

Annex

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on 22 and 23 March 1977  
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.

*Resolutions adopted at sittings of 22 and 23 March 1977 appear in the Official Journal of the European Communities C 93 of 18. 4. 1977.*

## SITTING OF TUESDAY, 22 MARCH 1977

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## IN THE CHAIR: MR COLOMBO

*President*

(The sitting was opened at 4.30 p.m.)

**President.** — The sitting is open.

## 1. Resumption of the session

**President.** — I declare resumed the session of the European Parliament adjourned on 11 March 1977.

## 2. Apologies

**President.** — Apologies for absence have been received from Mr Pierre Bertrand, Mr Johnston and Mr Emile Muller who regret their inability to attend this sitting.

## 3. Tribute

**President.** — Ladies and gentlemen, Parliament has once again suffered a sad loss. Mr Hervé Laudrin who had been a Member of the Assembly for 15 years, passed away on the night of 19-20 March.

## President

Throughout his membership Mr Laudrin played an active part in our work, in particular as a member of the Committee on Social Affairs, Employment and Education, the Committee on Development and Cooperation, the Committee on Agriculture and the Conference of the Association.

On behalf of Parliament I have expressed our sympathy to the relatives of our late colleague and to the Group of European Progressive Democrats of which he was a member.

In memory of our colleague I would ask you to observe 1 minute's silence.

*(The Assembly stood to observe 1 minute's silence)*

### 4. Authorization of reports (reference to committee)

**President.** — At the request of the Committee on Regional Policy, Regional Planning and Transport, which has been authorized to draw up a report on improved efficiency of air traffic control, on which the Committee on Energy and Research has been asked for its opinion, the Committee on Economic and Monetary Affairs has now also been asked for its opinion pursuant to Rule 38 (3) of the Rules of Procedure.

### 5. Documents received

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

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

— proposal from the Commission to the Council for :

— a regulation on the opening, allocation and administration of the Community tariff quota of 30 000 head of heifers and cows, not intended for slaughter, of certain mountain breeds falling within in subheading ex 01.02 A II (b) 2 of the Common Customs Tariff

— a regulation on the opening, allocation and administration of the Community tariff quota of 5 000 head of bulls, cows and heifers, not intended for slaughter, of certain Alpine breeds falling within subheading ex 01.02 A (II) (b) 2 of the Common Customs Tariff (Doc. 6/77)

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.

— proposal from the Commission to the Council for

— a regulation concerning imports of rice from the Arab Republic of Egypt

— a regulation concerning imports of bran, sharps and other residues derived from the sifting, milling or other working of cereals originating in the Arab Republic of Egypt (Doc. 7/77)

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

and to the Committee on Agriculture, the Committee on Budgets and the Committee on Development and Cooperation, for their opinions.

— the proposal from the Commission 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 — (1 July 1977 — 30 June 1978) — (Doc. 10/77) ;

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 to the Council for a regulation on financial and technical aid to non-associated developing countries (Doc. 11/77).

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

(b) from the committees, the following reports :

— Interim report by Mr Seefeld, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on sea transport problems in the Community (Doc. 5/77) ;

— Report by Mr Kofoed, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council (Doc. 576/76) on the fixing of prices for certain agricultural products and on certain related measures (Doc. 9/77) ;

— Report by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the outcome of the 4th International Parliamentary Conference on the Environment held in Kingston (Jamaica) from 12-14 April 1976 (Doc. 12/77) ;

(c) from the Council :

— the Second Financial Protocol between the European Economic Community and Greece (Doc. 8/77)

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Political Affairs Committee and the Committee on Budgets for their opinions.

### 6. Order of business

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

At its meeting of 23 February 1977 the enlarged Bureau prepared the draft agenda which has been distributed.

In the meantime, however, new circumstances have arisen and at a meeting held at 10 a.m. this morning the enlarged Bureau decided to submit for the approval of Parliament the following amended draft agenda :



**President**

*Tuesday, 22 March 1977, afternoon*

- order of business
- debate and vote on the motion for a resolution tabled by Mr Alfred Bertrand on behalf of the Political Affairs Committee on the participation of the Community at the Western Economic Summit to be held in London on 6 and 7 May 1977
- debate on the report by Mr Kofoed, on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures.

*Wednesday, 23 March 1977, 10 a.m.*

- debate on the motion of censure tabled by the Group of European Progressive Democrats.

*11 a.m.*

- resumption of the debate on the Kofoed report.

*1 p.m.*

- vote on the motion of censure
- vote on the Kofoed report

It is also proposed that, in order to reduce the duration of the vote on agricultural prices and thus enable the British delegates to leave Luxembourg not later than 4 p.m. authors of amendments should be asked to move their amendments during the general debate so that they do not have to speak again during the vote.

Are there any objections?

I call Mr Cointat.

**Mr Cointat.** — *(F)* Mr President I fully appreciate your concern to organize the proceedings in such a way as to allow our British colleagues to return to their country at 4 o'clock tomorrow. We are all agreed on this point, but if I have understood rightly you want our discussions to go on without interruption up to 10 o'clock this evening and also go on without interruption tomorrow at mid-day. The Members will have no objection because they can leave the House from time to time to take refreshment.

The officials, particularly those serving this part-session who are obliged to remain on duty the whole time, do not have the same latitude. Please allow me, therefore, to suggest that at least this evening, if not tomorrow, there should be a break of half or three-quarters of an hour which should not, after all, cause any great difficulty. I thank you on their behalf, Mr President.

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — *(D)* Mr President, I feel that the interpreters in the cubicles would be better pleased if they knew that proceedings would come to an end exactly at 10 p.m. so that they could then take a well-earned supper rather than if we had a 30-minute break for a sandwich that would probably turn into an hour. This would be of no help to the Members or to

the officials in the cubicles. I am in favour of leaving the timetable in the form proposed by the President's office and agreed unanimously today — your group included, Mr Cointat.

*(Applause from various quarters)*

**President.** — I should like to assure you that the Bureau has also taken these factors into account so that, however demanding the work, it should not sap the strength of our excellent and capable staff.

Are there any other objections?

The agenda is thus agreed.

### *7. Allocation of speaking time*

**President.** — For the debate of the Kofoed report on agricultural prices (Doc. 9/77) and for that on the motion of censure tabled by the Group of European Progressive Democrats (Doc. 3/77), I propose that speaking time be allocated as follows:

#### *Kofoed report*

Rapporteur :	30 minutes
Draftsman of the opinion of the Committee on Budgets :	15 minutes
Socialist Group :	60 minutes
Christian-Democratic Group :	50 minutes
Liberal and Democratic Group :	40 minutes
Group of European Progressive Democrats :	30 minutes
European Conservative Group :	30 minutes
Communist and Allies Group :	30 minutes
Non-attached Members :	15 minutes
Commission :	45 minutes

#### *Motion of censure*

Author :	20 minutes
Commission :	20 minutes
Political Groups :	20 minutes in total

Are there any objections?

That is agreed.

### *8. Participation of the Community at the Western Economic Summit in London*

**President.** — I have received from Mr Alfred Bertrand, on behalf of the Political Affairs Committee, a motion for a resolution with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the participation of the Community as such at the Western Economic Summit to be held in London on 6 and 7 May 1977 (Doc. 13/77).

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

I call Mr Bertrand.

**Mr Bertrand.** — *(NL)* Mr President, on behalf of the Political Affairs Committee I would first and foremost like to thank the Bureau for agreeing to the commit-

**Bertrand**

tee's request to give the motion for a resolution priority on the agenda so that this extra-ordinary part-session can then be exclusively devoted to agricultural problems. The fact is that on Friday — the 20th anniversary of the signing of the Rome Treaty — the European Council will be meeting in Rome and it is absolutely necessary that this Parliament should be able to give its opinion, before that date, on the fact that the Community is being excluded, for the third time, from a European summit conference at which — it should be noted — mainly economic problems are to be discussed.

This is all the more regrettable in that, after the first exclusion of the Community at Rambouillet and its second at Puerto Rico, the European Council discussed the problem on 12 and 13 July in Brussels both on the grounds of protests from various Member States which were not present and because the Community as such was not represented. In consequence it was then decided that Community procedures and mechanisms must be observed at international conferences. Furthermore it was decided in Copenhagen and elsewhere that the Community must be able to speak with one voice on international matters. In view of all this, the Political Affairs Committee wants Parliament to urge that the Community, in the person of the President of the Council and the President of the European Commission, should be represented at the forthcoming economic summit conference in London. Secondly, Parliament urges all governments of Member States and the Council of the European Communities to take the necessary steps in order to make this possible, and here we address ourselves more especially to the President-in-Office of the Council of Ministers with the request that he should do what is necessary to implement the wish of the Community to be invited as such. This is the content of this motion for a resolution. I do not think any further explanation is necessary; all the stand-points are sufficiently familiar.

We are filled with indignation at the fact that, whenever it is a matter of economic problems, our Economic Community is not present as such at the discussions. The purpose of the resolution is to put an end to this abuse once for all and I hope that Parliament will approve it unanimously.

*(Applause)*

**President.** — I call Mr Gundelach.

**Mr Gundelach.** *Vice-President of the Commission.* — (DK) Mr President, the Commission does not wish there to be any doubt on this occasion that it always has been and always will be its view that at international conferences, to which some Member States have been invited and which deal with matters touching on the Community's sphere of responsibility, the

Community must be represented by its appropriate institutions. It is not simply a question of ensuring continued progress in the building of Europe; it is a question of upholding what has been achieved over the last fifteen years.

If — which will doubtless be the case at the forthcoming summit meeting in London — subjects which are directly Community matters, such as trade policy, energy and other economic questions, are discussed or debated with some Member States taking part, but not the Community's appropriate institutions, confidence in these institutions would be seriously weakened when they negotiate on Community interests on behalf of the Community. One of the buttresses of and one of the main arguments for European policies would be undermined. Over the next few days the Commission will therefore continue its efforts to ensure that the decision that the Community institutions shall not be represented in London, which seems more definite all the time, is not taken, and that the Community will indeed be represented, and welcomes the motion for a resolution tabled by Mr Bertrand as support for these efforts.

*(Applause)*

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

The resolution is adopted.<sup>1</sup>

#### 9. *Fixing of prices for certain agricultural products and related measures*

**President.** — The next item is the debate on the report (Doc. 9/77) drawn up by Mr Kofoed on behalf of the Committee on Agriculture on the

proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures.

I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — (DK) Mr President, I have the honour of submitting the report by the Committee on Agriculture on the Commission's proposal on agricultural prices. We must assess the price proposal in the context of the situation of the Community, and bear in mind that it is our duty to work towards the objectives of the common agricultural policy, which, according to Article 39 of the EEC Treaty, are to provide the conditions for fair earnings in agriculture and to ensure that supplies reach consumers at reasonable prices. I believe that Parliament wholeheartedly agrees with these objectives.

<sup>1</sup> OJ C 93 of 18. 4. 1977.

## Kofoed

However, these objectives are not so easy to attain. If we consider the general economic situation in the European Communities, there are a great many problems which help to complicate matters for the agricultural policy. In 1977 we are still suffering the effects of a widespread recession; we still have problems of inflation to combat and we are having difficulties in achieving renewed economic growth and progress. 1976 brought a slight improvement and this can be expected to continue in 1977, but it looks as if — rightly — the individual countries will continue their efforts to limit money incomes with the aid of various forms of incomes policy, so that it is hard to forecast any growth in the consumption of foodstuffs in the coming year. In other words, any increase of agricultural production would have to find its outlet in exports from Europe to third countries.

It is in the light of this general economic situation that the Commission and Parliament have to try to formulate a view on the fixing of prices in the agricultural sector for the coming year.

When I turn to the Commission's proposal for a general price rise of 3 %, I must say personally that this increase is less than what I would regard as reasonable in the present economic situation. The Committee on Agriculture, or at least a majority of that committee, is therefore in favour of a general increase of at least 5 %, taking agricultural incomes into account. The Commission seems to regard agricultural minimum prices as having greater influence on economic trends than is normally assumed, to be the case and perhaps more than is justified. I am thinking here of the statement by the Commission that the 3 % increase in agricultural prices is to be seen as part of the general fight against inflation. I regard this as somewhat of an exaggeration, as the Commission were at the same time producing calculations to show how small an effect producer prices actually have on inflation, and at any event producer prices actually have on inflation, and at any event on increases in prices to the consumer. If producer price increases really were to have any effect, they would have to be about 10 % before they would have any real effect on living costs. The proposed increase of 3 % cannot in any case be used as a pretext, and described as a real part of the fight against inflation. Moreover, we could pursue this argument and ask the Commission if its view is that it should be the producers who make the greatest contribution to the fight against inflation. It therefore seems to me that the Commission's proposal is perhaps a little on the drastic side.

In this connection it is also essential to explain to the consumer and the taxpayer that food prices in Europe are not fixed by the Commission or the Council. It is in fact the normal market mechanism which determines the price to the consumer. I think it should be made clear to the public that what the Community, Parliament and the Council do is to fix a minimum price for the producer, rather like a safety net, so that

his income cannot fall below a certain minimum, but that it is the market mechanism which determines how high the price is to the consumer. It should also be seen as an advantage to the consumer, as greater supplies of individual produce, and greater supplies of foodstuffs as a whole, mean more choice for the consumer, and greater abundance gives him better and cheaper opportunities to buy this produce. I think certain things must be made clear, as it seems to be a widely held view this is a kind of trade union system, where we fix prices and incomes for the producers at the consumers' expense. This is not so.

But if it is difficult to reach agreement on the amount of these minimum prices, this is due first and foremost to the economic disparities within Community countries, which are caused by numerous factors which I do not intend to go into here. Members present know very well what variations there are in agricultural conditions in England and Italy, and even within countries such as France and Germany there are great differences in farmers' economic circumstances. This in itself makes it difficult. At the same time it is made even more difficult by the fact that the different countries have had varying fortunes with their economic policies aimed at producing stable development.

This naturally leads us into the next problem, that of monetary compensatory amounts. The Commission has proposed a procedure for progressively reducing these MCAs, taking appreciating as well as depreciating currencies into account. It is said of the monetary compensatory systems, that they have been discredited in some eyes, and perhaps more than is justified. For what alternative was there and is there to monetary compensatory systems? So far as I can see there is only one, that is a common economic and monetary union, i.e. to have fixed or uniform currencies, so that prices can be made to apply regardless of geographical location. But if we agree that we should have a uniform agricultural policy, we are forced, in present circumstances, to have a monetary compensatory system. This is not to say that the system is satisfactory as it operates at present. I am compelled to say that it cannot be right for monetary compensatory amounts to be used in the United Kingdom in practice as consumer subsidies. In my view the intention was never for the MCAs to have this effect, but to give the producers in the country in question something like the minimum price laid down. On the other hand it cannot be right, in terms of competition, for hard currency countries such as Germany to receive further advantages when they export to a devaluing country, and at the same time maintain the competitive situation, so that those coming from devaluing countries and exporting to the Federal Republic must pay a levy of 9 % at the present moment. These factors are helping, if not to destroy, then at least to complicate the agricultural policy and at the same time encouraging production to increase in countries where perhaps it should not increase so rapidly, since the balance of competition has been disturbed.

**Kofoed**

The Committee on Agriculture is of the opinion that, in view of the surpluses and production trends in general price policy alone cannot solve the market problems of the different products.

The most difficult problem at the moment, and one which is most in the public eye, is the dairy sector. We can say that its problems cannot be solved by price policy alone. I am not certain that the present relatively low price increase will have much influence on whether milk production increases or decreases this summer. We all know that, given the existence of a herd of cows, they will produce regardless of price levels, at least for a certain time, as one cannot convert a herd from one year to the next. Our main problem is that there has been a distortion in the dairy sector so that we now do not use the animal proteins in the milk as we did up till recently. That is to say we are importing vegetable protein, from the USA for example, as a substitute for the animal protein is too dear and cannot compete with vegetable protein. The Commission is aware of this, and we welcome the first steps which have been taken towards a solution of these problems, but I must emphasize that this is not enough. It has been said before in this House, and I must say it again: we really must tackle the structural problems. It is not enough to make speeches, however fine they be, if nothing tangible emerges, if they are not backed up by actual decisions. We have to make available adequate funds to obtain a structure to enable milk to be produced at a price which the market can bear.

We therefore very much hope that the Commission will get down to approving further funds to solve these structural problems both in primary operations, in respect of retirement of farmers on account of age or amalgamation, and in the processing sector.

I do not wish to go into the individual sectors which are dealt with in the report itself. On the whole we in the Committee on Agriculture consider that there is a degree of cohesion in the price proposal in respect of the interactions between the different sectors.

In this connection I have to raise another problem, that of the fruit and vegetable sector, and within that the wine sector. In 1976 something was probably achieved, in that 1977 may not be such a great problem, at least for the wine sector. But, according to the majority recommendation of the Committee on Agriculture, the Commission must set up a system to give a form of intervention price for the wine sector. We are all aware that this is a very complicated technical problem. But if there is to be a market organization, it must be a market organization in which the producers too can place their confidence. I would go further and say that, in the wine sector, in the olive sector, etc, the same thing applies, and that is that the

structural policy must be put into effect, for here too there is a need for production to be at a level which the market can bear.

Finally I should like to say that, despite all difficulties, the Community's agricultural policy has established a system which, although far from perfect, has given substantial benefits. This is true for producers, who as a rule have guaranteed minimum prices and are therefore helped in their planning and sales, but it is also true for consumers, who enjoy assured supplies of relatively cheap foodstuffs. We all know too well the situation in other parts of the world, for example in Eastern Europe, where shortages are a common occurrence. I think we can safely say that we in the European Community pay a modest price for these advantages.

Of course we must do everything in our power to prevent these surpluses from arising, but I think that we should stick to the minimum price system, which despite its faults has met the primary concern of the consumer, which is that he can always obtain food when he wants it.

*(Applause)*

**President.** — I call Lord Bruce.

**Lord Bruce of Donington, draftsman of an opinion.** — Mr President, I would, if I may, draw the attention of Parliament to Document 9/77/Annex, which unfortunately has only been available during the last three or four hours, because, of course, this is the opinion which I have the honour to present on behalf of the Committee on Budgets.

The first thing that I would like to say is how much we in the Committee on Budgets appreciate the very great endeavour that has been made by the rapporteur of the Committee on Agriculture, and indeed by the whole of his committee, in presenting Parliament with such a comprehensive and well-drawn report. The fact that we on the Committee on Budgets differ in certain important respects from the conclusions arrived at by the Committee on Agriculture does not in any way diminish the respect in which we hold the efforts that have been made by that committee.

Associated with the report of Mr Kofoed are, of course, the original Commission proposals, COM (77) 100 final, of 11 February, and COM (77) 150 final, which contains the financial implications as presented by the Commission. On behalf of the Committee on Budgets, we would hope that Parliament will express its appreciation to the Commission for having produced, not a mere four pages of explanation and support of the proposals as it submitted last year, but a very comprehensive document which has been of enormous assistance to us.

## Lord Bruce of Donington

Having said that, I have to refer to Annex 3 to the Commission document COM (77) 150 final, which presents a summary of the Commission's proposals: this takes into account, to the extent of some 475.8m u.a., something it describes as 'Probable changes in expenditure for 1977', and under one of the headings, 'For economic reasons', it puts a total of 438m u.a. I assume, Mr President, that is in order to prepare us for the supplementary budget that will be arriving in Parliament in due course. I am bound to point out, on behalf of the Committee on Budgets, that instead of the heading 'For economic reasons' it would, perhaps, have been a little franker to put 'Adjustments to former forecasts', because, of course, that is what it really amounts to, and it calls to mind the suggestion made by Parliament that some 200m u.a. ought to be put into the 1977 budget as a partial contribution to such a contingency. But it would be churlish to refer in anything other than laudatory terms to the efforts that have been made by the Commission.

I now turn to the proposals themselves and my committee's reactions to them. By reason of the time-limit it will not be possible for me to refer in detail to all the attitudes taken up by the Committee on Budgets to the proposals put forward by Mr Kofoed or the details set out in his report. I shall therefore deal with two principal items only, on which the committee concentrated.

First of all, the prices and the price-increase proposed by the Commission. There were varying views in the Committee on Budgets on this. A small minority wanted no increase at all, another small minority opted for an increase of some 5 %, but after mature deliberation and a good deal of argument, as you would expect, the committee came to the conclusion that a fair increase would be the Commission's proposal for 3 %, but with one very important exception. The Committee on Budgets, by a substantial majority, could not possibly recommend to Parliament that there should be any increase in price at all on those items where there is a structural surplus.

The Committee on Budgets had the advantage of hearing Mr Gundelach in the earlier stages of its deliberations some fortnight ago, when, with most admirable frankness, he told the committee that in certain areas, notably in milk products, wine and oil, but also others that he mentioned — with an incipient one perhaps in sugar — we in the Community were producing no longer for consumption but in fact for intervention. And the committee had to take account of this. It also had to take account of the very substantial amount of money that is spent out of the budget by way of storage charges — some 70 to 80m u.a. per annum. It had further to take into account the very substantial sums that have to be spent in the Community budget on the realization of these large surpluses or parts of them, of which the recent disposal of butter to the USSR involving a very considerable

disbursement out of Community funds is but one example. It therefore decided that we could not possibly ask Parliament to approve price-increases in those areas where there were surpluses, and an amendment relating to the price-levels in the dairy sector will in due course be presented to Parliament as soon as it is available for distribution. That is the first area.

The second area in which the Committee on Budgets dissented from the conclusions arrived at after careful consideration by the Committee on Agriculture was that of monetary compensatory amounts — MCAs. Here our committee, by a majority, affirmed its previous decision on the matter last year, when it came to the conclusion that MCAs should be phased out as soon as the economic considerations causing the disequilibrium with which they are supposed to deal could be corrected, and it decided that the time had not yet come. An amendment to the proposals dealing with the deletion of the proposed MCA charges will be therefore laid before Parliament as soon as it is available for distribution.

Some reasons, of course, have to be given for this, particularly as it is in dissent from the views of the Committee on Agriculture. It is not universally understood, Mr President, that MCAs are paid in order that the food-exporting countries, particularly those with higher currencies, can compete in the importing countries that have depreciated currencies. That is the purpose of them. It is quite true that in effect they result in the prices in the importing countries being lower than they would otherwise be, but it is also true that they enable the exporters in countries with appreciated currencies to compete on fair terms. It is also not always understood that in the case of the monetary compensatory amounts arising on import transactions by Italy and the United Kingdom, the MCAs are not paid to the importing countries. In fact they are paid, and have been paid since 17 May 1976, mainly to the Federal Republic of Germany in order that German farmers may compete on fair terms with farmers in the United Kingdom and in Italy. Once that misconception is cleared up, one begins to see the MCAs in their correct setting. The reason for them is, of course, to preserve fair competition in agriculture. Their size for that purpose is immaterial. It is the whole principle of the CAP that competition should be preserved.

I now pass on to their effects. If there were changes in monetary compensatory amounts in so far as these affect in particular the United Kingdom, their effect generally would be as follows. In the case of food-importing countries with depreciated currencies, there would be a significant addition to the price and therefore to the rate of inflation in those countries. There would also be a minute increase in the countries with appreciated currencies and with low rates of inflation. So what would happen would be this. Far from promoting a convergence between the economies of Member States, it would in fact accentuate the differ-

### Lord Bruce of Donington

ence in the inflation-rates between these two particular types of countries. In short, it would be diametrically opposed to the objective of the Commission, which it announced when it came to office and which was supported by the late President-in-Office of the Council, that the principal task of the Community was to induce Member States to promote economic convergence and to take such action as it possibly could to assist in the process of reducing the disparities. This particular step proposed by the Commission goes right against that.

But the third and most important reason for rejection lies once again at the kernel of the problem — the problem of surpluses. History has shown — and I can produce the figures if necessary and would produce them here if there were time — that when there are rises in prices in these various commodities, particularly food, there is a reduction in consumption. And so, if the MCA changes were applied, even in their very modest rigour, there would be a reduction in consumption of many of the items concerned and this would not only accentuate the surplus of which I have already complained but also add to the interests on storage charges and put yet a further load on the surplus of commodities — particularly milk and milk powder — in the form of the terrific loss that is always entailed in ultimate disposal.

And so, Mr President, we are bound to point out that, although the Commission in the said Annex 3 has in fact pointed out the saving in MCAs that would result, what is not stated, and what is not stated anywhere in the report, are the increased charges that would result from the inevitable increased surplus. Now the Commission may or may not have done its sums. I do not know. But it has been singularly modest about them. And I am going to hazard the guess that, if the MCA differences were in fact adjusted in the manner described by the Commission, then the saving in revenue involved for the Commission itself on the budget would be more than counter-balanced by the extra charges that would arise from an extra surplus. If the Commission can prove otherwise, then I should be very pleased indeed for them to do so.

If we take these two items on which we disagree — the increase in price, particularly in the dairy sector, which we oppose; and the MCA factor that I have described — we find that, taken together, they add up to a further formidable pressure upon Community charges in respect of storage and realization of services. This is the reason why the Committee on Budgets, by a substantial majority, decided that it had to dissent from the Committee on Agriculture.

Mr President, I was very glad indeed to hear Mr Kofoed in the course of his remarks saying to Parliament that the price mechanism itself was not sufficient in order to solve the imbalances within the

common agricultural policy. He said that the responsibility lay with the Commission to bring forward structural proposals in order that the structural surpluses could be disposed of.

I most certainly agree with Mr Kofoed in this respect, but to the Commission I would add the Council, because, of course, it is the Council of Ministers that can decide these matters. It is the Council of Ministers that has a Management Committee squarely ensconced in charge of the Guidance Fund of the EAGGF. It is the Management Committee of the Council that can veto any proposal from the Commission to use the Guidance Section to bring about more effective changes in the whole structure of agriculture.

We are fortunate, Mr President, in having the President-in-Office with us this afternoon. On Parliament's behalf, I make this appeal to him and to the Council that they should progressively dismantle these management committees that they have ensconced in charge of various funds to the detriment of the powers of the Commission and the powers of Parliament. With that most earnest request to the Council, I commend the opinion of the Committee on Budgets, which I have had the honour to present, and also the amendments, to which at the moment I cannot refer in detail because they have not been circulated to the House.

(Applause)

**President.** — I call Mr Silkin.

**Mr Silkin, President-in-Office of the Council.** — Mr President, in recognizing the great privilege that it is to be addressing you and the other Members here this afternoon, I want to start off by congratulating you personally, Mr President, on behalf of myself and my fellow members of the Council, on your election.

Mr President, this is a very important debate and a debate whose repercussions will be felt in the Council of Agricultural Ministers, and perhaps even beyond. I was impressed with the way in which the rapporteurs of the Committee on Agriculture and the Committee on Budgets presented their reports. It is very clear that the basis of their views and conclusions has been a very careful survey of what is required, as they believe, at this moment. I think the Commission itself is to be congratulated on having brought out in so short a time — for after all it is a new Commissioner whom we are speaking of — proposals which are so far reaching, so well emphasized and so well expressed. I must confess to you, Mr President, that I did not believe for one moment that they would be able to do it in the time which I was told they would. I expected that it would take a good deal longer. But we have these proposals and they are very clear.

The interesting thing about these proposals is that they recognize a totally new factor as far as the Commission or the Council of Agricultural Ministers

**Silkin**

is concerned. They recognize very strongly the economic position in which the Community, in which Europe, is at this moment basing its whole life and its future. The Commission recognizes the danger of unemployment. It recognizes the high inflation in all parts of Europe but in some parts, of course, more than others. But it does not, at the same time, ignore the difficulties of agriculture — difficulties which were in fact made greater in the last year by the drought that hit so many of the member countries — nor does it seek to destroy the balance between the two. But this is where this House has a great responsibility in its considerations this evening and tomorrow, because it is precisely how you deal with both those factors — the agricultural factor in particular and the overall economic factors in which agriculture is only one industry — that the debate tonight and tomorrow will be judged. That is why I thought the reports of the rapporteurs were so important.

I am a new President of the Council and indeed a new member of the Council, but I would have thought that there was a measure of agreement on the problems that perhaps in previous years there might not have been. The difficulty is always whether the solution is right. And you have, it seems to me, when you come to the question of structural surpluses basically three different possible solutions. There is the Commission's solution: 3 %. There is the solution proposed by your Committee on Agriculture which is above that. There is the solution proposed by the Committee on Budgets which is below that. I think, if I may say so, Mr President, that this admirably mirrors the sort of problems that the Council of Ministers have to face in another capital further north.

This question of which is the right balance is one that will be exercising the Council of Ministers over the next week-end. But I want to say something else. In Brussels last week shortly after I had received the customary deputation from COPA, who gave me the views of the European producers about the Commission's price proposals, I received a deputation from the European Bureau of Consumers' Unions. This was the first time that such a deputation had been received by the President of the Council of Agricultural Ministers. I may have been the first President to receive such a deputation; I will not be the last. There are some who believe that this is something for this year only, that somehow or other we will go back to a situation in which basically only the producer is concerned. To those I would reply in the words of Schiller: 'Du sprichst von Zeiten die vergangen sind'. For the truth is this: the voice of the consumer is being raised all over Europe. Any attempt by this House or any Council of Ministers to ignore it would be unrealistic. Indeed, those who drew up the Treaty of Rome recognize this possibility, as the rapporteur of the Committee on Agriculture has himself conceded, since Article 39 lists among its objectives the interests of consumers as well as those of

producers. In all our debates — whether here or in the Council of Ministers — we too must try to balance those interests. I would go further. If we can look at the matter dispassionately, we will find that the interests of the producer and the consumer come to the same thing. After all, the interests of consumers are in food being produced and the interests of producers are 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. It has been said — and rightly I think, and I must pay acknowledgement to it — by the rapporteur of the Committee on Agriculture that a surplus has at least given the consumer in Europe a certainty of supply. That is perfectly true. The trouble is this: a certainty of supply does not mean a certainty of take-up. And if the price is wrong, then the situation which has arisen in many countries whereby the consumer cannot afford to buy, will be repeated all over the Community.

There are changes then that we must make, changes in our attitude, changes that will put an end, if we will, to the structural surpluses. And there are other large changes upon the horizon to which we should all be turning our minds. Greece and Portugal have applied for membership. Spain is widely expected to do so. If they become members, the common agricultural policy will need to be transformed to take account of an entirely different situation. I believe that this House should be considering these matters and considering them urgently, in good time. We would all be very foolish not to consider what changes would be necessary in these circumstances. And so I believe a great responsibility rests upon all Members here, as it does upon the Council of Ministers. We are at one of those cross-roads in European history. If we take the right road, I believe that we will have solved most of the problems that lie in our path. If we take the wrong road, we shall live to regret it for many years to come.

Mr President, I should like to thank you and all the Members here for the courtesy of having listened to me. It has been my honour and my privilege to be here this afternoon.

*(Applause)*

**President.** — Thank you Mr Silkin, for your kind words. I call Mr Laban to speak on behalf of the Socialist Group.

**Mr Laban.** — *(NL)* Mr President, on behalf of my group I would first of all like to thank the rapporteurs for the Committee on Agriculture and the Committee on Budgets for the work they have done and for the lucid explanation they have given on their reports. Secondly I would like once more to answer, openly and publicly, the comments of a certain minister of agriculture to the effect that this Parliament has been a delaying factor in these proposals.

## Laban

Anyone who keeps abreast of affairs and has seen the way in which the Committee on Agriculture dealt with these proposals and how this Parliament, too, arranged an additional part-session and even changed the date fixed for it with considerable difficulty, with the postponement of many items on our agenda, knows better. I only hope that the Council of Ministers to be held on 25 and 26 March is sufficiently resolute not to make our efforts of no avail and that, on 1 April, producers and consumers will know where they stand. Today and tomorrow we have to decide on a very involved package of measures concerning the common agricultural policy and I agree with the President of the Council when he says that all kinds of different remedies are put forward from various quarters to cure the sick.

I would like to express the wish that our discussions here this evening will indeed result in our giving a clear opinion, with the largest possible majority, to the Council. I feel this is necessary if any heed is to be paid to it and if this Parliament wants to be taken seriously.

Mr President, we are discussing a complicated set of measures — the annual price proposals. As in practically every other year, they involve reductions in the compensatory amounts and changes to the green currencies. They also involve appropriate measures that we hope to take in order to find a solution to the problem of structural surpluses, particularly in the dairy sector. Mr Hughes and Lord Bruce of Donington, members of my group, will also be speaking. I shall confine myself strictly to the problems that are on the agenda and not deal with general considerations. I do indeed hope that we may have a broad-ranging debate with the new Commission and particularly with the new Commissioner on the renovation of a part of the machinery of the common agricultural policy. I have said this before — we support the various objectives and principles set out in Article 39 of the Treaty, but the part of the machinery that needs to be renovated or adapted is a question of the use of words so that, on this point, I can easily be brief.

First as regards the method of calculation. My group would like to maintain the so-called objective method because it is necessary in order to gain a proper insight into cost trends in modern farms. But, at the same time, we must recognize that it is somewhat difficult to apply this method satisfactorily at the present time. For that matter, this has not always happened in the past either and we therefore support the Commission's views that other factors should also be allowed to play a part, together with the market situation and the general economic situation. Political considerations are also repeatedly involved.

With this price package, the European Commission has four objectives: to achieve the target income

levels as far as possible, to create closer unity of the market by adjusting the 'green' exchange rates, to achieve market equilibrium (particularly in the dairy sector) and, lastly, to fight inflation — in support of the anti-inflation policy being followed in most of our countries as one of the most important instruments to restore our economies to health besides being a way of fighting unemployment. It is also one of the most important subjects discussed in this Parliament.

The agricultural sector — and the same must be required of the other sectors — can also make a contribution here. On this point I therefore associate myself with the comments made by Mr Silkin.

Thus, in general, my group is in full agreement with the objectives but I would naturally like to make a number of comments.

I shall now go through Mr Kofoed's motion for a resolution and at the same time explain, where necessary, why we have tabled amendments on certain points; in this way less time will have to be spent on them.

We are in full agreement with the first paragraph of the motion because, in our view too, it is impossible to ensure the desired level of income with a 3 % increase in countries — like Benelux for example — where milk producers' incomes are on the decline. The Commission notes that in the strong countries — the snake countries — a 5 % price increase would have been justifiable on the basis of trends in costs but there are, of course, objections to this. The introduction of a 3 % increase in the price of milk on 16 September, combined with a lowering of the positive monetary compensatory amounts, and the introduction of a levy would mean — particularly in the dairy sector — that stockfarmers would be falling behind in earnings as compared with all other workers and that does not bring the target income level any closer; it means that a certain category — in this case the producers — will be lagging behind in income. No-one can dispute this. As socialists, we cannot accept it but it is also understandable that it confronts a government with serious problems.

The majority in my group, therefore, opts for a general 3 % increase but, in order to prevent a fall in income, particularly for dairy farmers in certain countries, we urge that dairy farmers who do not want to avail themselves of the non-marketing premium or who cannot switch over to fatstock farming be given temporary product-related help. In our view this assistance should be financed from the Guidance Fund.

In paragraph 4 it is stated that the Community agricultural policy is unable to function owing to the instability of exchange rates. We feel that this puts things too strongly. In our opinion, there are features in the agricultural policy itself which impede its functioning and which put a bomb under it, to borrow an expression from an earlier Commissioner. I only need to point to the surpluses problem. We therefore think it



## Laban

would be more correct to say that it is unable to function fully and that means, as I have just said, that we simply need to adapt and renovate a number of instruments.

My group takes the view that paragraphs 5 and 6 do not entirely reflect the situation and are even incorrect on one particular point. In the Commission on Agriculture I pointed out that paragraph 5 was obscure. In our view the adjustment of the green rates means a reduction in the monetary compensatory amounts and thus a return to free trade. The increase in units of account, in other words the absolute amount, is not matched by a change in the mca's. Expressed in national currencies the actual increase could well, therefore, be higher or lower. We therefore feel that this paragraph could best be deleted; in any case we do not need it.

In paragraph 6 it is said that there are high rates of inflation in certain countries with strong currencies. I do not know to what countries this refers. I only know that countries like West Germany and Netherlands which have the lowest inflation rates in the Community do not come into this category. We also feel that, for these reasons alone, this paragraph should be deleted. Most of us regret that this would mean losing the reference to the full adjustment of the Irish green rate as proposed but we think that there are ways of solving this, possibly by putting paragraph 6 to the vote separately.

On paragraph 7 my group would firstly comment that adjustment of the 'green' rates will give rise to vast confusion, particularly in the case of countries which operate with negative monetary compensatory amounts — the non-snake countries, the countries with floating currencies. For this reason our group supports the Committee on Budgets' suggestion that these proposals be dealt with separately. On the other hand, we cannot go on maintaining the monetary compensatory amounts in order to conserve an artificial unity of the market. We realize very well that the instrument was intended to cope with a temporary disruption of the unity of the market but it has now become permanent. My group is therefore of the opinion that we should consider how the monetary compensatory amounts can be gradually and fairly reduced. In Mr Kofoed's proposal there is a recognizable connection with the proposal that has not yet been dealt with in plenary: the Commission's proposal for a certain automatic lowering of the monetary compensatory amounts. My group does not feel this proposal to be a good one and we have tabled an amendment in order that the reference to this proposal be deleted. We advocate a system whereby they would be fairly and gradually phased out. All of us are convinced that this is what will have to happen.

Mr President, I shall now leave a large section of the motion to my colleagues and jump to paragraph 28 which concerns wine. This paragraph we would like to

delete for the following reasons. Only a short while ago we decided on a large number of measures for keeping the wine lake within bounds and these measures have just entered into effect. We are quite unable to assess the results yet, particularly of the structural measures, but in some cases the object is to limit the production of bad wine and instead to have a smaller quantity of high-quality wine for which a higher price can be asked. Scope must also be allowed for our undertakings to be implemented under the agreements with the countries in the Mediterranean area and possibly new partners. It is therefore absolutely right that, just like any producer of agricultural products, wine growers should have a certain measure of protection within the limits of the common agricultural policy. But we are afraid that the authors of this proposal in the motion for a resolution would like a sort of permanent intervention system whereby wine can go on being supplied as is the case with milk at the moment. My group objects to this and we feel that this paragraph should be deleted.

My group is pleased that the Committee on Agriculture now proposes that reference prices should no longer be tied to intervention prices in the fruit and vegetable sector. This would firstly mean that reference prices could be more closely attuned to the market and, secondly, would prevent reference and intervention prices being so close to one another that in some countries it pays to produce for the sole purpose of intervention. The lesson has been learnt and we want to prevent it all costs. For this reason we are gratified that this has been included in the motion for a resolution and we hope that it will be adopted by the Commission and also by the Council of Ministers.

(Applause)

## IN THE CHAIR: MR LÜCKER

### Vice-President

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

**Mr Martens.** — (NL) Mr President, ladies and gentlemen, I would first like to join in the praise addressed to the rapporteurs, Mr Kofoed and Lord Bruce. They have put in an awful amount of work. However I would also like to thank warmly Mr Gundelach and his colleagues because the work was certainly still harder for them. I thank them for the comprehensive documentation that they have given us and for the friendly way in which they have answered our many and often difficult questions.

As I said last year, it is a question of ensuring a reasonable income for people working in a modern farm. Their income should be equivalent to those of people in other sectors of working life. It is no more and no less than the income to which all other strata of the population rightly lay claim. A farmer has to work 280 days or 2 380 hours a year for his income, which

**Martens**

therefore has to be equivalent with the income of people, outside agriculture, working 210 days or 1 680 hours. Incomes in agriculture are the only ones everyone wants to have his say about. Maybe that is why they are so meagre and so slender.

From a document given to us by the Commission, it appears that income in agriculture in 1976 was barely what it was in 1973, the one year in which it was practically the same as in the other sectors. In 1976 it was only 70-75 % of the level of income outside agriculture. I shall say nothing of the disastrous year, 1974, when the figure fell to 60 %.

No-one in the Committee on Agriculture the principle that incomes in agriculture should be reasonable, not even our British colleagues, but when it comes to applying the principle, opinions are sadly divided. We consider the Commission's proposal to increase agricultural prices by an average of 3 % to be unacceptable. I shall try to explain our position. The Commission contends that its price proposals and the accompanying measures are based on a proved objective method that was also used in previous years. In it the Commission takes account of the general economic situation, characterized by inflation and unemployment, the confusion in rates of exchange, the problem of consumer interests and the disruption of market equilibrium, particularly in the dairy sector.

Let us take a closer look at the various parts of this objective method. The method consists in a comparison between, firstly, trends in production costs in agriculture and trends in income outside agriculture over a period of three years and, secondly, trends in market prices over the same period. The difference then corresponds to the increase that has to be allowed. But, in view of the fact that Community agriculture prices are expressed in a Community unit of account, this method is only fully usable if there is a reasonable measure of monetary stability and similar rates of inflation in the Member States. But this is far from being so. Strict application of this method to the reference period, that was marked by violent changes in the 'green' rates of exchange, could have led to disconcerting results, for example no price increase at all for the Community and even a drop in prices in Italy.

The objective method is like a dress that fits slim women with regular measurements — a model that can certainly be made — but it cannot at the same time fit a lady with a hump like the British pound or an ample bosom like the German mark. The result of applying the objective method purely to the Member States in the monetary snake is an average price increase of 5 %. For this reason my group is in favour of a price increase of at least 5 %. Let it be mentioned in passing that the Commission had no convincing answer to the COPA calculation which works out at an increase of 7.4 %. —

The 3 % price increase proposed by the Commission, therefore, is a purely political decision, whose object is

to combat inflation (at the cost of the farmer), to remove gradually the monetary compensatory amounts, to meet the wishes of the consumers and to deal with surpluses in dairy products, but incomes in agriculture played no part, at least not for the countries with a sound economic policy.

Agriculture is not responsible for inflation. A scientific survey in my country into the reasons for inflation in recent years found that inflation between 1970 and 1975 was 37 % due to increases in the prices of imported raw materials, 43 % to increases in income outpacing increases in labour productivity and 20 % to increases in government expenditure. Farmers certainly did not benefit from the increases in income outpacing increases in labour productivity. If inflation is worked out for individual products it is found that 17 % is bound up with oil and only 0.17 % with agricultural products.

Agriculture, therefore, should not continue to be held responsible for inflation. In an answer to a question of mine, the Commission quotes, as the foremost causes of inflation, incomes increasing too fast, shortages (not surpluses) of agricultural products, the steep increase in the price of oil and insufficient flexibility in the labour market, which is nothing to do with agriculture either.

In its 1973/74 memorandum on the common agricultural policy, the Commission, for that matter, itself pointed out that agricultural policy had been anti-inflationary. A remarkable fact is that those products which are not, or insufficiently, produced in the Community — like potatoes and so on, for example — are precisely those products which have been most responsible for price increases but are not the products for which we have a very good market organization. Again, although our Member States have one and the same common agricultural policy, we find that a country like Germany has known little or no inflation, whereas other Member States are affected by galloping inflation.

If, for example, the attention given by the United Kingdom to its own economic and monetary policy had been as great as the criticism it has made of the common agricultural policy, perhaps inflation would have been less, the currency possibly firmer and the expenditure on monetary compensatory amounts paid out by the Community far smaller.

Neither do I understand why the Commission, in its fight against inflation via monetary adjustments in the agricultural sector, proposes the biggest price increases precisely in those countries with the highest inflation and practically no price increases for countries where there is hardly any inflation. According to the Commission a 3 % price increase would make the shopping basket 1.5 % more costly and increase the cost of living, as a whole, by 0.3 %. However, the Commission allows for a general rate of inflation of

## Martens

9-10 %. My question, then, is what happens to the difference between the 0.3 % and the 10 %. Presumably there is nothing left over for agriculture.

In my view, the Commission is beating the air if it thinks it can keep inflation in check by limiting the increase in prices paid to farmers. I also believe that it must be aware of the fact that there is a whole stack of obstacles between agricultural prices and consumer prices over which it has no control.

We are very pleased that it was possible to have discussions with the consumer organisations. The EBCU consumer association group regards the average 3 % increase in agricultural prices as reasonable and moderate. That in fact, means that prices, compared with the service sector, are very low. The consumers are right not to confuse producer prices with consumer prices. I will give just one example but dozens could be produced. VIVEC, the consumer publication, reports this month that in a period of 30 years the price of wheat has doubled but the price of bread has gone up 14-fold.

Let me tell you how the price of bread breaks down in Belgium: raw materials 28 %, general overheads 19 %, manufacturing costs 25 % and marketing costs — which, like manufacturing costs, consist mainly of wages — 28 %.

Now, working out the percentage of the price of bread accounted for by farmers' wages, I reach a figure of 7 %. So it seems that all people are interested in is 7 % of the price of bread, conveniently disregarding all the rest.

All in all I believe that consumers attach too much importance to price levels and too little to the problem of a secure supply of good quality food. Shortages cost far more than moderate surpluses. This is abundantly clear from our experience of the last few years. Per head of population and per year, the cost of the common agricultural policy, including the monetary compensatory amounts, is 20 u.a. If we deduct the monetary compensatory amounts, the figure is about 15 u.a. Is that really too much to pay for a secure supply of good quality produce at reasonable prices?

On monetary compensation I shall be very brief. Here we support the Commission's proposals. We believe that the monetary compensatory amounts should be eliminated in such a way that agricultural incomes are not allowed to fall behind, and consumer prices do not increase too suddenly.

Next I would like to say something else about surpluses of dairy products. For a few years now surpluses have arisen which are recognizably structural in nature. We used to have surpluses of this kind before but they were more of the chronic kind. Present developments are attributable firstly to the continuous increase in productivity forced on the farmer, and secondly to the fact that normal sales are being upset by the gradual replacement of milk fat and milk protein by vegetable fats and proteins. There

just is no overall fat and pretein policy. In spite of the price adjustments in recent years it is certainly not the profitability of dairy farming that is responsible for increases in production. Farming accounts prove that it is precisely in that sector that the lowest incomes are to be found. Instead, the fact is that dairy farming is an intensive sector and for this reason small producers, particularly those in grazing areas and on poor soil, cannot branch out into any other activity.

We have seen that in the last 10 years, when economic expansion was in full swing and when new jobs were being created outside agriculture, many people left the land. We all know very well that agricultural work is not particularly pleasant and that those who can leave agriculture do so. But now that economic expansion has come to a halt the exodus has become far slower than we had hoped. Our British friends tell us that there are still 2 million dairy cows too many and that we have to solve the problem by freezing the price of milk. They do not say how many farms have to be shut down for this. Is it 100 000, 200 000 or 300 000? Meantime, it must be remembered that every job given up on the land means an extra job to be found outside agriculture.

The Commission has worked out for us that if all the surpluses were eliminated this would save 500 million u.a. This is nothing like the equivalent of the unemployment benefit for 100 000 workless. I just say that in parenthesis. So I do not believe this is the way to solve the problem — it is far too complicated for that. I would like to ask our British friends whether they are aware that 120 000 tonnes of butter imported from New Zealand together with about 30 000 tonnes of cheese is equivalent to 1 million cows. Do we have to get rid of a million cows or does someone else have to do this? I believe that we must see eye to eye on this. At this moment, in any case, I am not convinced that we are the ones who have to take this step. If, in fact, we have to reduce our livestock to that extent then it should not be up to us alone to deal with the problem of finding jobs for all those who would then have to give up farming. Next, we would have difficulties supplying meat. This we should think over very carefully.

We fully agree with the social and structural measures proposed by the Commission. This is where I believe the solution lies. The structural surpluses we have at the moment are largely due to the lack of structural measures. They were proposed in 1972, after the 1968/1969 crisis, but at that time, unfortunately, they failed to produce the necessary results. I hope that now they will be applied as soon as possible. However, there is another point. If the price of milk is frozen then someone, at some time, will have to say to the people at a general meeting of milk producers: 'Your prices are frozen' at a time when the accounts show that wage costs have gone up by about 10 %. You will agree that it will be very difficult to get producers to swallow that.

**Martens**

There is also a political aspect to the question. How can you expect a minister for agriculture in a country where the highest contribution per head of active population is paid to the EAGGF, where every effort is being made to sustain rates of exchange, where livestock has been reduced by 3 %, where reconversion to meat production is progressing to schedule, where only 78 % of milk goes to the milk factories and where farmers are having to pay back 4 000 million in bridging loans because of the drought last summer, to be ready to tell farmers that they cannot count on any increase in income. What minister for agriculture would be ready to do that? The Commission and the Council, too, understand that, in political terms, this is not feasible. Our position, therefore, boils down to the fact that a price increase of 5 % is justifiable. It is difficult to see how we could support a standstill in prices that, in a country like Germany or in Benelux, would lead to a drop in income, particularly in small farms.

*(Applause)*

**President.** — I call Mr Cifarelli to speak on behalf of the Liberal and Democratic Group.

**Mr Cifarelli.** — *(I)* Mr President, ladies and gentlemen, this discussion on agricultural prices is the eighth in which I have taken part and I often hear arguments repeated that have already been put in all the earlier debates and therefore refer to problems that are not yet solved. Nevertheless, we are convinced that this discussion is not a formality but is perhaps the most important and central debate about the life of the Community not only because of the formidable impact of the Guidance and Guarantee Fund on the whole of the Community budget, not only because of the serious drawbacks that emerge and are debated in the press in all our countries criticizing the Community's achievements, but also because the common agricultural policy affects everybody personally — producers and consumers alike.

When I hear it asked, today, whether we shall have many or few abstentions on the part of the electorate in the universal suffrage elections for the European Parliament I usually reply: just get them talking about the integration of olive oil, butter prices, the shortage situation and effects on consumption and they will soon be on the road to the voting booth.

Connected with this basic thought is the conviction that this first Community policy under Article 39 of the Treaty of Rome — an article that I would carve in bronze in all the Community offices with a persistent reminder of the three basic requirements it lays down — this Community-building policy therefore often has an agglomerative function, essential for the Community's very ability to exist, which I consider far superior to the primary function of the customs union, namely the removal of customs tariffs and

barriers and of quota systems. The latter could have been reached through the traditional systems of the past but the former can only be achieved through a Community policy ensuring the free circulation of foodstuffs among the Six, and now the Nine, forming something imaginative, original and — with your permission — revolutionary, placing it at the very head of the Community's achievements.

I am not going to go off the subject, Mr President, I just want to point out that, today, this Community policy has been shattered by an earthquake, since its three basic assumptions no longer apply. We no longer have a firm world monetary basis, particularly since the dollar crisis and since the pound ceased to be a reserve currency for international exchange. We have failed to achieve monetary union, but we believe that the European Parliament, about to be elected, should have a part to play in this area because, being directly elected by the European people, it will be in a position to impart the greatest possible stimulus for the introduction of a single European currency. Otherwise there is an infinity of problems it will be impossible to solve.

Lastly, the third source of the earthquake that has shaken the common agricultural policy is the world revolution in raw materials before and after the Kippur crisis, with the inflation and recession it has caused, which have created grave responsibilities with regard to national trade balances, and the economic measures taken to save the currencies of the various countries and to limit the balance of payments deficits.

It is for this set of reasons that, on behalf of my group, I have to acknowledge that the Commission — and I thank Commissioner Gundelach for this — has made a great effort not only in terms of continuity — not everything can be changed in a day or at one stroke — but also as regards the self-improvement of Community policy. And our first and strongest recommendation is that we need to go forward with tenacity and courage. From this viewpoint, Mr Kofoed's comments — my group's thanks also go to him — have the merit of explaining very many points and having allowed the Committee on Agriculture to arrive at a number of positions and proposals which, in my view, deserve the approval or at least the most careful attention of this Assembly. My group considers that, whilst it is not easy to say whether the right rate of increase for agricultural prices should be 5 % or 7.5 % — as the COPA maintains — it is clear that the 3 % increase, about which the Commission explains that it was unable to apply fully the so-called objective method since it had to take into account factors connected with inflation and the reflection of these factors in currency terms, this 3 % is not enough, in our view, in a situation where farmers have to cope with increases in all their production costs,

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precisely because of that same inflation that is souring so many aspects of the Community economy.

And from this viewpoint — to keep my statement brief — I would merely underline the information about the effect of inflation on agricultural incomes and the impact of agricultural prices on inflationary trends in the cost of living that Mr Martens read out a few moments ago and which were arrived at through objective research.

A second point in this connection, as Mr Kofoed has pointed out, is that precisely in relation to this adjustment of agricultural prices the Commission should push ahead with its efforts to get rid of what we might call the most debated areas of the common agricultural policy. I refer to the surpluses. In actual fact, we realize that shortages exist as well, but once anyone says that the combating of shortages justifies the surpluses, with the serious imbalances this implies for the Community budget, we say 'be careful' because it is our duty to preserve a Europe based on the market economy and free initiative, a Europe in which farming incomes are comparable with those in other production sectors and a Europe in which the consumers' interests are given maximum consideration. If we begin speculating, on this basis, about all the possible surpluses from distortions in the market and the system, we shall be setting foot on the path leading straight to autarchy. This is why the Commission has proposed a number of measures designed to remedy this state of affairs. It may be argued that the terms of application and the destination of these measures are debatable but there is no doubt that the intention to control structural surpluses or gradually eliminate them is to be welcomed.

We are also, therefore, in agreement with the Commission in its endeavours to combat the adverse effects of the monetary compensatory amounts. We all know that this system was thought up at a particular time to cope with revaluations and devaluations — revaluation in the case of one country and devaluation in the case of another.

They were to be temporary but, instead, they have become instruments of policy in some countries which over-stimulate certain production categories for export with their eye on compensatory amounts and to the detriment of other Member States in the Community, so as to keep the cost of living artificially under control to the detriment of the Community budget.

My object is not to create a scandal or to get on to the anti-Community soapbox; it has been said on other occasions but today we repeat it on particular behalf of the consumers and producers in all our countries. Neither can we minimize what is happening, for example, in the country whose language I speak, where imported milk is ruining Italian producers because, coming — for example — from Germany, it

qualifies for a compensatory amount which reduces its price to an unacceptable extent.

The compensatory amounts system is being studied by the Commission; we are looking into it. In this connection, Gibbons report is being drafted and I would like to draw your attention, because of its clear-sightedness, to the study which Sir Brandon Rhys-Williams drafted for the Committee on Economic and Monetary Affairs, in the hope, among other things, that problems will be dealt with as soon as possible on the basis of the new unit of account, related to the Community shopping basket, and not the old unit of account related to the gold dollar of days gone by.

However we must not forget the seriousness and urgency of this problem of monetary compensatory amounts which, Mr President, undermines the stability of Community life and prompts the autarchic reactions I referred to and protectionism in agriculture. We are already alarmed by the protectionist moves that this situation of serious economic crisis is bringing out in the various countries. We should consider whether we can lightly accept a new wave of protectionist moves in the Community countries. The man speaking to you was responsible for Italian agriculture at a time when the contents of milk tankers coming from other countries were poured out onto the road and when Italy and France were fighting the wine war. So we need to take these risks into account as well.

Mr President, I shall not make a long speech, but I would like to draw Parliament's attention briefly to another aspect. We regret the delay in bringing in structural policies and structural reform in agriculture but we have to realize that their implementation could well be impeded by the changed economic situation of the Community.

At one time it was thought advisable to reduce the workforce in agriculture but today we have to consider whether it would be wise to recommend this transfer from employment in agriculture to other sectors. Whereas, at one time, efforts were being made to rationalize and develop production in the best farms to the maximum, today we are faced with the problem of the marginal farms and instead of the monetary stability and continuous development of the past we are now in a period of most serious and in some cases tragic economic and social fluctuation in our countries.

I have said this not to encourage laziness, but so as to review the objective reasons for which we should join forces in pushing ahead with structural reforms.

But there is another problem of even greater urgency. Greece is knocking at the door of the Community. Mr Soares, Prime Minister of Portugal, has done a round of the capitals and, as a good fighter for the democratic rebirth of his country, did not return to Lisbon

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without having obtained, and rightly, the assurance that within ten years time Portugal would be a full member of the Community. For Spain too, in association with its democratic development, the problem arises of its 'non-absence' from deliberations on the Community's Mediterranean policy. But Mediterranean policy, Mr President, means so many things; in particular it means shifting the accent from what agriculture was in the Mansholt era — with the predominance of the big cereal-growing, cattle-raising and dairy produce plains of north-west Europe — to the dry regions, hills and diversified areas of the Mediterranean countries.

In view of this I believe that the rapporteur's proposal is right that there should be a systematic study of this Mediterranean policy and that the resources of regional policy and social policy should be mobilized in addition to the Guidance Fund of the EAGGF. But we should not forget three urgent problems that we cannot evade: the first is wine. We are in full agreement with paragraphs 28 and 29, approved by the Committee on Agriculture. We believe that establishing an intervention price for wine is above all to admit the existence of a reality and that to beat about the bush and build up enormous stocks only to send them for distillation, and to tolerate all these fluctuating situations is to behave like a child who closes its eyes as not to be seen, pretending it is not there.

In our view, therefore, the Committee on Agriculture is right in proposing that a system of intervention prices be established for wine, whilst adding — and in this I believe I am expressing the opinion not only of Italian Members but also of the French representatives who are particularly sensitive to this problem, France like Italy being a big traditional wine producer — whilst — adding, therefore, the condition that an inventory be taken as soon as possible of the wine areas based on their wine-growing potential. To produce wine from grapes grown on irrigated plains is folly, to produce at random and to open the door to cheating and manipulation is folly: but from that to deny the need for changing the system is a leap in reasoning that the Community cannot allow itself to take, for one thing because it is on Community territory that the great philosophers of logic of the past were born, including Descartes, to name just one.

Then there is another problem, Mr President, that of olive oil. For one country in the Community it has to be recognized that this is a basic product, but it is also its most vulnerable product. The time will come, Mr President, and I hope it is not far off, when we shall have to review, with figures in support, the assumption that the integration of the price of olive oil, as a system, has caused a runaway increase in production, opening the door to cheating and manipulation, and creating an unacceptable situation. With the figures before us we shall have to admit that, among other

things, the system of Community preference for seeds produced in the Community — particularly colza and rape — is a form of cross-subsidy to their advantage, because of which — Mr Commissioner — there should be a fresh look at the problem of the controls on the correlation between integration and the resumption of the system of aid for the transport of oil seeds — also produced in Italy — to countries like France and Germany where the production of such seeds is higher. And the accent should be placed on verifying the origin and source of the seeds that are processed. But I repeat, in connection with this problem, we should remember that there are frontiers and points of contact with our policy for the south.

The third point relates to fruit and vegetables, a highly important range of products, not only for the country whose tongue I speak but in general for all the Community countries which are either importers or exporters with protected forms of agriculture and highly advanced production techniques. Well now, the organization of the market is one of the basic aspects in this connection; hence my plea to the Commission and to the Council that all the relevant regulations be initiated. We have a frightful, unfair gap: the producer receives 20, but the consumer spends 100. This difference is due to distortion of the market, abnormal taxation or wastage of energy, because frequently the failure to set up machinery to protect these products means action has to be taken against dumping practices. Unfortunately this form of assistance is what, in Italy, we call the relief of Pisa — which came when the town had already been overrun.

These are the general and specific comments we wished to make but it is my view that, overall, the Commission's proposals, as revised by the Committee on Agriculture and as so clearly explained by Mr Kofoed, merit the approval of this Assembly.

*(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, increasing agricultural productivity, ensuring a fair standard of living for the agricultural community, stabilizing markets, assuring the availability of supplies and ensuring that supplies reach consumers at reasonable prices — all these objectives set out in Article 39 of the Treaty of Rome are today, 20 years later, far from being reached. Europe is threatened both by agricultural surpluses and by monetary disequilibrium. In these circumstances we cannot hide our anxiety. Moreover, the Commission — in the piecemeal measures that are its usual habit — has just demonstrated the difficulties it is having in running the Community organization of the dairy sector. The price increases proposed by the Commission for the year 1977-1978 have no relation with the real infla-

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tionary situation at the present time. After three successive years of declining agricultural income, some measure of catching up seems necessary.

Initially, our group was not prepared to give an exact figure for what it feels the average increase ought to be, but after what has taken place in the Committee on Agriculture we consider that an average increase of at least 6.5 %, in line with what was suggested by the agricultural organizations and with general economic trends would be acceptable. We are all the more disappointed in that the Commission, in the person of Mr Lardinois, recently proposed to us a system for the complete reorganization of the compensatory amounts, which it is now putting into cold storage. Nevertheless its first proposals were realistic to the extent that, at last, they would have brought in a self-regulating system which would have helped to avoid the abrupt adjustments we have had in the recent past. This would also have been in line with what the Group of European Progressive Democrats proposed in a debate that it initiated in this House on 13 October 1976. At that time we proposed a declining scale of compensatory amounts, compulsorily easing after a certain period. The point is that the present pragmatic approach is unsatisfactory, as can be seen from the United Kingdom's persistent refusal to devalue its 'green' pound so as to benefit from the vast consumer subsidies paid by European taxpayers.

Without going into detail for each sector, I must say that the Commission's proposals appear to us to be a veritable provocation with regard to one production sector that is far from enjoying equality of income. My reference is to the dairy sector. In our view the problems of the dairy sector are basically structural and call for a structural solution. So we do not believe that an annual review of prices is the right way to solve the problem. What is more, we do not consider the proposal for a co-responsibility levy to be a structural measure. In any case, why penalize dairy surpluses alone to the advantage of other agricultural surpluses produced in marginal conditions — in Bavaria for example?

Whilst we cannot accept that our producers be penalized in this way we do, however, support the other measures in the programme for re-organizing the dairy sector. On the other hand, we feel that the Community lacks an overall protein policy whereas, for several years, we have left the door wide open to soya imports which have now reached a truly excessive level.

Similarly, we know very well that the European wine industry will be unable to extricate itself from its endemic crisis unless restrictive measures are taken to confine production to the real wine-making areas. And yet, one year after the worst wine crisis with which the Nine have yet been faced, the market control mechanisms are still not being complied with.

France is suffering from huge imports of Italian wine coming in at well below the intervention prices. We therefore urge that the Commission should develop mechanisms to prevent wine being imported at prices below a certain minimum and we ask for a revision of the way in which the compensatory amounts are calculated which, if prices go down, should not bring about a parallel decrease in the production price of Italian wine.

My group also considers that it is very unfair to the Community's sugar beet producers to reduce the B quota from 135 to 125 %. The surplus in the Community's sugar supply stems from two factors that need to be strictly controlled: the production of isoglucose and preferential imports from the developing countries.

As regards fruit and vegetables, we must insist that the reference price — the only defence against large-scale imports — should be strictly observed and that the mechanism under which it is applied should be improved which, with a little improvement in the organization of the market, would presumably avoid the withdrawals that seem to worry some Members.

As regards animal production, may I be allowed to point out that we are now entering a difficult period in the pigmeat production cycle when production is expected to be high and prices low. The moment has therefore come for taking measures to lighten the burden on the Community's pig producers. The essential step to take is to control imports of pigmeat and bacon from third countries.

In order to safeguard the European farmer and to impart even more drive to agriculture in the Community, this package of price measures needs to be part of a dynamic and long-term approach. In this clear and healthier context, the improvement of agriculture structures is a necessity, but the European regulations adopted in 1971 need to be rethought. They should be simplified and the criteria relaxed. In addition, it would seem that the only feasible standpoint is a regional one with a substantial financial appropriation bringing in, among other things, the Mansholt reserve as we have asked. What is missing at the moment in the common agricultural policy is a grand design to which the agricultural community will rally and which will help them to accept more competition while they themselves become business executives.

Europe has surpluses of milk, butter, fruit and vegetables. These surpluses have helped European consumers who have drawn considerable benefit from the common agricultural policy in that food supplies have been secure and regular. Sheltered from cyclical fluctuations and their violent ups and downs on the world market, food prices for European consumers have increased far less steeply than world prices which have fluctuated violently.

**Liogier**

The Community needs to enter a fresh phase and to export as a deliberate policy. Exporting our agricultural products will be playing the same game as the United States, tackling them on their home ground. This is a challenge that could well marshal the forces of European agriculture once again.

*(Applause)*

**President.** — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

**Mr Scott-Hopkins.** — Mr President, may I first join with all my other colleagues who have already spoken and congratulate the rapporteurs of the Committee on Agriculture and of the Committee on Budgets for the way they have presented to the House the reports which we are debating. A great deal of hard work has gone into the report, particularly in the Committee on Agriculture. There has been a great deal of discussion on the main points and I would imagine the same is true of the Committee on Budgets. I must confess that my group agree with neither of the two rapporteurs on their main issues and unhappily this will become clear during my short speech. Nevertheless that does not detract one bit from the force of my congratulations to them both on the written work and their oral presentation. It is also nice, if I may say so, to see the President-in-Office here with us this afternoon listening to our debate having made an interesting intervention earlier on. I only wish that perhaps there were more of his colleagues from the United Kingdom here as well, but they seem to have flown back a little earlier than him. It is nice to see him here and I am sure the House is extremely glad that he is here.

With the very short time that I have available, I hope to deal with one main point and, apart from that, the various amendments which my group will be putting down or indeed have put down which have not as yet been circulated. The first point really concerns the whole of the package as put forward by Mr Gundelach of the Commission. I think one must see this as a whole package, as a deal if you like to call it that, not as individual items. I think they all hang together, and if one takes away one little bit then I think that the whole of the structure begins to fall. My group accepts what has been forwarded by the Commission as about right in the circumstances of today. There are minor details which I shall be mentioning very briefly, but in principle we accept what the Commissioner has put forward.

It was interesting that yet again in this Assembly when the President-in-Office was speaking earlier we heard nothing about the increased costs which the agricultural industry is having to face. In view of this the Commissioner has been, I think, extremely brave and radical in saying that farmers have got to take part in the anti-inflationary fight, have to accept increased costs and will not fully recoup their costs. Farmers

have got to join in the battle against inflation in the same way as everybody else. And that means for a new Commissioner on Agriculture quite a great deal of courage, as we have already heard Mr Martens say when he was speaking on behalf of the Christian-Democratic Group. I accept entirely that there are some farmers in some parts who are going to be — I would not say extremely hard hit — but are going to be hard hit. This is true and I have the greatest sympathy for them. This is why, turning now to our first amendment, in paragraph 2 we cannot accept the rapporteur's wording calling for at least a 5% increase. In my view this is absolutely out of the question. But we do want to accept what the Commission have said, whilst expressing concern about the unequal coverage of farmers' cost increases in the different Member States as a result of the proposals and about the implications they may have for agricultural competition. And this is true, but one has got to accept this as a fact of life.

Now the other point I want to turn to quickly concerns the green pound and the green currencies. And here I do not go along with Lord Bruce when he said that if the monetary compensatory amounts were adjusted as the Commissioner proposes it would have an inflationary impact on the Community. I do not agree that this is true. I think his argument was wrong. I do believe that, in point of fact, as part of the package there should be an adjustment of the green currencies as has been proposed by the Commissioner. It is not inflationary. It will indeed have the opposite effect, certainly as far as farmers are concerned. They will get a certain recompense in those countries where there has been devaluation; and in those countries where there has been revaluation they will have a standstill in their price increase. There will be no price increases. But in those countries where there has been a revaluation the level of inflation has been much lower and so therefore the burden on them is not so great. I would have thought that as part of the package this adjustment is right, but I cannot accept that, as recommended in Mr Kofoed's report we should immediately ask for full devaluation of the Irish green pound, which in the recommendation means going right down to parity. That is obviously impossible. What I am suggesting in the amendment which will be circulated is that the English green pound should be aligned with the Irish pound. This should be done gradually according to the Commission's proposals. We should get parity with the Irish pound as soon as possible because of the distortion which exists across the border. I do not intend to weary the House with the effects the disparity has had on trade, particularly in the beef sector, and how prices have fallen because of disparity between the Irish and the English pound.

Turning very briefly to other amendments which we intend to put down, the main one, of course, must be about the milk package. It is here that the largest



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proportion of the common agricultural policy money is spent and this is the most important issue.

The President-in-Office himself and one or two others said that there was going to be an increase in milk prices and I find it strange that several speakers — particularly on the other side — have said that there should not be. The Committee on Budgets, for instance, could not accept that there should be any increase where there were structural surpluses existing. Yet the Commission's proposals, as I read them, are that there should be a 3 % increase in the autumn of this year but nothing now. This has caused difficulties for many of my honourable friends in the other parties in central Europe. They get no increase now when most of their cows are calving and when most of the milk is coming on to the market. At the same time as the 3 % increase there will be a 2 ½ % co-responsibility levy, so the increase will be a ½ % only. One could ask the Commissioner why bother with the 3 % and the 2 ½ %? Why not just say 12 % increase in October? It would make life much easier if he did. But nevertheless this is exactly what is going to happen if this is what the Council of Ministers do eventually agree to. It would just be a ½ %. I would have thought that under no circumstances at all can it be called a significant increase of any type or kind.

But there are other issues as well. I hope that the Commissioner will state quite clearly that he does not intend to pursue the question of vegetable oil tax. If he does not — and I hope he won't and I am quite certain that the Council will resist it if he does — then I hope that there will be more discussion and more clarity concerning the question of what subsidy the Commission are propping for the sale of butter throughout the Community. I think that, as everybody has said, it is much better to dispose of intervention stocks within the Community, but the Commissioner said last time that it is three times more expensive to dispose of surpluses within the Community than outside the Community. But he is proposing a subsidy on butter and one would like to hear from him a few more details about how that will be done. I think there is one element missing in his milk package. I was hoping, and I still hope, that when he goes to the Council he will include some new form of intervention price. I have been hoping — and I have put this forward many times in the past — that in point of fact we shall have an intervention price which will be flexible and will vary over a three month period with the level of surplus stocks that exist within the Community. When they are beyond a certain level then the intervention price will go down by a certain percentage and so on. I would have thought that something on these lines would be well worthwhile.

Whilst I am talking about milk I think I must mention two other points. One in particular concerns the question of nomenclature and the use of milk products and the labelling of them. This is also in the Commission's proposals. I can quite understand the

Commission wishing to see that when terms such as milkshakes and ice creams are used the product does in fact contain milk. In the United Kingdom, and I think in several other countries as well, nowadays this is not so, and I sincerely hope that the Commission will think again about this particular proposal. 90 % of the ice cream sold in the United Kingdom is made of vegetable fats not animal fats. I would suggest to the Commissioner that it is really quite impossible to expect us to change. It would really be against all public opinion and it would be absolutely unacceptable. I hope that the President of the Council is listening to the words that I am saying here.

My last point concerns the question of sugar which is referred to in paragraphs 21, 22 and 23. Here the Commission is proposing a levy on isoglucose. It does seem strange that when we have a new product coming on to the market something that is made industrially, something that is new, we should immediately try to clobber it. It's new, it's cheap, it's what the consumer in the form of the manufacturers want, but we are going to clobber it because we must not upset the existing traditional suppliers of that particular type of product. This does seem to me a very backward-looking policy. I accept that there must be a certain amount of fairness, of course, but I do not think that one should impose any sort of levy which can be called penal or which will put this type of manufacture out of court and make it uncompetitive, so that all the money which has been invested in it, and which will be to the advantage of the consumer, will be going to waste. So I strongly suggest that the House should follow us in our amendments to take out this particular part of the proposals.

My final point concerns cereals. We have tried in this House over the years to deal with the milk problem, but we have not succeeded. I sincerely hope that the Commission's package will in point of fact help to bring down the amount of surplus milk which is being produced. I am afraid some small farmers will suffer and one has to accept the fact that this is necessary. It happened in my country ten or fifteen years ago. But what we really must do is to try to insist that the emphasis is put on the cereal production. This is where the emphasis should be. And I would hope that the Commission — not necessarily now but certainly in the coming review and proposals which are coming forward — will be able to put greater emphasis on cereal production. It is easier to store, it is more in demand as food aid as far as the developing countries are concerned. I sincerely hope that there will be greater emphasis put on cereal production throughout the Community. If one does that and at the same time if the Commission's proposals on milk are successful and we in the United Kingdom can, for instance, keep our marketing boards, in particular the Milk Marketing Board, which helps deal with the disposal of liquid milk, and maintains a high quality level, then I suggest things will be alright.

**Scott-Hopkins**

What I am saying is that unless we can get this proposal of Mr Kofoed's of at least a 5 % increase reduced to what the Commission is proposing, regretfully my group will have to vote against this report.

*(Applause)*

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

**Mr Ansart.** — *(F)* Mr President, ladies and gentlemen, today's debate in this Parliament is obviously not merely theoretical. The fixing of agricultural prices concerns, of course, the Community's several million farmers but, beyond that, it concerns the 20 % of the Community's citizens whose occupations are linked with the agricultural sector and it concerns each one of us to the extent that we want a secure supply of good quality food. Lastly it concerns each one of our countries because of the contribution agriculture can and should make to our foreign trade balance. The 1977-1978 agricultural prices, therefore, will determine farmers' standard of living and at the same time whether or not each country's agricultural production potential is safeguarded or abandoned. Two and half years ago — in September 1974 — I explained the concerns of our farmers in this House. At the time we even asked for and obtained an extraordinary part-session of Parliament on agricultural prices. What is the situation today?

In its report on the situation in agriculture in 1976, the Commission puts the average increase in production costs at 12 % ; according to the same sources the total increase in production costs has been over 50 % since 1973. The items mainly concerned are agricultural machinery, fertilizer and manufactured feed-stuffs, sectors in which the chemical monopolies hold sway and determine prices. Over the same period agricultural incomes have not kept pace, far from it, with rising costs. In our country's case for example, the Commission puts the drop in agricultural income at 9.4 %, not including the government assistance given in 1976. There are many French farmers, therefore, who do not have the minimum living wage.

Is it any wonder, then, that purchases of agricultural implements and fertilizer fall? Is it any wonder that the Eurostat figures indicate a drop of 100 000 farms in the Community between 1974 and 1975? Is it realized as it should be that for every 100 farms in 1970 there were only 85 in 1975? Now the Commission's price proposals for the coming years must inevitably reduce farming incomes for the fourth year in succession. The Community experts themselves admit that the average rate of inflation will be at least twice as high as the increase in agricultural prices proposed by the Commission. Is it realized what this lack of resources will mean? On top of the difficulties of their daily life, uncomfortable housing conditions and

old and unsuitable farm buildings, for many farming homes it will mean no possibility of providing the equivalent of a wage to the members of the family that help and, for young people, a living falling more and more behind the general level provided, that is, it does not make running the family farm possible with unemployment lying in wait at the end of the road.

This is reality for a large number of those who provide our food supplies. For us, this is an irrational policy particularly since monetary upheaval and speculation by the big financial companies are worsening the imbalances between countries and between regions. The system of compensatory amounts which, we were told, would restore the balance, is aggravating the distortions among the Common Market countries and currency difficulties by encouraging exports purely from the countries with strong currencies. But there is worse to come. This system means that farmers in these countries pay 20 % less for what they import, particularly from the United States, than French farmers. This boils down to making one country in particular, such as the Federal Republic of Germany for example, the European terminal for importing American food and agricultural products. And just when the Community's agricultural potential could be used to improve our Member State's balance of payments, the Common Market throws its doors wide open to American imports, many of which — such as vegetable oils and fats — enter the Community free of duty in competition with similar European products.

Such a policy imperils the agricultural production potential of the Member States, to say nothing of the human aspects which are often tragic. On the contrary we feel that the urgent task today is to bring in an agricultural policy that will slow down and then bring to a halt the drift from the land. Now, although agricultural prices cannot alone solve the problems that arise, they can make a considerable contribution. This is why the French Communist Members of Parliament stand by workers on the land asking for remunerative prices allowing for the real costs of farming and the fall in the value of money. In this connection, in France we are insisting on an adjustment to the 'green' franc because this is the only way to halt the decline in farming incomes.

Will this policy, as some say, start fresh inflation? Will the consumers have to bear the consequences? We say no. All that is needed, as we suggest, is to reduce value added tax to nothing for the most common food products.

But there is a second aspect to our approach ; we want farmers' production costs reduced. The value added tax on fuel oil or fertilizer, for example, could be reduced immediately.

Some Community countries, incidentally, already operate this system. With these proposals our inten-

**Ansart**

tion is to safeguard the family farm, which we regard as the essential basis for agriculture in France, now and in the future. The measures I have proposed could form a major step towards this objective. This is why we are firmly opposed to the Commission's proposal — in company with most of the agricultural organizations. We cannot therefore support proposals paying no account to the need for a real increase in agricultural prices in proportion with the increase in production costs.

*(Applause from certain quarters)*

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

**Mr Hughes.** — Mr President, the Socialist Group firstly requests that both in the preamble and the resolution we indicate that price policy, of itself, cannot be effective unless a sound structural policy precedes it. Therefore, we have tabled — and we trust this House will support it — an amendment to the fourth recital from the end, whereby this should read: 'an effective structural policy is a *crucial prerequisite* rather than' is an essential complement' of a competent and sensible price policy.

Then we would suggest that the first paragraph of the Kofoed report should read:

Regrets that the Commission has not used this opportunity to introduce fundamental reforms of the CAP.

We are fully aware of the time problems facing the new Commissioner and, like the President-in-Office of the Council, we accept that it would have been a little unreasonable to have grandiose schemes brought to this House for the total reform of the CAP in a matter of four weeks.

Nonetheless, it is a matter of deep regret for the Socialist Group because, as the last speaker indicated on behalf of the Communist and Allies Group, there are enormous tensions and pressures building up between the consumer and between one sort of farmer and another. I would particularly bring to the attention both of the President-in-Office of the Council and the Commissioner, the Socialist proposals, agreed almost unanimously, for the way in which we see reform of the common agricultural policy going.

Firstly, we accept the need for a common single price within the Community. But that price should be fixed at the cost levels of the most advantaged enterprises within the Community. That secures supply, which is an essential and proper function of any policy. But, thereafter, in a co-partnership between the national governments and the Commission in this Community, other means must be found to ensure adequate incomes for those farmers who, through no fault of their own, find themselves disadvantaged. We see a need to avoid having to fix such high prices in order to satisfy their income needs that other, more favoured farmers must essentially make disproportional

profits. The funds transferred into agriculture under the present regime are going disproportionately to the structurally benefited holdings in the Community.

A single common price system for, let us say, barley between the large latifundia of East Anglia and the small-holdings of parts of France cannot essentially be equal because the costs and all the other economies are going the wrong way. One needs to introduce a differential in co-partnership between the national governments and the Member States. I would request both the President-in-Office and the Commissioner — and I would be glad to supply them with a copy — to read very carefully the Socialist Group's suggested policy for the amendment and reform of the Common agricultural policy.

On paragraph 9 of the Kofoed report we would wish to add at the end our strong endorsement of the proposal that a close examination take place urgently of the problems of cost differential between farmers' prices and consumer prices. What is quite clear within the Community over the last few years is that in this sort of debate we can vote apparent increases which do not materialize to the benefit of the farmer, and as between one country and another, these on-costs between farm gate and the consumer are approaching appalling levels.

May I now turn to paragraph 23 and echo what Mr Scott-Hopkins was saying regarding isoglucose. To describe this as an industrial product, and therefore differentiate it from sugar beet, is purest tomfoolery. It requires the same sort of processing in a factory to turn a lump of sugar beet into a crystal that is consumed by human beings as it does to turn a grain of maize or a lump of potato into liquid sugar. The present Commission's proposals have all the hallmarks of what we in England refer to as the Luddite movement: any improvement must be stopped because it might do a mischief to existing interests.

I now turn to paragraph 27 and would echo the words of the President-in-Office. This is why we, again as a Socialist Group, would firstly ask to have added in paragraph 27, so that there is no doubt in anybody's mind the words, *and wine producers* after 'fruit and vegetable producers', so that the wine producers clearly see themselves as included. Because the possibility of enlargement poses enormous problems for the whole of the southern part of the existing Community, we request the Commission to undertake an immediate investigation into the problems raised by enlargement. It is not fair for the northern European nations to request political enlargement if the economic cost is to be borne by the disadvantaged producers in the south of the Community. We must ensure that proper means are found whereby, on enlargement, the market structures and other forms of assistance for the southern European producer are adequately safeguarded.

## Hughes

I now turn to paragraph 31 and point out very formally that to the best of my research and knowledge the Commission's proposals of March 1974 regarding exclusive use have never been the subject of a report or a debate or an opinion from this House. I urge that before these proposals are introduced, this House be given an opportunity to study them in isolation rather than by the procedure which in Britain we refer to as tacking — where in a very complex package you slip in slightly underhand a little bit that you couldn't get in any other way. There is just this suspicion that the exclusive use proposals are coming in under a false flag. I would urge that before these are introduced this House be given adequate opportunity to study them and give its opinion. On paragraph 34 we see the present phrasing 'the cessation of milk producing' as being — for want of a better word — too Mansholt even for Mansholt himself. We would therefore want to see a softening of this wording to read:

'the early retirement of farmers and the non-marketing and the beef conversion schemes which can contribute to the long-term improvement of agricultural structures'.

As it stands at the moment, this does smack a little too much of what was referred to in the House of Commons as elbowing the little man out of the way because he is a bit of a nuisance.

Finally, I turn to paragraph 47 of the report. Here I am well aware that my Irish colleague in the Socialist Group, who holds different views, will not be in agreement with me, but we do not feel that the moment is opportune for the creation of all the paraphernalia of intervention boards, target prices, all that we have come to know and not quite love in the common agricultural policy. We do not believe, whether it be in horsemeat, sheepmeat, potatoes or alcohol, that the time is apposite to introduce that sort of rigid regimen.

Enough, in brief, for certain amendments.

Can I now just echo the problem that faces every one in this Chamber? In the realities of the economic situation facing every member country in the Community, a uniform price increase, whether it be of 0 %, 3 %, 5 % or 7.5 % average, is unacceptable to one side or the other. When — as in my own case — we have got inevitable great increases in prices as a consequence of accessionary compensatory amount removal, particularly in the butter sector, it is wholly unacceptable. Equally, as has been pointed out by my friend Mr Laban and others, to expect a diminution in the income of dairy farmers and others in countries where the currency and accessionary compensation amounts don't exist, is no less politically unrealistic. It is at this point that we return as a Socialist Group to our *cri de coeur* which is that we need a fundamental reform whereby you deal with structures, the income

of the disadvantaged and intervention to secure supply as three distinct and separate roles. We trust that the Commission and the Council within the next twelve months will enable us to avoid this sort of unreal demand: it must be 5, it must be 3, it must be 7.5 %. Because that is a demand that is so politically unreal in one country or another as to be incapable of being supported.

*(Applause from the Socialist Group)*

## IN THE CHAIR: MR SCOTT-HOPKINS

### *Vice-President*

**President.** — I call Mr Houdet.

**Mr Houdet, chairman of the Committee on Agriculture.** — *(F)* Mr President, my asking to speak is justified in a debate whose seriousness is obvious to us all.

The background to the fixing of agricultural prices for the following year is somewhat sombre. The general economic situation has not improved appreciably, currency differences have worsened, and production costs have followed the general inflationary trend. Six million workless and a greatly increased rate of inflation illustrate the precarious state of our economic life. This has a direct impact on our agricultural economy which is also faced with a continuous increase in production costs and, for three years now, has suffered a pronounced erosion of its income. The single market has become a myth, and big currency differences between the Community countries have led to a system of monetary compensation which, whilst it avoids the most flagrant distortions of competition between the agricultural sectors in the various countries, complicates trade and places a heavy burden on the Community budget.

Impossible as it is to avoid short-term surpluses, since it is necessary to have and finance stocks as the only way to ensure that European consumers will continue to have supplies at reasonable prices at certain stages in the economic situation, structural surpluses are now developing and increasing in certain sectors of European agriculture. They create very serious problems that have to be solved by improving the organization of the market and above all by a far more vigorous exporting policy. These structural surpluses involve the authorities in substantial expense but it must not be forgotten that they are often an essential part of the income of the most badly placed small farmers. A difficult balance therefore has to be struck. To the extent that, in certain areas of the Community and even in certain types of farm, there are no real alternatives, agricultural policy necessarily has to make allowance for certain social considerations. If this were not the case, whole areas of the Community would

**Houdet**

become depopulated and present us with further problems. We join the Commission in urging that the structural reform laid down in the 1972 directives be applied more rapidly. But its application is bound up with the very real problem of social policy because it is unthinkable, in the present crisis, to reduce the number of agricultural workers purely to turn them into unemployed.

I admit that the fact that the common agricultural policy bears part of the cost of other social, regional and monetary policies should not be used as an excuse for not endeavouring to adjust the agricultural policy to cope with changes in the economic situation. This Parliament, for example, has voted for a programme of action in the milk sector. The Committee on Agriculture has also approved a regulation enabling the compensatory amounts to be gradually reduced. It would have been advisable, in our view, for the latter regulation to be discussed with the present proposal on the basis of the Gibbons report which is to be submitted to you. No-one believes there is a miracle cure for the difficulties we are encountering in our agricultural policy. A set of measures to be regularly adjusted to the changes that occur will be necessary. Among these measures I would like to draw attention to one which does not seem to me to have so far been favoured by the Commission. A medium or even long-term solution could, in my view, consist in planning agricultural production to a certain extent. I know how complex this would be. I have had agricultural responsibilities in my own country and I know that most member countries have been unable to solve the problem at national level. But it is far more necessary still at European level if, in the medium-term, we are to lop the peaks off the structural surpluses we are all concerned about, and to prevent certain shortages that will not fail, unfortunately, to occur on the world market.

With regard to the application of the second part of Article 39 concerning consumers, a distinction has to be made between food prices and agricultural prices. It can be seen that, starting from the same basic price, consumer prices in some countries are twice, and sometimes three times, what they are in others. We therefore need to harmonize, at European level, our processing and marketing structures for agricultural produce, thus following the proposals put before us by the Commission.

Taxation also needs to be harmonized. The Council of Ministers has been too slow in taking a decision on the directive regarding producer groups, the basis for the organization of certain markets. The reason I say this is that it is unfair to make agricultural policy alone responsible for the cost and difficulties of supplying our consumers. Your Committee on Agriculture looked into all these problems when it considered the proposal put before you today. Because of the

fact that, in view of public opinion and agricultural interests, it was necessary for prices to be fixed by 1 April, your committee has met four times since 16 February and Parliament agreed to meet today in order to consider the proposals submitted by Mr Kofoed, our rapporteur. The discussion in our committee was often difficult. We were helped by the clarity of the proposals and explanations put forward by Mr Kofoed, whom I must congratulate. His proposal was adopted by 15 votes to six with one abstention. Having said this, I shall close by urging the Council of Ministers, taking our opinion into account, to take its decisions by 1 April. Parliament has shouldered its responsibilities, it is now up to the Council to shoulder its responsibilities.

*(Applause)*

**President.** — I call Mr De Koning.

**Mr De Koning.** — *(NL)* Mr President, I would like to make a few comments in connection with what Mr Martens said on behalf of the Christian-Democratic Group. Firstly this. The European Commission's proposal is based on a number of considerations, the most important being the fight against inflation, equilibrium on the market, particularly for dairy produce, and the harmonization of the 'green' currencies. Everybody agrees that these objectives are fair and good but the big loser in all this threatens to be the farmer's income. Particularly in those countries with relatively stable currencies, the proposed increases in price lag along way behind the increase in agricultural production costs. With all due acknowledgement to the good intentions of the Commission's proposal I have to qualify it as inequitable. In our view it is not a matter of furthering such one-sided agricultural policy objectives as the maintenance of equilibrium on the market and the harmonization of the 'green' currencies or setting general policy objectives such as combating inflation at the expense of farmers' incomes. Nor is it a matter of keeping down the cost of living in countries with devalued currencies at the expense of incomes in agriculture. We are now presented with the bill for having too long maintained the monetary compensatory amounts to offset the devaluation of currencies. Instead of shock-absorbers, the monetary compensatory amounts have become a brake — a brake on the development of trade and therefore a brake on progress in agricultural policy. The system must therefore be changed.

Two concrete comments. On behalf of the Socialist Group, Mr Laban asked for compensation by way of a product-based allowance for the leeway in agricultural incomes in the strong-currency countries. I would be glad to know what Commissioner Gundelach thinks of this suggestion. Is he not afraid that this would mean finishing up with a 3-price system — a basic price, corrected by the monetary compensatory

**De Koning**

amounts and made up by product-based allowances? In this way there would be nothing left of Community trade. Can the Commissioner confirm whether this interpretation is correct?

My second comment is in explanation of the amendment tabled by the Christian-Democratic Group on the date at which the new milk prices would be introduced. We cannot accept that the present milk-price year should be extended, offhand, to 16 September, particularly because two-thirds of all milk is produced between 1 April and 16 September. The pressure this would put on dairy farming incomes — mainly, as has so often been said, small farms often with low incomes — would be too great. On top of this, we would lose practically all opportunity in the coming year to set up a fund for eliminating surpluses by expanding sales. For this reason my group advocates a moderate increase in the price of milk as from 1 April and a second increase as from 15 September. By 1 April a proportionate part of the milk levy will have accrued. A two-stage price increase of this kind is more suitable and will really act as a brake on increases in production because the increase, as you know, does not catch up with the increase in production costs. Even then — and I realize this — the dairy industry is ultimately left with a small increase in price but this is a better solution than that proposed by the Commission. I am confident, Mr President, that Parliament will approve this amendment.

*(Applause)*

**President.** — I call Mr Bourdellés.

**Mr Bourdellés.** — *(F)* Mr President, Mr Commissioner, ladies and gentlemen, in farming its proposals, the Commission has been mainly guided by the situation on certain markets and the struggle against inflation and has taken little or no account of the effects of its proposals on the income of farmers and their investment and on employment during the next few years.

In its annual report on the situation of agriculture in 1976, the Commission stressed that the value of final agricultural production, which had fallen by 2 % in volume in 1975, had again fallen in 1976 as the result of certain bad harvests caused by the drought affecting the central and northern parts of the Community and the excessive rain in the south.

In view of the fact that incomes in agriculture fell in real terms in each of the previous three years and that, as consumers, farmers will be affected by the general increase in consumer prices which, according to the Commission itself, will be 9.5 % in 1977, it would be fair to agree a bigger increase in production prices. Agricultural producers cannot be asked to bear more than their share of the burden in the fight against inflation when they, in fact, are its first victims. Those who imagine that keeping down production prices is the way to reduce surpluses in certain sectors — and

that of milk products in particular — are wrong. To keep up their incomes, producers — often small farmers — will be inclined to increase production.

What is more, with the set of prices proposed, stock-farming tends to lose some of the advantage it had acquired in relation to crop farming. The fact is, Mr Commissioner, that stockfarmers are the worst hit by your proposals. They hardly benefit from these new agricultural prices at all. Let us take an example. You suggest that the price of pigmeat be increased by 4 % and the prices of maize and barley by 4.7 %. But to produce a kilogram of pigmeat you need, on average, 3 kgs of grain, without counting oil-cake and minerals so that, for every kg of pigmeat, the effect of the increase in grain prices would reduce the price increase by a half if applied as proposed by the Commission. In fact, our system of support for pigmeat prices has never worked. Even in an emergency, there is always one country where prices are high enough to keep the European average above the intervention level. The EAGGF has never spent a penny to support the pigmeat market which has often been through difficult times.

As regards beef, Mr Commissioner, deferring the submission of new proposals until July next will create uncertainties that will not help to steer stockfarmers in that direction. Contrary to what the Commission itself recommends in its programme of action for the milk sector, it would be desirable, in my opinion, to bring back the intervention level for beef to 93 % of the guidance price. It would be prudent not to allow any measure to interfere with the continuous intervention mechanism during the next marketing year. The 3 % increase proposed for the intervention price could perhaps affect the level of market prices to the extent that intervention purchases would begin again, but there is no certainty at all that these purchases relate to all animals. A special authorization is necessary to stock certain products with Community finance. With the safeguard clause deleted, the pressure on production prices will be maintained and the 220 000 tonnes of meat which the European Community will be allowing into the nine countries in a period of one year, regardless of market situation, could well reduce to nothing the effect of the intervention purchases on price levels which are roughly the same at the moment as they were four years ago.

In reality, the measures you recommend with regard to market equilibrium are as inopportune as they are unsuitable. Some people will say that it is better to subsidize European consumers rather than Soviet consumers. In fact that is exactly the intention of the Commission in its proposals to go back to its 'social butter' and butter consumer subsidies schemes. However, apart from the fact that the experiments that have so far been carried out along these lines have hardly had any conclusive results and apart from the serious risk of disorganizing the trade channels, the

**Bourdellès**

decision will not settle the problem of stocks of 250 000 tonnes of butter at a time of year when 60 000 would be enough. And some experts even see these stocks climbing to 500 000 tonnes by the end of the year.

In February, for the first time for eighteen months, the public milk powder stocks fell below the million tonnes level, proof that when the Commission wants to, and uses a little imagination, it finally comes up with an answer. It ought to find these answers by agreement with the trade. This is why the right to joint management should not be confined to the management of funds produced by a co-responsibility levy, if imposed, but should be enlarged to cover the organization of all milk markets. A clearer and better designed policy for exporting agricultural produce is also necessary. We are increasingly becoming net importers of agricultural produce, so let no-one accuse the Community of being protectionist. On the contrary we are witnessing the development of a kind of processing agriculture, particularly in the stock-farming sector, based on soya and other raw materials bought outside the Community and no longer on European feedstuffs.

We therefore need to think again about the organization of the EEC's agricultural markets in order to restore the equilibria that have been threatened or lost. In this connection, the adverse effects of currency differences on trends in agricultural income in the Member States and on trade lead us to regard your proposals on the reduction of monetary compensatory amounts as the essential minimum. You will, Mr Commissioner, receive very firm support on our part in your attempts to bring back unity in the agricultural markets. I shall wind up what I have to say, ladies and gentlemen, by appealing to your understanding. If you want European farmers to have a normal standard of living, equal to that of other workers in the Community, you have to admit that an average increase of 3 % in agricultural prices is not enough. The Committee on Agriculture proposes 5 %. This is a minimum below which we cannot go. We shall also have to keep a close watch — during the marketing year 1977-1978 — on the prices of fertilizer, implements, feedstuffs, livestock and plant protection products, all of which caused the decline in agricultural income in 1974, 1975 and 1976.

*(Applause)*

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — Mr President, I shall be very brief and concern myself with certain basic matters which we have incorporated in the amendments we shall be moving tomorrow. The main amendment, the second concerns a basic matter which has already been discussed: the view that 3 % is inadequate and that 6.5 % should be a reasonable rate of increase, having regard to the question of incomes in the present situation in agriculture. Now for that I would make no

apology at all; in fact, if one analyses the situation this is the very least that is needed as far as the agricultural producer is concerned, and if there are price increases affecting the cost of living in the member countries they can be met by these countries themselves out of their national budgets. That, in my view, is the practical way to approach this problem. And I am speaking for a country, by the way, which sells all its dairy produce without any involvement in a 'milk mountain' or anything of that kind. I want to say this positively. In Ireland all of our dairy products are sold through our various organizations — State and otherwise — without any Community participation or assistance.

Nevertheless, we feel that there is need for a common agricultural policy on the fundamental activity of beef production. This is where, in my view, we tend to run away from the realities of the situation, from the fact that, in order to have meat as a basic food in the tactical and strategic sense and every human sense that one can think of, we must have a continuing supply of it. That involves, of course, meat production, so that one has to live with a certain degree of meat surpluses year in year out if one has to plan a proper supply of meat for the 280 million people in our Community. This is common sense and must be recognized.

How to plan that in the best possible way is the problem. I feel very strongly that our present system is working all right so long as we in the Community adjust it, make it more efficient and organize it in a better way. Fundamentally, the meat-supply system that we have through intervention is the best possible method. I agree we must consider how to organize it, how to plan it, how to supervise it; but fundamentally, that is the way to do it and nobody yet has devised a better way of organizing the whole question of agricultural surpluses than the intervention system. If somebody here in the Commission comes up with a better and more effective way of dealing with it, I will go along with it. But I don't think it is there and I don't think it is on. I am candid about that.

Mr President, I will conclude by saying that we must recognize the common agricultural policy not just as part of a social and a regional system, which it is, and the most effective one that the Community has yet devised with regard to the transfer of resources, but as a fundamental strategic position for the provision of basic food for the 280 million people in our Community.

Now let us start talking within that umbrella of debate. Let us stop talking about the producer *versus* consumer issue and concentrate on how to do this most effectively, how to produce the basic food we require for our citizens and how to go about it in the right way.

*(Applause from the Group of European Progressive Democrats)*

**President.** — I call Mr Howell.

**Mr Howell.** — Mr President, I would like to follow on, taking up some of Mr Lenihan's points, particularly where he referred to the foolish argument of consumer *versus* producer. The producer needs the consumer; the consumer needs the producer. It really is too silly for us to carry on with this battle.

I think we should recognize the success of the common agricultural policy as a whole over the years. It has fed our 250 million people, we have enough food for all of our people, and some to spare. That must be a good thing. Surely we should get our thinking straight about surpluses. If we are to have sufficient food at any one time, in any one commodity, we must always have surpluses in those commodities. Obviously, we have embarrassing surpluses — these are due to mistakes of the past, but the sooner we stop worrying about them and try to correct them in the future the better.

To come to these present proposals, I do not believe that anybody in this Parliament really believes that these proposals are going to cure the imbalances which we all know exist, which Mr Bourdellès talked of, and which are causing so much difficulty. I recognize that the new Commission has had no time to do any fresh thinking, but certainly fresh thinking must come.

If we are to correct imbalances, I think it is important that we should put ourselves in the position of the producers we are trying to influence, and it is my belief that none of the proposals which have been put forward, either by the Commission or by Mr Kofoed, or by COPA, will correct the situation. I believe that dairy-farmers, who are mainly responsible for our major surplus, will not respond to the Commission's proposals — neither the small nor the large farmer: the small farmer in many parts of the Community will be under-compensated and will just do his best to maintain his income, even increasing his herd by one or two head, while the large farmer will be equally imprisoned by his investments and will also carry on trying to keep up his income.

Mr President, in your speech I think you were absolutely right when you said that we must somehow effect a major switch from milk and wine production to cereal production, and particularly to the production of maize. I think there should be great encouragement for maize; we are large importers, and this would be in everybody's interests.

The next point I want to touch on is the situation with regard to the green currencies. I do think that the President-in-Office — and I am sorry that he is not present to hear my remarks — is doing a great disservice, not only to his own country, Britain, but

also to the EEC in general by maintaining his position and refusing to realign the British green pound. He is not acting in the spirit of the EEC in doing so, and he is in fact damaging Britain's credit abroad. Surely, Mr Kofoed is right in his proposals when he says that we must have a gradual and automatic realignment of the green currencies, and that we should get rid of these currencies altogether as soon as possible. They were supposed to be nothing more than a temporary measure eight or nine years ago, and their persistence for so long can hardly be regarded as temporary, in my view.

My final point, Mr President, is that I think we must concentrate on some fresh planning of the common agricultural policy. I believe it is time for the Commission to recognize that it cannot do everything within the compass of the Commission, and that it should delegate responsibility, sector by sector, to production and marketing organizations. It is quite obvious that the Commission's first and foremost duty is to plan what it is desirable to do with European farming, and to plan its proposals in order to guide our producers into producing what it is most desirable to produce, to reduce those sectors where there is overproduction and expand those sectors where there is underproduction. I do think that this should be the prime function of the Commission. It should then delegate, sector by sector, responsibility to organizations which understand and have commercial experience in the market. By so doing, we might get nearer to our target.

Of course we shall never get it right. And nobody expects us to get it right. But we must not be as far out as we are at the present time. I would stress that, as far as milk production and the milk surplus are concerned, we were extremely lucky in one sense to have had the drought last year. If it had not been for that, we should have had an even greater surplus at the present time.

In our amendments, my group will be asking in paragraph 31 (a) for the continuation of our British Milk Marketing Board. It would be absolutely foolish to do anything to destroy something which is working so well for all concerned — for consumer and for producer alike. Furthermore, I hope that this Parliament will give its serious consideration to our new paragraph 8 (a), because in this we are asking for production planning and market discipline. I believe that this is the only way that we shall achieve a proper balance.

*(Applause from certain quarters)*

**President.** — I call Mr Vitale

**Mr Vitale.** — (1) Mr President, ladies and gentlemen, I think we must acknowledge that the new Commission has this year had to work out its proposals on



## Vitale

new agricultural prices under particularly trying circumstances and in the face of long-standing and glaring contradictions. We have, on the one hand, a 12 % increase — as already pointed out — in agricultural production costs, and on the other a rate of inflation which reduces the consumer's purchasing power and which we all agree should be halted, or at least kept within bounds. As against the need to uphold the principle of common prices so as not to water down still further the ever paler image of what should be a common market, we have mounting imbalances within the Community with a resulting increase, even recently, in compensatory amounts. Finally we have, on the one hand, the rise in imports of maize and barley from non-member countries — this year we shall need an additional 5 million tonnes of maize — and on the other the increase, already foreseen for the current year, in surpluses of butter and milk.

It is true, of course, that these contradictions are a legacy passed on to the new Commission by its predecessor, and that the new Commission has made attempts, timid and inadequate though they may seem to us, to find an answer, to work out a fresh approach to the problem. The average rise in prices, for example, has been less than in previous years, something that was inevitable in view of mounting inflationary trends. We Italian communists agree that the limit of an average 3 % increase should not be exceeded. We have never approved of reducing the question of prices to the simple accounting operation of adjusting prices to costs by what is known as the 'objective method'. The level of prices for 1977 can only be determined in the light of overall political considerations that take account of inflation rates, balance-of-trade deficits, rising unemployment, and the gap between world prices and prices on the internal market.

But who, we wonder — as Mr Ansart has already asked — who will foot the bill? Are we perhaps considering dealing with the problem by shifting the burden of the crisis from the consumer to the producer? Do we want to take the dangerous step of ultimately shutting out millions of small producers, of restricting the production base, of increasing Europe's food deficit? This then is the problem, Mr Commissioner, ladies and gentlemen, and here is our answer. If it is true that agricultural prices cannot be raised much further — and we accept these prices as proposals — and, on the other hand, that agriculture must be saved from ruin, what we have to do is to try to keep in check the costs of producing and distributing foodstuffs. In other words, we must tackle the problem of the relationship between agriculture and industry, which produces the technical means and holds the key to production costs in agriculture. At the same time we must give thought to a policy aimed at reducing the gap between producer prices and consumer prices by building up substantial stocks,

campaigning against speculative movements and encouraging producer cooperation and association. There is no hint, however, of such measures in the Commission's proposals, which thus reflect, although in a completely altered form, the same limited approach as those of previous years.

Let us now turn to monetary problems. The Commission proposes a first realignment of 'green' currencies which is to lead over a number of years to the abolition of compensatory amounts. The principle may even be just, and we accept it, but in our view it would be utterly unrealistic to tackle the problems of regional imbalances in terms of monetary rather than production policy. Here again we are paying the price of 15 years of a common agricultural policy which has neglected certain zones, certain productive sectors and certain social classes to the benefit of others. If we establish what common mechanisms have prevented some countries from developing their productive capacity in given sectors — I am thinking, for example, of livestock raising in Italy — and define the individual problems so as to enable us to bring such productive potentials back into balance, then we can really set out to reduce compensatory amounts.

In our view, a policy of reducing compensatory amounts — in itself an aim that is fully justified — should be pursued through a series of medium-term and long-term measures which would enable each country to make the most of its own domestic resources in order, as far as possible, to satisfy internal demand, for it is debts incurred outside for the purchase of agricultural foodstuffs that are one of the main causes of inflation and of the diversification of currency values, and act, therefore, as an encouragement to compensatory amounts.

I now come to the third problem, that of surpluses. We Italian communists cannot but approve of the aim of reducing the intolerable burden of 2 000m u.a. on the budget of the EAGGF. The agricultural workers of other sectors have to foot the bill for a policy which we regard as absurd, a policy under which maize imported from the United States at a high price is 'converted' into butter which is sold below cost and in the form of milk powder, thus swelling Unilever's profits. This is where the surgeon's knife is really called for. But a surgeon's knife is to be used judiciously. Allow me, at this point, to approach the question from a national standpoint, because my country is alone in suffering from a severe shortfall in milk production.

We Italian communists cannot accept any measure aimed at holding up or restricting milk production in Italy, as this would perpetuate an imbalance which places a heavy burden on the balance of payments and stokes the fires of inflation. The Community is certainly falling into a glaring contradiction when, on the one hand, it makes the granting of a loan to Italy conditional on a reduction in the balance-of-payments

**Vitale**

deficit, and on the other creates the very conditions calculated to ensure such a deficit.

But here I should like to go beyond the purely national standpoint. We believe that it would be wise, in the common interest of building Europe, to introduce a principle of a general nature into the common agricultural policy — namely, the right of each country, or, if you like, the option extended to each country, to reject measures that restrict production where this largely falls short of domestic demand, at least up to a certain percentage of that demand. Where the gap between supply and demand in any country reaches levels higher than 30 or 40 %, the situation certainly does not serve the interests of European unity because it is bound to trigger off defensive mechanisms.

Given this need to restore equilibrium between supply and demand in the special situation in which Italy finds itself, we regard the proposal to restrict still further the production of sugar as unacceptable.

The fourth and last problem, Mr President, is that of how the prices proposed by the Commission stand in relation to each other. Here again we are for introducing into the common agricultural policy a new principle, which is now essential if we are to deal both with the growing food shortage in Europe and with the awaited return to the land of thousands of farm-workers who cannot find jobs in industry. I am referring to incentive prices or, if you prefer, premiums to such lines of production as will enable land to be reclaimed in the least-favoured areas, such as hill areas and the south of Italy. This is the case, for example, with durum wheat, a product for which any measures of encouragement must be accompanied by the fixing of quality standards to avoid the build-up of stocks for which it would be difficult to find outlets, as happened last year.

Given the role agriculture plays in the general pattern of the economic crisis, incentive prices ought also, in our opinion, to be introduced for labour-intensive lines of production as agriculture's contribution in combating unemployment, that is, for fruit and vegetables, wine and oil products, and others. The recovery of all stretches of land, the full exploitation of all resources, and the increase of the overall physical yield under conditions of regional equilibrium are, in our view, the cardinal points of a new price policy aimed at broadening the production base, for we must realize that Europe — and this is the central point — faces an agricultural foodstuffs problem which may assume drastic proportions as the rise in the demand for food in non-member countries steadily sends up its price and renders supplies more and more insecure.

Against this background, and with this role of restoring equilibrium and offering incentives, price

policy, far from clashing with structural policy, prepares for it a favourable soil. Of course, I too agree that this alone is not enough. This is why we are asking that, rather than wait till July, a month in which structural measures would have to be taken, a debate should be held in this Parliament long before then on general structural problems: 1972 directives, the use made of the EAGGF, and coordination between the various regional, social and agricultural funds, producer associations, and standards for the marketing of products.

In conclusion, we acknowledge that the new Commission has attempted to introduce a fresh slant on the problem, but frankly the results are anything but satisfactory. The overall approach remains unchanged, even though the new Commission appears to pay closer attention to consumer interests. It is no longer enough to redistribute sacrifices between producers and consumers, nor merely to patch up an old policy that has proved a failure. What is needed is a general revision of the agricultural policy, such as was recently asked for by the European Trade Union Confederation, and of which we Italian communists are in favour because we are convinced that the problem of agriculture is not a sectoral problem but one of the basic problems to be tackled if Europe is to emerge from the crisis through which it is now passing.

*(Applause)*

**President.** — I call Lord Bruce of Donington.

**Lord Bruce of Donington.** — Mr President, I shall not detain the House long in making a small contribution on behalf of my own group. I would like, if I may, to return once again to the vexed question of monetary compensatory amounts.

It seems that the original principle of monetary compensatory amounts was agreed on the assumption that currencies would not deviate from the agricultural norm, the agricultural unit of account, by more than what are described as tolerable limits. Tolerable limits have of course never been defined, and I would like to emphasize that, although during the last six months or so the exchange rates of various countries within Europe seem to have settled down into a discernible pattern, there is nothing really permanent about them. I can still recall the time, before my country joined the European Community, of considerable fluctuations as between the French franc and the German mark, and also between the French franc and the English pound.

Certain it is that over the next ten years there are once again going to be very significant changes in the values of European currencies one against the other, and in my own country, I would like to say, the position will probably not be exactly the same in the next two or three years as it is now. Now what do we do in these circumstances?

### Lord Bruce of Donington

The basic foundation of the common agricultural policy is the common price. There may be difficulties in determining the base upon which that price should be determined, but the common price is a golden — and for some a very golden — thread that runs through the whole policy. Once that is conceded and once it is conceded that currencies are going to vary in value one against the other, then MCAs are quite indispensable as the sole means of preserving free competitive conditions under fair terms throughout the Community. Now I won't say any more about MCAs except that my own group are submitting amendments in connection with them, involving the deletion of paragraphs 5 and 6 of the report. It is the structural policy that requires change.

Mr President, I have been here now for 18 months or so and I have heard opinions from the Communist and Allies Group, and from all the rest of the groups expressing dissatisfaction with the structure of the CAP and the structural measures to be taken. The moment that one starts tampering with MCAs, one is accentuating even more the need for structural measures of a dissimilar type as between Member States. I just don't think that it makes any logic. I hope that on reflection, when people come to examine the papers, when they look through both of the reports, they will come to the same conclusion that it is structural change that is required, the setting of the price at a lower, more representative level than it is at now, with the institution of structural changes and structural aid to disadvantaged farmers through the Guidance Fund or even through the Regional and Social Funds, if necessary after a forthright battle from the Commission to get the Council to take their management committees off these funds in order that there may be a proper administration in accordance with Article 205 of the Treaty, which allows, and indeed instructs, the Commission to spend within the ordinary budget limitations.

One other point about which my group is disturbed is retail price structure in the Community. If one turns to page 23 of Mr Kofoed's report one finds an astonishing variation in the degree to which the agricultural producer participates in the final retail price to the consumer. My group sincerely hopes that the Commission will itself initiate enquiries where it hasn't done so already and I know it has dealt with concentration in certain parts of the food industry. I sincerely hope that it will bring forward proposals, which follow directly from its own examination, as to what can be done to remedy this particular state of affairs. My group do not wish the food processors or distributors to benefit disproportionately, having regard to their own costs, to the producers.

I shall now sit down in order that my other colleagues who have expressed some dissent with certain aspects of our own policy, and within the Socialist Group, are allowed complete freedom to give expression to their own views.

*(Applause)*

**President.** — I call Mr Früh.

**Mr Früh.** — *(D)* Mr President, ladies and gentlemen, this procedure of agricultural price proposals is becoming more and more difficult to deal with. We should therefore acknowledge the achievement of the Commission and also of our rapporteur in carrying out this feat promptly and in such a short space of time.

I shall confine my comments to just three brief points, for in the main I see eye to eye with Mr Martens, the spokesman of our group, who has so ably set out the reasons why we are going to call for at least 5 %, and has also explained that we do not believe, and can bring evidence in support of our view, that this measure would encourage inflation.

Mr President, you said in your address a short while back that this would be a difficult business, and that the farmers — I quote you — 'have got to join in the battle against inflation in the same way as everybody else.' This phrase of yours — 'in the same way as everybody else' — is what we deplore. I could cite examples from my own country where, with public coffers bare, demands are pushed through successfully only to be shifted onto the shoulders of the taxpayer and others. Here I would say: if 'everybody else' were to match this example from agriculture, then the Community would be in a healthier position in its fight against inflation.

And now for the specific points, beginning with monetary compensatory amounts. I am sorry that Lord Bruce has left, for on this question we appear all at once to be of one mind. He spoke in defence of monetary compensatory amounts better than anyone else could have done, rejecting the criticism that they would place an increasingly heavy burden on the agricultural policy. He also said that they made a decisive contribution in his country to the fight against inflation, which, he added, would eventually, as we all hope, be brought under control. For this reason the agricultural policy should be cleared of all blame on the score of monetary compensatory amounts instead of, even though they are gradually coming to account for a third of the costs, being constantly denounced for them.

But yet another point should be made: the common market could not exist without these compensatory amounts. The agricultural policy is not responsible for the divergence between economic policy and monetary policy, and when Mr Howell said earlier that the 'green' currencies were supposed to have been a temporary measure eight or nine years ago and should now be got rid of, he presumably did not forget that monetary compensatory amounts have been realigned again and again in those 8 or 9 years — now for the fourth and fifth time there has been revaluation and devaluation.

**Früh**

I do not think anyone would expect the German farmer to be excluded from this common market merely because he is operating in an economy endowed with a hard currency. If he were excluded, he would become completely uncompetitive, for the fact is that agricultural products are attracted by a hard currency from countries with weaker currencies. It would be better, and very much in the interests of us all, if we were to cease constantly to approach this subject with an emotional bias — now against one side, now against the other — and if instead we resolved to use this instrument to fight inflation. The best way of getting away from this whole business of compensatory amounts would be for us all jointly to try to pursue a policy aimed at stability, a common economic and cyclical policy through which the problem would finally be settled automatically. This, I believe, is the only sensible way to deal with the problem. No other course would serve a useful purpose.

I should now like to speak briefly on a second point. The next pressing problem of this agricultural policy is, of course, milk. Much has already been said on the subject, but of one thing we can be certain: nothing can be achieved with the simple 'down with the price' method as a number of people conceive it. Here, Lord Bruce, I would ask you to strike from your report the reference to 'farmers whose living standards are well beyond the minimum acceptable'. The fact that it is these very farmers who are at the bottom of the income scale is borne out by the agricultural reports of the various countries and by the Commission's report.

If it is certain that structural milk surpluses exist — and I believe this has by now been established — then we know that these surpluses must be got rid of through structural measures. Here I have a request to make to the Commission. We regard the non-marketing subsidy for milk as of outstanding importance, and I have the impression that many farmers in the Community — at least in my country — are hesitating to slaughter their cows pending a decision on this subsidy and the rest of the Measures. A swift decision must therefore be taken. We also think that much can be achieved by reducing the price of milk powder and expanding consumption etc. If no other remedy can be found, this whole business could be cleared up through producer co-responsibility, to which I attach great importance. But on no account should this be allowed to develop into a permanent feature. Here we should be guided by the need to maintain market equilibrium, and these instruments should not, whatever happens, be merely lumped in with the agricultural policy.

One brief word more. The antithesis between structure and price — or even, I might say, the case of 'structure versus price' — has been harped on

throughout the debate. And proposals have been made accordingly: apparently all that is needed to rid ourselves of the price problem is to improve structure. On this point I have three brief comments to make.

Structure and price are always in a state of mutual reaction, but this relationship must always be a sound one. Some people say that all problems can be solved through structure, and that we can then forget all about the price problem. Others maintain that we can ignore structure if we concentrate on price. But this will never do! Structure, which has been referred to repeatedly here in order to avoid the issue of price, is no cure for all ills. No one should believe that we can solve the at times harassing problem of supplies by improving structure. I could cite cases from my own country proving the contrary.

Secondly, no one should believe that a reasonable improvement in structure can be achieved unless prices more or less cover the costs of whoever is expected to bring about that improvement. Unless the price he receives is commensurate with the costs he incurs in improving his structure, that person will decline to cooperate.

Thirdly, I think that the only sensible way of improving structure is to create other jobs in rural areas, in addition to those on the farms. This again can be done only if we return to a policy aiming at stability, to sound economic growth. Only then will the agricultural policy have a real chance of success, both as regards structure and as regards cost-related price. This is the remedy I would have you apply, Mr Gundelach; if you do so, then you can certainly count on our full backing.

*(Applause)*

**President.** — I call Mr Nolan.

**Mr Nolan.** — Mr President, I will deal with three points: sugar beet, common sheep meat policy, and the question of the consumer and the producer.

In considering sugar beet I am amazed that the Commission have only proposed a 3 % increase in the price of sugar beet to the farmer. I would imagine that in these days of inflation, no other crop has cost more to produce than sugar beet because the cost of petroleum has gone up, and therefore the cost of using a tractor in tilling the land the cost of fertilizers has increased, the cost of harvesting the crop has increased and the cost of delivery of the beet crop to the sugar factory has increased. Therefore I am very pleased that my group have suggested — and we have put down an amendment to this effect — an increase of 6.5 %. I am also very pleased indeed, speaking as an Irishman, that Paddy Lane of the Irish Farmers' Association is here today to listen to this debate and indeed that COPA, representing all the farmers in Europe, have suggested, as far as I am aware, an increase of 7.5 %. They are very fair in this because,

**Nolan**

as I have said, sugar beet is a crop that is very costly to produce and very costly to deliver to the factory.

I would like to say to the Commissioner that I personally have at committee level in this House, been getting very worried about the extraction of fructose sugar from maize and at the factories that are being set up in Europe and elsewhere to manufacture this fructose sugar. Now I refer it as fructose because there are so many names, but it is simply a sort of glucose that is manufactured from cereals. It cannot be granulated into household sugar and therefore the housewife will never buy granulated sugar made from maize until some scientist discovers a way of getting this fructose into a granulated form. At the same time, if we allow this to develop and if all industrial sugar is manufactured from maize — an imported crop in Europe — then a major problem will arise for the sugar beet industry in the Community. I know the Commission are worried about this because your predecessor, Mr Commissioner, in reply to parliamentary questions from me on this particular aspect was worried, and I hope that you as a successor to him will bear in mind the important question of this sugar now being manufactured from cereals, which indirectly, I must say, has been subsidized by the Community.

The other point I said I would refer to was a common agricultural policy on sheep. My colleague, Mr Lenihan, referred to the production of beef and when you produce beef you must produce milk because you cannot have the calf without having the milk. But — and I have said this before in this Parliament — you can produce sheep meat and you can produce lamb with no butter problem, no milk problem, no problem of any by-product. The only by-product that you have from sheep production in the Community is wool, and as far as I am aware, there is no problem whatever in selling wool. So I hope that the new Commission will immediately get down to the task of ensuring that Community sheep farmers will get a fair return for their labours, that sheep production in the Community, which is reducing rapidly because of an unjust return, will get a fair return under the new Commission and that sheep meat will be produced with no problems of butter mountains and the like.

The third point I wanted to make concerned the question of consumer and producer. Serious problems may arise not only in Europe, not only in my country or your country, but anywhere in the world, from this idea that since the farmer is the producer, if he gets an increase in price, then the consumer has to pay it. I can recall somewhere reading on one occasion that a producer of a head of lettuce happened to put into the lettuce a little note saying 'I got 1 Bfr. for this head of lettuce. What did you pay?' As far as the agricultural producer is concerned — and I am not a farmer though I am a farmer's son — they are not making

prices too high, they are not responsible for the consumer paying such high prices. It is somewhere between the producer and the consumer that all the costs are. When farmers are offered a 3 % increase, when we have suggested it should be 6.5 %, don't let us as Europeans criticize the farmers in the Community. They are not that well off. Let us accept that it is somewhere between the farmer who produces that head of lettuce or the pint of milk or the cabbage or the potatoes — it is somewhere between him and the consumer that the problem lies.

**President.** — I call Mr Corrie.

**Mr Corrie.** — Mr President, we have heard many speakers giving many varied views on the report before us. It is an excellent report and the rapporteur deserves the praise given to him, as does the presentation of the opinion given by Lord Bruce.

Perhaps the most telling phrase used today has been that the problem in the agricultural industry cannot be solved by a price policy alone, and that only with the correct use of an effective structural policy could we help the situation. I would add that we should like to see the regional and social policies included in any solution to this problem. The agricultural industry cannot solve it alone. This is why my group has put down an addition to paragraph 42. If what we do by our price policy forces the small farmer to retire, or amalgamate his land, then we have a duty to see that he does not suffer economically or socially in the standard of living he has been used to. The small farmer is the lifeblood of the rural community. In trying to solve an agricultural problem we must not create a social problem.

Of course we must remember that at the end of the day the consumer has to buy her food at a price she can afford. The British Minister of Agriculture has said, as Lord Bruce said today, that as prices have been rising for beef, milk and sheep meat, consumption has been falling. It was also pointed out that the only product for which consumption was rising was pork, because it was falling in price. But what is the converse of that situation? The beef, milk and sheep-meat producers are managing to stay in business, and the pork farmers are going bankrupt daily. We cannot have it both ways. What this price review must do is see that farmers get a fair return on their investment, and yet see that the housewife can still afford to buy food in these dangerously inflationary times.

One underlying fact remains: at the end of the day someone has to pay the farmer his production costs plus enough profit to live on and to reinvest in his industry, or the industry will rapidly grind to a halt and the consumer will be the first to suffer. The Community will be at the mercy of third countries and food prices will rise to impossible levels. We have seen what can happen when one gets a shortage, as we

## Corrie

have had at the moment with potatoes. Prices have risen dramatically and consumption has slumped.

So we must get the right balance. I believe the Commission have got it just about right. The problem is, of course, that there is such a variation in the farming industry, both in farm size and type and in weather conditions throughout the length and breadth of the Community, that in one blanket review like this we cannot please everybody. What the Community needs is a sound stable structural base from which to work, and we have not got it yet. We must in some way design a production and marketing system to give effective guidance to European producers. It is a sad fact that, while half the world lives below the poverty and starvation line, we in Europe live in the Garden of Eden and yet seem helpless to assist the starving millions or to manage our production in a sensible way.

We should not only be looking at ways of cutting production; we should also be looking at ways where we can make better use of the food we produce. We should remember that it is not farmers who keep forcing food prices up. It is the economic and monetary policies of the Member States that are of critical importance to increases in consumer prices and the stability of agricultural markets. The farmer has little control, and that is why we, as a group, have put down an amendment to paragraph 3.

I hate to be parochial but it seems totally wrong to farmers and consumers in my country that at the end of a transitional period we should have to dismantle the Marketing Boards that have served our agricultural industry, and our consumers, so well. I would go further and support my friend, Mr Howell, who has so strongly advocated that the other eight countries in the EEC should adopt our system. What the agricultural industry needs is long-term planning. What we must know is what is required in three, five and ten years from now — not just tomorrow. You cannot switch on and off in agriculture as you can in a factory. Agriculture is a long-term industry. Once the production process is in motion, there is no turning back, unless you slaughter the animals.

So I hope that in the coming year the Commission will seriously look at the long-term plans for the coming decade. With the greatest respect too, I hope the Commission will rethink its ideas on food-labelling regulations. One letter writer in *The Times* today says that if you take the cream out of cream crackers you are left with what the regulation is — crackers.

*(Laughter)*

Lastly, Mr President, might I defend the addition my group has tabled to paragraph 29. Of course it is totally unfair of some Member States to add heavy taxes on their wine imports to the detriment of the

wine sector, especially as, even though I am a Scotsman, I prefer the wine of my sister countries to the whisky of my own. But it is equally unfair that some Member States place prohibitively high taxes on imports of cereal-based spirituous beverages. These too should be cut.

Mr President, Europe will need to become the food-store of the world if our population goes on rising at its present rate. That is a heavy responsibility. I hope we in this Parliament and the Commission have got our priorities right so that, when the time comes, we still have a strong healthy industry within this Community.

*(Applause)*

**President.** — I call Mr Spinelli.

**Mr Spinelli.** — *(I)* Mr President, if I do not embark on lengthy expressions of gratitude towards the Commission or the rapporteurs, it is because of lack of time, not of courtesy.

*(Laughter)*

The Commission's proposal to increase the prices of agricultural products by 3 % appears to be a sound one. So, I think, is the proposal to refrain from increasing the price of milk during the first few months, and then not to increase it beyond 3 %. Equally praiseworthy are the Commission's efforts in the matter of compensatory amounts.

That said, I would add that I do not think these proposals present any really novel feature. While recognizing in particular the worthiness of Commissioner Gundelach, I recollect — having myself engaged in this work for six years — that year after year, as winter came to an end, the Commission would break out in a cold sweat as it tried to propose prices that were both more reasonable and as low as possible, with a view to restraining the monster of compensatory amounts. I do not think, however, that the ritual has in any way changed this year. Parliament asks for an increase, COPA steps up the price, and in the end the Agricultural Council, the bastion of every farming interest in each country, sets out, in marathon debates extending into the small hours, to fix prices somewhat similar to those asked for by the farmers themselves. All that the poor Commission can look back on is the merit of having put forward a reasonable proposal which was doomed to failure. I fear that the same risk is being run this year, and the main criticism to be levelled at the Commission is that it did not arrange to study and propose a different decision-making procedure, a fresh definition of the instruments.

A common price, as Lord Bruce remarked, is one of the conditions for the functioning of the agricultural market and an objective we cannot brush aside. But it does not mean leaving it to the representatives of agricultural producers to define prices.

**Spinelli**

Adam Smith, in the early pages of his treatise on political economy, says that whenever a number of producers get together, they always end up by discussing how to obtain the highest prices for their products.

The degree of independence and self-sufficiency required should be established, for there is no doubt that some degree of self-sufficiency is needed; the amount of products lying idle should also be determined, so as to prevent them from being used to absorb every faulty decision. We have, however, turned down an unreasonable request from the developing countries for something which we, no less unreasonably, grant to our agricultural producers. Now, if we really have no doubts about the anomalies inherent in the current practice, we could lay down a number of general rules, among them the automatic management of prices of idle products, with the option of adjusting them so as to bring into being a balanced market free from abnormality.

Another mistake was maintaining compensatory amounts and the 'green' units of account for so many years, despite the fact that they ought to have been regarded as temporary expedients applicable to a single production year. This system is clearly a boon to those who need it least, and a burden on those who find it hardest to bear.

Rather than being earmarked for the guarantee policy, these funds could be more usefully employed for a guidance policy, thus saving the resources that are being squandered today. Such a guidance policy should, of course, be radically reviewed, for in its present form it is utterly misconceived. There exists a Commission study which clearly shows that the guidance policy, as at present pursued, is based on false criteria. This problem should therefore be tackled on the basis of a reasonable price policy. Even if the Commission's initial proposals are sound, the current policy remains irrational.

For these reasons I do not feel that I can support a motion for a resolution which proposes more than does the Commission itself.

*(Applause)*

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — *(F)* Mr President, ladies and gentlemen, I shall confine my remarks to a specific point which I have already taken up in this Assembly. I would draw your attention to the fact that the enlargement of the Community through the accession of Greece, Portugal and Spain, and perhaps other Mediterranean countries, will have extremely serious consequences for agriculture in the south of Europe, following those already produced by the association with the Maghreb countries and, although to a lesser degree, by the Lomé Convention.

Admittedly this enlargement is not planned for the immediate future, but I do not think it is too early to

give some thought to the subject. It does not appear to me that much attention is being given to these consequences. The only concern appears to be the interests of consumers, and these obviously lie in being able to buy products at the lowest price. While this is a perfectly reasonable aim, does it warrant the deliberate sacrifice of tens of thousands of farmers in France, and probably Italy too, who at the moment account for the bulk of the Community's production of fruit, vegetables, flowers, oils and wines?

The Community is passing through a severe economic crisis which is affecting trade within its borders. The accession of new members whose economic and social structures differ widely from those of the present Member States is bound to make it far more difficult to work out and implement the measures needed, for example in the monetary sector, to preserve the unity of the common market. Spain, Portugal and Greece still have a comparatively large rural population. Their costs of production, and therefore their price levels, are far lower than in France or even in Italy. In Spain, for example, labour costs, which account for 40 to 60 % of the cost price of vegetables, are more than 50 % lower than in France, since social charges are far lower than in Community countries. Moreover, the potential production of fruit and vegetables in particular is very high in these Mediterranean countries. Understandably, the chief concern of their administrations is to contribute, by stepping up exports of fruit and vegetables and wines, to their balance of payments. It should be added that a large part of this production of fruit and vegetables is intended for processing. I am thinking, for example, of tinned tomatoes which, as you know, presented the Community with a number of headaches a short while ago. Now, what will happen when Spanish or Greek tinned tomatoes come on the Community market? I would remind you that Greece produces 100 000 tonnes of tomato concentrates a year.

All this means that the agricultural products of Greece, Spain and Portugal, if the Community market is largely opened to them tomorrow, will be likely to compete successfully with our wines and fruit and vegetables. There is reason to fear that this will have the effect of worsening the imbalance existing between the north and south of the Community and posing serious problems for countries like France and Italy, producers and exporters of agricultural products already experiencing difficulties in finding outlets for these products. In other words, the free movement of agricultural products among the Nine cannot be extended to ten or twelve partners without taking proper precautions. This is what our farmers are asking for — particularly, I would stress, young farmers who are preparing to start up and take over from their elders but who are understandably worried about the prospects held out by the enlargement of the Community.

**Lagorce**

This is why any further enlargement of the community should, I feel, be preceded by further progress in the construction of Europe, by the drawing up of new monetary and regional policies guaranteeing the incomes of producers in the south of Europe, who are already threatened by ruin and who run, for the most part, small family-farms. At this point the cry of 'protectionism' may go up, but what does Community industry do when it defends itself against competition from certain non-member countries? I am thinking of highly dynamic countries like Japan, for although we are certainly in agreement on the cooperation that must exist between all countries, such cooperation must nevertheless be built on foundations which are not entirely unfavourable to the countries concerned and which take into account their national interests. I allow myself this observation because, on the eve of direct elections to the European Parliament by universal suffrage, we must give some thought to the way in which the farmers in the south of Europe could be voting tomorrow, and I consider this warning I have sounded on their behalf to be in the interest of the construction of Europe.

*(Applause in certain quarters)*

**President.** — I call Mr Ligios.

**Mr Ligios.** — *(I)* Mr President, as the last from my Group to take the floor, I am in the awkward position of having to speak with little time at my disposal. However, I shall content myself with pointing out that the problems raised in this debate have been so complex, and the number of amendments announced so great, that I beginning to doubt whether the Council of Ministers, at the meeting it is to hold at the end of this month, will be able to reach agreement on agricultural prices so that they can enter into force on the scheduled date.

A number of factors, of which the foremost have been monetary instability, inflation and structural policy that it will be extremely difficult to reach agreement on this problem, a fact of which we have today had ample opportunity to convince ourselves. Unfortunately, because of the way the economic situation varies from one Member State to the other, it is becoming more and more difficult to fix, from above, prices and corrective measures that will be acceptable and useful to all.

These considerations apply with particular force to my own country. I realize how inappropriate it is to speak here in what may, in a sense, be regarded as nationalistic terms, but there is no concealing the fact that we are talking of highly specific problems with a bearing not on general principles but on the interests of thousands of producers, and which are therefore being discussed with brutal frankness and in all clarity.

These considerations come clearly to mind when it is desired unfairly to penalize — as is the case in these

Commission proposals — the producers, who not only are not responsible, say, for mammoth surpluses of certain products but in fact also suffer from them; or when it is desired to put the brake on programmes for correcting a trade balance that is wholly in deficit, as is happening in my country.

A few facts and figures will, I believe, suffice to demonstrate the gravity of the situation.

In the first months of 1976 — the only figures I have relate to those eight months — my country's imports of cereals amounted to 620 thousand million lire, of oils and oilseeds to 342 thousand million, of livestock and meat to 1 181 thousand million. This means that in 1976 my country imported foodstuffs to a value of about 4 500 thousand million, a sum almost equivalent to the oil deficit, and there is a danger that it will be impossible fully to apply any Commission measure limiting ways and means to remedy such a shortage of foodstuffs. But despite these facts, which are now known to all, we find that the price proposals now being considered leave completely unaltered all the existing imbalances, including the different degrees of guarantee offered by the Community to the various products in its southern regions.

I share the misgivings Mr Lagorce has so ably expressed. They are particularly understandable when one considers the more marginal areas of the Community, where fruit and vegetables, wine and olive oil are denied the total protection afforded to products of the central and northern areas of Europe.

The agreements with the Mediterranean countries are becoming more and more of a commitment for the European Economic Community; they always entail importing products that compete with those from the southern areas — the poorest — in exchange for industrial goods, and this trend is becoming more and more pronounced.

Moreover, the cultivation of certain crops is being maintained in areas not geared to a specific type of production as is the case, for example, with cultivation under glass in countries of central and northern Europe or with wine-growing in well-irrigated plains in France which are absolutely unsuitable for this purpose. Finally, I deplore both the failure to respect the Community preference and the inadequacy of the reference price mechanism, shortcomings which have helped to make matters worse. I wanted to raise various points but I have not the time. I would merely say that the Christian-Democratic Group has tabled a series of amendments aimed at correcting, I will not go so far as to say eliminating, to some degree the distortions that would be brought about by the prices contemplated, especially those for fruit and vegetables. We are in agreement with Mr Kofoed's proposal, which finally won the day, even if only by a narrow margin, in the Committee on Agriculture.



**Liogios**

The same may be said of olive oil, which it is once again desired to sacrifice. The price of competing products, of which we have a plentiful supply, such as rapeseed oil and colza, are to be increased by 3 %, while the price for producing olive oil, a scarce product in the Community for which the degree of self-sufficiency is only 72 %, has been left unchanged for two years.

I should have liked to have brought up many other points, Mr President, but shall wind up by observing that the Commission's proposals are not bold enough. They leave unaltered the age-old imbalances between forms of production that enjoy a high degree of protection and others which have been neglected or have unjustly come under fire, as in fact is the case with olive oil.

And it is precisely because the price proposals for 1977 leave this state of affairs unchanged that they can scarcely be accepted as they stand.

*(Applause)*

**President.** — I call Mr Herbert.

**Mr Herbert.** — Mr President, I represent one of the most important dairying areas in Ireland, consequently my main concern is with the proposals relating to milk. I am bitterly disappointed that the Commission is proposing a mere 3 % increase to take effect from September next. Three per cent is totally inadequate and is insufficient to compensate dairy farmers for the huge increase in import costs last year. We must also bear in mind the present high rate of inflation that exists in some countries and which is most certainly ravaging the economy of Ireland. Unfortunately and tragically it is showing no signs of abating. These are fundamental factors which must be taken into consideration in deciding farm prices for the coming 12 months.

I can understand the problems of the Community and of the Commission in proposing a mere 3 % increase for milk. We appreciate that the Community is faced with a surplus of milk products. The Irish farmers are acutely aware of the implications of this fact, not merely for the Irish dairy industry but also for the entire common agricultural policy. As my colleague Mr Lenihan pointed out, the Irish dairying industry is very proud of the fact that since our access to Europe four years ago we have not put one solitary pound of butter into intervention despite our overdependence on agricultural exports and despite the fact that our productivity per cow is the lowest in the Community.

I feel that the Commission must agree that the Irish dairying industry has behaved very responsibly by not contributing to the problems facing the dairy sector of the Community as a whole. And nevertheless, Irish are prepared to play their part in the Community by accepting a moderate increase in the price of milk for the coming year. However, this is subject to two condi-

tions. The price increase must be effective from 1 April next and the proposal to introduce a co-responsibility levy must be dropped. These are reasonable conditions, ones which I feel the Commission can readily agree with.

In conclusion, I would like to commend Mr Howell on his responsible attitude in relation to the British green pound. The refusal by the British Government to devalue its green pound is undermining the very structure of the CAP and is most certainly doing immense harm to the Irish economy. Last week the Irish Government was forced to take unilateral action to protect the Irish confectionery and biscuit industry as it faced unfair competition from British imports that were directly assisted by MCAs. I unconditionally support any move that will remove disparities between the Irish and British pound.

**IN THE CHAIR : Mr COLOMBO**

*President*

**President.** — I call Mr Kavanagh.

**Mr Kavanagh.** — Mr President, I want to deal with one area of this important agricultural debate on which I have been heard on many occasions in this House. That is the problem of the establishment of a market organization for the mutton-and-lamb industry for the Community.

As far back as 31 October 1973, shortly after I had the honour of being made a Member of this House, the Commission promised me in a written reply to my question — Question No 409/73 — that we could look forward to the establishment of a market organization. When this failed to materialize in the following year, I repeated my question — that was Question No 373/74 — in September 1974. The reply was not encouraging; I repeated my demand in February 1975, and again in January 1976 by speeches on similar occasions to this one. The result of that was a continued reluctance by the then Commissioner for Agriculture, Mr Lardinois, to face up to the problem involved and the failed to deliver what he had promised three years earlier.

I think Members are aware of the situation. They probably know that only about 5 % of meat consumption in the Community is accounted for by lamb-and-mutton consumption, whereas pigmeat accounts for 37 % and beef and veal for 32 %. Of that 5 %, 3 % is produced within the Community itself, mainly in the United Kingdom, France, Ireland and Italy. The deficit is made up by imports from New Zealand to Britain. In fact the only country which produces a surplus of sheepmeat in the Community is Ireland, and this surplus is sold to France in the Paris market. One of the problems that arises is that Great Britain

**Kavanagh**

imports more than her requirements of frozen lamb from New Zealand and then exports fresh lamb to Paris. It is this situation that has created the problem in the mutton industry. So once again I am asking the new Commissioner, Mr Gundelach, if he would face this problem and give the sheep farmers — farmers who do produce their commodity in the very poorest areas of the Community, people who survive in very marginal areas on the sides of hills and in mountainous areas — a guarantee of fair play and fair prices.

I think I have demonstrated before in this House, and I don't think there is any need for me to repeat, that there is no other possibility for mutton-and-lamb producers to get rid of their surplus production than through Paris market. I would call on the Commissioner to deliver on the commitment given almost four years ago to set up this market organization. I know there are many arguments against it, but it is a very small area of the agricultural industry as a whole. I would ask him now, in his new position as Commissioner for Agriculture, to take a fresh look at this situation and to deliver on the commitment given to this House in 1973 to set up a market organization for the mutton-and-lamb industry in the Community.

*(Applause)*

**President.** I call Mr McDonald.

**Mr McDonald.** — Mr President, I too should like to compliment Mr Kofoed on his success in accommodating in his report the very varying problems which so many of his colleagues raised during the work on this report in the Committee on Agriculture. I should like to take this opportunity of urging people to take a more positive view of the common agricultural policy. The media certainly concentrate on the difficulties and the problem areas, which are always under the microscope. The common agricultural policy is constantly critized and decried for producing food surpluses in a world where famine and hunger are rife, and I want to take this opportunity of complementing the Commission and the Community for achieving so much progress and success in complying with Article 39 of the Treaty which was signed 20 years ago this week.

I hope that our discussions here will ensure that a realistic price will be worked out for all agricultural products for the coming year. We need price increases that will offset the massive increases in farmers' costs of production. My colleague, Me Martens, earlier this evening outlined in great detail the small percentage food producers receive from the retail prices of food. As production costs rise each year, farmers get a reduced share of the price increases. It is true also that the costs of food to the average household is a decreasing percentage of the average household budget right across the Community: recent statistics

show that not more than 30 % of the household budget is spent on food.

I wish to mention a few paragraphs in the motion for a resolution in the brief time available to me. In paragraph 7, we want the Commission's proposals on regulating monetary compensatory amounts to be a permanent feature of the common agricultural policy, not just to remain in force until the return of economic and monetary stability. Such stability could again give way to instability in the short term, and in the absence of controlled monetary compensatory amounts might again become a major problem.

The objective of paragraph 26 is to reduce production by setting intervention prices at a very low level. This would certainly not be in the interests of Irish beefproducers or indeed in the interests of ensuring supplies on the Community market. In any case, it is nonsense to speak of breaking the link between the reference and the intervention prices.

With regard to paragraph 34, I want, Sir, to emphasize that the small dairy farmer is not the cause of the structural surplus of milk products, and my colleagues and I have tabled an amendment to this effect. Milk surpluses are indeed a problem, but the dairy industry gives valuable employment in this time of recession — employment not only on the farms but in creameries and dairies in the manufacture of butter and chocolate, and indeed in other factories as well. The Commission should, I think, spend considerably more money on stimulating milk consumption with a programme of advertising. And I consider that margarine manufacturers should be restrained from making false claims in their advertisements which are constantly on the media.

With regard to paragraph 37, with pigmeat prices at currently depressed levels, it is critical that any green-pound price adjustment should apply to pigmeat at the same time as to other commodities, despite EEC proposals to postpone its application to pigmeat until the beginning of the marketing year in November, and the rapporteur had taken cognizance of this desirable feature. The EEC pigmeat reference price has declined considerably in recent months, and at 140.11 per hundredweight deadweight, it is now as low as 99.5 % of the basic price.

In my view, the time is now ripe for an immediate introduction of aids to private storage, which were last operation between June 1974 and July 1975. The slight cut-back in the EEC breeding-herd between August and December of 1976 indicates that EEC pig production is moving into a peak phase of the cycle during the spring and summer of this year, and in the light of this development, aids to private storage could be effectively used to transfer current surplus supplies to the fall of the year or later, when total supplies will be at a lower level.

**Mc Donald**

In conclusions, Sir, I wish to say that the total government subsidies to pig producers in Northern Ireland now amount to some 15.50 per hundredweight dead-weight. These subsidies are highly discriminatory and are causing distortions in the market between Northern Ireland and the Republic of Ireland in the trade in both bacon and live pigs.

*(Applause)*

**President.** — I call Mr Pisoni.

**Mr Pisoni.** — *(I)* Mr President, ladies and gentlemen, it is impossible, in the short space of time that remains, to go deeply into any subject; there is therefore a danger that speeches, though brief and to the point, will be too general in nature.

While I appreciate the difficulties the Commission experienced in trying to reconcile the clash between producer and consumer interests, between costs and inflation, between surpluses and exorbitant expenditure on the preservation and sale of products, between competition and compensatory amounts, we cannot hide the deep misgivings aroused in us by the proposal under consideration. It does nothing to abate the inequalities of distribution and leaves itself open to the harmful influence of monetary policy. What impression, one wonders, what guidance will the citizen of the Community draw from the proposal? There is no suggestion of planning, no protection for many products, and no mention of the outlook for the future, and there are no guidelines. The proposal is a cause of embarrassment rather than of rejoicing.

This is not intended to be a wholly adverse and arbitrary judgement; it springs from the misgivings aroused by a study of the proposal in the light of the facts staring us in the face every day. The attempt to move about within this world of hard facts, shifting a little in favour of one product or another, may perhaps lead to better equilibrium but does not get down to the root of the problem or give the European agricultural policy a more acceptable image.

We have fought, with varying degrees of success, for the use of prices as an active means of influencing production and consumption, favouring or discouraging them, it is true, in terms of earnings, but also so as to restore equilibrium on the various markets. We have fought for the reduction of compensatory amounts, in the awareness that it is impossible, at least in the short term, to eliminate this ill-conceived and harmful mechanism.

Although Italy suffers from a very high rate of inflation, we are proposing, on behalf of the Christian-Democratic Group, an amendment for a 7 % devaluation of the 'green' lira. Our attitude may appear to run counter to the campaign against inflation, since it would be more convenient to keep prices down and to pass on costs as far as possible to the Community. But

we know only too well that if, in an excessive zeal to defend prices, we drive out of the market a large number of farms and pass on to agriculture the main costs of the recession and economic crisis, we shall in the medium term suffer severe harm which will not be without effect on the balance of payments and on the entire economy.

In Italy, we have had long and painful experience of this sort of thing, particularly with livestock raising and dairy products. We feel confident that the amendments tabled by us and based on this criterion will win Parliament's approval, for we believe that they reflect the true circumstances and are of universal validity.

We have also tabled an amendment to paragraph 26, in which the Commission is invited 'to reexamine the reference price for fruit and vegetables, with a view to improving its operation in regulating imports', our idea being to avoid serious disturbances on the markets, not least in view of all the agreements with the Mediterranean countries and the ACP, and of the applications for accession from Greece and Portugal.

I should now like to say a few words about wine and to remind Mr Laban that the producers have accepted a regulation which blocks new planting and replanting projects, requires distillation to be carried out on a massive scale, and imposes a rigid discipline on wine-growers. Surpluses in this sector are not, in fact, structural in origin; they are the result of two years of copious production and of substantial wine imports from associated and other non-member countries. In this sector the Commission's policy is contradictory, for it not only favours consumption but also lays down absurd restrictions and discriminatory measures with scant respect for Community preferences.

*(Applause)*

**President.** — I call Mr Guerlin.

**Mr Guerlin.** — *(F)* Mr President, ladies and gentlemen, we have heard many learned speeches, which have exhausted the subject in all its details. Those who spoke on behalf of the Socialist Group have expressed, ably and with authority, the point of view of the majority of the group. On a number of points the French socialists are not in agreement, for example on the proposals for fixing agricultural prices, the main subject of the debate.

We feel that the 3 % price increase proposed by the Commission, even when accompanied by the correctives our group has put forward, is not enough. As we pointed out to the Committee on Agriculture, we think that the increase should be 7 %. We have obtained from our group a free vote on this measure. I should like to explain as briefly as possible why we have parted from our friends on this point and why we have adopted a different attitude.

**Guerlin**

In approaching the problem of agricultural prices, we set out from the following considerations. First, it is essential to ensure supplies of food for Europe and, for this purpose, to guarantee decent incomes for the producers. The latter objective runs up against a situation of a special kind in certain countries, particularly in France, for in those countries there are two types of farm: the modern farm run on economic lines and the small farm that is not, and in which the conditions and costs of production are far less satisfactory than in the former. Secondly, it is essential to protect the consumer and therefore to fight inflation which, to a lesser or greater extent, is causing ravages in the Community. Thirdly, something must be done about agricultural surpluses, particularly in the milk sector. With a view to dealing systematically with these problems, a number of sound suggestions worthy of consideration have been put forward from all benches of this House. The Socialist Group has brought them together in a document which has been approved by an overwhelming majority of its members.

I shall outline them briefly. The only real solution to all these problems lies in a structural policy aimed at modernizing small farms and putting them on a sound economic basis. Pending the day when such a policy has borne fruit, smallholdings should benefit not only from basic prices but also from subsidies to help them survive. This would reconcile the various requirements previously referred to — a guaranteed income for all farmers, an anti-inflationary policy and consumer protection — to the extent that these aims can be achieved by producer price policy alone.

Incidentally, a great deal more could be said on this point. We feel, for instance, that consumer prices are influenced far more by distribution costs and, to a large extent, by indirect taxation, which weighs so heavily in countries like France. I will not press the point, but I hope that the Commission will get down, as it has been strongly urged to do, to a searching study of this question as soon as possible. Such a programme would after all have some chance of helping to restore market equilibrium and absorb surpluses.

When we leave the sphere of theoretical speculation and consider what the Commission is proposing in practical terms, we find that none of the conditions that would enable us to endorse the policy it advo-

cates is fulfilled. Structural reform exists only on paper; the Community does not possess the means to carry it out on the scale required, and we are still at the stage of good intentions.

The system of subsidies for non-economic farms cannot, for the same reasons, play the essential role we assign to it, namely to ensure the survival of numerous small farmers, particularly milk producers, for whom this is a matter of life or death. When all is said and done, there remains an appreciable drop in basic prices, which we know is intolerable to those who arouse our deepest concern. An income that is already low will fall below the minimum guaranteeing their survival. The application of these prices, in the present economic situation in which no alternative solution or remedy is available to them, would amount to extermination — as I have already pointed out here — with all the inevitable social consequences, particularly in France, where small farmers, as you know, are swift to react to such situations. The French socialists will not, and cannot, accept this. They are willing to consider any balanced and well-thought-out solution that takes account of the basically human aspect of this problem. They will not be party to a policy which will make our small farmers pay for the pursuit — fraught, incidentally, with problems — of the aims the Community intends to set itself. This is why we demand, and insist on demanding, that the increase in price should be substantially higher than the 3 % proposed — that, in fact, it should be raised to 5 %.

*10. Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Wednesday, 23 March 1977, with the following agenda:

*10 a.m.*

- debate on the motion of censure
- continuation of debate on the Kofoed report

*1 p.m.*

- vote on the motion of censure by the Group of European Progressive Democrats
- vote on the motion for a resolution contained in the Kofoed report.

The sitting is closed.

*(The sitting was closed at 9:30 p.m.)*

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## IN THE CHAIR: MR COLOMBO

## President

(The sitting was opened at 10.00 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.

I call Sir Peter Kirk on a point of order.

Sir Peter Kirk. — The agenda for today's sitting states that the votes will be at 1 p.m. Sir, in view of the fact that we are now well ahead of time, I hope this does not mean that we cannot have the votes earlier if that should prove possible. This would enable us all to get away and not have to sit through lunch-time.

**President.** — I would point out that we have already informed all Members of this House that the vote is to take place at 1 p.m. and that therefore any change in the agenda now would probably make it impossible to secure the qualified majority required for the vote on a motion of censure. I therefore cannot accede to Sir Peter Kirk's request.

I hope, however, that we shall succeed in adhering to our timetable, so that he and his colleagues will be able to return to London in good time.

## 2. Motion of censure — Debate

**President.** — The next item is the debate on the motion of censure on the Commission of the European Communities (Doc. 3/77) tabled by Mr de la Malène, Mr Cointat, Mr Gibbons, Mr Liogier, Mr Hunault, Mr Bouquerel, Mr Cousté, Mr Herbert, Mr Kaspereit, Mr Krieg, Mr Laudrin, Mr Lenihan, Mr Nolan, Mr Nyborg, Mr Rivierez, Mr Terrenoire and Mr Yeats, on behalf of the Group of European Progressive Democrats, pursuant to Rule 21 of the Rules of Procedure.

I call Mr Cointat to speak on behalf of the Group of European Progressive Democrats.

**Mr Cointat.** — (F) Mr President, to censure something or someone is always a serious matter, which is why we have for long deliberated on the merits of doing so in this particular case. The EPD Group took the view that the hasty decisions taken by the Commission in regard to the export of milk products to certain third countries were fraught with consequences for the future of Europe. We have long held back from taking any action, because a motion of censure has never up to now been carried by the European Parliament. For this reason, the circumstances had to be particularly dangerous to warrant an appeal to the House to endorse such a serious act of condemnation. We were led to the conclusion, however, that the situation was exceptionally serious in terms of its political implications. The Commission has adopted a position which calls into question, not only the Common Agricultural Policy, but also, and above all, the balance of powers and responsibilities between the three main Community institutions: the Council, the Commission and the European Parliament. In the end, it was these political reasons that decided us to put down the motion of censure now before the House.

The European Parliament has two basic tasks: first, it must exercise control over Community revenue and expenditure (we have the power to reject the budget!) and, second, it must exercise control over the activities of the executive. The only means we have of expressing our disapproval of the actions of either the Council or the Commission is the motion of censure. It is the only weapon Parliament can deploy in the exercise of its political control function. Whatever the

views held in different quarters, we do not have the right to trifle with the powers assigned to us. We must be vigilant, as otherwise these powers would simply be whittled away. Parliament would become no more than a kind of echo chamber or a friendly society. If we failed to discharge our responsibilities whenever there was an infringement of the rules, we should no longer be a credible institution in the eyes of the people we serve. How could we convince them of the need for a directly-elected European Parliament if that same Parliament did not exercise those powers, conferred on it by the Treaties, whose essential purpose is to prevent the Commission from exceeding its powers and to ensure at the same time that it carries out the tasks specifically assigned to it? There is nothing new about the view I am taking here: it was expressed by our colleague, Mr Aigner, in his motion of censure of 10 December 1976, when he wrote:

A parliament without legislative powers which is seeking to acquire a direct mandate through direct elections would be lacking in credibility if it did not at least fully secure the rights of control to which it is entitled by virtue of the Treaties, the Financial Regulation and its Rules of Procedure.

Mr Aigner is absolutely right. I think that he cannot but approve of our initiative, for it corresponds exactly to his own.

*(Laughter, and signs of protest from Mr Aigner)*

The Commission's rôle is to make proposals and to execute decisions. It is not vested with political powers and it is not an executive commission. Rather, it administers the affairs of the Community, it implements the decisions of the Council and it is subject to the political powers vested in Parliament, for Parliament alone has the power to sanction the Commission. And it has a duty to do so, if it considers that the Treaties have been violated, especially by the very institution which is the guardian of the Treaties. It is not our intention to criticize individual Commissioners. Every one of them is worthy of our esteem, we applaud their dedication and pay tribute to their efforts — so often frustrated by events — to administer a still fragile Europe. Our criticisms are rather directed against the Commission as a whole. The Commission is a single and indivisible entity. Our motion of censure is the culmination of two years of warnings, admonishments, suggestions and complaints, addressed both to the present Commission and to its predecessor. Furthermore, our criticism is not directed solely against a technical measure relating to the sale of butter. If the problem had been confined to this one issue, we should have been content to table an oral question with debate. Nor are we particularly concerned about the third country or the exporter involved. The suspension of exports could have applied to some other product (to meat, wheat or wine, for example), and the suspension of

## Cointat

refunds could have concerned any third country in the world — in either case, we should have still tabled this motion of censure. What has primarily motivated us are political considerations and the fact that the fundamental principles of our Community have been flouted.

Our motion embodies three essential criticisms. Firstly, since 1975 all the political groups have on a number of occasions drawn the attention of the Commission to the need to introduce a dynamic and comprehensive export policy, with a view both to disposing of agricultural surpluses on the markets of the rich countries and to providing more effective aid to the developing countries. We have always said that the external market should not be used for the disposal of surpluses and that aid to the countries of the Third World should not be planned in the light of our market surpluses: the development of exports must be one of the targets of the policy of expanding European agriculture. This policy has not, however, been defined: we have preferred not to look to the problems of the future and, for two years, have stood by and watched the accumulation of excessive stocks of milk powder and butter, without attempting to take effective remedial action.

The Commission obviously takes the blame for this situation, yet its attitude has been one of unconcern. This is not the first time that its irresponsibility in the matter has come under attack. On 13 May 1976, Sir Peter Kirk tabled a motion of censure on behalf of the Conservative Group. Paragraph 4 of this motion reads:

The European Parliament deplores ... the fact that the Commission has lamentably failed in proper time or at all to foresee and deal with the growing surplus of milk products within the Community.

The situation is even more serious today, because the Commission, by suspending export subsidies, is even preventing the disposal of these surpluses on the world market.

If the motion of censure tabled by our colleagues in the Conservative Group might have appeared too harsh on the Commission, the same cannot be said of the motion tabled today, because, although the Commission was warned nearly a year ago, it has persisted in the error of its ways. We readily admit that last year our colleagues in the Conservative Group were right and that we were wrong not to lend them our support. However, knowing their sense of realism and concern for consistency, we trust that today they will approve a motion of censure which is virtually identical to their own.

In December last year, during the debate on the joint responsibility of milk producers, I made it quite clear that I would never be a party to the gradual destruction of the Common Agricultural Policy. Unfortunately, I have been proved right: the agricultural policy is once again in difficulty and I fear that both the permanent intervention system and the price

guarantee mechanism are again gradually being undermined. In the end, the only common policy we have will be destroyed, and that will be a catastrophe for Europe. And this brings me to the first political reason for the tabling of this motion of censure: the future of the Community must be safeguarded by ensuring compliance with the laws on which it is founded.

Our second criticism is again wholly political. On its own initiative, without consulting anyone, the Commission decided to suspend normal export subsidies for an agricultural product intended for certain third countries. Butter has been exported to other countries under the same conditions without criticism from the Commission, the governments or consumers. The Commission has, therefore, introduced an element of discrimination. It took a political decision, but political decisions can only legitimately be taken by the Council. The implications of this are alarming, and the Commission cannot be allowed to usurp the Council's authority. But that is not all. The Commission, while maintaining its discriminatory measure, then proceeded to authorize the export of 400 tonnes of butter to Bulgaria. Why 400 tonnes to Bulgaria and why not 30 000 tonnes to other East European countries, considering that we have 200 000 tonnes in stock? The Commission has in this respect merely compounded its error, for it is now assuming the right to authorize exports to whichever customer it chooses. What, we may well ask, would be the consequences of allowing such a practice to continue? It is up to Parliament to ensure that no institution exceeds its powers, as otherwise misunderstandings and tensions are sure to arise. I would mention in this connection the negotiations of 30 June 1975, in which I personally took part. At that time, the Commission had also taken a political initiative. You probably remember the outcome: the crisis lasted 6 months. The situation, then, cannot be allowed to be repeated, and this is another important reason why we have tabled this motion of censure and, we hope, prevented a further rift with the Commission — which none of us would like to see — by halting at an early stage the dangerous practices on which it has embarked.

Our third and final criticism is even more politically significant, because it bears directly on the powers of the European Parliament. On 14 December last, when the House was considering the discharges to be given for the years 1972-74, our rapporteur, Mr Bangemann, raised the problem of relations between the Commission and Parliament in regard to the matter of butter exports. The gist of Mr Cheysson's reply was that the Commission would undertake in future to consult Parliament whenever large exports were contemplated, especially in regard to the financial implications, or when there were political factors to be taken into consideration. You will find Mr Cheysson's statement on page 75 of the Official Journal of 14 December 1976. Mr Jenkins gave a reassurance, when he

**Cointat**

presented the new Commission to this House, that the Commission would continue to honour its obligations to Parliament. And yet, in this unfortunate affair, the European Parliament was never once consulted, not even through its responsible committees. This is all the more disturbing as it is not the first time that it has happened. In his motion of May 1976, Sir Peter Kirk deplored the failure to consult Parliament on the question of the disposal of milk powder surpluses. Are we really prepared to tolerate such a situation? No, we cannot accept the erosion of the powers of this House, especially at a time when it is universally accepted that they should be strengthened.

Mr President, my concluding remarks are quite straightforward. The motion of censure put down by the EPD Group is the logical sequence to the two motions tabled last year by the Conservative Group. Since then, criticism directed at the Commission has mounted and become more intense, because, while in 1976 it was found to have erred over its handling of technical and economic issues, it is now assuming a political rôle, and this can no longer be tolerated. And, Mr President, it surprises and saddens me to find that, even though this situation is an extremely disquieting one for the future of Europe, the Bureau has decided to rush through this crucial debate by allowing only 20 minutes' speaking time to each of the political groups. When you consider that we spent two-and-a-half hours defining mayonnaise, and yet today we are allowed only one hour in which to defend and safeguard the livelihood of several million European farmers, we have every reason to feel dismayed. But then you will tell me, I suppose, that I am forgetting, as Mr Silkin pointed out yesterday, the interests of the European consumers. To this I would reply: no, I have certainly not forgotten their interests, and I would point out to those who think this to be the case that they are confusing the problem of the price of foodstuffs with that of ensuring the availability of supplies. We have to make a choice: either we pay less by buying on the world market, or we accept the cost of maintaining a dynamic European agricultural policy in the sure knowledge, however, that there will never be a shortage of food. But we must choose carefully, for if we deprive European farming of support, it cannot survive, and, with a world food shortage looming on the horizon, neither shall we. Europe is already short of energy resources: we must take care that it does not also become short of food, as otherwise it will be brought to its knees. The European Parliament has a responsibility to producers and consumers alike and cannot therefore be a party to the destruction of the common agricultural policy, i.e., the disappearance of European agriculture. This is why I ask the House, on behalf of my group, not to hesitate to approve the motion of censure which we have tabled.

*(Applause from certain quarters)*

**President.** — Mr Cointat, I would remind you that your initiative and that of your colleagues in tabling a motion of censure goes back to 10 March. At that date, we had already decided to devote the two-day part-session of 22 and 23 March to the debate on agricultural prices. The decision to set aside one hour for the debate on the motion of censure and to allow its authors 20 minutes' speaking-time indicates, not that we underestimate the significance of the important instrument which a motion of censure is, but merely that we wish to reconcile his initiative and that of his colleagues with the obligation we had taken upon ourselves to devote this extraordinary part-session to the debate on agricultural prices.

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

**Mr Nyborg.** — *(DK)* Mr President, I shall not weary you or my colleagues by repeating what my friend and colleague, Mr Cointat, has just said. But I should like to stress that this is not a mere question of butter, or cars or milk powder: it is a question of principles.

Among the people we represent there is fear and anxiety that the Commission might develop into a supranational government. When the Commission attempts to arrogate to itself a political power which it had never been given, on behalf of our people we must raise the alarm and say 'This will not do!', as we are getting near to the very situation feared by the people that the Commission will develop into a supranational government. We are here to protect our people's interests, we are here to sound the alarm when developments take a turn which is both undesirable and unintended.

Recently the Commission broke its promises to Parliament by not consulting Parliament on a situation of great current interest. This in itself was regrettable, but does not constitute grounds for a vote of censure. On the other hand, there are grounds for a vote of censure when the Commission seizes a political power which it was never granted. It is for this reason that we are putting this motion for censure here and now, and both I and my colleagues hope that those present will understand that this is a question of principle, of Parliament and of democracy, and will therefore support us.

*(Applause from the Group of European Progressive Democrats)*

**President.** — I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, in replying on behalf of the Commission to the motion of censure which we have heard moved this morning by Mr Cointat, followed by Mr Nyborg, I do not propose to take up much of Parliament's time by repeating a detailed account of the Commission's actions in the butter market in the last few months.



## Jenkins

During the debate held in this House on 9 March — two weeks ago exactly, as the House will well recall — on the initiative of the Commission, which wanted the debate at the earliest possible time, Vice-President Gundelach gave a full explanation of what had happened, of what decisions were taken about export restitutions, the volume of exports, and other relevant matters. Mr Gundelach elaborated further, on 10 March, in reply to a question from Mr Scott-Hopkins.

The sequence of events, therefore, and the precise actions that were taken are already on the record. Today, I would like to address myself as directly and precisely as possible to the terms of the motion of censure which appears on the Order paper. The Members who have put down this motion attempt to deploy a number of criticisms of the Commission's handling of the agricultural market. The main points are that we have not properly managed the stocks, that our decision to suspend certain export restitutions was not founded on any legal basis, and that we should not have taken such a measure without prior consultation of the Parliament.

I propose, Mr President, to deal directly with each of these three points. Firstly, the allegation that our measures were not founded on any legal basis and that we therefore exceeded our powers. That is not so. Our decision of 25 February to suspend the prefixation of export restitutions for butter for three working days was taken in accordance with Article 5 of Regulation 876 of 1968. In case there is any doubt about the matter, let me quote from Article 2 (2) of Regulation (EEC) No 2429/72 of 21 November 1972:

In cases of extreme urgency, the Commission may, after examination of the situation, decide on the basis of all the information available to it to suspend advance fixing for a maximum of three days.

Our subsequent decision of 2 March to introduce a monitoring system for the prefixation of export restitutions was taken under paragraph 3 of Article 13 and paragraph 4 of Article 17 of Regulation 804 of 1968. These articles provide for the Commission to take decisions on detailed rules for export licences and export restitutions.

I therefore completely reject the suggestion that we acted without the necessary legal basis. But the main thrust of the motion of censure is not, I think, against the legality of our action, it is rather the view that we should *not* have intervened as we did on 25 February and 2 March in order to give time for a pause for reflection, and to monitor the flow of exports.

It is the view that we should not have intervened in any way in the export market but should rather have held back and permitted unlimited quantities of butter to be prefixed for export. Such a view implies, of course, that we should have given absolute priority to subsidized exports of butter to destinations outside the Community, regardless of the need for a balance between internal and external disposals and, moreover,

regardless — as it would necessarily have been — of the budgetary limits for which we are accountable to this House.

Now I do not accept for a moment the view that we should have had no regard to the volume of export prefixation and consequently to the budgetary limits for which we are responsible to this House. I do not accept that view for a moment; nor, I believe, does the great majority of Parliament.

So long as we have surpluses of butter — and the Commission does not regard itself as responsible for that; it put forward proposals which were altered by the Council last year — the Commission is committed to maintain a balance between disposal on the internal and external markets alike. It is a difficult balance to strike. We know that, for various reasons, it costs more in budgetary terms to dispose of surplus butter on the internal market through subsidies to Community consumers than it does to export it to third countries with the aid of export restitutions, although I share Mr Gundelach's doubts, which he expressed on the morning of 10 March, about the difficulty of determining the arithmetical extent of the difference on sure foundations. But we also know that we have certain responsibilities — political responsibilities, if you like, not in a party sense but in the sense of foreseeing and envisaging the consequences of our actions. We have such responsibilities to our own taxpayers and consumers to try to give them some benefit from surpluses when they occur. We have, therefore, to strike a balance between these two points of view and to do so, let me remind the House, within limited financial resources. And within financial resources about the control of which this House is very rightly jealous. It was precisely because we feared that the balance was moving too far in one direction as a result of the large quantities first rumoured and then actually prefixed, but all within a very short period on 24-25 February, that we acted as we did.

This motion of censure, Mr President, is in my view and that of the Commission split wide open by its own contradictions. It suggests we should have refrained from intervening in the export market. That is, that we should flaccidly have allowed prefixations to be made of up to perhaps 100 000 tonnes, perhaps even 200 000 tonnes, perhaps even 300 000 tonnes, of butter for export, and that the Commission had no right to intervene if quantities even of this level were liable to move. But at the same time it contradicts itself by seeking to censure us for not consulting Parliament, for not honouring undertakings that had been given by Mr Cheysson to the effect that,

We would consult the budgetary authority in future before taking any decision which is of special political importance or which, owing to its volume, exceeds the scope of normal administrative procedures and has budgetary consequences for which no provision has been made at the beginning of the financial year.

## Jenkins

Now, Mr President, the central part of my reply to this contradictory motion is that, had we not acted as we did on 25 February — had we not acted rapidly within a little more than 24 hours of the first manifestations of anything unusual occurring — then indeed we should have risked coming before the Parliament with much larger budgetary commitments and more serious consequences. In fact that would have been the situation which would have been directly contrary to the promise given by Mr Cheysson and to the general opinion of this House. I understand that the Chairman and other members of the Control Subcommittee of the Parliament's Committee on Budgets, when they discussed the matter recently, expressed general satisfaction with the substance of the Commission's decision — in other words, they were quite opposed to the proposers of the motion — but went on to regret that the decision had not been taken even earlier. Perhaps, with the benefit of perfect hindsight, I could say that the suspension which we decided upon on 25 February, in which case there would have been successful prefixations of only 10 000 tonnes, rather than 36 000 tonnes, for export to the Soviet Union. But obviously, Mr President — and this is the core of the matter — such action would have been even less in accordance with the wishes of those Members who have tabled the motion of censure, and that is the essence of the contradiction which lies at the very heart of this motion which we are debating today.

The Commission's view, therefore, is that it has acted in such a way as to conserve — certainly not to destroy — its undertaking to consult this House. It is inevitably sometimes a difficult matter of judgment to decide exactly when a matter should be brought before you. On the whole, we must, I think, take the view that matters of market management such as the general run of the level of export restitutions cannot easily or appropriately be the subject of such consultation. Not only are they urgent decisions, often of a commercial nature, but they are, let me remind the House, of considerable frequency. We may — we often do — have to adapt or modify export restitutions for different products several times in the course of a single week.

Moreover, as Mr Gundelach explained to you on 10 March, the adjustment of the export restitution for butter which took place on 5 February did not, as he said, signify any increase in the export refund *de facto* applied. It was merely a technical adjustment of the method by which the refund was being applied and not a change in policy. As for our introduction of the monitoring system on 2 March, there was no possibility of delay at that stage because, under Regulation 876, the suspension of prefixation on 25 February was valid only for three working days — that is, until midnight on 2 March. It is no good trying to censure us for going beyond our legal rights — which we have

not done — and at the same time attacking us for acting in such a way as to keep within the regulations within which we have to act.

I therefore submit that the Commission has acted properly in accordance with its undertakings, and let me say that I attach great importance to these undertakings and I attach great importance to close consultation with this Parliament whenever practical and in all possible ways. That will be the policy of the Commission under my presidency, with the full support of my colleagues. But the essence of the matter here is that, had we not acted as we did, had we allowed things to go ahead as the sponsors of this motion of censure wished — in one part of their motion at any rate — then we should have had no possibility of giving Parliament the opportunity of expressing its view before a great number of far more wide-ranging actions had been taken.

I therefore ask the House to reject decisively the motion of censure. In an affair such as the disposal of surplus butter the House will realize — and I think our debates on the subject have given proof of it — that the Commission has a nearly impossible task to discharge. In striking a balance between the internal and external markets, between the interests of the Community's agricultural exporters and its consumers of food, whatever we do will not avoid considerable criticism from one group of opinion or another. I do not complain about that. I only ask that the criticism should be logical criticism, which, in the terms of this motion today, it most certainly is not. That, Mr President, is why I ask you not merely to reject the motion of censure but to recognize the underlying problem with which we are faced: a level of production in the milk sector which is wholly out of line with the realistic possibilities of the market. Intervention to correct the unexpected vagaries of the market is one thing — a desirable, a defensible thing; intervention which encourages production far beyond any realistic possibility of absorption by the market and therefore promotes production for intervention and for no other purpose is another thing and something which is not for long acceptable.

The Commission has made proposals within this year's farm-prices package for the beginning of an action programme for milk to approach a solution to the fundamental problem. Unless we can get this sector properly balanced — and I remind you that we have very large and increasing, almost dominating, budgetary commitments to milk — then I must warn you that I fear for the future of our CAP. That is something which I greatly want to avoid. Yes, indeed, there are important issues involved here, but they are not the issue of the Commission's exercising excessive power, acting beyond its legal rights, not being anxious to keep in step with Parliament. The Commission devotes great attention to keeping in step with

## Jenkins

Parliament. It also looks for the support of Parliament for realistic proposals put before the Council, and the support of the Council in order to achieve results which will avoid the recurrence of this intractable problem in the future.

*(Applause)*

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

**Mr Fellermaier** — *(D)* Mr President, ladies and gentlemen, my group explained its position on this controversial butter affair two weeks ago at the European Parliament's part-session in Strasbourg. I have nothing to add to that today.

But I would like to say something on behalf of my group about the fantastic picture Mr Cointat has painted today on behalf of his group. We almost felt as if we were watching a classical tragedy involving the death of Europe and a threat to the lives of millions of farmers. Indeed, I am inclined to wonder whether Mr Cointat actually attended yesterday's agricultural debate. Did Mr Cointat fail to notice how seriously this Parliament and the Commission viewed the position of farmers?

*(Applause from the left)*

So why use these dramatic tones? I am tempted to say that he did not depict an agricultural tragedy but that he is still so groggy from the shock of the electoral victory of the Socialists and Communists in France that he has depicted a Gaullist tragedy.

*(Applause from the left — protests from the Group of European Progressive Democrats)*

A motion of censure also proved necessary in the internal political debate in France; only the electors have not honoured it.

*(Cries from the Group of European Progressive Democrats)*

Now what is actually involved here? We have a new Commission, which has been in office since 1 January 1977. It has not even been in office for a hundred days yet — a hundred days, the period of grace which one grants to every government in every country after its investiture — and this new Commission is now to be dismissed before these one hundred days are up.

Yesterday the Gaullist Group approved a resolution of the Political Affairs Committee which urged that the Commission should take part in the economic summit in London in order that Europe might speak with a single voice. But if Mr Cointat gets his way and the Commission is dismissed, what Commission will be going to London?

*(Applause from the left)*

And then there is another question which the Gaullist speaker did not answer: what Commission will be

submitting the Commission's agricultural price proposals, on which we shall be voting today, next weekend at the decisive Council meetings, so vital for millions of farmers? A Commission which is no longer in office, a sort of caretaker Commission? Do we really believe that a caretaker Commission would be in a strong enough position to drive a reasonable bargain with the Council of Ministers?

If we want there to be no delay in the implementation of the Commission's agricultural price proposals, in the interests of safeguarding our agriculture, we must do our utmost to ensure that the Commission is not hampered in its technical work by a motion of censure of this kind. The most powerful weapon which a Parliament such as ours possesses is a motion of censure. But this weapon will quickly lose its effectiveness if it is used repeatedly and is repeatedly rejected. The weapon will become blunt and Parliament will be discredited in the public eye. If every time the opportunity arises — and no government is infallible and there will never be an infallible Commission either — if every time an error is made, as may easily happen under pressure, we immediately decide to table a motion of censure, the weapon will become so blunt that if one day we really need to use it it will not be taken seriously.

Those are the reasons why my group is not prepared to cause a serious crisis in Europe by dismissing the newly appointed Commission at the behest of the Gaullists. In the interests of European agriculture and the rapid progress of the agricultural price negotiations, my group will be voting against the motion of censure tabled by the Gaullists.

*(Applause from the left)*

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

**Mr Alfred Bertrand** — *(NL)* Mr President, in my experience every time we come into contact with the butter mountain we find ourselves on slippery ground. And here we are again on this slippery ground. For that reason I intend to leave this fatty substance well alone and keep both feet on the ground. I shall not support any unrealistic thinking. I would say to Mr Cointat that the solemn, dramatic tone he has adopted does not cut any ice with the Christian-Democratic Group.

We shall not be persuaded to go back on the position we defined in the debate in Strasbourg on 9 March regarding the events which have taken place in connection with the exportation of butter surpluses.

Our attitude is based on political arguments. Looking around the present political scene in the European Community, we find that there is a government crisis in Belgium, that the Netherlands Government has resigned, that the British Government is in difficulties, that there are minority governments in Italy

**Alfred Bertrand**

and Denmark and that the West German Government is also in trouble. That is why I am not prepared to send the Commission packing too. We may very well be badly in need of the Commission in the coming weeks; we must have at least one institution left to run Europe's affairs. It is these political aspects of the matter which the Christian-Democratic Group wishes to underline, and we shall be voting with a clear conscience against the motion of censure tabled by the Group of European Progressive Democrats.

*(Applause)*

**President.** — I call Mr Durieux to speak on behalf of the Liberal and Democratic Group.

**Mr Durieux.** — *(F)* Mr President, first and foremost I would recall the statement by the President of the Commission, in this very Chamber, that he would be European first and British second. Yet the publicity given on 24 February in Brussels to the proposed sale to the USSR of 50 000 tonnes of intervention butter by the French company Interagra provoked a series of chain reactions in the United Kingdom which seem to have upset the Commission's composure.

This operation was nevertheless perfectly in order, and we should like to emphasize that the Commission has no right to say, 'I sell to Switzerland, Iraq, the USA, but not to the USSR'. There should be no discrimination on the grounds of nationality.

I should simply like to say that for various reasons, which have already been mentioned, the Liberal Group might have been tempted to vote for this censure motion. Nevertheless, as has been said, it is a dangerous weapon which must be treated with extreme caution. It should be possible to direct this censure motion against the Commission's action and policy as a whole, but it cannot be directed against the new Commission, which is still in its infancy.

This business of the sale of butter to the USSR is a cruel baptism of fire for the new Commission. We hope that Parliament's reaction will make the European executive realize that in future it must consult us when such an important decision is required; but like some of the other groups, we do not wish to create a crisis within the Community at a time when all is not well in Europe. We shall therefore vote against this censure motion.

*(Applause)*

**President.** — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

**Mr Scott-Hopkins.** — Mr President, I cannot support, and my group do not feel they can support, Mr Cointat in his motion of censure. He made reference just now to the fact that this was an extension of what happened when my group censured the Commission for their actions in the past over the skimmed-

milk powder mountain. It is not the same at all. The circumstances are very different in each case. On the other occasion we were criticizing the Commission for the action that they had failed to take; but we do not think this Commission were wrong in the action that they took in this particular case. It was right to pause. Maybe they were a little stupid in the way they went about it, maybe it wasn't very good public relations the way they dealt with the question, but basically we think they were right in the action they took in this case. And so it is very difficult for us to find any reason for supporting the Group of European Progressive Democrats, because I do not think their approach in this case is the correct one, so I shall find it very difficult to go and vote for them. I regret, Mr President, that this motion of censure has been put down, because I do not think that it has done this House any good to deal with it like this. There is always difficulty with these mountains of milk products, and when the Commission have stopped a particular action in order to examine the situation and then to take the necessary action, I think they should be congratulated rather than condemned.

*(Applause)*

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

**Mr Bordu.** — *(F)* Mr President, ladies and gentlemen, as a French Member and, moreover, a French Communist, I must say that in our opinion French peasant farmers should not have to bear the cost of the Common Agricultural Policy. We will not allow them to suffer the harmful effects of the Community's current overall policy.

Not for the first time, the Commission bears a heavy responsibility for the existence of butter stocks, now amounting to 200 000 tonnes. It has done nothing to help sales to American margarine companies; it has supported the various austerity policies in the Member States, which have induced workers to reduce their food consumption, including that of dairy produce.

In these circumstances, it is absolutely essential to dispose of the stocks, partly by distributing them to the most deprived members of the Community (of whom there are many) and partly by an active export policy. In this connection it should be pointed out that there are not many potential buyers and that the socialist countries are by far the main viable outlet, particularly for butter. The Commission's decision to stop granting normal trade terms to the countries of Eastern Europe is all the more disturbing since it narrows the possibilities of selling these Community stocks and introduces an element of discrimination among the Community's various 'customers'. I would add that this practice bodes ill for the Commission's willingness to establish loyal cooperation between the EEC states and third countries.

**Bordu**

Indeed — particularly after hearing Mr Jenkins at the last part-session — how can one do otherwise than interpret this decision as a gesture which determined more by political considerations, runs counter to the vital process of détente?

Finally, at a time when the Commission wishes to levy a tax on milk producers supposedly to finance exports, farmers cannot fail to be astonished at the Commission's veto, which prevents any real export policy. Moreover it increases our opposition to this tax.

We shall therefore vote for this censure motion, but for reasons other than those put forward by Mr Cointat: he and Mr Durieux both have friends in the French Government who, if they really wished to do so, could reject measures which infringe national rights and the interests of French peasant farmers. The French Government must not confine itself to making statements; it must take effective measures to protect national production and farmers who must above all not be expected to pay the price of an action which we condemn.

**President.** — I call Mr Aigner.

**Mr Aigner.** — *(D)* Mr President, ladies and gentlemen, Mr Cointat addressed a comment to me personally, and I should therefore like to make a few remarks.

I would remind Mr Cointat that the motion of censure I tabled on behalf of my group concerned the strengthening of the rights of Parliament. I clearly recall that you were one of those who voted against that motion of censure. I cannot therefore understand why you refer to my motion of censure. That does not seem logical.

Secondly, I really regret that I must contradict my old friend Mr Cointat so forcefully. The arguments he has advanced in support of his motion of censure are totally illogical. He criticizes the Commission, for example, for not informing Parliament about this deal in good time. I would remind Mr Cointat that if Parliament had been consulted in good time, not even the first stage of this deal would have taken place. The debate in Luxembourg showed that the majority of Parliament actually welcomed the Commission's second step and criticized the Commission only insofar as it failed to secure the first half of the deal by acting too late.

The second reason is completely beyond me, because your actual aim is to defend the Community's agricultural policy; at least I assume that that is the real motive behind your motion. But if I have been correctly informed, the current President-in-Office of the Council of Ministers of Agriculture said a few days ago in the British House of Commons that his aim and policy had to be, and would continue to be, to reconvert the agricultural policy to a free-trade system.

Is it your intention, therefore, to hamper the Commission in its attempts to safeguard this farm policy? If you are aware of the present British Government's attitude to this question, you must do your utmost to strengthen the Commission's position. For my part, I must say that I am grateful to the Commission for reacting so promptly and finding a political formula with Parliament for these deals.

This brings me to the substance of this discussion. There is one request I should like to submit to the Commission. My one criticism of the Commission — and this is directed primarily, of course, at the old Commission, since the new one has not yet had time to go into these matters thoroughly — is that it uses Community instruments in its relations with state-trading countries. President Jenkins, I really would urge the Commission to discuss this matter in detail. You cannot apply these instruments, even with prefixation, to state-trading countries, since there is no competition in those countries. There is a monopoly; the firm Interagra, for instance, monopolizes the market. And as chairman of the Control Subcommittee of this Parliament, I would say that if it is possible for this firm to exert an influence, through its contacts with the Commission, on the fixing of refunds and if, in connexion with the Commission's policy, this trading policy of the state-trading countries promotes a strategy inspired by Moscow, both the Commission and Parliament are entering into a very serious political commitment.

I would therefore ask President Jenkins to give this matter some thought. I am not in favour of discrimination against any country, not even against the state-trading countries of the Eastern bloc, but there is a problem here of which we simply must be aware. There is a problem of political commitment. In this connection, I would remind you of a phrase used by my old friend Kai Nyborg: the interests of the peoples! It is precisely in the interests of the peoples — and one need only think of the reaction of public opinion to the butter deal in recent weeks — that we are duty bound to cooperate with the Commission in the search for a solution which is politically acceptable to us.

*(Applause)*

**President.** — I call Mr Mr Durand.

**Mr Durand.** — *(F)* Mr President, I should like, perhaps rather belatedly, to point out to Mr Fellermaier that the question of the French elections, which he mentioned in his speech, does not concern him.

*(Applause from various quarters)*

It appears that elections have recently been held in Hesse. We French are not interested in them, since this House is a European one and internal matters are none of our business.

*(Applause from various quarters)*

**President.** — I call Mr Sandri.

**Mr Sandri.** — (I) Mr President, yesterday Mr Vitale stated the position of the Italian Communists on the question of surpluses.

The Italian Communists will vote against the censure motion because — to be quite objective — we do not think it has any sound or valid basis.

*(Applause from various quarters)*

**President.** — I call Mr Cointat.

**Mr Cointat.** — (F) Mr President Mr Jenkins has defended his point of view, as is perfectly normal. However, I should briefly like to call his attention to four points.

Firstly, Mr Jenkins mentions the possibility, open to the Commission, of suspending export aids for three days. This possibility does exist, but the text states 'in cases of extreme urgency', i.e., when there is a shortage within the Community. Was there a shortage of butter? No. There is a surplus — or else the urgency is far from extreme.

Secondly, Mr Jenkins told us that the Commission was required to maintain a fair balance between internal butter consumption and exports, thus preventing butter surpluses. Why, then, does he repeatedly tell us that there is too much butter and that the organization of the markets must be reviewed? We shall draw our conclusions from this later.

Thirdly, to dispose of 150 000 tonnes of butter on the internal market at the price paid for exports would cost 1 000 million u.a. You must realize that.

Finally, Mr Jenkins said just now that he had certain criticisms of the system of permanent interventions. This was precisely what we feared for the weeks and months to come. You will have realized that this censure motion is basically political, and we timed it to coincide with the Commission's proposals for agricultural reforms because we want to be able to say to Parliament: we warned you, we were right, the Common Agricultural Policy is under attack.

That is what I wished to say, Mr President. However, I should like to add that I shall not reply to Mr Fellermaier whose comments about me do not do him credit, since they merely provoke contempt.

*(Applause from various quarters)*

**President.** — The debate on the motion of censure is closed.

### 3. Fixing of prices for certain agricultural products and related measures (contd)

**President.** — We resume the debate on the Kofoed report (Doc. 9/77).

I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission** — Mr President I would first like to express the gratitude

and satisfaction of the Commission that the Parliament has arranged its working procedures in such a way that it can give its views on the Commission's proposals on prices and allied subjects prior to the Council coming to grips with these proposals at the end of this week, with a view to keeping to the Community timetable for arriving at decisions which are of vital importance to our agricultural population — but also the consumers — the time-limit of 1 April this year.

I must thank the Parliament for having this special part-session and I must not least thank the Committee on Agriculture and the Committee on Budgets for the expedient manner in which they have dealt with our proposals, which, owing to the fact that we were a new Commission, came considerably later than is normally the case. They have produced excellent reports which can only make the background, the political basis, on which Council has to take its decision considerably richer. Whether it will become easier depends on the way in which you vote on amendments on a number of key issues in the course of the day. But about the quality of the work there can be no doubt and a great compliment and many thanks go from the Commission to those two committees, to their chairmen and to their rapporteurs, Mr Kofoed and Lord Bruce.

I have noted with great satisfaction that both have referred to an improvement in the collaboration between their committees and the Commission in carrying out their task. And this is a step in a direction in which I very much want to move. There is undoubtedly more which can be done subsequently, but, listening to the two rapporteurs and also to the chairman of the Committee on Agriculture, it seems that we are at least off to a good start from the point of view of collaborating in a suitable manner, and this can only help the institutions of the Community and thereby its citizens.

I have listened with very great care to the rapporteurs and to the long debate which took place yesterday, in which a great number of Members of Parliament over and above the spokesmen for the groups participated. A number of specific points were naturally put in the course of this debate. I will endeavour to answer them, trying to group them in order not to spend the valuable time of the House in going into too many details. In so proceeding, I may involuntarily and unintentionally forget a point here or there. I hope that they will then be picked up in due course when the occasion arises. But all points have been duly noted and will duly be taken into account in the final political process which we have to go through at the end of this week, and we may hope that will be the last. But I think that, before Parliament proceeds to take its votes

## Gundelach

in a few hours' time, it would be better in the limited time — and the time-limit naturally also applies to me and to my friend, Mr Tugendhat, who will say a few words at the end of my statement about the budgetary side of these proposals — if I concentrated on some of the major issues.

The debate which took place yesterday really did this too, with all due respect to the important sectoral or regional problems — I will not say national because this is a European Parliament and therefore the question of national problems is, of course, by definition excluded. Listening to the debate yesterday, one got the impression that the Commission had first and foremost made very prudent price proposals in order to be in line with anti-inflationary policies — no, even further, to use the Common Agricultural Policy as an anti-inflationary instrument. That idea was put forward again and again by those who wanted to argue against our reasonable prices in favour of increased prices. I must deny that allegation. That is not the true picture. That is not the way in which we arrived at our price proposals. Anti-inflationary policies constitute the fourth element on which we based our proposals.

How did we arrived at them? We started off, as required by the Treaty, by considering on the basis of the so-called objective method the cost and incomes structure in agriculture. We concluded, as did the two committees of this House, that under present circumstances with rather marked differences in inflation rates, strong movements in currency rates, this method, however valuable it might be for the future — and it still played a part this year — was nevertheless shaky ground to build a proposal on. We therefore tried to indicate what seemed to be a need for increases in prices by taking a look at the situation of the so-called snake countries. As you will see from our documents, we arrived at the conclusion that if you took this narrower, but important view of the needs in regard to cost increases, then you arrived at a figure of round about 5 %.

But the objective method makes it quite clear that we have to take into account not only this important aspect of the farmers' income situation — prices received, cost paid — we also have to take into account the interests of the consumers. Let me deal with that subject here in the context in which it has been placed by Members of this Parliament. Sure it is true to say that the price paid to the farmer is only a part of the ultimate price paid by the consumer: but it is still about 40 %; even if it is declining, it still is a quite considerable proportion. Therefore, it does matter to the consumer what we do with these agricultural prices. It does matter. I have never said that there were no other components in prices — the components due to processing, handling, transport, monetary compensatory amounts, etc., etc. I never said that. But

I cannot accept that a 40 % component in the price of foodstuffs does not count for the consumer, because that is not true. It does. But there are limits, and I have not operated beyond those limits. Let me just add that in price formation we are not dealing with static elements, we are dealing with snowball effects. If the 40 %, which is the price to the farmers, increases, then that increase doesn't run static through all the other elements to the consumer. It increases because of increases in mark-ups and in a number of other factors. It has a multiplier effect and therefore what the consumer ends up with as a result of an increase in basic prices is something which we have to take into account.

Another thing we have to consider under the objective method is the state of the markets. It is an obligation, not only under the objective method but under the Treaty. And it doesn't take a great deal of energy to find out that the state of a number of the markets for some of our agricultural products is indeed very weak. I have in previous presentations distinguished between what I consider cyclical difficulties and structural difficulties. With a few exceptions, the markets for agricultural products for the remaining part of 1977 and well into 1978 are going to be weak owing to the general economic situation in which we are living, where the economic upswing so badly needed and desired by everybody, not least from the point of view of employment, is slow to break through. It will be even slower to manifest itself in an increased demand for agricultural commodities. But for a number of these commodities the difficulties are nevertheless of a cyclical nature. We can see the end of them, and can maintain certain stock in order to secure supplies to the consumer, and I take without reservation the view expressed by a number of Members that one objective of the Common Agricultural Policy is to secure supplies to the consumer. But not at any cost, not any amount of stocks. So certain stocks in order to secure supplies to the consumer, certain stocks in order to stabilize prices is what the Common Agricultural Policy is all about. And I have no intention of cutting those vital mechanisms. But, when stocks become structural stocks and continue to increase, when we see that there is for certain basic commodities a demand curve which, even in fairly good economic conditions, is fairly flat or even turns downwards, while the supply curve is going up, then obviously we are producing, not for an existing or potential market, but directly for intervention, and the Common Agricultural Policy cannot sustain that situation indefinitely.

*(Applause from various quarters)*

That leads me to refer in parenthesis to the possibilities of disposing of these surpluses, although this was debated at length at the last session of the Council. Naturally, as long as we have the surpluses within reasonable budgetary limits, which are decided by this

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Parliament and by the Council, we should dispose of these surpluses both inside and outside the Community. But I must make it clear to you that it is at a cost — and at a cost which increases geometrically when you go beyond certain quantities. To those looking at the external market I must repeat what I said a few weeks ago: there is no permanent market for dairy products in Eastern Europe. It is an erratic market. We cannot build a systematic dairy policy on the assumption a big market will be available, even if we are willing to pay the increasing restitutions necessary to supply that market. We shall, however, avail ourselves of reasonable opportunities to sell outside, and already this year we have reached approximately the level of last year, which may be close to the limit.

We have made proposals in order to bring about a better balance with regard to internal disposal. It may be more expensive, but it is, as I said before, more in the interests of the consumer, the citizen, the taxpayer, who have, in the last resort, to bear the burden of this policy.

It is as if some Members of this House believed that, if we just put up the prices, then there is no cost to be paid thereafter. There *is* a cost to be paid as a result of putting the prices up. There is the price to be paid by the taxpayer. He is the same person basically as the consumer — one can't avoid that. His interests must not be disregarded.

Why is it that we have these problems in particular in the dairy sector? I think there is a particular consumer trend behind this, and I think the general economic situation also plays a rôle; but I do think that there is some reason, considering the gloomy situation in which this industry has been put by the Common Agricultural Policy, to say a few words about the effects of price increases.

From 1972—73 to 1976—77, milk prices increased in the Community by 42.5 % — more than almost any other product. At the same time the budgetary cost increased from about 600 m u.a. to 2 000 m u.a. So we have a stark effect on the budget, and the price increases have, as anybody can see by consulting the statistics, a negative effect on consumption and a positive effect on production, thereby bringing about the discrepancy between the supply and demand curves to which I have already referred. Quite obviously, we had to take this serious situation into account when establishing our prices.

Surplus problems are also looming heavily: their effects may be quite considerable in the sugar sector; reference has also been made to wine.

The decisions taken by the Council last year have not resolved the difficulties in wine production. Whether the solution lies, as some Members are suggesting, in the intervention system I have my doubts, because wine is a product you cannot really keep. Wine which goes into intervention has to be denatured, and this we are already doing to a certain extent. I think this is one of the areas where the discipline to which many Members of this House have been referring has to be introduced. Something has to be done in the sugar and wine sectors with regard both to prices and to production quotas, but we have to honour — in answer to another representative — our commitments to the Lomé countries with regard to sugar, just as we

have to honour our commitments towards New Zealand with regard to butter. We cannot tear up our Treaties like a piece of paper; we have to honour them. We can negotiate with them about modalities, and we shall do so. But we have to honour our commitments.

I do not intend to go into all the other various products — these are some of the most important ones. This situation with regard to the markets is therefore the prime reason for our having to put forward price proposals which are as limited as they are. But, further, at the present moment, owing to the differences in economic development, inflation and exchange-rates, we no longer have a coherent internal market for agriculture, subject to certain safeguards and other rules. We have got a complicated mechanism of monetary compensatory amounts, about which there was a great deal of discussion yesterday and about which we are going to have a great deal of discussion in the future.

I will answer by making the decision of the Commission quite clear. This system was not — and this is one point where I disagree with my friend, Lord Bruce — introduced in order to deal with matters of competition. It was introduced to avoid shock effects in devaluing countries on the increase of consumer prices, or, in revaluing countries, to prevent prices expressed in national currencies from declining, and for a short period of time. But with the development of floating currencies, it developed from a temporary measure to cushion the effects of movements in monetary curves, to an extensive automatic mechanism which costs the common agricultural budget a very considerable amount of money. This must not be blamed on the policy, but on the lack of coherence in economic policies in the Community, on the lack of progress towards what could be described generally as economic and monetary union, the lack of any will to take significant steps in that direction. But it is definitely not the fault of the Common Agricultural Policy.

But we bear part of the burden of it. Not only is it costly, it is worse than that. It was not even prompted by a desire to deal with matters of competition. It has, unintentionally, by its size, by the way it functions, and with all the goodwill in the world to try and adapt it, developed to the point where it interferes with competition, where it creates distortions of trade and raises problems for sectors of farm production in this, that or the other country. For these reasons, the Commission are still of the opinion that it must revert from the extensive mechanism it now is to the temporary shock-absorbing mechanism it was originally intended to be. The old Commission made proposals to facilitate that transition over a reasonable period of time. I must make it absolutely clear to Parliament — there seems to have been some doubt about it yesterday — that these proposals stand, and the Commission intends to continue to work with Parliament and Council for a general solution to this problem as quickly as possible. We may have to find other ways than this. I am open-minded about that. We have to deal with the unit of account; I am open-minded about that, but we must make progress in dismantling that system.



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Therefore, we have not shifted back to dealing with this only piecemeal and pragmatically when the price review comes up. We do not believe that the Community institutions — be it Commission, Parliament or Council — will be credible in the eyes of agricultural or trading people if they are not willing, in the context of a price review, at least to diminish somewhat the consequences of this policy.

Therefore, we have suggested a number of devaluations of green currencies. By exactly how much — in answer to those people from Ireland and Italy who have spoken about this — depends to a large extent upon the governments in question, and what they can accept from the point of view of effects on the consumer, and on how much competition can take. The same applies naturally to the United Kingdom.

I was astounded yesterday at hearing practically nobody — apart from the rapporteur — referring to what has to be done by the countries who have revalued their currencies, in particular Germany, which at the present moment is benefiting, despite its low level of inflation, from a nearly 10 % import tax on agricultural imports from other countries and a nearly 10 % subsidy on all agricultural exports to other countries of the Community. Ladies and gentlemen, this does not seem to be reasonable. Something quite obviously has to be done about it and has to be done about it right away if we are to remain credible.

Mr President, I am less concerned, to be quite frank with you, about the 0.4 % revaluation which has been suggested with regard to the Benelux countries, and, as I shall mention in a minute, I have sympathy for the difficulties in which these countries are placed in this price-review anyway. This was then the second element: some steps back towards a single European market. And here I must tell you my opinion quite candidly. It goes for the dates on which the price package is adopted; it goes for the question of monetary compensatory amounts, and it goes for the suggestions I have heard from various sides that we must have more planning of agriculture, more discipline. What does that mean? We must take greater account of movements of costs on a national level. What does that mean? Is this Parliament now ready to come forward and say we shall not try to fix prices at a European level, we shall not try to move back to a single European level, we shall not try to move back to a single European agricultural market, we shall deal with these subjects by fixing national prices, and add to it quantitative limitations as we have with sugar? And what has that led to in the way of bluff all over the place each time we touch it? And yet more surpluses! Is that what the Parliament, all those Members of Parliament who speak in this way, really want? If that is the case, I must warn you: free trade in industry will not stand either, and international negotiations which you went in order to strengthen our hand in agriculture or in industry will be out, because there will be no coherent Community to deal

with them. I cannot accept planning in the sense of laying down quantitative limitations, except, maybe, in the rarest exceptional cases. I cannot accept a re-nationalizing of agricultural policy by basing our price-fixing only on national figures. They are there; they enter into our minds; they are part of the overall picture, but to base oneself upon them is to split the market up. I will not take that responsibility, and I wonder whether this Parliament, when it thinks about the consequences, which will go far beyond agriculture, will take that responsibility.

Mr President, one gets the feeling from the debate that it is considered as something natural that in the field of agriculture the effects of devaluation and revaluation do not apply. But that is not natural. Of course I agree that we shall only find a viable solution to the fundamental problems of agricultural policy when there is again a movement towards a higher degree of cohesion in the economic and currency policies of the Community. But in the meantime, I cannot accept as a new economic dogma that when you devalue or revalue, you automatically put agriculture on one side. Nobody has suggested that that should be done for industry, because that would be to suggest that one should not devalue or revalue at all. This is a false economic dogma, and one which, I would suggest, has made it easier to slip down the road of floating currencies, which have increased our inflation so manifestly because governments have at any given moment known that it did not, immediately at least, have any effects in the agricultural sphere. I think it would be a healthier economic policy — and not just from the agricultural point of view — if one started turning one's mind back to accepting that it applies to the economy as a whole, and that there are no sectors which can be put on one side, because, as I said, it will lead us down a very slippery road and it can only help to bring about a higher degree of inflation than we have previously had to deal with.

Mr President, having established that, we had to do something about monetary compensatory amounts. We have already established limited prices, but we have to do something about monetary compensatory amounts. That causes problems, because to arrive at a situation where there is a manifestly negative price-movement in national currencies in one country is obviously a difficult political proposition. To arrive at a situation where for butter in the United Kingdom there is an agglomeration of price-increases in units of account, devaluation of the green pound, and so on, surely creates a problem. Surely it has to be dealt with. And that is why, together with other reasons to which I have referred, we have suggested the introduction of subsidies for butter. I was asked a specific question: what did I mean by that? We have two sorts — a general sort and a direct sort with 100 % EAGGF financing to replace the vegetable tax and obviate the trouble we should have had if we had introduced that tax, and to use that for the butter subsidy.

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We do not believe that a few points scattered here and there will help. We think that what means can be accumulated — and we think that, if anything we are erring on the low side and that we should work for higher figures for these butter subsidies — should be used for a massive and concentrated effort, be it either regional or based on quantitative criteria. We are, indeed, convinced that we shall have to go further in spreading over a longer period of time the various price measures which have been undertaken by the United Kingdom in the field of butter, even over a very long period of time, because the sum of the three factors to which I have referred quite obviously leads to unreasonable results, not just for the British consumer but also for the European producer, who will otherwise see his market disappear in the United Kingdom. By dint of subsidies, by dint of spreading these price increases over the maximum length of time, we shall try to combat this effect even more fully than has been indicated in our proposals.

Mr President, then we do speak about inflation, but we have never said inflation started out in agriculture. Never we have said that agricultural price policies have to be conducted in such a manner that they are consistent with the desperate efforts a number of European governments are undertaking to bring the inflationary elements of our economy under control. We have asked for a contribution, we have asked for consistency in our price proposals, we have not said that inflation was due to agriculture, nor have we given as the main motivation for our prudent price proposals the inflationary element that is there. The important thing is the state of the market and the development of the market for the future: that is also in the fundamental interests of the producer. How can any producer, ladies and gentlemen, be content and believe that he is safe if he sits and produces for intervention? Do not tell me that farmers will feel that they are safe, that they have stability which some of the Members of this House have been asking for for the farmers. Do not tell me that these farmers will feel safe if they know that to an increasing extent they are only producing for intervention, to be paid for by the taxpayer. They will not feel safe. You are not doing a service to the farm population by running a price policy which leads us into an artificial market.

We have to come back to a market where there is a better balance between supply and demand, and we have to use the price mechanism for that purpose. Experience over the last ten years has demonstrated that when we have prudent prices production and consumption react, and I must therefore reject what people have been saying in the course of this debate, that it has no effect on production and no effect on consumption when you tamper with prices and that only at the very end, several years later, a number of poor people will go bankrupt.

That is a lead-in to the other part of the picture, the question of structural policies. Naturally, I agree with all those, including the Socialist Group, who have said yes to a price policy. But I will put it this way: it must go hand-in-hand with suitable structural policies which can help materially to reorient our production toward those commodities where market studies — and to this extent I accept planning and discipline — demonstrate that there are market possibilities both inside and outside the Community, away from areas where production is too high and under socially acceptable circumstances. That is why we have put forward proposals concerning reconversion and a number of other proposals which you are well acquainted with. But let me tell you, in reply to the challenge given me by the Socialist Group, that when I first presented my proposals to the Committee on Agriculture I made it clear that what I came forward with here was a minimum package, what was necessary in order to keep the machine going though turned in the proper direction. There will be a substantial number of further structural-policy proposals in the course of the year which will have to deal with this reorientation to which I am referring, which will have to deal with social problems. A proposal has been made in regard to a flat-rate support for those farmers who cannot reconvert. I will consider it — though it is a very expensive way of solving a problem and I hope I can do better than that — but I am certainly not rejecting it. It will be studied together with the other measures, because structural change must go hand-in-hand with a social policy.

That brings me to the question raised by those who have said, or are reported to have said, that there must be consistency between what the Agricultural Fund does and what the Regional Fund does and what the Social Fund does. The Commission has already declared itself in favour of doing this, and we are in the process of doing it. The year 1977 will be a year of *prise de conscience* in the Community with regard to structural policies in agriculture. We will take our responsibilities and we will make our proposals. I only hope that we then — because it costs money — will have the full support of Parliament, because the battle in Council is going to be stiff. As you have seen, each time we make structural proposals to the Council we run into serious difficulties. It is so much easier to increase the prices just a little bit more and then let the devil take care of the surpluses, which may be 600 000 tonnes of butter, 2 million tonnes of milk powder next year. It is now, this year, that action must be taken, and in this I am totally in agreement with all those Members of Parliament who have spoken on this subject.

*(Applause from the left)*

Part of the structural policy — and I shall not go into details — is the Mediterranean problem, which exists in itself. Maybe my statistics show a less gloomy

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picture than Italian Members of this House painted yesterday. But they show that there is an imbalance ingrowing on itself. It also shows that there is a serious problem for the Mediterranean areas in Italy and France connected with the subject of enlargement. I only want to tell you that, owing to the acceptance of enlargement but also owing to other factors, it cannot be solved solely by increased protection of our frontiers, because if new countries enter the Community they will come under the level of protection: protection will then only lead us into trouble with some third countries and not really solve the problem. I am not discarding the possibility of modernizing the protection of this or that area when proof is there that that is necessary. Not at all. But it is not a key-word which can be applied to all problems. I think that what is needed is a significant structural reform. There is no need to pour money into asking them to produce more wine when we have too much wine or other commodities like sugar, where we are already in surplus.

But there is good sense in making regulations — that is another answer — to secure better quality in fruit, vegetables and other products which will make them more competitive and get them a better price on our markets.

There is good sense in assisting, as we are already doing with this proposal in one sector and intend to do in wider sectors, the processing of agricultural commodities in these regions. By helping the processing industry, we are also taking into account what is really the most serious social problem in these areas — unemployment — which is not solved by making agriculture more rational, because that sends people out of agriculture. If we improve the processing industry, build it up and the channels of commerce that go with, then we may overcome part of this imbalance in a way which will at the same time help unemployment.

A study has been asked for. This study is already under way. It was started by the old Commission and is being accelerated by the present one. I can therefore give that promise not with a light heart but with a good conscience, because work is well in hand in this area.

Various questions have been put in regard to the efficiency of structural measures. It has been mentioned with regard to fruit trees and certain other problems. I will not go into detail, but will only say that naturally one must follow very closely what the effects of structural measures are. They will be reported to you, and we must learn from them in order to adapt our structural policies in the future.

I have been asked whether we will make a proposal for regulations with regard to sheepmeat. The answer is a point-blank 'yes'. It will be in that other package where we shall make a number of structural proposals, but also proposals in regard to market regulations.

One on sheepmeat is to be introduced. It must be done before the end of the year, before the end of the transitional period. We come forward with proposals, as you know from the report, on olive oil and various other products, including beef. We shall learn from experience, and we shall consult with Parliament. I hope we can come up with a more sensible régime for beef for the future. The way matters stand, this has to come in a second batch. Our plate is already very full as it is, and it will be an uphill struggle to get the Council to take the decisions necessary to keep the wheels turning. But, as I started off by saying, if they do not, the Community will be in very serious difficulties, and those difficulties will not stop at agriculture.

I conclude, Mr President, by thanking you for the cooperation you have shown. This has been most valuable. You will have understood from what I have stated that on a great number of points I can accept the proposals or amendments made by the two committees or by individual members, but I must make it quite clear that the Commission *cannot* accept advice from Parliament to increase prices by 5 %, 6.5 % or 7 %. We cannot make that our policy. I know, as well as I hope you do, that there is a certain mystique about averages, about what is hidden behind averages. And your rapporteur from the Committee on Agriculture has been very careful on milk prices. But milk prices take up about 40 % of the average. So, with all due respect, there is a slight inconsistency if one wants to do something about this very serious problem, in addition to sugar and a couple of others, and yet want to have 5 %.

Mr President, we cannot accept 5 % or 6.5 % or 7.5 % in units of account. Kindly bear in mind that what we have proposed is about 3 % and, if you take into account the effects of the monetary compensatory proposals we have made, a further 1.4 or 1.5 % will be added — and at the end of the day it will probably be more. Add to that the classical figure of 1.5 % for increasing productivity. This is put very, very low; it is a standard figure which goes on year by year, but, if you study income statistics, you will see that it is too low. But let us take the 1.5 %. We then arrive at 6 % price increases. Therefore the picture is not quite as gloomy as it was painted yesterday. Certain action is necessary for the reasons I have indicated — the combination of limited action in units of account, monetary compensatory amounts, action against the surplus commodities, reestablishing unity in our markets or steps in that direction — but if you add to that a further 3, 4 or 5 %, then you really are fuelling the surplus production to which I have referred. And you are placing a bomb under that Common Agricultural Policy which you want to preserve, and which I consider it my strongest duty, as Commissioner for Agriculture, to preserve but adapt to new economic realities.

(Applause)

## IN THE CHAIR : MR YEATS

*Vice-President*

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, I think the House will agree that after the masterly performance of Mr Gundelach, there is very little further that needs to be said about the Commission's attitude to the Common Agricultural Policy and about the underlying principles that are guiding our actions in that field.

My remarks, therefore, are something in the nature of a postscript, though I would particularly like to pay tribute to the work that has been done by the Committee on Budgets and to thank them for the way in which they have noted the improvements we have tried to make during the course of this particular exercise. Of course we agree with them that more could be done. We are only at the beginning of a long process designed to bring the budgetary treatment of this important matter up to the standards that we would like to see and which, I know, the Committee on Budgets of Parliament would like to see. But nonetheless, we have made a start and I am grateful to them for recognizing that.

There are a number of points which were brought up in the opinion of the Committee on Budgets which, in the brief time at my disposal, I would like to refer to. In particular, the draftsman, Lord Bruce, comments on the timing of the presentation of the supplementary budget and the prices package in relation both to Parliament's rôle and to its workload. I would like to assure him that the Commission appreciated and understands that point and is aware of the difficulties which the present system creates. Unfortunately, as he himself is aware, the timing and contents of the supplementary budget are not determined solely by the agricultural sector. There are other considerations to satisfy as well, which often militate in different directions, and the timing of supplementary budgets is almost inevitably a compromise between conflicting factors of that sort.

He also points out in his report that it would be useful to have an indication of the effects of a 1 % movement in either direction, up or down, from the Commission's proposals. The Commission did in fact include such a table in its document, but it was withdrawn because it was felt that the very rough estimates which can be made might thereby give a spurious impression of accuracy. We have, however, produced a table for our own purposes and it might be useful to give the House some idea of our calculations. There are, as I understand it, three counter-proposals on the

table: Mr Kofoed's proposal for an overall 5 % increase, the EPD's proposal for 6.5 % and Lord Bruce's proposal for 3 % but with nothing for products in structural surplus. The Commission calculates that its own proposals would cost about 40 m u.a. in 1977 or about 300 m u.a. in a full year. By contrast, on the basis of a 1 % ready reckoner, Mr Kofoed's proposal would cost over 430 m u.a. in a full year and the EPD's proposal over 530 m u.a. Lord Bruce's proposal would, of course, cost considerably less — we estimate it at about 200 m u.a.

Mr President, that is the most important point which I want to make. It is a brief speech, it is a brief point, it is an important one. The other point, which will only take me a few sentences, is that unless we are able to tackle the problem of structural imbalances, the whole of the CAP is called into question. We support the CAP; our proposals are designed to strengthen the CAP; they are designed to secure for the CAP the popular support that it requires if it is to be maintained. And that is why we place such emphasis on the necessity of having viable markets and not the artificial situation of production straight for intervention.

*(Applause)*

**President.** — I call Mr Martens.

**Mr Martens.** — *(NL)* Mr President, would it be possible to allow me a few minutes' speaking time?

**President.** — I understand, Mr Martens, that your group has no more time left. Therefore I will give you just about 30 seconds.

**Mr Martens.** — *(NL)* Mr President, I think our reply to the Commissioner's answer can be very brief. The debate will not be complete if we do not get the opportunity to reply. I only need a couple of minutes.

**President.** — Mr Martens, the difficulty is that if I give you a few minutes now, all the groups will be entitled to a few minutes and the whole arrangement that has been come to would be ended.

I am afraid I must stand by the decisions which has been taken by the groups, I therefore can allow you 30 seconds, Mr Martens, but I really cannot allow you any more. I should't even allow you the 30 seconds.

**Mr Martens** — *(NL)* Mr President, I deeply regret that more time has not been allocated for a debate in which 70 % of expenditure from the budget of the European Communities is at stake and that we do not have the opportunity to speak for a few minutes in order to oppose certain of the Commission's actions.

*(Applause)*

**President.** — I regret this position also, Mr Martens, but it is not the doing of the Chair. It is an agreement by the groups.

I call Mr Laban.

**Mr Laban** — (NL) Mr President, if my group still has some time left, I should like to briefly reply to the answer given by the Commission. Do we still have some time left?

**President.** — Mr Laban, you have seven minutes, I understand.

**Mr Laban** — (NL) Mr President, I fully agree with Mr Martens. When debating such an important matter as the highly complicated proposals on agricultural prices, monetary compensatory amounts and the policy to limit milk surpluses, it should be possible — as is the custom, for example, in our national parliaments — to reply to the answers given by the Council or the Commission. Thus I support in principle the point of view taken by Mr Martens.

I shall confine myself to one or two comments. I am grateful to Mr Gundelach and Mr Tugendhat for the concise answers they have given to the statements made yesterday in Parliament and to the questions which were put. After the powerful defence of the Commission's package by Commissioner Gundelach, I should just like to ask him whether he is really prepared, and whether the Commission is prepared, to stand up to the Council and to refuse all compromises. I think the Commission must make its position clear and full responsibility for any departures from the proposals, which we can on the whole support, would then have to be borne by the Council. We should not like to see another decision taken which would imply compromise. We support the Commission's position on the whole and we hope that it will stick to it, because then it will be absolutely clear which institution of the European Community is holding up action to deal with structural surpluses in the Community. If it is the Council, it must be seen to be the Council.

**President.** — I call Mr Martens on a point of order.

**Mr Martens** — (NL) Mr President, I would ask you to grant us a few more minutes' speaking time in order to reply to Mr Gundelach's answer. It is customary in every parliament to hold a second round. I really cannot accept the debate's being cut short in this way. I therefore propose that another five or ten minutes' speaking time should be allocated for replies to the Commission's statement.

**President.** — Mr Martens, the debate was organized in agreement with the political groups and your group

has no more time. However, if there are no objections from any Members to your having 5 minutes, I am happy to give it to you. Are there any objections to Mr Martens, under the circumstances, being allowed to speak for 5 minutes?

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Mr President, I do not object to Mr Martens speaking — I would love to hear him — but you are breaking the rules and setting up a precedent. Everybody will be able to speak from now onwards. Is it your intention that we should have an open debate until 1 o'clock?

**President.** — Mr Scott-Hopkins, if you wish to object, I will not permit Mr Martens to speak. It is as simple as that. I cannot allow Mr Martens to speak if anyone objects. If there are no objections, I will allow him to speak.

**Mr Scott-Hopkins.** — Mr President, would it be acceptable to the House if I gave the five minutes I have left to Mr Martens?

**President.** — I think that is a matter for your group, Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Yes, we would be willing to do that.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) Mr President, could you please establish whether the groups have used up all the time allocated to them? If this is not the case, the time remaining might be divided between those groups which still have something to say.

**President.** — I shall state the exact position. The Socialist Group has four minutes left. The Christian-Democratic Group has five minutes, which they have been presented with by the Conservative Group. The Liberal and Democratic Group has four minutes. The Group of European Progressive Democrats has three minutes. The Conservative Group now has no time left, nor has the Communist Group.

I call Mr Martens.

**Mr Martens** — (NL) Mr President, I am very grateful to Mr Scott-Hopkins, though I shall not need the full five minutes. What I wanted to say to Mr Gundelach is that I have the utmost respect for his answer. He will not convince me, however, that a 3% price-increase will solve the problem of increased costs. If these 3% are modulated with monetary compensatory amounts, etc., the resultant figure can be between 0 and 15%, but that does not seem to me to represent a real average of 3%.

**Martens**

Indeed, if I calculate the 3 % and apply it to every product, I come to the conclusion that the 3 % price-increase is in certain cases applied twice over. A price-increase has been calculated for feed grain. And for upgraded products, for example, such as pigmeat or beef, this price-increase has been applied a second time. Mr Gundelach does not take account of the fact that the increase in the price of milk is cancelled out by the 2.5 % co-responsibility levy. If he does the calculation himself, he will never end up with 3 %.

Mr Gundelach also claimed that since 1972 prices had increased, if I understood him correctly, by about 42 %. He should also have specified the percentage increase in costs. I should like to remind Mr Gundelach of something. If he were to go back to 1968 he would discover that between 1968 and 1976 prices rose by only this same figure of 42 %. The reason for this is that prices were frozen between 1968 and 1971, but he must not forget that on 23 March 1971 it became necessary to return to these matters. And then there was September 1974, despite the fact that no price-increases had been planned at the beginning of 1974. I would warn him again that the proposed price-increase for milk does not represent a real price-increase. Despite all these price-increases, the incomes of those concerned have not progressed in a comparable manner to incomes in other sectors.

I therefore feel that we must maintain our position.

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — (*F*) Mr President, I would simply like to state publicly, so that there can be no doubt, that once more the French Socialists, to their great regret, will not follow their comrades in the European Socialist Group. We will often be voting with other French members from the other side of the Chamber, and often with our Communist comrades.

As regards prices, for example, the French Socialists in the Committee on Agriculture supported at least 5 %, and I see that in Amendment No 17, Mr Liogier, Mr Gibbons and Mr Hunault are advocating 6.5 %. We shall vote in favour of this amendment for a more specific increase, and indeed we shall support many other amendments by Mr Liogier and his colleagues. If they are not adopted, we shall vote for the 5 % rate proposed by the Committee.

This was the statement I wished to make, Mr President. I ask our Socialist comrades, who have allowed us a free vote, to forgive us for not following them in this debate on farm prices.

**President.** — I call Mr Cifarelli.

**Mr Cifarelli.** — (*I*) Mr President, although we have already said that we believe that the proposed 3 % increase is unsatisfactory for certain products, we have

decided not to table any amendments, and we are concerned to see Members trying to out-do one another in tabling amendments. We agree with what Mr Gundelach said about the effects of these proposals on the Community budget, but even so it is a cause of grave concern to us. Let it be clear to Mr Gundelach and to the Commission that all their efforts to prevent and overcome the more ridiculous aspects of our group, not least because we are anxious to see the market properly organized and consumers given fair protection.

I would like to acknowledge a statement by Mr Gundelach which we support, and that is that the future of agriculture cannot be reviewed through the play of intervention prices, and that the future does not lie with those who calculate on selling into intervention. In this connection I would like to suggest that the Commission should not neglect the principle of fixing a maximum limit for selling into intervention, which could be linked to the intervention price. The Commission could say, on the basis of market values, that quantities to be bought into intervention cannot exceed a certain level, and this could exercise a moderating influence. I know that there are many difficulties and that legal experts would have to be called in to interpret the Treaty in this respect, but in all our national systems similar schemes already operate. This would appear to me to be a fundamental necessity.

I would like to add that I recognize the goodwill which the Commission is showing in trying to propose a new system for olive oil and for fruit and vegetables which are particularly important for the Mediterranean countries of the Community. I would like to stress our agreement to the relations between agriculture and the processing industry. We regret that often — as happened on margarine — the interests of individual industries, sometimes monopolistic, prevail over the interests of agriculture. But an advanced industry and an advanced agriculture can only exist, especially in the fruit and vegetable sector, through the establishment of permanent links with healthy modern industries, particularly through growing contracts.

In this respect I must stress our agreement with the proposal for a study which Mr Gundelach mentioned.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — I shall take the points that have been raised in reverse order.

I have little more to say to Mr Cifarelli, because we agree on a great number of things. I only want to tell him that the idea of certain limitations concerning intervention mechanisms is one which occupies me a great deal. It follows logically from the remarks I have

## Gundelach

been making about this automatic mechanism which seems to me to have got out of control. I agree with him that there must be a new type of organization in order to deal with fruit and vegetables and other products in the Mediterranean area, in order that they can be valued and given their proper share of the markets.

On the subject of prices, the same applies to Mr Martens. There are those who go on saying — and I have no hope of convincing them, much as I would dearly have loved to — that the 3 % and what follows from it in the milk sector, where there is also a co-responsibility tax, is unacceptable. Mr President, I have said this before and I shall repeat it: I know it is difficult to explain, but I am told by the agricultural organizations and by the Council that there must be real co-responsibility within the budgetary framework of the Community. They want to know and decide jointly what is going to happen with this money. If there is co-responsibility, then there cannot be a straight negative price element. I reject that, because it defies logic. We cannot just subtract 2 ½ % from whatever price increases we have suggested, because then there is no co-responsibility.

Mr Kofoed referred to this levy yesterday, and I agree to a great extent with him that it considerably complicates this price package. The reason for its being maintained, and the considerable support for it, is that we need that extra amount of money in order to pay subsidies to support our internal market, in order to make liquid milk and skimmed-milk powder more competitive as fodder. It is the only economic way in which that by-product can be used. We must have the money in order to do that even with a somewhat reduced rate of milk production in future. Otherwise, we shall not have a solution. A solution does not lie in protection against imports. I do not want to go into the pros and cons of this subject in this House, because we all know that we are divided and we cannot come to a conclusion soon. Therefore, the subsidy for liquid milk and skimmed-milk powder is the only way in which we can economically use that by-product.

Mr President, having dealt with that, I was not so inconsiderate that I thought I could convince Mr Martens just by saying that a 0.4 % revaluation in the Benelux countries would take care of the problems in those countries under this price package. I did not. I dealt with that subject in this context. And I then went on to say that I had considerable sympathy, in relation to this price package, for those countries with strong currencies who had revalued in comparison with other countries but who not had a low inflation-rate, like certain other revaluing countries. I realize that they are in something of a squeeze. But, Mr President, if we start in the Community establishing prices for such important products as milk and meat on the basis of excessive inflationary policies and develop-

ments in one or two Member States, then this Common Agricultural Policy cannot be kept together. We cannot base our price calculations on special developments in one or two countries. They must be based on an overall European assessment. I hope that in the final political package some reasonable means will be found to deal with what I recognize is a particular problem for Belgium and Luxembourg, but not in the form of a generalized increase throughout the whole Community of this magnitude, which would lead to very considerable difficulties. I have been in constant contact with the organizations in the political parties and governments of those two countries since January in order to find something which, without putting the Common Agricultural Policy out of joint, could nevertheless deal with what I realize is a problem caused by the fact that they have a strong currency and yet very high inflation, contrary to the general picture in the Community.

And that is my last reply then to Mr Laban. With that kind of reservation, I will defend the price proposals which I have defended here with the same vigour in the Council. I shall need some kind of flexibility to deal with this kind of question, in respect of certain Mediterranean problems, in order to make it palatable, and there will be some give in monetary compensatory amounts, but with those reservations, Mr Laban, I will defend this price proposal with the same vigour in the Council, and if the Council of Ministers comes to a different conclusion in regard to the level of prices, like you, I shall ask them to take the responsibility. I will not.

*(Applause)*

**President.** — The proceedings will now be suspended until 1 p.m. The House will rise.

*(The sitting was suspended at 12.30 p.m. and resumed at 1 p.m.)*

## IN THE CHAIR : MR COLOMBO

*President*

**President.** — The sitting is resumed.

### 4. Motion of censure — Vote

**President.** — The next item is the vote on the motion of censure on the Commission of the European Communities tabled by Mr de la Malène, Mr Cointat, Mr Gibbons, Mr Liogier, Mr Hunault, Mr Bouquerel, Mr Cousté, Mr Herbert, Mr Kaspereit, Mr Krieg, Mr Laudrin, Mr Lenihan, Mr Nolan, Mr Nyborg, Mr Rivierez, Mr Terrenoire and Mr Yeats, on behalf of the Group of European Progressive Democrats (Doc. 3/77).

Under Rule 21 of the Rules of Procedure, the vote on the motion of censure will be taken by roll-call.

## President

Pursuant to the provisions of Article 144 of the EEC Treaty, the motion of censure, to be adopted, requires a two-thirds majority of the votes cast, representing a majority of the Members of Parliament — in this case at least 99 votes.

I call Mr Howell for an explanation of vote.

**Mr Howell.** — I intend to vote in favour of the motion of censure tabled by Mr Cointat and the Group of European Progressive Democrats, and I would like to explain why.

I agree with Mr Cointat that this is a very similar censure motion to that which my group tabled about a year ago and concerns a similar point of principle and similar subject-matter. I was not convinced by Mr Jenkins' explanation; it seems to me that there was order, counter-order and disorder on this matter as far as the Commission were concerned and that they had not really thought the thing through when they offered a commodity for sale on the world market. I do not believe it is sensible to pick and choose the purchasers when you have offered a commodity for sale.

The other point which I want to make is that Mr Jenkins said that we are now approaching a solution to this matter, but after two years' of looking at this problem I think it is unacceptable only to be *approaching* a solution now.

I am sure that we shall not be successful in this vote, but I do want to make this point. This is the second shot which has been fired across the bows of the Commission: the third one might be more serious.

*(Applause)*

**President.** — Since no one else wishes to give an explanation of vote, we shall now take the vote by roll-call, beginning with Mr Cavaillet, whose name has been drawn by lot.

The vote may commence.

I ask the Secretary-General to call the roll.

*(The roll-call was taken)*

Does anyone else wish to vote?

The ballot is closed.

Here is the result of the vote:

— Number of Members voting :	111
— Abstentions :	1

Covelli

— Votes cast :	110
— Votes in favour :	15

Ansart, Bordu, Bouquerel, Cointat, Cousté, Herbert, Howell, Kasperleit, Krieg, Lenihan, Liogier, de la Malène, Nyborg, Rivierez, Yeats

— Votes against :

95

Aigner, Alber, Albertini, Amadei, Ardwick, Berkhouwer, Bersani, Bessborough, Bethell, Bettiza, Blumenfeld, Broeksz, Bruce, Caillavet, Caro, Carpentier, Cassanmagnago Cerretti, Cifarelli, Colombo, Corrie, Creed, De Keersmaecker, Deschamps, Didier, Dondelinger, Fellermaier, Fioret, Flämig, Früh, Fuchs, Granelli, Guerlin, Hansen Ove, Hoffmann, Houdet, Jahn, Jakobsen, Kavanagh, Kellett-Bowman, Kirk, Klepsch, Klinker, Kofoed, De Koning, Kunz, Laban, Lagorce, Lange, L'Estrange, Lezzi, Ligios, Lückner, McDonald, Maigaard, Martens, Martinelli, Mascagni, Masullo, Meintz, Müller Hans-Werner, Müller W., Murray, Noè, Normanton, Osborn, Pisoni, Pistillo, Pucci, Radoux, Reay, Rhys Williams, Ripamonti, St. Oswald, Sandri, Santer, Scelba, Schreiber, Schuijt, Schwörer, Schyns, Scott-Hopkins, Seefeld, Shaw, Spénale, Spicer, Spillecke, Spinelli, Squarcialupi, Vandewiele, Vernaschi, Veronesi, Vitale, Wawrzik, Würtz, Zeyer.

Since the two-fold majority required has not been obtained, the motion of censure has not been adopted.

Under rule 21 of the Rules of Procedure, the result of the vote will be notified to the President of the Commission and the President of the Council.

## 5. Fixing of prices for certain agricultural products and related measures — Vote

**President.** — The next item is the vote on the motion for a resolution contained in the Kofoed report on the proposals from the Commission to the Council on the fixing of prices for certain agricultural products and on certain related measures (Doc. 9/77).

I put to the vote the first nine indents of the preamble.

The first nine indents of the preamble are adopted.

On the tenth indent, I have Amendment No 66:

This recital to read as follows:

‘— whereas an effective structural policy is an essential prerequisite for price policy.’

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I can accept this amendment, which is clearer than the wording of the report. I agree to this amendment.

**President.** — I put Amendment No 66 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 66 is adopted.

I put the remaining indents of the preamble to the vote.

These indents of the preamble are adopted.



**President**

Before paragraph 1, I have two amendments which can be considered jointly :

— Amendment No 1, tabled by Mr Hughes :

Before paragraph 1, insert the following paragraph :

'Regrets that the Commission has not used this opportunity to introduce fundamental reform of the CAP';

— Amendment No 73, tabled by the Socialist Group, the text of which is identical with that of Amendment No 1.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I do not understand this amendment. After giving the Commission very little time, we cannot demand that they undertake a thorough reform of the agricultural policy. Nor is it clear what is meant by reform ; if it refers to income subsidies I am against the proposal. I cannot recommend it to the House.

**President.** — I put Amendment No 1 to the vote. Amendment No 1 is rejected.

Amendment No 73 consequently falls.

On paragraphs 1 and 2, I have Amendment No 53, tabled by the Communist and Allies Group :

Replace these paragraphs by the following single paragraph :

'1. Considers that the average 3 % increase proposed should not be augmented so as to avoid encouraging inflationary tendencies and aggravating the general economic situation ; stresses, however, the danger that a widening of the gap between costs and returns might put agriculture at an even greater disadvantage and restrict production bases, particularly in the less-favoured regions ; therefore suggests that these proposals should be supplemented by others designed to ensure a fair income for producers by means of direct subsidies to raise the income level of the poorest farmers and measures to peg the prices of industrial products used in agriculture as well as the interest rates on loans to farmers';

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I cannot agree to this amendment, as it is too detailed. I regard it as unacceptable. The original text was better.

**President.** — I put Amendment No 53 to the vote. Amendment No 53 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

After paragraph 1, I have Amendment No 16, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats :

After paragraph 1, insert the following new paragraph :

'1a. Considers that the high levels of inflation in the Member States have increased farming costs substan-

tially and that the annual price review must offset such costs';

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I do not think this amendment is necessary. It is already covered in paragraphs 1 and 2 and the inflation rate is adequately dealt with in the original text.

**President.** — I put Amendment No 16 to the vote.

Amendment No 16 is rejected.

On paragraph 2, I have the following four amendments :

— Amendment No 6, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets :

This paragraph to read as follows :

'2. Approves the Commission's proposals for a 3 % increase in agricultural prices except for those sectors where structural surpluses exist and where no increases should be approved until such time as the surpluses have been absorbed';

— Amendment No 70, tabled by the Socialist Group :

This paragraph to read as follows :

'2. Supports the Commission proposal for an average increase of 3 % except in the dairy sector, where temporary direct subsidies should be instituted in some countries to maintain the income of producers';

— Amendment No 41, tabled by the European Conservative Group :

This paragraph to read as follows :

'2. Accepts the Commission proposals in the light of the necessary overall priority of anti-inflation policies in the Community, but expresses concern at the unequal coverage of farmers' cost increases in the different Member States resulting from the proposals, and at the implications this may have for agricultural competition';

— Amendment No 17, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats :

This paragraph to read as follows :

'2. Considers an average increase of 3 % to be manifestly insufficient and takes the view that an average price-increase of at least 6.5 % is needed to bring incomes from modern agricultural holdings up to a reasonable level';

These amendments are mutually exclusive, but may be discussed jointly.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, of these four amendments I prefer the proposal from the Conservative Group, as it does not mention a specific price increase. Personally, I think that setting a specific price increase at, for example, 5 or 6.5 % makes negotiations more difficult for the Council, and for the Commission as well. Although I do not think that the Conservative text is perfect, in my view it is the best of these amendments. As far as I am concerned the others are not acceptable.

**President.** — I put Amendment No 6 to the vote. Amendment No 6 is rejected.

We pass to Amendment No 70.

I call Mr Laban.

**Mr Laban.** — (NL) Mr President, I explained this amendment, more or less, in my general statement yesterday, but in order to avoid any misunderstandings I should like to make it clear to Parliament that by temporary direct aid to the products we do not mean aid in the form of an amount per litre of milk. If that were the case, every drop of milk would be exported to countries with higher prices. What we are thinking of is a subsidy per cow. This must be clearly understood. The amendment must be seen in that light.

*(Murmurs of dissent)*

**President.** — I put Amendment No 70 to the vote. Amendment No 70 is rejected.

I put Amendment No 41 to the vote.

Amendment No 41 is rejected.

I put Amendment No 17 to the vote.

Amendment No 17 is rejected.

I put paragraph 2 to the vote.

As the result of the show of hand is not clear, a fresh vote will be taken by sitting and standing.

Paragraph 2 is rejected.

*(Loud laughter)*

I call Mr Kofoed on a point of order.

**Mr Kofoed, rapporteur.** — (DK) Mr President, I do not regard this as a victory for Parliament, and I therefore ask you whether it is possible for the rapporteur to table an amendment so that there would still be a paragraph 2, which is essential to maintain Parliaments standing in the eyes of the Commission. Is that possible, Mr President?

*(Mixed reactions)*

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr President, as a result of totally contradictory points of view, the key point in the motion for a resolution has been called into question in the House. I do not wish to give an opinion

on that now, but I would ask the House whether it does not consider that the time has now come to adjourn briefly, since all the other matters to be dealt with are bound up indirectly with the price question and the groups therefore need to meet to discuss their positions.

I therefore move that the sitting be adjourned for at least twenty minutes.

*(Applause from various quarters)*

**President.** — I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — (DK) Mr President, I accept Mr Fellermaier's suggestion. I think we must have this adjournment to clarify the question of paragraph 2.

**President.** — The proceedings will now be suspended for about 20 minutes.

The House will rise.

*(The sitting was suspended at 1.40 p.m. and resumed at 2.15 p.m.)*

**President.** The sitting is resumed.

I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, my dear colleagues, paragraph 2, which is by far the most important paragraph in the report, since it fixes the price-level, has caused a great deal of confusion because of the rapidity of the vote on the amendments and, immediately afterwards, the paragraph itself.

The President did not even find it necessary, in his haste, to state the authors of the various amendments. It should, however, be made clear that amendments 70, 6 and 41 substantially agree with the 3 % increase proposed by the Commission; they were rejected. Our Amendment No 17 proposed 6.5 % it, too, was rejected. We were left with paragraph 2 of the report itself,

Considers an average increase of 3 % to be manifestly insufficient and takes the view that an average price increase of at least 5 % is needed to bring incomes from modern agricultural holdings up to a fair level.

This is the result of a compromise amendment tabled in committee by Mr Martens or Mr De Koning. This should have been made clear. For this reason, since the vote was taken in complete confusion I would ask, to clarify the situation, for the vote on the four amendments and on paragraph 2 itself to be taken again.

*(Protests)*

**President.** — Mr Liogier, I do not exclude the possibility that someone may have been a little uncertain or confused at the moment of voting, but I cannot accept the allegation that the subject of the vote had not been stated precisely, since I called all the amendments one by one. Moreover, I think each of us was

**President**

already in possession of his own copy of the text to be voted on.

*(Applause)*

I call Mr Alfred Bertrand.

**Mr Alfred Bertrand.** — *(NL)* Mr President, I should like to speak on a procedural motion. The Rules of Procedure provide that such motions may be tabled in urgent cases. It is incredible, but true, that Parliament will not be delivering an opinion on the Commission's proposals. This will be incomprehensible for public opinion. But we have found ourselves in this situation by rejecting paragraph 2. The result is that we are no longer delivering an opinion. The resolution now no longer states where we agree or disagree with the 3 %.

Hence my motion on this urgent matter. I have drawn up a rough draft of a text which I would submit to Parliament :

The European Parliament, having regard to the rejection of paragraph 2 of the motion for a resolution contained in the Kofoed report, thus delivers no opinion on the Commission's proposals; believes that this cannot be what is intended and requests the Commission to note that it considers its proposals inadequate and feels that they must be adjusted.

That is the next of the motion I propose. I request the adoption of urgent procedure, pursuant to the Rules of Procedure, in order to submit this text to Parliament for approval. The Rules of Procedure entitle me to request the President to submit this text to Parliament for an urgent decision.

**President.** — I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — *(DK)* Mr President, I agree with Mr Bertrand that Parliament has got itself into a very serious and unfortunate situation, and I should like to ask if it would not still be possible to reach a form of compromise. Compromises are rarely satisfactory to all sides, and there is a saying that the greater the dissatisfaction, the better the compromise.

I should like to read a text and I hope Members can accept it, or at least refrain from voting against it. As I have to read it in English, I shall read it as slowly as possible :

2. Believes while accepting the intention of the Commission's overall price-increase of 3 %, 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' ;

Mr President, I know that this wording cannot satisfy everybody. I myself am not completely satisfied with it, but I think it is important that we obtain a majority for paragraph 2. One thing in its favour is that it gives the Commission and the Council room to manoeuvre without tying ourselves to a specific percentage. I

therefore hope it will be favourably received. It is an attempt to reach a broad compromise in this House.

*(Applause from various quarters)*

**President.** — I call Lord Bruce.

**Lord Bruce of Donington.** — Mr President, the present position is that paragraph 2 has been rejected, and I venture to suggest that that is an accurate reflection of the view of Parliament. Parliament has not been able to arrive at a consensus and there is nothing particularly discreditable about that. It has just been impossible to arrive at one, and the world and the Commission can draw what conclusion they like from that. There is absolutely no justification for introducing emergency amendments at this stage. In any case they are out of order. I would suggest we continue with the order of the day.

*(Mixed reactions)*

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — *(D)* Mr President, I think that in this difficult situation we must reach a compromise which is compatible with the Rules of procedure and also makes it clear to public opinion why Parliament has for the last two days been discussing agricultural prices and also structure and other matters referred to in the Kofoed report. The Rules of Procedure must indeed be taken into consideration and we must beware on infringing them. They must not, however, be interpreted in so pedantic a fashion that our hands are tied politically. Owing to conflicting points of view, paragraph 2 of the motion for a resolution has now been deleted following a clear vote. It cannot now be replaced by a new paragraph 2, because Mr Kofoed is no longer empowered to act on behalf of the Committee on Agriculture. He has made a proposal merely in a personal capacity, and I think his proposal is politically very intelligent, because it has a chance of being approved by the majority of this House.

I therefore suggest that we proceed as follows. Voting on the motion for a resolution should now continue. When the final vote on the motion has been taken, we should follow Mr Bertrand's recommendation and hold an urgent debate pursuant to Rule 14 of the Rules of Procedure, the upshot of which would be a motion for a resolution and this motion would be the text proposed by Mr Kofoed. In that way the House would be adopting an opinion on the Commission's proposal. We cannot, however, suddenly replace a paragraph which has been rejected. Parliament's actual political position on the prices must therefore now be embodied in a completely separate motion for a resolution.

*(Applause from various left-wing benches)*

**President.** — I call Mr Alfred Bertrand.

**Mr Alfred Bertrand.** — (NL) Mr President, I fully support Mr Fellermaier's proposal. We might now finish dealing with the motion for a resolution and then submit the motion for urgent procedure to Parliament. According to the Rules of Procedure, this can be done separately from the Kofoed report. If you are agreed, I shall immediately draw up a definitive text so that it can be translated in good time.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) I was under the impression that Mr Liogier told us just now that the Group of European Progressive Democrats had made a mistake in its voting because of the speed with which the vote was taken.

I should like, however, to insist once again that there is a majority in this House — in fact, I would even say a great majority — in favour of paragraph 2, which has been rejected for the reasons just mentioned.

I have no objection to our proceeding along the lines proposed by Mr Fellermaier and Mr Bertrand. One thing is perfectly clear, of course, and that is that we shall have only a watered-down version of what actually was in paragraph 2, even though the debate has made it clear what the majority in this House wants. The Commission will certainly have taken note of that also.

Mr Fellermaier expressed in a slightly different manner what I have put very clearly, when he said that the matter had been rejected 'for conflicting reasons'. He is right, of course, but the position is still as I outlined it. My only concern is to point out that the wishes of this House are clear beyond all shadow of doubt.

For purely formal and procedural reasons, I agree that we should proceed along the lines proposed by Mr Fellermaier and Mr Bertrand.

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — I would suggest, Mr President, that the very reasonable proposal put forward by the rapporteur, Mr Kofoed, does merit serious consideration by this House. It is a sensible proposal and incorporates what we must incorporate in the eventual report — a measure in relation to prices. He suggests quite clearly, and expresses the intention of this Parliament in his amendment, that we are dissatisfied with the overall price increase of 3 % and that we appreciate as a Parliament that it will lead to a reduction in incomes in production sectors of Member States. This, in my view, is a very acceptable amendment which would command respect and, I think, support right across the House without getting into any further procedural wrangles or unnecessary hassles of a legalistic or procedural nature. I would like to commend Mr Kofoed and ask that we unanimously support his particular proposal.

**President.** — I call Mr Yeats.

**Mr Yeats.** — Mr President, I accept everything that Mr Lenihan has said, but I would like to add this. It would appear that in accordance with our Rules of Procedure, as recently amended, the proposal of Mr Bertrand cannot be carried out, because, as recently amended, Rule 14 now reads in the second part of paragraph 1 :

As soon as the President receives a request for urgent debate, he shall inform Parliament of the fact ; the vote on that request shall be taken at the beginning of the next sitting.

That is, we cannot vote until next April in Strasbourg.

(Loud laughter)

**President.** — I call Mr Lücker.

**Mr Lücker.** — (D) Mr President, I feel that we should not allow our political deliberations on this subject in our Assembly to be reduced to the level of absurdity by purely formalistic or legalistic considerations, as we are in danger of doing. I am prepared to accept the point made by the chairmen of the political groups, Mr Bertrand and Mr Fellermaier. If we want to be as formalistic as Mr Yeats, then we can introduce a motion for urgent procedure, and if this urgent procedure is adopted by the House after a vote, then we can adjourn the sitting for ten minutes and convene the next sitting, at which we can then vote on this matter. From the purely formalistic point of view, this would possibly take care of the whole matter.

If we are prepared to agree to a compromise on this matter, then I think we should accept the suggestion made by Mr Fellermaier and Mr Bertrand, which has also been favoured by my colleague, Mr Klepsch. There is only one thing, however, Mr President, that I feel should be made clear, and it is this. If a procedure along these lines is used here, Mr Bertrand, then it must obviously be possible, not only for one motion for urgent procedure to be tabled but also for two such motions if necessary. That will give the House an opportunity to decide whether it is prepared to accept one or the other. That is the only point I should like to make. If this is accepted, I think that everyone will be prepared to accept the procedure without being too legalistic about it, so that we can still arrive at a political decision today.

(Laughter)

**President.** — I call Sir Peter Kirk.

**Sir Peter Kirk.** — Mr President, may I make two points very briefly? Firstly, the argument of Mr Liogier and my friend, Mr Klepsch, I am afraid holds no water at all. It will be within the recollection of the House that that vote was taken not once but twice.

Kirk

And if at the end of two votes the DEP still did not know where they were, then really they must have passed the time between the two sessions rather better than the rest of us did.

The second point I want to make is this. The majority of the members of the Conservative Group must leave not later than one hour and 25 minutes from now. I apologize for that. We are, I think, among the better attenders in this House. It is regrettable that we have to leave on this particular occasion. We wish to vote on this. Is it possible that we can now get on with the business of the day and do some voting?

President. — I call Mr Houdet.

Mr Houdet, *chairman of the Committee on Agriculture*. — (F) Mr President, I would like to appeal to the House's common sense.

Four amendments have been tabled on paragraph 2 and they have been rejected. We then voted on paragraph 2, which had been discussed at great length in the Committee on Agriculture and adopted by a small majority. This paragraph 2 was also rejected. I am not therefore asking for another vote on this paragraph, but we shall be in an impossible situation unless we shoulder our responsibilities and forward to the Council of Ministers the text of a resolution. However, a resolution without paragraph 2, which deals with prices, would be meaningless. I think we should follow the advice of our rapporteur, who has tried to find a compromise which we can all support. I would ask you, therefore, Mr President, if we can put to the vote the text which Mr Kofoed has just read out, which should be acceptable to all of us.

(Applause from certain quarters)

President. — I therefore have two proposals: the first for a vote at the end of the sitting on a motion for a resolution with request for urgent procedure under Rule 14 of the Rules of procedure, the second for the admission of an oral amendment presented by the rapporteur.

If all the political groups agree to this second proposal, we can vote on it straight away; otherwise, I shall have to consult the House on the adoption of urgent procedure.

I call Mr Laban.

Mr Laban. — (NL) I shall be very brief because our British colleagues must return and we must hold the vote. I fully support the proposal made by the chairman of the Committee on Agriculture.

After paragraph 2 was rejected Parliament accepted an adjournment, on a proposal from the rapporteur, in order to give him the opportunity to submit an amendment. He has now done so, and I have the feeling that the majority is in favour of it. I understand the procedure proposed by Mr Bertrand, but Mr Yeats has pointed out that there are already some

things which cannot be dealt with until next month. Parliament has agreed to allow the rapporteur to submit an amendment and he has read it out loudly, clearly and slowly. We can now decide what we want to do.

President. — In accordance with the proposal made by Mr Houdet, I consult the House on the admissibility of the oral amendment presented by Mr Kofoed.

That is agreed.

We shall now consider Mr Kofoed's amendment, which reads as follows:

2. Believes, while accepting the intention of the Commission's overall price increase of 3 %, 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;.

I call Mr Carpentier.

Mr Carpentier. — (F) Mr President, an amendment of this importance needs reflection. We should be given an opportunity to analyse it, it is too important for all those whose work is connected with agriculture. Many of us are surprised by this suggestion. This is a very vague amendment, and indeed contradictory. There is perhaps going to be some confusion about the vote. If our Assembly does not present specific proposals to the Council, it will lose its credibility. We must give the Council proof of our determination, but not in a vague and confused manner.

(Cries of 'Vote!')

President. — I should like to make two observations. First, paragraph 2 no longer exists, and it is impossible to call it back into existence by mere words. Secondly, Parliament has already voted for the admissibility of this amendment; consequently, those who are opposed to it or have reservations have no alternative but to vote against it.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, on this matter I must support my colleague, Mr Carpentier. Yesterday, there was a debate on all the amendments. This new amendment by Mr Kofoed is not simply a change in wording by a rapporteur; it is an amendment that involves a basic political issue. If the House now permits this amendment to be tabled, Mr President, then that automatically means that it must also permit a debate to be held on it, since this is not a mere change in wording but a clear political statement. Mr Carpentier, therefore, and indeed all our other colleagues as well, have a right to have their views, whether favourable or unfavourable, heard on this amendment before we proceed to a vote. This is no mere procedural discussion, but a political debate on an important issue.

(Shouts of 'Get on with the voting!')

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) If the Assembly decides that the amendment is admissible, this does not mean that we must neglect our usual procedures for considering amendments. We must have time to think. My first reactions are very unfavourable, and I apologize, because I realize the efforts the rapporteur has made to find common ground.

But I reject the two proposals inspired by this desire for a consensus. Mr Kofoed starts by saying that he accepts 3 %, and I cannot accept that figure. Secondly, he says that this will lead to great difficulties, and I do not agree that these difficulties should be allowed to arise.

To a logical mind, this text is unacceptable. We cannot adopt it without submitting it to the committee, or to a political group, Mr President. Since we have decided to consider it, we have the right to open the procedure for considering it.

*(Applause from the left)*

**President.** — I call Mr Alfred Bertrand.

**Mr Alfred Bertrand.** — (NL) Mr President, I should like to make a suggestion in order to save time for the benefit of our British colleagues. Would it not be possible for the chairman of the six groups to meet Mr Kofoed and in the meantime for us to carry on with the voting on all the other amendments? In this way we can try to find a compromise and thus avoid extending the debate for another hour. The problem is that, if we let another debate begin on Mr Kofoed's amendment, that will take up yet another hour. I want to avoid that. Hence my proposal that the chairmen of the six groups should meet and try to agree on a proposal. In the meantime you could carry on with paragraphs 3, 4, 5 and 6.

*(Applause)*

**President.** — I call Mr Houdet.

**Mr Houdet, chairman of the Committee on Agriculture.** — (F) I agree with Mr Bertrand. We have a timetable to respect, and I think that you could continue the discussion on the other paragraphs. The chairmen of the groups and, if they permit, the chairman of the Committee on Agriculture could meet with the rapporteur and we could then make a proposal on behalf of the groups. I would like to press strongly for Mr Bertrand's request to be accepted.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, I deplore this whole discussion. We are talking about a crucial point in the agricultural proposals. The groups have spent days discussing it and the Committee on Budgets has

discussed it too. Mr Kofoed's amendment is quite clear. There have already been similar amendments. Anyone who has seen the documents knows what is involved here, though there is, of course, still time for consultation. If it will speed things up, I have no objection to the chairmen of the groups meeting in order to agree on a definitive text. But we cannot carry on with the voting in the absence of our rapporteur, as he will have to comment on each of the following amendments. I therefore recommend that the chairman of the Committee on Agriculture should consult the chairmen of the groups but that the rapporteur should stay here. Otherwise we cannot proceed.

**President.** — I call Sir Peter Kirk.

**Sir Peter Kirk.** — Mr President, I was about to make the same point that Mr Laban has just made. Could I add something else? This is the key vote. I think that my colleagues, if we were permitted to vote on this amendment, could then, whichever way we voted, go away satisfied that we had discharged our duty to our constituents. If therefore, it would help Parliament to have a debate on this amendment, which could be concluded in, say, 40 minutes, I think we could vote upon it and honour would be satisfied on all sides. If I could suggest that as a possible way out of the situation, Sir, why do we not proceed to debate this amendment for about 40 minutes, till about 3.30 p. m. and then have a vote on it?

**President.** — I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, I think we do not need to have any further discussion on the form of the amendment, as the House has already decided on this. We must now get down to discussing the content of the amendment. Now we are all in the same situation on this, as Mr Spénale pointed out so brilliantly just now. Nothing will be achieved either by having the group chairmen discuss it, since the difference in views cuts across group boundaries. I should like, therefore, to make a compromise proposal. Mr President, everyone must now yield a little in this matter, unless we want this debate to end in a fiasco. I should like to propose, therefore, that we replace the word 'accept' by the word 'note'. In this way we would be taking neither a positive nor a negative view. We would simply be noting the 3 % price proposals but pointing out the difficulties involved. In so doing a compromise would have been found between those who do not agree but can no longer vote and those who are in agreement and also can no longer vote.

Mr President, if you would put this proposal of mine to the vote, then we should at least have some indication as to whether a compromise of this kind is possible.

*(Mixed reactions)*

**President**

**President.** — I therefore have two proposals : one, by Sir Peter Kirk, to debate Mr Kofoed's oral amendment during this sitting on the grounds that it contains a key point; the other, by Mr Bertrand, to call a meeting of the chairman of the Committee on Agriculture, the chairmen of the political groups and the rapporteur for the purpose of finding a consensus.

I call Mr Covelli.

**Mr Covelli.** — *(I)* Mr President, I do not think it is right to remove from the chamber a discussion on a point which has been described as crucial, especially since it has become clear that even among the groups themselves there is no consensus on the subject.

Among other things, I would like to point out once more that it is highly improper to submit a matter to the political groups for discussion without allowing the unattached members of this Assembly to attend.

We cannot withdraw from the plenary assembly rights which it is your duty, Mr President, to safeguard.

**President.** — I call Mr Spénale.

**Mr Spénale.** — *(F)* Mr President, you are in a difficult position as we all are. We have agreed to try to improve the text orally.

It seems to me that Mr Aigner's suggestion improves Mr Kofoed's proposal, which I found contradictory since it accepts something while saying that it will lead to great difficulties. Mr Aigner removes this contradiction by saying: 'while noting the proposal for 3 %, we point out that it will create difficulties'. I can support this suggestion because the contradiction disappears. If other Members feel the same way as myself, we could perhaps end this deadlock.

**President.** — Would Mr Aigner read out his text?

**Mr Aigner.** — *(D)* Mr President, I am not in a position to read the text, as I do not have it before me. I merely want to replace the word 'accepts' by the word 'notes'. In this way we shall express no opinion on the 3 % nor even on the 5 %; we simply say: 'we note', but point to the difficulties involved. This, I think, just about hits off the view held by a majority of the members of this Parliament, and those who had held another view can agree with this when it comes to the voting. I think that that is what Mr Spénale proposed just now. Of course, it is the rapporteurs proposal I am referring to. That is obvious.

**President.** — I call Mr Alfred Bertrand.

**Mr Alfred Bertrand.** — *(NL)* Mr President, I accept the proposal made by Mr Aigner and Mr Spénale to draw up a text along these difficulties.

**President.** — I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — *(DK)* Mr President, I agree with Mr Spénale that we must extricate ourselves from this situation. I also think that we would do well to take note of it.

The House has expressed its view, and in my opinion the text is now exactly right. Parliament can now go on to the next item. I can accept the wording 'takes note of'.

*(Applause)*

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — Mr President, I want to say that the approach adopted by our dear colleague, ex-President Spénale, and the approach adopted by Mr Aigner and now accepted by the rapporteur is totally acceptable as far as our group is concerned. I feel we can unanimously adopt this compromise in regard to paragraph 2, and that will show that we are a mature, sensible assembly here.

*(Laughter)*

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — *(D)* Seeing that this is how matters stand, I should like to ask the Commission's representative, Vice-President Gundelach, to give us the Commission's opinion, as he is always only too happy to join in a discussion.

*(Mixed reactions)*

**President.** — I call Mr Lücker.

**Mr Lücker.** — *(D)* Mr President, I am one of the oldest Members of this House and have belonged to it from the very beginning. It has never yet been heard of in this Parliament that a member of the Commission took the Floor during a vote. We are now engaged in voting, and I think we should abide by this parliamentary usage.

*(Applause)*

**President.** — Mr Lücker, let us not raise any more questions of procedure, otherwise we shall not get out of the *impasse* which we are now in. I have not yet put the matter to the vote, and we still at the stage of discussion.

The Commission has been asked for its opinion. I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.**

— In only take the floor because a Member of the House has asked me to state my opinion. I explained at some length the decision of the Commission this morning. It would have followed from the analysis I gave this morning that, even in the form which has now been suggested for paragraph 2, the text goes too far for the Commission to accept.

**President.** — I call Mr Durieux.

**Mr Durieux.** — *(F)* Mr President, I am almost embarrassed at not having spoken yet! I would ask urgently to move to the vote. I think everyone agrees that we should vote now on the proposal by Mr Spénale and Mr Aigner.

*(Applause)*

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, let me put this a little more clearly. If we accept Mr Aigner's suggestion we shall be taking note of the increase without giving an opinion on it. It seems to me that this will be of no use to the Commission and the Council. I believe that Parliament should give an opinion and that we must retain Mr Kofoed's original text. It may perhaps be contradictory, but here we are taking note of something and then saying 'it's no good'.

(Murmurs of dissent)

**President.** — That is an observation on the substance. I call Mr Radoux.

**Mr Radoux.** — (F) Mr President, allow me to make two comments. Firstly, we clearly cannot vote on a contradictory text. Secondly, Mr Aigner has made a sensible proposal and there is no need to have it written, that would waste time. I think the Assembly should move to the vote immediately.

**President.** — Since the matter has now been amply discussed, I put to the vote Mr Kofoed's oral amendment as modified by Mr Aigner:

2. Believes, while noting the intention of the Commission's overall price increase of 3 %, 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;

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The amendment is adopted.

(Applause)

On paragraph 3, I have the following three amendments:

- Amendment No 54, tabled by the Communist and Allies Group:

After 'stability of the agricultural markets', insert the following text:

..., and believes that the economic policies of the Member States should encourage efforts to obtain the maximum benefit from the internal resources of the individual countries, particularly those with the largest balance of payments deficit; this means that steps should be taken:

- to dispense with measures aimed at reducing milk production in countries, such as Italy, where it is already inadequate and, more generally, to introduce the principle that each country should try to reach a certain degree of self-sufficiency in all sectors where production is very inadequate;
- to introduce more substantial price-increases for such products as durum wheat, which can be grown in areas which would otherwise be unsuitable for exploitation (for example, the mezzogiorno hill regions) and to give more encouragement to labour-intensive

production in sectors with a high level of unemployment (wine, fruit and vegetables, olives); and

- to take more account, in fixing the prices for the various agricultural products, of the need to restabilize trade balances and in particular:

- a) to reduce maize prices in order to prevent excessive discrepancies between internal prices and world prices in a year when exports from third countries have increased considerably; also to permit national aid in the interest of maize production; and

- b) to grant temporary exemptions from certain Community norms where they are essential to the restoration of a healthy balance of payments, for example by permitting, for limited periods, restrictions on certain imports and by temporarily authorizing duty-free imports from third countries whenever differences between internal supply and demand exceed certain proportions;

- Amendment No 42, tabled by the European Conservative Group:

This paragraph to read as follows:

3. Emphasizes that the economic and monetary policies of the Member States are of critical importance to increases in consumer prices and the stability of the agricultural markets;

- Amendment No 69, tabled by the Socialist Group:

The last part of this paragraph to read as follows:

... and does not think that the Common Agricultural Policy can be held *wholly* responsible for the effects of those policies;

These amendments are mutually exclusive, but may be considered jointly.

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I cannot accept Amendment No 54, as it puts forward a protectionist policy, and this within the European Community. That cannot be right. Of the other texts, Amendment No 42 is worded more clearly and I would not oppose acceptance of this text. The House can choose between No 42 and No 69. As far as I am concerned, either text could be chosen and the original would be improved, but I cannot accept the wording of Amendment No 54.

**President.** — I put Amendment No 54 to the vote.

Amendment No 54 is rejected.

I put Amendment No 42 to the vote.

Amendment No 42 is rejected.

I put Amendment No 69 to the vote.

Amendment No 69 is adopted.

I put paragraph 3, thus amended, to the vote.

Paragraph 3, thus amended, is adopted.

On paragraph 4, I have Amendment No 43, tabled by the European Conservative Group:



**President**

In this paragraph, add the word 'properly' after the phrase 'unable to function'.

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I accept the amendment.

**President.** — I put Amendment No 43 to the vote. Amendment No 43 is adopted.

I put paragraph 4, thus amended, to the vote.

Paragraph 4, thus amended, is adopted.

On paragraphs 5 and 6, I have the following six amendments:

- Amendment No 7, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets, deleting these two paragraphs;
- Amendment No 67, tabled by the Socialist Group, deleting paragraph 5;
- Amendment No 18, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats:

Paragraph 5

This paragraph to read as follows:

'5. Regrets the confusion established in a more or less deliberate manner by the Commission between the agricultural price proposals and the adjustments of exchange-rates, and advocates the progressive and orderly elimination of compensatory amounts'.

- Amendment No 44, tabled by the European Conservative Group:

Paragraph 6

In this paragraph, replace the phrase

'and considers, furthermore, that the green rate for the £ Irish should be immediately devalued in full'

by

'and considers that the green rates for the £ sterling and £ Irish should be brought into alignment as soon as possible to avoid creating further distortions of competition'.

- Amendment No 34, tabled by Mr Ligios, Mr Pisoni and Mr Pucci:

Paragraph 6

Add the following to this paragraph:

'...; considers that a 7 % devaluation of the 'green' rate for the Italian lira would be more suitable in the present situation and would reduce at least in part the adverse effect of monetary compensatory amounts';

- Amendment No 59, tabled by Mr Ligios, Mr Pisoni, Mr Pucci and Mr Brugger on behalf of the Christian-Democratic Group:

'...; considers also that the "green" rate for the Italian lira should be devalued by 7 %';

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, out of all these amendments I do not think that any

improved the wording of paragraphs 5 and 6. I would only say to Lord Bruce that I cannot understand why he does not want more flexible figures to be obtained for each country, as is called for in paragraph 6, and I do not agree with the Socialists that paragraph 5 should be deleted. I therefore cannot recommend these amendments, and I call on the House to vote against all of them.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) I repeat the request I made yesterday that we should vote separately on paragraph 6, especially the last clause concerning the immediate adjustment of the Irish 'green pound', since that is something which many members of my group will not sacrifice.

**President.** — Certainly, we shall vote on that item by item.

I put Amendment No 7 to the vote.

Amendment No 7 is rejected.

Amendment No 67 has been withdrawn.

I put Amendment No 18 to the vote.

Amendment No 18 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

We proceed to the amendments concerning paragraph 6.

I put Amendment No 44 to the vote.

Amendment No 44 is rejected.

Amendment No 34 has been withdrawn.

I put Amendment No 59 to the vote.

Amendment No 59 is rejected.

I put to the vote the first part of paragraph 6, ending with the words '... must realign its prices'.

The first part of paragraph 6 is adopted.

I put to the vote the second part of Paragraph 6, beginning with the words 'also stresses the fact' and ending with 'devalued in full'.

The second part of paragraph 6 is adopted.

On paragraph 7, I have the following 5 amendments:

- Amendment No 45, tabled by the European Conservative Group, deleting this paragraph;
- Amendment No 8, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets:

This paragraph to read as follows:

'7. Considers that much confusion has arisen from the linking of the price proposals with adjustments to green rates, particularly in Member States with weak currencies, and therefore insists that the price proposals and the adjustment to green rates be considered as separate issues';

**President**

- Amendment No 63, tabled by Mr Fröh on behalf of the Christian-Democratic Group :

This paragraph to read as follows :

- '7. Approves the Commission's proposal for a regulation relating to the fixing of representative exchange-rates in the agricultural sector, but points out that adjustment of the 'green' rates of countries with revalued currencies should be linked to the fixing of agricultural prices at the beginning of a marketing year, taking into account agricultural cost-trends in the Member State in question, so as to avoid loss of income and social difficulties ;'

- Amendment No 78, tabled by the Socialist Group :

This paragraph to read as follows :

- '7. Calls for a solution to the problem arising from monetary compensatory amounts pending the restoration of stability to the economic and monetary situation ;'

- Amendment No 2, tabled by Mr McDonald, Mr l'Estrange and Mr Creed :

In this paragraph, delete the words :

'until stability returns to the economic and monetary situation'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I am against these various amendments, as the original text is clearer. I should like to make a further comment on Amendment No 63, tabled by the Christian-Democratic Group. My reason for rejecting this amendment is that we should await the Gibbons report, which has not yet been debated in Parliament. I therefore do not think that the original text should be altered.

**President.** — I put Amendment No 45 to the vote.

Amendment No 45 is rejected.

I put Amendment No 8 to the vote.

Amendment No 8 is rejected.

I put Amendment No 63 to the vote.

Amendment No 63 is rejected.

I put Amendment No 78 to the vote.

Amendment No 78 is rejected.

Amendment No 2 has been withdrawn.

I put paragraph 7 to the vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Paragraph 7 is adopted.

After paragraph 7, I have Amendment No 13, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets :

After paragraph 7, add the following new paragraph :

- '7a. Calls for the deletion of the proposal for a regulation on the exchange-rates to be applied in agriculture and repealing Regulation (EEC) No 557/76 ;'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I am against Lord Bruce's proposal.

**President.** — I put Amendment No 13 to the vote.

Amendment No 13 is rejected.

On paragraph 8, I have Amendment No 55, tabled by the Communist and Allies Group :

This paragraph to read as follows :

- '8. Stresses that price policy, although not in itself sufficient to bring about structural modifications, does nevertheless have an appreciable effect on production patterns ; therefore emphasizes that, to achieve an effective structural policy, the measures in respect of agricultural prices must not conflict with the structural aims to be pursued at Community level and at various national levels ;'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I think this does not alter the sense of paragraph 8, but makes it less clear. I think that paragraph 8 says the same thing in a clearer and more original way, and I therefore oppose this amendment.

**President.** — I put Amendment No 55 to the vote.

Amendment No 55 is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

After paragraph 8, I have Amendment No 40, tabled by Mr Howell :

After paragraph 8, add a new paragraph worded as follows :

- '8a. Urges the Commission to create marketing authorities and to delegate to them responsibility for production planning and discipline in each of the major agricultural sectors in order to give effective guidance to European producers ;'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I cannot accept this amendment. I do not think it belongs in the Community.

**President.** — I put Amendment No 40 to the vote.

Amendment No 40 is rejected.

On paragraph 9, I have Amendment No 68, tabled by the Socialist Group :

In this paragraph, replace the words 'only a limited effect' by 'varying effects'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I agree to the last proposal. If it is an addition to the paragraph, I can accept it as an addition.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) It is quite possible to make this addition, by a slight redrafting which could, I suppose, be done by the drafters. The meaning would be: 'will have only limited and varying effects'.

**President.** — I put Amendment No 68, as modified, to the vote.

Amendment No 68, as modified, is adopted.

I put paragraph 9 to the vote.

Paragraph 9, thus amended, is adopted.

After paragraph 9, I have Amendment No 77, tabled by the Socialist Group:

After paragraph 9, add a new paragraph worded as follows:

'9a. Calls upon the Commission to make a study of the difference between the producers' prices and consumer prices and the effects on prices of the system of production and distribution';

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I accept this amendment, for nobody would oppose such an investigation.

**President.** — I put Amendment No 77 to the vote. Amendment No 77 is adopted.

I put paragraphs 10, 11 and 12 to the vote.

Paragraphs 10, 11 and 12 are adopted.

On paragraph 13, I have Amendment No 35, tabled by Mr Ligios, Mr Pisoni and Mr Pucci:

Add the following to this paragraph:

'... but considers that the increase proposed for the target price and intervention price of maize is too high and does not correspond to the actual difference in nutritional value between barley and maize';

This amendment has been withdrawn.

After paragraph 13, I have the following two amendments:

— Amendment No 37, tabled by Mr Ligios, Mr Pisoni and Pucci:

After paragraph 13, add the following new paragraph:

'13a. Recalls the difficulties involved in applying the reference price for wheat of bread-making quality because of the slowness of the existing procedure, which encourages speculation to the detriment of Community producers; therefore requests the Commission to modify this system';

— Amendment No 46, tabled by the European Conservative Group:

After paragraph 13, add a new paragraph worded as follows:

'13a. Believes that the Commission should encourage the production of cereals in the Community, especially

wheat and maize, and invites the Commission to consider the possibility of offering special inducements to dairy-farmers to convert to cereal production (such inducements may include ploughing-up grants);'

**President.** — These two amendments may be considered jointly.

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, on paragraph 13a, I would say that this could be done in a few years' time, but not at the present moment. I cannot accept the two amendments and will therefore vote against.

**President.** — I put Amendment No 37 to the vote.

Amendment No 37 is approved.

I put Amendment No 46 to the vote.

Amendment No 46 is approved.

On paragraph 14, I have Amendment No 32, tabled by Mr Ligios, Mr Pisoni and Mr Pucci, adding the following to this paragraph:

'... asks also for the same increase in durum wheat prices as that granted for other cereals';

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I think that the original text makes it clear that it is the quality which will give the price increase, and I think that the original text is better than Amendment No 32. I think that the quality should determine the price and not the quantity.

**President.** — I put Amendment No 32 to the vote.

Amendment No 32 is adopted.

I put paragraph 14, thus amended, to the vote.

Paragraph 14, thus amended, is adopted.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

On paragraph 16, I have Amendment No 30, tabled by Mr Ligios, Mr Pisoni and Mr Pucci:

This paragraph to read as follows:

'16. Asks for an increase in the target price for rice equal to that granted for maize in order to maintain the price relationship with that product and discourage excessive imports';

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) The aims of paragraph 16 were to call on the Commission to encourage the production of other varieties of rice, and in doing so to make available the necessary funds. I therefore think that the original text is more positive than that proposed by Mr Ligios. I am against this amendment.

**President.** — I put Amendment No 30 to the vote.

Amendment No 30 is adopted.

I put paragraphs 17 and 18 to the vote.

Paragraphs 17 and 18 are adopted.

On paragraph 19, I have the following two amendments :

- Amendment No 60, tabled by Mr Ligios, Mr Pisoni, Mr Pucci and Mr Brugger on behalf of the Christian-Democratic Group ;

This paragraph to read as follows :

'19. Asks that the Commission's future proposals on the common organization of the market in olive oil, which it has promised to present with the minimum of delay, should take full account of the need to guarantee the equilibrium of the market and a fair income for producers ;'

- Amendment No 28, tabled by Mr Ligios, Mr Pisoni and Mr Pucci :

This paragraph to read as follows :

'19. Asks that the Commission's future proposals on the common organization of the market in olive oil, which it has promised to present with the minimum of delay, should take full account of the need to guarantee the equilibrium of the market and a fair income for producers ;'.

This amendment has been withdrawn.

What is the rapporteur's view on Amendment No 60 ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, in my opinion the demands in this amendment cannot be met, for if there is to be equilibrium in the market, it will not be brought about by this text. I think the steps referred to in paragraph 19 of our original proposal will do more to help olive-oil production.

**President.** — I put Amendment No 60 to the vote.

Amendment No 60 is adopted.

After paragraph 19, I have the following two amendments :

- Amendment No 61, tabled by Mr Ligios, Mr Pisoni, Mr Pucci and Mr Brugger on behalf of the Christian-Democratic Group :

After paragraph 19, add the following new paragraph :

'19a. Considers that the 1 % increase in the target price for olive oil expressed in u.a. is inadequate, since it has remained unchanged over the last two marketing years despite increased production costs, and asks for an increase of at least 3 % ;'

- Amendment No 29, tabled by Mr Ligios, Mr Pisoni and Mr Pucci :

After paragraph 19, add the following new paragraph :

'19a. Considers that the 1 % increase in the target price for olive oil expressed in u.a. is inadequate, since it

has remained unchanged over the last two marketing years despite increased production costs, and asks for a substantial increase in this price ;'

Amendment No 29 has been withdrawn.

What is the rapporteur's view on Amendment No 61 ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I would just like to say that this is not completely accurate, and it must be added that there has been a 12 % increase for producers because of the divergence of the lira from the unit of account, which has been left out of this calculation. I am not particularly in favour of this amendment, but leave it to Parliament to decide what it thinks is right.

**President.** — I put Amendment No 61 to the vote.

Amendment No 61 is adopted.

On paragraph 20, I have Amendment No 19, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats, adding the following at the end of this paragraph :

'calls on the Commission to draw up a comprehensive Community policy on proteins to counteract the problems arising from high levels of imports.'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I cannot recommend this amendment, as I regard it as incompatible with the Community's obligations under GATT. I should therefore advise against adopting it.

**President.** — I put Amendment No 19 to the vote.

Amendment No 19 is adopted.

I put paragraph 20, thus amended, to the vote.

Paragraph 20, thus amended, is adopted.

After paragraph 20, I have Amendment No 33, tabled by Mr Ligios, Mr Pisoni and Mr Pucci :

After paragraph 20, add the following new paragraph :

'20a. In view of the large surplus of rape-seed oil, which is becoming increasingly difficult to export, considers unjustified and excessive the increase proposed for prices of rape and colza seed ;'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, last year the organization of the market in rape-seed was modified so that the erucic-acid content should determine the future colza and rape crop. I therefore do not think that we can discard this quality system, which is what it is, so soon, and I think we should give the system a chance before starting to modify it.

**President.** — I put Amendment No 33 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 33 is adopted.

On paragraph 21, I have the following two amendments :

— Amendment No 47, tabled by the European Conservative Group and deleting this paragraph ;

— Amendment No 20, tabled by Mr Liogier, Mr Gibbons and Mr Hunalt on behalf of the Group of European Progressive Democrats :

At the end of this paragraph, add the following :

'... and insists on the strict control of expansion of isoglucose production, as it will lead to higher imports of maize to the detriment of the Community's balance of payments'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, isoglucose presents a difficult problem, but I do not think I could go along with the Conservatives' proposal to delete the paragraph entirely. I therefore recommend the rejection of Amendments Nos 20 and 47.

**President.** — I put Amendment No 47 to the vote. Amendment No 47 is rejected.

I put Amendment No 20 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 20 is rejected.

I put paragraph 21 to the vote.

Paragraph 21 is adopted.

On paragraph 22, I have Amendment No 48, tabled by the European Conservative Group :

This paragraph to read as follows :

'22. Believes that planning of Community sugar production must take proper account of preferential sugar imports, and deal fairly and generously with less-developed countries ;'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I am against it.

**President.** — I put Amendment No 48 to the vote. Amendment No 48 is adopted.

On paragraph 23, I have the following three amendments :

— Amendment No 21, tabled by Mr Liogier, Mr Gibbons and Mr Hunalt on behalf of the Group of European Progressive Democrats :

Amend this paragraph to read as follows :

'23. Rejects the proposal for the reduction of the 'B' quota from 135 % to 125 % and calls for strict

observation of preferential imports as well as control of isoglucose production ;'

— Amendment No 49, tabled by the European Conservative Group, deleting this paragraph from the word : 'on the condition that isoglucose ...' ;

— Amendment No 74, tabled by the Socialist Group and identical in wording with Amendment No 49.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I think we have to endorse the Commission's proposal to reduce the 'B' quota to 125 %, and therefore I cannot support Amendment No 21. As to Amendment No 49, I can say that if it is felt that we should also take competition into account, even if we are perhaps unfair towards isoglucose, I can accept the amendment. I would point out that the same tax on 'B' sugar should also be imposed on isoglucose. In my view this would make isoglucose less competitive, and we should therefore be cautious about adopting the second amendment. I am against this amendment too.

**President.** — I put Amendment No 21 to the vote. Amendment No 21 is rejected.

I put Amendment No 49 to the vote.

Amendment No 49 is rejected.

Since Amendment No 49 has been rejected, Amendment No 74 falls.

I put paragraphs 23, 24 and 25 to the vote.

Paragraphs 23, 24 and 25 are adopted.

On paragraph 26, I have the following three amendments :

— Amendment No 3, tabled by Mr McDonald, Mr l'Estrange and Mr Creed, deleting this paragraph ;

This amendment has been withdrawn.

— Amendment No 22, tabled by Mr Liogier, Mr Gibbons and Mr Hunalt, on behalf of the Group of European Progressive Democrats :

This paragraph to read as follows :

'26. Calls upon the Commission to re-examine the reference price for fruit and vegetables, with a view to improving its operation on regulating imports ;'

— Amendment No 36, tabled by Mr Ligios, Mr Pisoni and Mr Pucci :

This paragraph to read as follows :

'26. Calls on the Commission to re-examine the system of reference prices for fruit and vegetables, with a view to improving its operation on regulating imports ;'.

**President**

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, both these amendments seem to me to be worded more clearly than the original text, and I could accept either Amendment No 22 or Amendment No 36.

**President.** — I put Amendment No 22 to the vote. Amendment No 22 is adopted.

Amendment No 36 falls in consequence.

On paragraph 27, I have Amendment No 76, tabled by the Socialist Group:

This paragraph to read as follows;

'27. Believes that the problems of income for fruit and vegetable producers, particularly in the Mediterranean regions of the Community, cannot be solved by price policy alone, but depend on an adjustment of the market organization; in view of the possible enlargement of the EEC, calls for an immediate investigation into the consequences of the Mediterranean policy as regards the production and marketing of agricultural produce in these same regions;'

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I have no objections to Amendment No 76.

**President.** — I put Amendment No 76 to the vote. Amendment No 76 is adopted.

After paragraph 27, I have Amendment No 23, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats, adding the following new paragraph:

'27a. Considers that measures should be introduced to prevent the appearance on the market of wine at prices below the activating price, and asks for the calculation of compensatory amounts to be reviewed in the case of wine since it does not effectively compensate monetary fluctuations'.

What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I oppose it.

**President.** — put Amendment No 23 to the vote. Amendment No 23 is rejected.

On paragraph 28, I have the following two amendments:

— Amendment No 72, tabled by the Socialist Group, deleting this paragraph;

— Amendment No 79, tabled by Mr Lagorce, Mr Brégère, Mr Carpentier, Mr Giraud, Mr Guerlain, Mr Spénale, Mr Faure, Mr Albertini, Mr Amadei, Mr Ajello, Mr Lezzi and Mr Zagari, adding the following to this paragraph:

'... which takes account of genuinely guaranteed production costs';

**Mr Kofoed, rapporteur.** — (DK) Mr President, after Mr Gundelach's speech I am inclined to support the Socialist Group's proposal to delete paragraph 28, as it is technically almost impossible to reach a Community intervention price for wine. I would recommend Amendment No 72 and oppose the others.

**President.** — I put Amendment No 72 to the vote. Amendment No 72 is rejected.

I call Mr Lagorce.

**Mr Lagorce.** — (F) Mr President, I would simply like to point out that an error has crept into the wording of Amendment No 79. It refers to a price which takes account of genuinely guaranteed production costs. This should read 'which takes account of production costs and is genuinely guaranteed'.

**President.** — I put to the vote Amendment No 79 as rectified by its author.

Amendment No 79, as rectified, is adopted.

I put paragraph 28, thus amended, to the vote.

Paragraph 28, thus amended, is adopted.

On paragraph 29, I have Amendment No 50, tabled by the European Conservative Group:

Add the following at the end of this paragraph:

'... and considers unacceptable the fact that some Member States place prohibitively high taxes on imports of cereal-based spirituous beverages from other Member States';

**Mr Kofoed, rapporteur.** — (DK) I must recommend voting against this amendment, as we are dealing with wine here, not whisky.

**President.** I put Amendment No 50 to the vote.

Amendment No 50 is rejected.

I put paragraph 29 to the vote.

Paragraph 29 is adopted.

On paragraphs 30, I have the following two amendments:

— Amendment No 9, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets, deleting the word 'primarily';

— Amendment No 75, tabled by the Socialist Group and of identical purport.

**Mr Kofoed, rapporteur.** — (DK) Mr President, I can accept either amendment, as they simply clarify and improve the wording.

**President.** — I put Amendment No 9 to the vote.

Amendment No 9 is adopted.

Amendment No 75 consequently becomes void.

**President**

I put paragraph 30, thus amended, to the vote.

Paragraph 30, thus amended, is adopted.

After paragraph 30, I have the following three amendments :

— Amendment No 11, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets :

After paragraph 30, add the following new paragraph :

'30a. Considers that Article 1 of the proposal for a regulation fixing the target price for milk and the intervention prices for butter, skimmed-milk powder and Grana Padano and Parmigiano Reggiano cheese for the 1977/78 milk year should be amended as follows :

*Article 1*

For the 1977/78 milk year, the target price for milk and the intervention prices for milk products shall be as follows :

	units of account per 100 Kilograms from	
	1 April 1977	16 September 1977
(a) Target price for milk	16.76	16.76
(b) Intervention price :		
— butter		
— in Ireland	219.92	198.32
— in the United Kingdom	199.63	143.68
— in the other Member States and from 1 January 1978 in all Member States	233.80	223.80
— skimmed-milk powder	91.37	91.37
— Grana Padano cheese :		
— of an age from 30 to 60 days	213.79	219.24
— of an age of at least six months	255.84	261.60
— Parmigiano Reggiano cheese :		
— of an age of at least six months	276.96	282.72'

— Amendment No 12, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets :

After paragraph 30, add the following new paragraph :

'30b. Considers that Article 1, paragraph 1, of the proposal for a regulation fixing the threshold prices for certain milk products for the 1977/78 milk year should be amended as follows :

1. For the 1977/78 milk year the threshold prices shall be as follows :

pilot product of the group of products	units of account per 100 Kilograms	
	from 1 April 1977	from 16 September 1977
1	26.50	26.50
2	107.50	107.50
3	165.00	165.00
4	66.25	66.25
5	86.25	86.25
6	244.50	244.50
7	239.94	239.94
8	196.50	196.50
9	316.00	316.00
10	211.00	211.00
11	194.00	194.00
12	53.00	53.00'

— Amendement No 10, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets.

After paragraph 30, add the following new paragraph :

'30c. Rejects, therefore, any proposal for an increase in prices in the milk sector until such time as the structural surpluses have been absorbed on the market ;'.

What's the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I oppose the intentions behind this amendment, and I also oppose it on the grounds that it does not belong under this paragraph in the motion for a resolution. I therefore recommend Parliament to vote against the amendment tabled by Lord Bruce.

**President.** — I put Amendment No 11 to the vote.

Amendment No 11 is rejected.

I put Amendment No 12 to the vote.

Amendment No 12 is rejected.

I put Amendment No 10 to the vote.

Amendment No 10 is rejected.

## President

On paragraph 31, I have Amendment No 15, tabled by Mr Bourdellès, Mr Cifarelli, Mr Durand, Mr Durieux and Mr Jozeau-Marigné :

This paragraph to read as follows :

'31. Believes that the aid to the consumption of butter recommended by the Commission is an unrealistic measure which will not ensure fair competition between animal and vegetable oils and fats ;'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I think this amendment is a little too strongly worded. If the word 'unrealistic' could be deleted, the amendment would perhaps be acceptable. I think it is too strong to say that the proposed measures are completely useless. If the word 'unrealistic' can be deleted, I have no objections to the amendment.

**President.** — I call Mr Bourdellès.

**Mr Bourdellès.** — (F) I agree to this modification, Mr President.

**President.** — I put Amendment No 15, as modified, to the vote.

Amendment No 15, as modified, is adopted.

After paragraph 31, I have the following six amendments :

— Amendment No 24, tabled by Mr Liogier, Mr Gibbons and Mr Hunault, on behalf of the Group of European Progressive Democrats, adding the following new paragraph :

'31a. Rejects the proposal to penalise milk producers through the application of a corresponsibility levy, which does not in any way constitute a structural measure ;'

— Amendment No 64, tabled by Mr Martens on behalf of the Christian-Democratic Group, adding the following new paragraph :

'31a. Considers that the price of milk should 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 ;'

— Amendment No 62, tabled by Mr Liogios, Mr Pisoni, Mr Pucci and Mr Brugger on behalf of the Christian-Democratic Group, adding the following new paragraph :

'31a. Approves the non-mandatory nature of the measures relating to premiums for the non-marketing of milk and the reconversion of dairy herds in those Member States in which dairy herds have already been reduced by more than 20 % over the last seven years, but feels that derogation ought to be provided for in these countries also as regards the ban on aids to investment ;'

— Amendment No 31, tabled by Mr Ligios, Mr Pisoni and Mr Pucci, adding the following new paragraph :

'31a. Approves in particular the non-mandatory nature of the measures relating to premiums for the non-marketing of milk and the conversion of dairy herds in those Member States in which dairy herds have already been reduced by more than 20 % over the last seven years, but feels that derogations ought to be provided for in these countries also as regards the ban on aids to investment and the co-responsibility levy ;'

This amendment has been withdrawn.

— Amendment No 39, tabled by Mr Ligios, Mr Pisoni and Mr Pucci, adding the following new paragraph :

'31a. Considers, however, that Article 8, paragraph 1, of the proposal for a regulation introducing a system of premiums for the non-marketing of milk and milk products and for the reconversion of dairy herds should be amended as follows :

1. By way of derogation from Article 3 of Regulation (EEC) No 729/70, 25 % of the expenditure increased in connection with the measures provided for in this Regulation shall be financed by the Guarantee Section of the EAGGF. In addition, the Guidance Section of the EAGGF shall refund to the Member States 25 % of the eligible expenditure ;'

— Amendment No 51, tabled by the European Conservative Group, adding a new paragraph worded as follows :

'31a. Insists that the Commission formulate proposals to permit the continued existence of present national marketing-boards after the end of the transitional period ;'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, the most moderate amendment, and the one which I prefer, is that put forward by Mr Martens, Amendment No 64. I do not think it would be advisable to adopt the other amendments and I therefore recommend their rejection, while I can accept Mr Martens' Amendment No 64.

**President.** — I put Amendment No 24 to the vote.

Amendment No 24 is rejected.

I put Amendment No 64 to the vote.

Amendment No 64 is adopted.

I put Amendment No 39 to the vote.

Amendment No 39 is adopted.

I put Amendment No 62 to the vote.

Amendment No 62 is adopted.

I put Amendment No 51 to the vote.

Amendment No 51 is rejected.

I put paragraphs 32 and 33 to the vote.

Paragraphs 32 and 33 are adopted.



**President**

On paragraph 34, I have the following three amendments :

- Amendment No 4, tabled by Mr McDonald, Mr L'Estrange and Mr Creed :

This paragraph to read as follows :

- '34. Emphasizes the social problem represented by the small dairy farmer who cannot easily change to a different kind of farming, but points out that he is not the main contributor to structural surpluses of milk products ;'

This amendment has been withdrawn.

- Amendment No 65, tabled by the Socialist Group :

This paragraph to read as follows :

- '34. Emphasizes the social problem represented by the small dairy farmer, and believes that the most important proposals in this sector are those encouraging the early retirement of farmers and the non-marketing and the beef conversion schemes, which can contribute to the long-term improvement of agricultural structures ;'

- Amendment No 57, tabled by Mr McDonald on behalf of the Christian-Democratic Group :

This paragraph to read as follows :

- '34. Emphasizes the social problem represented by the small dairy farmer who cannot easily change to a different kind of farming, but points out that he is not the main contributor to structural surpluses of milk products ; believes that the most important proposals in this sector are those encouraging the early retirement of farmers and the cessation of milk producing ;'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, Amendment No 65 seems to me to be clearer than the original text, and I can therefore recommend it, but I must oppose Amendment No 57.

**President.** — I put Amendment No 65 to the vote. Amendment No 65 is rejected.

I put Amendment No 57 to the vote.

Amendment No 57 is adopted.

After paragraph 34, I have Amendment No 25, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats :

At the end of paragraph 34, add the following new paragraph :

- '34a. Considers that a moderate price increase should be granted for milk with effect from 1 April ;'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I regard this as redundant, as it is already covered by Mr

Martens' amendment. I therefore ask for the amendment to be withdrawn.

**President.** — I call Mr Rivierez.

**Mr Rivierez.** — (F) On behalf of my group, Mr President, I withdraw the amendment.

**President.** — Since the amendment has been withdrawn, we pass to paragraph 35, on which I have Amendment No 26, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats, adding the following at the end of this paragraph :

'... but considers that the uncertainty caused by the delay in the announcement of new provisions in the beef and veal sector until next July will discourage farmers from producing beef and veal, contrary to the Commission's intention ;'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) I am in favour of keeping the wording proposed in paragraph 25, and I oppose Amendment No 26.

**President.** — I put Amendment No 26 to the vote. Amendment No 26 is rejected.

I put paragraphs 35, 36, 37 and 38 to the vote.

Paragraphs 35, 36, 37 and 38 are adopted.

On paragraph 39, I have the following two amendments :

- Amendment No 14, tabled by Mr Bourdellès, Mr Cifarelli, Mr Durand, Mr Durieux and Mr Jozeau-Marigné :

This paragraph to read as follows :

- '39. Asks the Commission to submit as soon as possible proposals for strengthening the common organization of the markets in the poultry and egg sectors, in particular by encouraging the formation of true inter-trade organizations ;'

- Amendment No 38, tabled by Mr Ligios, Mr Pisoni and Mr Pucci :

This paragraph to read as follows :

- '39. Recalls the Commission's intention to submit proposals for the stabilization of the markets in the egg and poultry sectors and requests that such proposals be presented with the minimum of delay ;'

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I can see that Amendment No 14 is an improvement on the original, and I therefore recommend voting for the amendment, but I ask for the rejection of Amendment No 38.

**President.** — I put Amendment No 14 to the vote.  
Amendment No 14 is rejected.

I put Amendment No 38 to the vote.

Amendment No 38 is adopted.

After paragraph 39, I have Amendment No 27, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats, adding the following new paragraph :

'39a. Considers that pigmeat imports should be subject to strict control so as to safeguard Community production'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, I am against this amendment, as we must be careful not to become too protectionist in the Community.

**President.** — I put Amendment No 27 to the vote.  
Amendment No 27 is rejected.

On paragraph 40, I have Amendment No 56, tabled by the Communist and Allies Group, adding the following to this paragraph :

'... and that at the same time structural modifications can be encouraged or discouraged depending on the principles and guidelines adopted in the interests of price maintenance policy'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) Mr President, the original text is better and I therefore recommend it in preference to Amendment No 56.

**President.** — I put Amendment No 56 to the vote.  
Amendment No 56 is rejected.

I put paragraphs 40 and 41 to the vote.

Paragraphs 40 and 41 are adopted.

On paragraph 42, I have Amendment No 52, tabled by the European Conservative Group, adding the following at the end of this paragraph :

Add the following at the end of this paragraph :  
'... and further calls for the development of infrastructure and housing facilities, and the provision of retraining facilities and family income support schemes so as to facilitate agricultural structural reform by providing greater economic opportunities in the rural sector'.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) The original text was better and I therefore oppose Amendment No 52.

**President.** — I put Amendment No 52 to the vote.  
Amendment No 52 is rejected.

I put paragraph 42 to the vote.

Paragraph 42 is adopted.

On paragraph 43, I have the following two amendments :

— Amendment No 5, tabled by Mr McDonald, Mr L'Estrange and Mr Creed :

This paragraph to read as follows :

'43. Urges the Commission to submit proposals for the improvement of the current structural directives, bearing in mind in particular that the concept of comparable income used in Directive 72/159/EEC may require to be changed because of the effects of inflation'.

— Amendment No 58, tabled by Mr McDonald, on behalf of the Christian-Democratic Group :

This paragraph to read as follows :

'43. Urges the Commission to bring forward proposals for the improvement of the current structural directives, bearing in mind in particular that the concept of comparable income used in Directive 72/159/EEC may require to be changed to allow more farmers to take advantage of the directives'.

I call Mr McDonald.

**Mr McDonald.** — With permissions, Sir, I would like to withdraw Amendment No 5.

**President.** — Amendment No 5 is accordingly withdrawn.

What is the rapporteur's view on Amendment No 58 ?

**Kofoed, rapporteur.** — (DK) Mr President, I could almost ask Mr McDonald to withdraw this amendment too, as it is covered by paragraph 43 of the original text, but I cannot vote for or recommend voting for the amendment. It should be rejected.

**President.** — Does Mr McDonald agree to this suggestion or does he intend to maintain his amendment ?

**Mr McDonald.** — No, Sir, I stand by the amendment as drafted.

**President.** — I put Amendment No 58 to the vote.  
Amendment No 58 is adopted.

I put paragraphs 44, 45 and 46 to the vote.

Paragraphs 44, 45 and 46 are adopted.

On paragraph 47, I have Amendment No 71, tabled by the Socialist Group, deleting this paragraph.

What is the rapporteur's view ?

**Mr Kofoed, rapporteur.** — (DK) I oppose Amendment No 71.

**President.** — I put Amendment No 71 to the vote.  
Amendment No 71 is rejected.

I put paragraph 47 to the vote.

Paragraph 47 is adopted.

Before putting the motion for a resolution as a whole to the vote, Members who wish to do so may give an explanation of vote.

I call Mr Laban.

**Mr Laban.** — (NL) Mr President, I should like to give a brief explanation of vote, though I have not, of course, been able to consult my group on this. We believe that the resolution is much more acceptable now that paragraph 2 no longer refers to a percentage of at least 5 %, despite the fact that the paragraph, as it reads at present, does not say very much.

This is not meant as a criticism, but I must say that, owing to various national commitments, our best friends cannot be present today. Many of our Dutch and Belgian colleagues are absent. Consequently a somewhat distorted picture has emerged of the ideas which prevail in this House. As a result, a large number of amendments have been made to the resolution and they have not improved the text. I have therefore regretfully come to the conclusion that I must advise the members of my group to abstain.

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — On behalf of my group, I would like to say that we are supporting the motion for a resolution that has now emerged after considerable discussion. I would like to emphasize that we are voting for this with one reservation: we feel very strongly that the omission of 'an increase of at least 6.5 % from paragraph 2 does represent a substantial omission. However, paragraph 2 as now drafted — and here I agree with Mr Laban — does leave the matter open for further consideration by the Commission and Council. And on that basis our group proposes to support the whole text.

**President.** — I call Mr Cifarelli.

**Mr Cifarelli.** — (I) Mr President, I would like first of all to extend particular thanks to the rapporteur for his hard work on this report. Through today's debate and votes we have helped to improve the motion for a resolution.

I have to say that the text adopted in place of paragraph 2 is basically that which is closest to the position of principle that we adopted not to give specific figures for proposed increases but to express our demands for a review of the Commission's proposals, while acknowledging its efforts to rationalize the Common Agricultural Policy, particularly at a time when our countries are suffering inflationary pressures.

For this reason we shall vote in favour of the motion for a resolution as it stands after the various votes we have just held.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) I can only give an explanation of my own personal vote, and I may say that it differs from the explanation given by Mr Laban. It is true indeed that paragraph 2 is changed, but paragraph 2

was so full of contradictions in any case that there was nothing much we could make of it. Furthermore, I feel that the resolution as a whole has been considerably disimproved by some of the amendments that have been adopted, and I shall vote against it.

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — (F) Mr President, the French Socialists will continue, in this vote on the text as a whole, not to follow their colleagues in the European Socialist Group, particularly as regards the statement by Mr Laban. We deeply regret that paragraph 2 was not accepted, since the request for a 5 % increase was for us a minimum position.

Nevertheless we have decided to accept, reluctantly of course, the new version tabled by Mr Kofoed, because it insists on the difficulties which the new text will entail. There are therefore some positive features in this text, and for this reason the French Socialists will vote in favour of the motion for a resolution.

**President.** — I call Mr Spinelli.

**Mr Spinelli.** — (I) Mr President, the Communist and Allies Group has done its best to improve this text but has not always succeeded. However, on the main point — where a statement should have been made on prices — the document is quite inadequate. For these reasons our group will abstain.

**President.** — I call Mr Jakobsen.

**Mr Jakobsen.** — (DK) Mr President, I am glad to be able to announce that, on this matter, the European Conservative Group is unanimous and will vote unanimously for the proposal.

(Laughter)

**President.** — Does anyone else wish to speak?

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<sup>1</sup>.

## 6. Presentation of a petition

**President.** — I have received from Mr Cravatte, Miss Lulling, Mr Bousser, Mr Hurt and Mr Schleimer a petition on the European Parliament's contribution to the dissemination of information on the election of the European Parliament by direct universal suffrage.

This petition has been entered under No 3/77 in the 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.

<sup>1</sup> OJ C 93 of 18. 4. 1977.

*7. Dates of the next part-session*

**President.** — There are no other items on the agenda.

I thank the representatives of both Council and Commission for their contributions to our debates. The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 18 to 22 April 1977.

Are there any objections?

That is agreed.

*8. Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

*9. 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 for 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 4.40 p.m.)*