so, Mr Finn Gundelach's appearance before the House this afternoon was timely to say the least. He told Parliament what the Commission had done

and why. He reminded the House that the Doumeng deal had been perfectly normal. The EC exports butter all the time. But, he pointed out, it also sells a lot of butter cheaply in the EC market itself. Exports in 1975 were 40,000 tons; in 1976 80,000 and in 1977 would probably be about the same (58,000 tons so far). As against this, home sales were 110,000 tons in 1976 and would probably sell 120,000 tons in 1977 – and even 165,000 tons if the Commission's dairy market package were accepted.

But – and this was the main burden of both Mr Gundelach's and President Jenkins's statements – the real problem is the structural surplus of butter. The Commission had made proposals for bringing supply and demand on the milk market back into balance and it wanted to go further in this direction with its current farm price proposals for 1977 and 1978 (to be debated in Parliament in special session in Luxembourg on March 22-23).

Mr Gundelach's statement provoked a number of comments and several questions. Lord Bruce (Br), for the Socialists, wanted to know why Parliament had not been consulted. Mr Jan de Koning (Du), for the Christian Democrats, wanted to know what legal grounds the Commission had had for introducing the new export monitoring system. Mr Niels Anker Kofoed (Da), Liberal spokesman, pointed out how hard it is for people to understand why they should pay one price for butter and see it sold to Russia at a lower one. Why not a two month cheap butter sales drive, he asked. Mr James Gibbons (Ir), for the European Progressive Democrats, though the fault lay with New Zealand. NZ exporters can undersell EC producers by 100 pounds per ton. And he drew attention to the link between the butter surplus and the vegetable fats sector. Mr James Scott-Hopkins (Br, EC) reminded the House of Claude Cheysson's pledge to consult Parliament on matters like this. It had not done so. This apart, the 190,000 tons of butter in store was perfectly reasonable. It only worked out at 750 grams per head.

For Cornelis Laban (Du, S) the answer is a drive to boost milk consumption and there was laughter when he began this campaign by producing a glass of milk and drinking it. Mr Laban was concerned most however about the impact of surpluses on the EC image. Mr Manfred Schmidt (Ge, S) agreed. What if TV producers had surpluses? EC policy had to be one people could understand.

Heinrich Aigner (Ge, CD) also wanted to know why Parliament wasn't consulted. A reasonable way of dispensing of surpluses had to be found, he said. Selling to Russia was no answer. The last lot went straight on to Chile.

Ralph Howell (Br, EC) agreed with Mr Schmidt, the Community had 2 million cows too many.

Miss Gwyneth Dunwoody (Br, S) wondered why the Community as a whole had no milk marketing board. Lucien Martens (Be, CD) argued that reducing the herd by 2 million would cost more in compensation to farmers than it does to finance surpluses. And meat production would fall.

Winding up in reply, President Roy Jenkins refuted criticisms about failure to consult Parliament. There had simply not been time. More deals would have gone through before any action was taken. And, as Mr Gundelach had said, the sales to Russia could not be allowed to get out of hand. But the real problem was still the intractable one of reducing structural surpluses. He hoped the Council would adopt the proposals put forward by his Commission with this specific aim in mind.

UN recommendation calling for evacuation of Israeli-occupied Arab territories adopted by 90 to 66 with 30 abstentions on 24.11.1976. Alfred Bertrand asks why EC vote split.

Mr Tomlinson said that it was not possible for him to reply because there was no agreed Council position on this matter. Under pressure, he said that the UN recommendation was considered unacceptable in that it made no reference to Israel's right to exist. Where the Nine differed was on whether the correct response was to vote against it or simply to abstain.

Erwin Lange unhappy about Council reply as to why the Commission's 20.6.1973 proposal on merger control has still not been adopted

Mr John Tomlinson said the Council was at work on merger control. Items like prior control over mergers, the scope of amalgamations, the possibility of exceptions, prior notice and decision procedure were being considered. Mr Erwin Lange (Ge,S) found this reply unsatisfactory.

All Party support for Greek accession in debate on EC-Greece JPC recommendations

There was a warm welcome from all parts of the House this afternoon for the recommendations adopted by the EC-Greece Joint Parliamentary Committee in

Rome, Crete and Berlin. The Motion before the House welcomed current progress towards full Greek membership of the EC, development of links in the context of the Association Agreement, and urged settlement of the Cyprus conflict.

Introducing the report Manfred Schmidt (Ge,S), whilst recognizing the problems implicit in the Greek application, did not feel that it represented a threat to the cohesion of the Nine. Hans-August Lücker (Ge,CD), who said the only question concerned when, not whether, Greece joined, warned against the development of a hierarchy of Member States in an enlarged Community. He also welcomed the signature on 28 February of the Second Financial Protocol.

Association, said Amédée Bouquerel (Fr,EPD), had paved the way for Greek membership. The main problem, as he saw it, was settlement of the Cyprus conflict – this was something that the states concerned would have to do by themselves. Lord Bethell (Br,EC) referred to the tremendous enthusiasm of the Greek people for EC membership – enthusiasm which superceded that of certain countries which were already Members. This point was echoed by Tam Dalyell (Br,S), who said it was a major factor in his 'conversion' to being a full supporter of the Greek application. In his maiden speech to the House, Christopher Price (Br,S) stressed the importance of the membership of the Mediterranean countries for the consolidation of democracy throughout Europe. He hoped to become a member (replacing Tam Dalyell) of the EEC-Greece JPC.

In reply, Vice-President Wilhelm Haferkamp agreed that Association was the basis for the full membership of Greece. And Commissioner Natali, referring to the development of membership negotiations, said they had to be based exclusively on acceptance by Greece of the Treaties. Although the question of Greek accession was a political one, it had a wide range of practical internal implications for the Community which would have to be taken into consideration.

The House then agreed unanimously to the Motion.

THURSDAY

House agrees to defer consideration of Renato Sandri's (It,CA) report on a trade cooperation agency and Erwin Lange's (Ge,S) report on principles to be observed in international economic activity.

QUESTION TIME

QUESTIONS TO THE COMMISSION

1. *Lomé Convention (de Freitas)*
2. *EEC relations with Uganda (Patijn)*

Answering these two questions together, Claude Cheysson expressed the Commission's 'disgust and indignation' over events in Uganda and assured the House that no financial assistance had been given to the recent ACP Conference in Kampala. However, the Lomé Convention as such contained no provisions which might allow the EEC to break off relations with a particular state. In any case, Mr Cheysson felt, a policy of 'isolating' Uganda might only make matters worse.

The Commissioner agreed that provisions regarding human rights could be included in the Convention when it came up for renegotiation. But he rejected Schelto Patijn's (Du,S) suggestion that the EC 'freeze' relations with Uganda as it had done with Greece under the colonels : relations with Uganda were on an altogether different level. What was possible was not allowing new countries to join the Association (James Spicer (Br,EC) referred to Angola) unless they satisfied existing Members of their acceptability.

3. *Butter exports (Scott Hopkins)*

Repeating what he told the House in his statement on Wednesday, Vice-President Finn Gundelach said that there had been no change in money terms in the amount of export refunds on butter. The 145 ua/100kg (the general level) had indeed been increased to 159.75ua/100kg (special level), but this did not affect the de facto situation, since no butter sales at the general level (145ua/100kg) had in fact been made for almost 8 months. The refunds paid out during this period had nearly all been at the special level (159-162ua/100kg).

In raising the general rate the Commission had merely given official recognition to a de facto situation.

Answering a number of supplementary questions Mr Gundelach agreed with Pierre-Bernard Cousté (Fr,EPD) that it would be desirable to increase butter sales above present levels, but there was only so much money available for export refunds. And he agreed with Ralph Howell (Br,EC) that COPA demands for higher milk prices would exacerbate the butter surplus situation if they were granted. He told Hans-Edgar Jahn (Ge,CD) and John Corrie (Br,EC) that it should be possible to sell some surplus butter at reduced rates within the Community, but to do so would definitely be more costly than subsidizing exports.

4. Common agricultural prices (Howell)

Mr Gundelach re-emphasized the Commission's view that mcas (monetary compensatory amounts) should be regarded, and used, merely as a short-term measure when absolutely necessary. He did not agree with Mark Hughes (Br,S) and Lord Bruce (Br,S) that mcas were essential to preserve the delicate balance in the UK's economy, pointing out that they were extremely costly and distorted trade. It was wrong to think you could devalue your currency and simply exclude food prices from the inevitable effects of that devaluation.

5. Check on use of aid for oil prospecting (Normanton)

Mr Tugendhat told Mr Tom Normanton (Br,EC) that on-the-spot checks were made as to the use made of financial aid for oil prospecting. The results were disappointing. But luck is a big factor here, he said.

6. Trade Union Institute for Scotland? (Ewing)

Mr Vredeling told Mrs Ewing this was not a matter for the Commission to decide.

7. British National Oil Company (Bessborough)

Viscount Davignon told Lord Bessborough (Br,EC) the Commission had written to the British Government about a clause in the Petroleum and Submarine

Pipelines Act to the effect that oil found had to be brought ashore in the UK. The Commission was waiting for a reply.

8. Concorde and Airbus (Osborn)

In reply to Mr John Osborn's (Br,EC) question about EC institutions' promoting the sale and lease-back of Concorde and Airbus Viscount Davignon said the Community's involvement in aerospace was a delicate matter. Talks were in progress about Airbus and he hoped they would lead to an agreed base for EC action. But that base did not yet exist. He noted Mr Osborn's point about the dependence of the steel industry on aerospace orders and told Mr Pierre-Bernard Cousté (Fr,EPD) the Commission did not rule out bringing Concorde within a common policy. He had mentioned airbus simply because talks here had gone further.

9. Food aid sent in to Cuba (Evans)

Mr Gundelach told Mr Evans that the EC had given food aid, in the form of milk powder, to the world food programme. It had thereafter no control over the use to which it was put or the country to which it was sent. As for Mr John Evans's (Br,S) point that Cuba exported a milk product called 'la crema' to Jamaica at a profit, he said any such details will have to be taken into account when a decision about renewing food aid is taken.

10. Purchasing powers of wages (Rhys Williams)

Mr Ortoli told Sir Brandon Rhys Williams (Br,EC) of the EC's statistical programme aimed at defining a method for making valid comparisons. To achieve full comparability, so as to show net purchasing power in relation to family income was beyond the Commission's means, both legally and technically, at present.

EC's 4,200 m dollar trade deficit with Japan

The European Parliament today agreed to a motion put down by Jan Baas (Du,L) which essentially urged a moderate line in talks with the Japanese about

reducing the EC's growing trade deficit. And Commissioner Haferkamp accepted the motion. But several speakers expressed the fear that time is running out.

Lord Castle (Br,S), in particular, while congratulating the Japanese on their enterprise and while endorsing the motion's bid for free talks with a view to a new system of fair trade, felt that Japan must remove some of the unfair blocks on EC exports to its market. There was real suspicion of dumping. And he warned that if there was no improvement, 'We shall have to think of other methods.'

Mr Hans-Edgar Jahn (Ge,CD) illustrated the gravity of the problem by pointing out that EC exports to Japan do not half cover EC imports from that country. Mr Kai Nyborg (Da,EPD) wondered if Japan really wanted to understand the EC's problems. Mr James Scott-Hopkins (Br,EC) asked whether the Japanese Government was keeping the yen deliberately low. Mr Haferkamp said not to his knowledge. And Mr John Osborn (Br,EC) wanted to know how far talks on special steels, for example, had actually got.

Mr Haferkamp reserved the right to reply in detail to Members' questions in committee.

The motion was agreed to.

Question on trade links with India inopportune, says Lord Ardwick

Despite the easing of the State of Emergency there were still 'tens of thousands' of political prisoners in India and the political climate was not propitious for next week's general elections, Schelto Patijn (Du,S) told the House. Would the Commission therefore say whether it had plans to extend the EEC-India Trade Agreement.

Vice-President Haferkamp said the Commission had no such plans : the present Agreement was perfectly adequate. And he welcomed the current relaxation in India as 'a step in the right direction.'

Lord Ardwick (Br,S) expressed astonishment that the Bureau had agreed to a debate on this question so soon before the elections. It was certain to be regarded as a provocation by the Indians. He had been deeply shocked by the introduction of the State of Emergency, but although Mrs Gandhi may have

over-reacted he was inclined to give her the benefit of the doubt now that elections had been called : it was far from certain, indeed, that she would win them.

In Lord Reay's (Br,EC) view, however, Parliament was well within its rights to put the question. There may have been an easing of restrictions, but things were by no means back to normal.

The House then agreed unanimously without debate to a motion (Deschamps report) approving the Commission's proposals on trade between the EC and Sao Tomé and Principe, Cape Verde and Papua New Guinea.

EP support for fourth medium-term economic policy programme, but rapporteur Schwörer hopes it will be less of a fiasco than the third one

The European Parliament concluded its business today with a three hour debate on the Commission's fourth medium term economic policy programme. It agreed, after some amendment, to Mr Herman Schwörer's (Ge,CD) motion endorsing the programme, particularly the aims set out in point 11: to halve unemployment by 1980; to achieve an average growth rate of four and a half to five per cent per annum; to cut inflation to 4 – 5 per cent by 1980 and to achieve balance of trade surplus equal to 0.59 – 1 per cent of GNP by 1980. But Members disagreed as to the best way of achieving these ends.

FRIDAY

Health hazards of asbestos : Burke promises action

Ironically enough, one of the week's most important debates came right at the end of Friday's business : the debate on the health hazards of asbestos. Mr John Evans (Br,S) and four other EMPs raised this question for two reasons : the need for action to protect workers (particularly those cutting asbestos who are liable to inhale asbestos dust) and public against the health hazards of asbestos and the need to stop asbestos manufacturers attempting to gloss over these hazards by means of misleading advertising.

Commissioner Richard Burke took both points. A new directive on misleading advertising would be put forward in the near future. As to the heart of the

matter, his concern was to find a scientifically incontrovertible base for Commission action. A report, entitled, 'Public Health Risks of Exposure to Asbestos' would be published shortly and would provide this basis. As to the form of Commission action, the 27 July 1976 directive (putting a ban on the marketing of dangerous substances) could have a new annex on asbestos.

Something of the drama of this problem was brought out by Mr Ronald Brown (Br,S) (brother of Lord George-Brown). In the UK he said, manufacturers were reluctant to fit machines to vacuum up the dust caused by cutting asbestos with circular saws simply because of the expense. 'I think it outrageous that mens' lives should be put at risk merely to save money in that way' he said. He also spoke of the difficulties of proving people are in fact suffering from asbestosis, the disease caused by the presence of asbestos fibres in the lungs. Another shocking case was raised by Mr Donal Creed (Ir,CD) : 'In my constituency 6kms away from the second biggest city in Ireland, a new asbestos factory using asbestos as a raw material has been granted planning permission for a site 1km away from a town and in a residential area. The factory is now to go ahead, the people in the area are living in fear and the factory waste-disposal system is being run through the city to a dump quite close to two primary schools.'

Was there a safe level of emission, Mr Creed asked. In reply, Mr Burke said most Member States had emission levels for the working environment and some had introduced legislation. 'The Commission is studying all this legislation with a view to future proposals', he said. The Commission had already proposed a directive on the siting of factories and industries involved in dangerous substances.

Abbreviations: Bri British, Ir Irish, Be Belgian, Da Danish, Du Dutch, Fr French, Ge German, It Italian, Lu Luxembourg, S Socialist, CD Christian Democrat, L Liberal and Democrat, EC European Conservative, EPD European Progressive Democrat, CA Communist and Allies, EC European Community.

SUMMARY OF THE WEEK

Monday, March 7th to Friday, March 11th 1977 (Document numbers in brackets)

Monday, March 7th

- Parliament pays tribute to the late Anthony Crosland.

- Parliament welcomes new British Members : Ronald Brown (S), John Corrie (EC), Robert Edwards (S), Charles Fletcher-Cooke (EC), Christopher Price (S) and Lord Brimelow (S).

- Commission statement : action taken on Parliament's advice.

- Parliament questions Commission about social policy. Henk Vredeling, in reply, says decision on new Social Fund imminent. Unemployment at nearly 6 million his main concern. (doc. 561/76)

- Willy Dondelinger questions Commission about action on poverty. Henk Vredeling replies that 19 projects are at present under way. (doc. 565/76)

- In question on Community health care Henk Vredeling tells Parliament that Commission does not favour EC-wide Health Service. (doc. 563/76)

Tuesday, March 8th

- Parliament elects Mr Emilio Colombo (It,CD) President and the following Members Vice-Presidents: Georges Spénale (136), Michael Yeats (128), Sir Geoffrey de Freitas (127), Rudolf Adams (127), Ole Espersen (127), Mario Zagari (113), Pierre Deschamps (113), James Scott-Hopkins (112), Carlo Meintz (112), Hans-August Lücker (110), Cornelis Berkhouwer (98) and Gérard Bordu (87).

- Michel Cointat (Fr,EPD) tells Press Conference the European Progressive Democrats may put down a motion of censure on the Commission for stopping butter exports to USSR.

Wednesday, March 9th

- Question Time : Mr Tomlinson answers 12 questions as Council President and 3 as Chairman of the Foreign Ministers' Conference. (doc. 584/76)
- Mario Soares, Portuguese Prime Minister, makes flying visit. He thinks it will be ten years before Portugal is a full member of the EC.
- Finn Gundelach and Roy Jenkins tell EP butter exports to be monitored to stop sales to the USSR, for example, 'getting out of hand.'
- Mr Tomlinson unable to reply about split vote at UN on recommendation about Middle East : Nine have no agreed position. (doc. 539/76/rev.)
- Council asked why merger control proposals still not adopted after nearly four years. (doc. 564/76)
- All party support for Greek accession in debate on EC-Greece JPC recommendations. (doc. 448/75; 122/76; 436/76; 546/76)
- The Rt. Hon. Sir Keith Joseph Bart. MP visited the European Parliament for talks with leading members of the Centre-Right groups.

Thursday, March 10th

- Question Time : 10 questions to Commission (doc. 1/77)
- EP still ready to take moderate line with Japan over EC's 4,200m dollar trade deficit. (doc. 570/76)
- Haferkamp tells House that Commission has no plans to extend EEC-India Trade Agreement and expresses optimism over improved political situation on sub-continent. (doc. 572/76)
- Commission proposals on trade between EC and Sao Tomé and Principe, Cape Verde and Papua New Guinea approved. (doc. 345/76; 493/76; 580/76; 583/76)
- Five EMPs from 'smaller' EC countries hold press conference announcing an initiative to ensure that the Community as such is represented at the May economic summit in London.

- Progressive Democrats lodge motion of censure against the Commission for its action in stopping butter sales to Russia. Debate and vote may take place during special 'farm price' sitting at end of March. (doc. 3/77)

Friday, March 11th

- Replying to a question by Hans-Edgar Jahn (Ge,CD) and others (expressing concern at unfair competition in the transport sector – and particularly shipping – by the State Trading countries), Commissioner Richard Burke says the remedy lies with the Member States, who must agree on a common transport policy for the EC. (doc. 574/76)

- House agrees to a motion (Nyborg report) approving a proposal on common laws for pleasure boats. (doc. 263/76; 575/76)

- Richard Burke welcomes report by Michael Shaw (Br,EC) on the European Unit of Account (EUA), which the Commission proposes to apply to the Community's budget from 1978. The House agreed to the motion. (doc. 362/76; 569/76)

- European Parliament grants Commission discharge in respect of ECSC accounts for 1975. (doc. 231/76; 567/76)

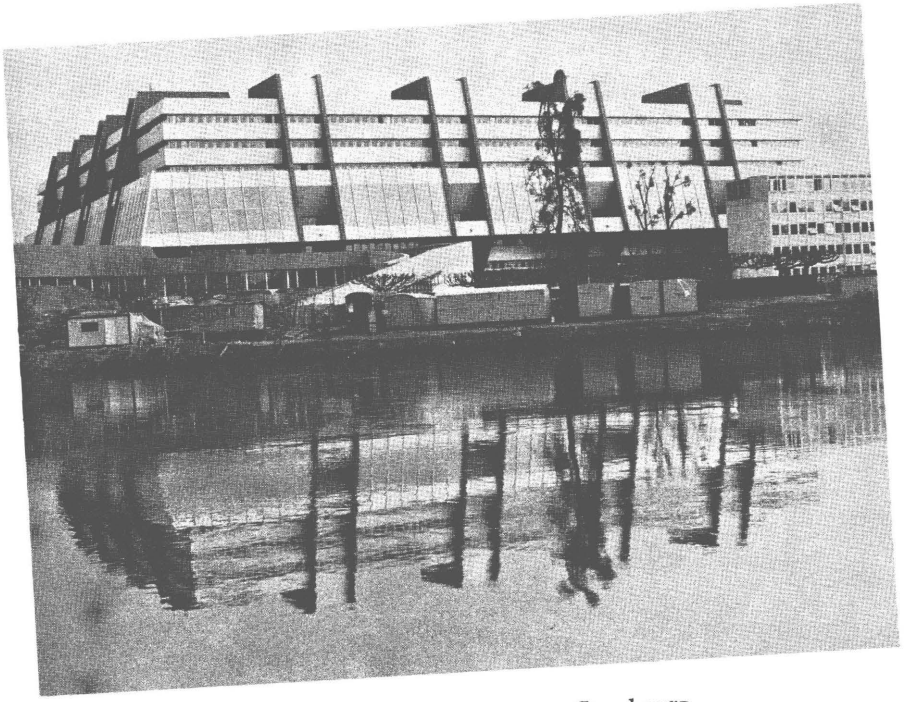
- House agrees to a Commission proposal by which the Community will become a contracting party to a European Convention drawn up by the Council of Europe to protect farm animals. (Doc. 115/76; 566/76)

- After adopting two amendments, House agrees to a motion endorsing the Commission's proposal to limit sulphur dioxide in urban atmospheres. (doc. 5/76; 568/76) –

- After adopting two amendments, House agrees to motion endorsing the Commission's proposal to limit sulphur dioxide in urban atmospheres. (doc. 5/76; 568/76)

- Mr Richard Burke tells EP that a report on the Public Health Risk of Exposure to Asbestos, due soon, will enable Commission to frame 'scientifically incontrovertible proposal's to deal with this danger. Directive

on misleading advertising also in preparation, he says, after John Evans (Br, S) expressed concern at the advertising campaign run by the French Asbestos Trade Association and the Asbestos Cement Association. (doc. 573/76)



The new Palais de l'Europe in Strasbourg

THE SITTINGS

Luxembourg, 22nd-23rd March 1977

The farm price debate

The European Parliament held an extra session in Luxembourg on March 22nd and 23rd in order to deliver an opinion on the Commission's proposals on farm prices for the year beginning on April 1st. It was a long debate and a somewhat inconclusive one. For Parliament was unable to reach a consensus as to the level farm prices it ought to press for. Where a consensus was arrived at more easily was in support of the view that the Commission's proposals for a 3 per cent increase in farm prices are going to do very little for farm incomes in some Member States; they will actually have the effect of reducing farm incomes in some sectors. As for phasing out the border taxes known as monetary compensation amounts (mcas), the price rise proposed will simply not leave enough elbow room for that kind of measure, in Parliament's opinion. This was the substance of the key paragraph finally agreed. But Mr Finn Gundelach commented : 'even in this form ... the text goes too far for the Commission to accept.'

It now remains for the Council to take the final decision.

Parliament divided over Commission's farm price proposals: Committee on Agriculture calls for 5 per cent increase

It became clear right from the start of this two-day debate on farm prices that the European Parliament is deeply divided over the European Commission's proposals.

Niels Anker Kofoed (Da,L) rapporteur for Parliament's Committee on Agriculture, said the majority of his committee wanted an increase in farm prices

of at least 5 per cent. The 3 per cent proposed by the Commission was not enough. At the same time his committee felt bound to accept going on with the Community's system of border taxes, known as monetary compensation amounts, which are designed to offset currency fluctuations and make prices the same throughout the Nine. Not that the system was satisfactory, he said. Or that it was fair. And it was certainly not designed as a system of subsidies for the United Kingdom consumer.

Mr Kofoed expressed scepticism, as Parliament has often done, about what could be achieved with a price policy on its own. The dairy sector surpluses were a structural problem, partly caused by cheaper, imported, vegetable protein being preferred to the dearer animal protein produced in the Community's dairy farms. Structural problems called for structural solutions. One possibility suggested by the Commission was that farmers aged between 55 and 65 and wishing to retire from farming should be paid a special premium for doing so.

The committee, said Mr Kofoed, wanted an intervention price for wine. He appreciated, however, that this was a complex problem.

In conclusion he reminded the House of the low cost of the CAP compared with the results achieved. A system of minimum prices did guarantee to the consumer that food supplies would always be there.

Committee on Budgets accepts Commission proposal for 3 per cent increase in farm prices except for products showing a surplus

Lord Bruce of Donington, (Br,S) rapporteur for the Committee on Budgets, said that the majority of his committee thought that an average increase in farm prices of 3 per cent would be fair. With this proviso : that the increase should not apply to products such as milk, wine and oil and perhaps sugar of which there was a surplus.

As regards mcas, his committee's view was that they should be phased out – in good time. That time, however, was not yet. Lord Bruce reminded the House that, since May 17th 1976, the mcas had been paid to the exporting country rather than the importing one. And the system was fair because it enabled German exports, for example, to compete on the British market. Indeed the whole point of the mcas was to preserve competition.

Lord Bruce further argued that if the mcas were to be phased out now prices would go up. Consumption would go down and the actual burden on the Community's exchequer would be even greater.

He agreed with Mr Kofoed that the price mechanism was not enough to regulate the farm market. The Council had to take decisions to use the Guidance Section of the EAGGF to help the Community over the structural problem.

Lord Bruce concluded with an appeal to scrap the agricultural product management committees whose very existence was undermining the powers both of the Commission and the Parliament.

Council President stresses the consumer interest

The Rt. Hon. John Silkin, MP, British Minister of Agriculture, Fisheries and Food, and current President of the Council, then took the floor.

Mr Silkin saw the problem as one of balancing the interests of the agricultural producer against the interests of the consumer. And he reminded the House that the voice of the consumer was now being heard more and more. Last week in Brussels, he said, shortly after he had received the customary delegation from the European Farmers Union (COPA), he had received a deputation from the European Consumers Bureau. This was the first time that such a deputation had been received by the President of the Agricultural Council. But it would be unrealistic to believe it would be the last. 'The voice of the consumer is being raised all over Europe.' he said. And, quoting Schiller with reference to a time when consumers might have been ignored, he said : 'Du sprichst von Zeiten die vergangen sind.'

He took Mr Kofoed's point about the consumer having certainty of supply. But this was not the same thing as certainty of take-up. He added : 'If we can look at the matter dispassionately we will find that the interests of the producer and consumer come to the same thing. After all, the interests of consumers are in food being produced and, of producers, that food should be consumed. Putting food into store or selling it outside the Community with the benefit of vast subsidies helps neither of them.'

Socialist Group supports Commission's proposals; French Socialists find them inadequate.

Then the debate was thrown open to the House. First to speak was Socialist spokesman Cornelis Laban (Du). He said his group supported Article 39 (which sets out the objectives of the CAP) of the Rome Treaty, but nevertheless insisted on the need for reform. He also agreed with the four principal aims on which the Commission had based its proposals : a fair income for farmers, common prices, a balanced market and the imperative of fighting inflation.

He then referred to various points in the motion to which the Socialist Group had tabled amendments. These included one rejecting the Agriculture Committee's call for 5 per cent increases and supporting the Commission's 3 per cent proposal.

Christian Democrats want fair income for farmers

Mr Laban was followed by Lucien Martens (Be) who spoke on behalf of the Christian Democrat Group. Mr Martens stressed that the fundamental purpose of the proposal should be to ensure that farmers, who were entitled to the same income as workers in other sectors, should receive a fair reward for their labour. Indeed, he added, this principle was universally accepted, and the argument began only when it came to agreeing on the best way to achieve this objective. At any rate, the Commission's proposal for a 3 per cent increase was simply inadequate and his group fully supported the Kofoed motion in calling for at least 5 per cent.

In proposing 3 per cent the Commission was clearly trying to avoid giving inflation a further push upwards. But what the Commission did not recognize was that agriculture was not the cause of inflation. After all, cost of living increases in Germany were minute compared with the United Kingdom, but the CAP applied to both these countries equally. What actually happened was that food prices increased substantially on the road from the farm gate to the supermarket. In Belgium, Mr Martens said, a mere 7 per cent of the price the consumer paid for a loaf of bread went into the farmer's pocket.

And referring to the dairy sector, Mr Martens criticized the demand from certain quarters that dairy herds should be cut by 2 million head ; how many small farmers would have to go out of business, he asked; 200,000, or 300,000? A

more logical solution, the speaker suggested, would be to cut imports of New Zealand butter and cheese.

Liberals find Commission proposals inadequate

Liberal Group spokesman, Michele Cifarelli (It) began by emphasizing his group's belief that the CAP was the single most important feature of the Common Market. He too did not believe that the Commission's 3 per cent increase was enough. And referring to the particular problems of Italy and Southern France, he felt that the Community's Mediterranean policy as regards agricultural production and marketing needed careful review, all the more so in view of the Greek and Portuguese applications for membership. His group would, he said, support the motion.

EPDs want 6.5 per cent increase in farm prices

Albert Liogier (Fr), speaking for the European Progressive Democrats, said that the price increase proposed by the Commission bore no relation to the current inflationary situation. Farm incomes had been falling for the last three years and it was time to rectify this : his group considered a 6.5 per cent increase in farm prices would be realistic. Describing the Commission's proposals in toto as provocative, Mr Liogier said that the problems besetting the dairy sector were structural and therefore needed a structural remedy. It was no use trying to apply the price mechanism here. What the Community needed was an overall plan for the CAP : it lacked dynamism and direction. European farmers could also contribute significantly more to the Community's export effort – it was the job of the CAP to provide the necessary incentive to mobilize them.

European Conservatives call for switch to cereal production

European Conservative spokesman James Scott-Hopkins (Br), congratulating both Mr Kofoed and Lord Bruce on their efforts, said he agreed with neither of them. Farmers had to be prepared to make the same sacrifices as everyone else in the fight against inflation. Some farmers, indeed, would be hard hit by the Commission's proposals but there was no question at this time of accepting the 5 per cent rise proposed by the Kofoed Motion. Nor did the speaker accept that devaluation of the green pound would automatically stimulate inflation. Turning

to what he described as the 'milk package', Mr Scott-Hopkins said that the 3 per cent increase proposed for the autumn would be offset by the two and a half per cent co-responsibility levy – giving a net increase of only a half per cent. Structurally the emphasis should now be shifted from milk to cereals production – the latter being easier to store and easier to dispose of on the world market. And in a reference to the current labelling controversy, the speaker appealed to the Commission to think again : there may be no cream in ice-cream, he said, but it would be an affront to public opinion to be dogmatic on the issue. The European Conservatives would vote against the motion.

Communists concern with farmers' plight

Championing the small farmer, Gustave Ansart (Fr) for the Communists, said that many French farmers were now earning below the minimum wage. Last year alone farmers' incomes had fallen by 9.4 per cent in real terms, and the border tax system was further exacerbating the situation. The agricultural potential of the Community should be more fully exploited and could be used to improve our balance of payments. If the green FF were devalued, the speaker said, the French consumer could be protected by removing VAT from food sales.

Too wide a margin between producer and consumer prices

The Socialist Group, said Mark Hughes (Br), accepted the need for common EC food prices, but they should be fixed to take account of the cost levels of the most efficient enterprises. One could not expect barley, for example, produced by a large and efficient farm in East Anglia on the one hand, and by a French smallholding on the other, to cost the same. And he echoed Mr Martens' point that the disparity between the farm gate and consumer prices was unacceptably high.

Agriculture Committee chairman Roger Houdet (Fr,L) appealed for a more dynamic Community export policy in agricultural produce and stressed the need for harmonization of fiscal measures. Mr Jan de Koning (Du,CD), said the Commission had taken inflation, organization of the dairy market and meas into account when drafting their proposals, but where was the concern for farmers' incomes? Pierre Bourdellès (Fr,L) agreed : A 5 per cent increase was an absolute minimum if farmers were to get a fair deal. Even that would not make up for the losses they had suffered over the past two years.

Brian Lenihan (Ir,EPD) restated what his colleague Mr Liogier had said : his group wanted a 6.5 per cent increase, and had tabled an amendment to that effect. We must recognize the CAP as not merely a social and regional policy but – and this was its most significant role – as a strategic means for providing 250 million European consumers with secure food supplies.

Marketing boards should not be dismantled

Ralph Howell (Br,EC) thought the polarisation of opinion between consumer and producer interests was 'too silly'. The CAP had been a success. There was food enough and to spare. What was needed was a policy to correct certain imbalances and no one believed the present proposals would do this. Fresh thinking, such as would induce producers to switch to other crops, was what was wanted : from milk and wine to maize, for example. Mr Howell disagreed with the British Government about phasing out mcas and with the Commission about phasing out the marketing boards of the United Kingdom. He looked for production planning and market discipline to solve the current problems.

Giuseppe Vitale (It,CA) said his group accepted the 3 per cent increase in prices proposed by the Commission. But the 'objective method' of calculating prices struck him as unrealistic. The price determination was a complex political affair. And, if prices could not be put up more, then the costs of production and distribution had to be contained. His group agreed with the idea of phasing out mcas but this too would be unrealistic unless the regional imbalances in production could first be corrected.

Lord Bruce of Donington, speaking in his own name, argued that mcas were inevitable once the principle of common prices was conceded. But currencies were bound to fluctuate in relation to each other and no one had defined the acceptable or tolerable limits of such fluctuations as far as their effects on mcas was concerned.

Isidor Früh (Ge, CD) argued that structural reforms should not be regarded as a panacea. After all, modernised farms would not produce unless there were a price incentive for them to do so. The key to Europe's farm problems lay, as he saw it, in common economic and cyclical policies.

Need for common sheepmeat policy.

Tom Nolan (Ir, EPD) raised three points: sugar, the need for a common sheepmeat policy and the rather meaningless antithesis between producer and consumer. He was amazed that sugar beet prices were to go up by only 3 per cent. His group wanted 6.5 per cent. He was very concerned about the extraction of fructose sugar from imported maize. This could be a serious threat to the sugar beet growers if it were allowed to penetrate the industrial sugar market. As regards sheepmeat, Mr Nolan pointed out that the Community's sheep were falling in numbers at a time when the opposite should be occuring. Sheep were not the occasion of butter or milk surpluses. The only by-product from sheep production was wool and there was no difficulty in selling that. As regards the juxtaposition of consumer and producer interests, he pointed out that it was not the producer who gained the most benefit from price rises. It was more the middle men.

Mr John Corrie (Br, EC) thought the Commission had got its proposals 'about right'. What was difficult was to accomodate the variations in size of farm, soil conditions and type of climate within one blanket set of proposals. What concerned Mr Corrie was that in a world where half the poputlation is living below the breadline the Community was unable to come up with the right answers. He pointed out that it is not the farmers who force prices up: it is an effect of economic policies, over which farmers have little control. Mr Corrie also entered a plea for the marketing boards. It would be wrong to dismantle them at the end of the transitional period. The Eight should rather adopt the British system. They were part of the long-term planning system which the farming industry needed for that was farming's distinguishing feature: that it could not be switched on and off at will. It was a long-term business.

Council strongly influenced by farm lobby

Altiero Spinelli (It, CA) said the Commission had once again drawn up a set of reasonable proposals – as indeed it had in every year he could remember and once again the Council would act on the advice of the producers (or the COPA), as it had done in every previous year he could remember. It would act unreasonably leaving the Commission with nothing more than the credit of having at least suggested reasonable proposals. Adam Smith had pointed out that any group of producers decided sooner or later that their interests lay in higher prices. What the Community needed was a system of reasonable prices. It was still having to live with the consequences of unreasonable ones.

Enlarging EC could hurt Mediterranean farmers

Pierre Lagorce (Fr, S) expressed concern about the accession of Spain, Portugal and Greece. The advent of these countries could adversely affect the small farmers in France and Italy, especially in the fruit and vegetable, wine and olive oil sectors. Anticipating criticisms of such hints of protectionism he asked what were the arguments for denying Japan access to the EC market? In sum, he thought the accession of new countries should be viewed with caution.

Giosuè Ligios (It, CD) was struck by the cost to the Community of importing food products. If the Community grew all its own food the saving would be equal to the whole of the oil import bill, he said.

Mr Michael Herbert (Ir, EPD) was bitterly disappointed that the dairy price increase was only intended to come into effect on 16th September. This was totally inadequate. The costs of inputs had soared and inflation showed no sign of abating. He reminded the House that the Irish dairy industry has not sold one pound of butter into intervention and was thus in no way responsible for any surpluses. His group could accept a moderate increase, he said, provided it came into force as from April 1st.

Commission should keep its promise on sheepmeat policy

Mr Liam Kavanagh (Ir, S) called on the Commission to fulfil its commitment to introduce a common market organization for sheepmeat. This had been promised in a written answer to a question Mr Kavanagh had addressed to the Commission in October 1973. When pressed on this point in 1974 the Commission had back-pedalled. And it back-pedalled still further in replies to the honourable Member's questions in February 1975 and January 1976. He reminded the House that sheepmeat from his country could only be sold on the Paris market where it was in competition with British lamb fresh-killed. He pointed out that the British market was oversupplied by New Zealand lamb. He asked for fair play for the sheep farmers and urged the Commission to act.

Boost butter sales by advertising

Charles McDonald (Ir, CD) thought the Community should be congratulated on its success in achieving the aims set out in Rome Treaty article 39. It was idle to

criticise the CAP for surpluses in a world where people were hungry. He looked for a realistic price increase to offset massive increases in costs and he pointed out that the percentage accruing to the producer would be small. He pointed out that food was becoming a smaller percentage of the family budget and was now less than 30 per cent. As for milk, the Commission should seek to boost consumption by means of an advertising campaign.

Ferrucio Pisoni (It, CD) felt that the proposals before the House, on the contrary, did little to improve the image of the CAP. He was particularly concerned about wine and he reminded Mr Laban that wine growers had accepted very strict production controls. This policy had not helped the consumer and disregarded the principle of Community preference.

André Guerlin (Fr, S) said his French colleagues disagreed with the Socialist Group as a whole. The price increase had to be improved on, to 7 per cent, if farmers were to make a decent living. The poorer farmers should be given subsidies to enable them to survive.

Gundelach: the Commission cannot accept Parliament's bid for a 5 per cent increase in farm prices – it would be putting a bomb under the whole CAP. 'I am not going to be responsible for splitting up the Community's agricultural market.'

In reply to Parliament's debate on the Commission's proposals for farm prices and the agricultural markets generally, Commissioner Finn Gundelach's main point was that the Community must have the support of the general public for its policies and that, if it fails to secure this support, it is not only the CAP which will crumble. The Common Market itself could come to an end. It was too easy to say 'add a bit here and add a bit there and let the devil take the hindmost'. This would not do. Mr Tugendhat completely agreed with him. The consequences of 'producing for intervention' instead of producing for the market could only spell ruin.

From the floor of the House there had been three basic counter-proposals for the 1977-1978 farm prices. Mr Kofoed was calling for 5 per cent. This would cost 430 m u.a. in a full year. The European Progressive Democrats wanted 6.5 per cent. This would cost 530 m u.a. Lord Bruce's proposals would cost much less – 200 m u.a. These price increases said Mr Tugendhat, compared with the 40 m u.a. in 1977 – or 300 m u.a. in a full year – that the Commission's 3 per cent proposals would cost.

Mr Gundelach had earlier reminded the House that butter prices went up by 42.5 per cent from 1972-3 to 1976-7, more than practically any other product. And the cost to the Community exchequer had also gone up – from 600 m u.a. to 2000m u.a.

Such were the main points from the Commission's reply; essentially an impassioned appeal for Parliament and Council to accept the Commission's proposals as they stand.

In detail, the other points in Mr Gundelach's reply were as follows: the suggestion that the Commission's price package was being framed as an anti-inflation mechanism was totally wrong. Inflation was only the fourth of a series of factors being taken into account;

the 'objective method' of calculating farm prices was 'shaky ground';

although the producer price was only 40 per cent of the end price, this 40 per cent does count so it does matter to the consumer. Any increase in this 40 per cent has a multiplier effect;

the market for farm products showed no sign of growing firmer;

farm supplies must be secured but not 'at any cost'; with demand falling and supplies growing the farmers were producing for intervention only. This was a situation the CAP could not sustain indefinitely;

it is doubtful if a system of intervention prices for wine will help; the wine would have to be denatured and this, to some extend, was happening already;

the EC must honour its commitments to the Lomé countries over sugar and to New Zealand over butter. A cut in sugar production quotas was needed. The market was the prime reason for the Commission's limited price proposals;

the mcas were designed as temporary shock absorbers. This is what they would have to come back to being;

'I was astonished no one mentioned the effect of Germany's revalued currency. It is to put a 10 per cent tax on imports and pay a 10 per cent subsidy on exports.'

'We must get back to a single market.' If prices were set nationally, the EC would no longer be able to negotiate internationally;

agriculture could not simply be put on one side when currencies were revalued or devalued;

the Commission was prepared to accept butter subsidies

there would be proposals for sheepmeat in the Commission's second agricultural package;

the Commission's efforts on behalf of Mediterranean farmers would focus on help for the processing industries which would also help with jobs and on improving the quality of the fruit and vegetables grown there;

what matters is the state of the market. How can farmers feel safe if they are producing for intervention? To allow them to do so is no service to the farming community.

EP compromise motion on farm prices 'Even this goes too far' – Gundelach

Parliament concluded its two-day debate on farm prices by agreeing to a rather uncomfortable compromise motion on the Commission's proposals. The key clause now reads: (Parliament) 'believes, while noting the intention of the Commission's overall price increase of 3 per cent, that it will lead to a reduction in income in certain production sectors, will create unacceptable pressures on income in certain Member States and will not allow for a sufficient margin for the adjustment of the "green rates".'

For the Commission Mr Gundelach said that even this compromise text was going too far. He had looked to Parliament for support in getting Council to accept a moderate increase in farm prices coupled with a package of measures designed to eliminate surpluses.

The motion also stressed 'the UK must realign its prices.' It considered 'that the "green" rate for the Irish pound should be immediately devalued in full.' It called for a study of the margin between producers' prices and consumer prices and of 'the effects on prices of the system of production and distribution.' The motion asked for inducements to get dairy farmers to switch to cereals, especially wheat and maize and for more interest to be taken in the cultivation of soya as a green fodder. It urged that sugar produced from fructose be subject to the same control as beet sugar and 'approved the Commission's proposal to

reduce the maximum quota for sugar from 35 per cent to 25 per cent on condition that isoglucose, an industrial product, is no longer allowed to benefit from an unfair competitive advantage.' The motion called for an intervention price for wine and found it 'unacceptable that some Member States continue to obstruct imports of EC wine with very heavy excise duties and other taxes.'

It asked that the price of milk 'be moderately increased in two stages, namely on 1 April and 16 September 1977 and that a corresponding co-responsibility levy should be imposed right from the start of the milk marketing year.' It asked the Commission 'to organise supplies of milk powder for food aid more effectively and to make every possible effort to recover the lost markets for dairy products in third countries as soon as possible.' The motion asked for beef subsidies to be reintroduced, for action to stabilise the egg and poultry sectors and for market organisations for alcohol, sheepmeat and potatoes to be set up.'

SUMMARY OF THE TWO DAYS IN LUXEMBOURG

(March 22nd and 23rd)

Tuesday, March 22nd

- Parliament agrees unanimously to motion insisting that the Community as such be represented at the Western Economic Summit in London on May 6th and 7th 1977.
- Parliament debates Commission proposals (576/76) for a 3 per cent increase in farm prices for the 1977-78 farm year beginning on April 1st. (EP doc. 9/77)

Wednesday, March 23rd

- Parliament rejects motion censuring Commission for its handling of EC butter exports by 95 votes to 15.
- Parliament agrees to compromise motion on farm prices in which the main clause reads: (Parliament) 'believes, while noting the intention of the Commission's overall price increase of 3 per cent, that it will lead to a reduction in income in certain production sectors, will create unacceptable pressures on income in certain Member States and will not allow for a sufficient margin for the adjustment of the "green rates".'

STATE OF PLAY ON DIRECT ELECTIONS LEGISLATION

TABLE SHOWING PROGRESS IN RATIFICATION OF THE COUNCIL ACT OF 20 SEPTEMBER 1976
AND IN ITS IMPLEMENTATION BY ELECTORAL LEGISLATION

(Situation as at 4 March 1977)

	RATIFICATION		ELECTORAL LEGISLATION	
	Presentation of draft Bill to Parliament (date)	**Progress made**	**Presentation of draft Bill to Parliament (date)**	**Progress made**
BELGIUM	Presented to the Chamber on 14 February	Sent to the Foreign Affairs Committee	not presented	under discussion by Parties and the Press
DENMARK	Presented in December 1976	under consideration by the European Affairs Committee before election of 14 February (Folketing reassembled this week after elections)	not presented	under discussion by Parties and the Press
FEDERAL REPUBLIC	not presented	draft Bill under discussion between Federal Government and Länder Governments	not presented	draft presented to political groups in Bundestag on 28 January (national list; a party must obtain 5 per cent of the votes to gain any seats).

FRANCE	Presentation planned in April-May 1977 session (opens 2 April)	———	Presentation planned in autumn session (opens 2 October)	19 January: the Foreign Minister stated that Government would propose a national list and proportional voting
IRELAND	not presented	———	not presented	Government has proposed 4 constituencies, and voting by STV as in general elections
ITALY	presented January 1977	adopted by Chamber 17 February by 384 to 16 votes. Adoption by Senate foreseen by 25 March (20th anniversary of Treaties)	not presented	under preparation in Ministry of Interior
LUXEMBOURG	presented 18 January 1977	under consideration in Committees of Chamber	not presented	under preparation by Government.
NETHERLANDS	presentation expected in March 1977	———	presentation expected in June or September 1977	———
UNITED KINGDOM	ratification by Government likely on adoption of electoral legislation	———	White Paper to be presented in early March; Government has promised Bill this session (before October)	Commons Select Committee proposed in August 1976. 81 constituencies with majority voting.

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