

Annex

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1977-1978 Session
Report of Proceedings
on 18 to 22 April 1977
Europe House, Strasbourg

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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.

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 5.15 p.m.)

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 23 March 1977.

2. *Apologies for absence*

President. — Apologies have been received from Mr Scott-Hopkins, who regrets his inability to attend this part-session.

3. *Tribute*

President. — Ladies and gentlemen, once more this Parliament has been struck a heavy blow: yesterday morning, Sir Peter Kirk died at his home in the City. Born in 1928, Mr Kirk, as he was then, entered the British Parliament in 1955 as a member of the Conservative Party, and served more than one term as Parliamentary Under-Secretary of State for Defence. In 1956, he was a member of the United Kingdom delegation to the Council of Europe, and on 16 January 1973 he joined the European Parliament, where he was nominated chairman of the European Conservative Group.

True to his European vocation, he dedicated himself to the work of building up a new Europe, particularly within the Political Affairs Committee of our Parliament, of which he was a member. In 1976, his work on behalf of Europe earned him the British honour of a knighthood. On behalf of the European Parliament, I have sent messages of condolence to his family and to the European Conservative Group.

On another, less formal, plane, every one of us is aware of the loss Sir Peter Kirk's death means to our Parliament.

In memory of our departed colleague, I ask you to stand in silence for a moment.

(The House rises and observes a minute's silence)

I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, it is with a deep sense of regret that the members of the Commission have learnt of the untimely death of Sir Peter Kirk. I personally made his acquaintance over the last three months in the discharge of my responsibilities as the Commissioner in charge of relations with the European Parliament. This acquaintance, though brief, was based on a genial

informality on the part of Sir Peter which endeared him to each one of the members of the Commission. But it was not only on a personal basis that we learnt to respect Sir Peter's abilities. As you have stated, Mr President, his contributions to public life in his own country, starting with his presidency of his college union, his distinguished membership of the journalistic profession, his services as a Member of Parliament on a number of occasions, and holder of ministerial office with responsibility for naval and army matters, all gave him a profound knowledge of public life which enabled him to make a distinguished contribution to European affairs in the Council of Europe and later as a Member of this Parliament.

He showed at all times a passionate concern for the future of this European Parliament, and it is not too much to say in his memory that many of the procedural changes which have been adopted and have been welcomed owe their origin to Sir Peter's interest and passionate concern shown over the last four years.

I would like, Mr President, speaking on behalf of the Commission of the European Communities, to extend our condolences to all Members of Parliament present, to his political group in particular, and to his family. I join with you in this expression of condolences on behalf of the Commission.

President. — I call Lord Reay.

Lord Reay, Vice-president, of the European Conservative Group. — I should be grateful to you, Mr President, if you were to permit me, as vice-chairman of the European Conservative Group and in the unavoidable absence through sickness of James Scott-Hopkins, to thank yourself, Sir, and Commissioner Burke, on behalf of our group, for the kind words which they have spoken in memory of Sir Peter Kirk, and to add, if I may, a tribute of our own from this group on his tragic death.

We, Mr President, are in a better position than anyone else to know how fortunate we as a group were to have been introduced into this Parliament, and to have been conducted and led in the subsequent four years in this Parliament, by a person of such wisdom, dedication and courage and someone with his degree of political skill and feeling.

Mr President, you have drawn attention to the fact that he was always a European, his experience going back far beyond January 1973, when we joined the Community, into the 11 years which he spent in the Council of Europe. His belief in Europe was unwavering. Indeed, he never hid his personal desire to see one day a federal Europe. Many here will remember how, in the peroration of the first speech which he made to this Parliament, he declared in words of burning idealism his belief in the future of this Parliament. Subsequently, the devotion which he showed towards this Parliament, the work which he did to

Lord Reay

enhance the prestige and status of this Parliament, the industry — perhaps the excessive industry — which he expended towards these objectives in the service of this Parliament, are surely unquestioned. It was for this, and for the part which he played in seeing that Britain should remain a member of the Community throughout that period when the referendum put the question in doubt, it was for these services that in 1976 he received the British honour of a knighthood, a recognition of service which I think has been begrudged him by no one.

Politically he did not divide. He never sought to create a conflict unnecessarily. He never exaggerated the ideological differences which existed between the positions which he stood for and those which his opponents stood for. Thus, his instinct for unification, which, at an international level, was expressed in his Europeanism, lay also at the root of his whole political philosophy.

He was a man of many political gifts, of which for this occasion I would like to recall but one, because it was so often displayed in this House and was perhaps particularly suited for this House, and that was his marvellous capacity to make a condensed speech, without a written note even on the most important occasion, yet without making an error or a major omission, never losing sight of the main point, yet containing the subtlest nuances and reflecting in the most sensitive manner the mood of the occasion — that was true parliamentary art, and any parliament is enriched which contains members who have that calibre.

Sir Peter Kirk's gift and his natural authority qualified him for offices and for functions which he never lived to occupy. All of us must feel the bitterness of the blow of his premature death, but it is to his wife and his children that the thoughts of the members of our group and no doubt of all the Members of this Parliament will go out in their grief and shock. Mr President, I thank you for having permitted me to express some of the feelings which my group has towards a man to whom we owed so much.

4. Appointment of Members

President. — On 7 April 1977, the French National Assembly appointed Mr René Feit and, on 16 April 1977, Mr Michel Inchauspé members of the European Parliament to replace respectively the late Mr Broglie and the late Mr Laudrin.

The credentials of these Members will be verified after the Bureau's next meeting, on the understanding that, under Rule 3 (3) of the Rules of Procedure, they will provisionally take their seats with the same rights as other Members of Parliament.

In the name of all my colleagues and on my own behalf, I extend a cordial welcome to these new Members.

5. Membership of committees

President. — I have received requests

- from the Socialist Group for the appointment of Mr Edwards as member of the Delegation to the Joint Parliamentary Committee of the EEC-Turkey Association, to replace Mr Mitchell;
- from the Liberal and Democratic Group for the appointment of Mr Feit as member of the Committee on Economic and Monetary Affairs; and
- from the Communist and Allies Group for the appointment of Mr Ansart as member of the Committee on Social Affairs, Employment and Education, to replace Mrs Goutmann.

Are there any objections?

These appointments are ratified.

6. Petitions

President. — The Committee on the Rules of Procedure and Petitions has examined Petition No 12/76 on relations between the European Communities and Chile.

At its meeting of 31 March 1977, the committee decided, pursuant to Rule 48 (4) of the Rules of Procedure, to request that this petition be filed without further action since, on the one hand, a debate is scheduled to be held during this part-session on the protection of human rights and, on the other, the Political Affairs Committee will be drawing up a report dealing, among other things, with the question of the Information Office in Santiago de Chile.

7. Documents received

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

- (a) from the Council, requests for an opinion on
 - the proposal from the Commission to the Council for a regulation further extending the period of validity of Regulations (EEC) Nos 1509/76 and 1522/76 on imports into the Community of prepared and preserved sardines originating in Tunisia and Morocco respectively (Doc. 15/77)

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 amending the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (Doc. 19/77)

President

This document has been referred to the Committee on Budgets ;

- the proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II (c) 1 (aa) of the Common Customs Tariff, originating in Turkey (Doc. 20/77)

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 opening, allocating and providing for the administration of a Community tariff quota for fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff, originating in Turkey (Doc. 32/77)

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 the necessary measures to achieve comparability between the accounting systems and annual accounts of railway undertakings (Doc. 33/77)

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

- the proposal from the Commission to the Council for a regulation concerning the import of certain wine products originating in Greece (Doc. 37/77)

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

- the proposal from the Commission to the Council for a regulation amending Regulations (EEC) Nos 1599/75 and 706/76 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (Doc. 38/77)

This document has been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

- the proposal from the Commission to the Council for a decision subscribing, on behalf of the Community, to a joint declaration of intent to implement a European project in the field of transport on the subject 'Electronic traffic aids on major roads' (COST Project 30) (Doc. 39/77)

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

as the committee responsible and to the Committee on Energy and Research for its opinion ;

- the proposal from the Commission to the Council for a regulation concerning Community aid for financing cyclical stocks of hard coal, coke and patent fuel (Doc. 49/77)

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

- the communication from the Commission to the Council concerning the review of the rules governing the tasks and operations of the European Social Fund (Doc. 50/77)

This document has been referred to the Committee on Social Affairs, Employment and Education as the committee responsible and to the Committee on Regional Policy, Regional Planning and Transport and the Committee on Budgets for their opinions ;

- the proposal from the Commission to the Council for a directive amending Directive 72/159/EEC on the modernization of farms (Doc. 51/77) ;

This document has been referred to the Committee on Agriculture.

- the proposal from the Commission to the Council for a regulation concerning the conclusion of an agreement between the European Economic Community and the United States of America concerning fisheries off the coasts of the United States, and establishing the provisions for its application (Doc. 52/77) ;

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

- the proposal from the Commission to the Council for a regulation amending Regulations (EEC) Nos 816/70, 2893/74 and 817/70 as regards the maximum total sulphurdioxide content of wines other than liqueur wines (Doc. 53/77) ;

This document has been referred to the Committee on Agriculture.

(b) from the committees, the following reports :

- Interim report by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the simplification of customs procedures, customs legislation and institutional methods for dealing with customs matters and on the proposal from the Commission to the Council for a regulation instituting a Community export declaration form (Doc. 14/77) ;
- Report by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the proposals from the Commission to the Council for
 - I. a directive on the approximation of the laws of the Member States relating to the window-wiper and washer systems of motor vehicles

President

- II. a directive on the approximation of the laws of the Member States relating to the defrosting and demisting systems of motor vehicles
- III. a directive on the approximation of the laws of the Member States relating to the interior fittings of motor vehicles (identification of controls, tell-tales and indicators)
(Doc. 16/77);
- Report by Mr Lezzi, on behalf of the Committee on Social Affairs, Employment and Education, on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 1365/75 on the creation of a European foundation for the improvement of living and working conditions (Doc. 18/76);
- Report by Mr Nolan, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission to the Council for a regulation on financial and technical aid to non-associated developing countries (Doc. 34/77);
- Report by Mr Delmotte, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on aspects of the Community's regional policy to be developed in the future (Doc. 35/77);
- Report by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposals from the Commission to the Council for:
- I. a directive on the approximation of the laws of the Member States relating to rear lamps for motor-vehicles and their trailers
 - II. a directive on the approximation of the laws of the Member States relating to reversing lamps for motor-vehicles and their trailers
 - III. a directive on the approximation of the laws of the Member States relating to parking-lamps for motor vehicles
 - IV. a directive on the approximation of the laws of the Member States relating to the weights and dimensions of certain motor-vehicles
 - V. a directive on the approximation of the laws of the Member States relating to tyres for motor-vehicles and their trailers
 - VI. a directive on the approximation of the laws of the Member States relating to heating systems for the passenger compartment of motor vehicles (Doc. 521/76)
 - VII. a directive on the approximation of the laws of the Member States relating to wheel-guards for motor-vehicles
 - VIII. a directive amending Directive 70/156/EEC of 6 February 1970, on the approximation of the laws of the Member States relating to type approval of motor-vehicles and their trailers
(Doc. 36/77);
- Report by Mr Willi Müller, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on the use of fuel-oils with the aim of decreasing sulphurous emissions (Doc. 40/77);
- Report by Mr De Koning, on behalf of the Committee on External Economic Relations, on the proposals from the Commission to the Council for
- I. 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 subheading ex 01.02 A II (b) 2 of the Common Customs Tariff
 - II. 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. 41/77);
- Report by Mr Cousté, on behalf of the Committee on External Economic Relations, on the proposal from the Commission to the Council for a regulation on imports into the Community of certain agricultural products originating in Turkey
(Doc. 42/77);
- Report by Mr Patijn, on behalf of the Political Affairs Committee, on voting rights in direct elections (Doc. 43/77);
- Report by Lord Bessborough, on behalf of the Committee on Energy and Research, on the proposal from the Commission to the Council for a regulation on Community financial measures to promote the use of coal for electricity generation
(Doc. 45/77);
- Report by Mr Evans, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on the approximation of the laws of the Member States relating to materials and articles containing vinyl chloride monomer and intended to come into contact with foodstuffs (Doc. 46/77);
- Report by Mr Schuijt, on behalf of the Committee on Development and Cooperation, on trade relations between the European Community and the Countries of the African Continent (Doc. 47/77);
- Report by Mr Geurtsen, on behalf of the Committee on Social Affairs, Employment and Education, on
- I. the third report from the Commission to the Council on the possibilities and difficulties of ratification by the Member States of the first list of conventions concluded within other international organizations in the fields of social legislation and labour legislation
 - II. relations between the European Communities and the International Labour Organization (ILO)
(Doc. 54/77);
- Report by Mrs Squarcialupi, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on the approximation of Member States' laws, regulations and administrative provisions on the protection of the health of workers occupationally exposed to vinyl chloride monomer (Doc. 55/77);

President

(c) the following oral questions :

- oral question, with debate, by Mr Fellermaier, on behalf of the Socialist Group, to the foreign ministers of the nine Member States of the European Community meeting in political cooperation, on the protection of human rights in Europe (Doc. 22/77);
- oral question, with debate, by Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, to the Commission, Council and foreign ministers of the nine Member States of the European Community meeting in political cooperation, on the protection of human rights throughout the world (Doc. 23/77);
- oral question, with debate, by Mr Hamilton, Mr Brown, Mr Patijn, Mr Giraud, Mr Knud Nielsen, Mr Espersen, Mr Ellis, Mr Frankie Hansen and Mr Seefeld, to the Commission, on piracy on the high seas and EEC transport policy (Doc. 24/77);
- oral question, with debate, by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, to the Commission, on pollution of the environment from energy sources (Doc. 25/77);
- oral question, with debate, by Mr Bettiza, on behalf of the Liberal and Democratic Group, to the Commission, on relations between the European Community and Yugoslavia (Doc. 26/77);
- oral question, without debate, on behalf of the Committee on Economic and Monetary Affairs, to the Commission, on the free movement of goods (Doc. 27/77);
- oral question, with debate, by Mr Fellermaier and Mr Seefeld, on behalf of the Socialist Group, to the Commission, on road safety (Doc. 28/77);
- oral question, with debate, by Mr Fellermaier, Mr Flämig, Mr Adams, Mr Brown, Mr Dalyell, Mr Edwards, Mr Ellis, Mr Giraud, Mr Kavanagh, Mr Laban, Mr Lezzi, Mr Willi Müller, Mr Knud Nielsen, Mr Schwabe, Mr Seefeld and Mr Spillecke, on behalf of the Socialist Group, to the Commission, on the Community nuclear power programme (Doc. 29/77);
- oral question, with debate, by Sir Peter Kirk, on behalf of the European Conservative Group, to the Commission, on industrial dereliction (Doc. 30/77);
- oral question, with debate, by Mr Dalyell, on behalf of the Committee on Energy and Research, to the Commission of the European Communities on the Community's nuclear fuel supplies (Doc. 31/77);
- oral questions by Sir Geoffrey de Feitas, Mr Scott-Hopkins, Mr Cousté, Mrs Kruchow, Mrs Ewing, Mr Price, Mr Dalyell, Mr Osborn, Mr Hamilton, Mrs Kellett-Bowman, Lord Bessborough, Mr

Bangemann, Mr Pintat, Mr Zywiets, Mr Meintz, Mr Normanton, Mr Kaspereit, Mr Krall, Mr Aigner, Mr Ellis, Mr De Clercq, Mr Noè, Mr Pisoni, Sir Brandon Rhys Williams, Mr Herbert, Mr Howell, Mr Seefeld, Mr Bourdellès, Mr Johnston, Mr Cifarelli, Lord St. Oswald, Mr Corrie, Mr Spicer, Mr Früh, Mr Durieux, Mr Brøndlund Nielsen and Mr Hougardy for Question-time on 19 on 20 April 1977, pursuant to Rule 47A of the Rules of Procedure (Doc. 44/77);

(d) from the Commission

- a communciation concerning the application of Articles 203/EEC, 177/EAEC and 78/ECSC, taking into account the introduction of differentiated appropriations (Doc. 17/77).

This document has been referred to the Committee on Budgets.

(e) from the Council

- common position about the sixth Directive on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value added tax: uniform basis of assessment (Doc. 48/77);

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

- draft regulation concluding an Additional Protocol to the Agreement between the European Economic Community and the State of Israel and a Financial Protocol (Doc. 56/77).

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 Agriculture for their opinions.

8. *Texts of treaties forwarded by the Council*

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

- agreement on fisheries between the European Economic Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part;
- Financial Protocol between the European Economic Community and Greece;
- agreement in the form of an exchange of letters between the European Economic Community and the Kingdom of Morocco concerning certain wine originating in Morocco and entitled to a designation of origin.

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

9. Authorization of reports

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

- Committee on the Environment, Public Health and Consumer Protection :
a report on the relationship between the production prices, the profit margins of wholesalers and the final consumer prices of agricultural products ;
The Committee on Agriculture has been asked for its opinion ;
- Committee on External Economic Relations :
a report on the present state of relations between the Community and the state-trading countries of Eastern Europe and Comecon ;
a report on the present state of multilateral GATT negotiations ;
- Committee on Development and Cooperation :
a report on the operation in 1975 of the system of stabilization of export earnings set up under the Lomé Convention.

At the request of the Committee on Social Affairs, Employment and Education, which had been authorized to draw up a report on the remuneration and social-security problems experienced by frontier workers as a result of fluctuations in the exchange-rates applied to them, the Committee on Regional Policy, Regional Planning and Transport has been asked for an opinion on the subject pursuant to Rule 38 (3) of the Rules of Procedure.

10. Statement by the President

President. — On 10 February 1977, the European Parliament unanimously adopted a draft joint declaration by the European Parliament, the Council and the Commission on the protection of fundamental human rights. I am glad to be able to inform the House that this declaration was signed on 5 April 1977 by the President of the Council, the President of the Commission and myself on behalf of the European Parliament.

I should like to take this opportunity to mention in particular the work of President Spénale and of other colleagues, who had done so much to bring this declaration about.

This extremely important document will shortly be published in the Official Journal of the European Communities.

11. Motions for resolutions with request for urgent procedure

President. — I have received from Mr Espersen, on behalf of the Socialist Group, a motion for a resolution, with request for urgent debate pursuant to Rule

14 of the Rules of Procedure, concerning maltreatment by the French police of a Member and three officials of the European Parliament (Doc. 21/77).

Pursuant to the second subparagraph of Rule 14 (1) of the Rules of Procedure, I will consult the House on the urgency of this motion at the beginning of the next sitting.

At the sitting of 10 March 1977, a motion for a resolution was tabled by Mr Bangemann, on behalf of the Liberal and Democratic Group, Mr A. Bertrand, on behalf of the Christian-Democratic Group, and Sir Peter Kirk, on behalf of the European Conservative Group, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the creation of a European Foundation with a view to fostering public support for European objectives and policies (Doc. 4/77).

I shall consult the House on the urgency of this motion at the beginning of the next sitting.

12. Order of business

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

Pursuant to Rule 27A (5) of the Rules of Procedure, the following Commission proposals have been placed on the agenda for this sitting for consideration without report :

- proposals from the Commission to the Council for
 - I. a regulation concerning imports of rice from the Arab Republic of Egypt
 - II. 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)

These proposals have 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 ;

- proposal from the Commission to the Council for a regulation further extending the period of validity of Regulations (EEC) Nos 1509/76 and 1522/76 on imports into the Community of prepared and preserved sardines originating in Tunisia and Morocco respectively (Doc. 15/77)

This proposal 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 ;

- proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot-pulp falling within subheading ex 20.06 B II (c) 1 (aa) of the Common Customs Tariff, originating in Turkey (Doc 20/77)

President

This proposal 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 on the import of certain wine products originating in Greece (Doc. 37/77)

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

Unless any Member asks leave to speak on these proposals or amendments are tabled to them before the opening of the sitting on Friday, 22 April 1977, I shall at that sitting declare these proposals to be approved pursuant to Rule 27A (6) of the Rules of Procedure.

At its meeting of 29 March 1977, the enlarged Bureau prepared a draft agenda, which has been distributed and on which I now consult the House.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, before the House approves this week's agenda, I should like to make a few remarks on items 24, 25 and 26 and then put a procedural motion. Item 24 is an oral question by the Committee on the Environment, Public Health and Consumer Protection on pollution of the environment by energy sources. All of us who are familiar with the preliminary work done in the Committee on Energy will know that problems of nuclear energy and waste disposal are the main issue here.

Item 25, a question from the Socialist Group to the Commission on the Community's nuclear-energy programme, focusses attention on the possible political and above all legal consequences of the judgment of a German court refusing authorization for the construction of a nuclear power-station because the court believed that complete protection against rupture of the reactor vessel could not be guaranteed.

Item 26 is an oral question, with debate, by the Committee on Energy on nuclear fuel supplies to the Community. Mr President, all these questions are linked and separate answers cannot be given by the Commission, just as the debates in this House cannot be separated from each other.

Having regard to the passionate public discussion now taking place in all the Member States, the external-policy implications as regards nuclear fuel supplies and the declarations by both the American and Canadian governments, it is perfectly clear that a proper debate requires thorough preparation not only by the committee primarily responsible — the Committee on Energy — but also by all the political groups on the basis of a statement by the Commission, to be made in this instance by the Commissioner responsible for energy and research matters, Mr

Brunner; our political responsibility to our electors in the Community means that we must be allowed sufficient time to reach our verdict on the Commission's position as it is to be outlined to us.

I believe, however, it would be somewhat risky to reach such a decision immediately after a presumably extensive political statement by the Commission on this whole problem, particularly as the political groups would then not have enough time to draw their conclusions from the Commission's answer to these three questions.

Mr President, I therefore request that Parliament should hear the Commission's statements on items 24, 25 and 26 while at the same time requesting the Bureau to prepare the debate for the May part-session, allowing sufficient time for a general debate on these matters; Parliament should not, then, engage in an immediate debate on these points when they are called today or tomorrow. I understand from talks between the groups held under your chairmanship, Mr President, that the group chairmen agree with this request, and I therefore ask the House to endorse it, out of a desire to proceed without undue haste but with proper thoroughness by preparing a comprehensive debate on the Commission's statements for the May part-session.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, I want to speak on two points concerning the draft agenda.

Firstly, I note that despite the request by the chairman of the Committee on External Economic Relations, our agenda does not include the proposal for a Council regulation on the importation into the Community of certain agricultural products originating in Turkey. I had thought that this item was urgent and would be dealt with during this part-session.

I also note that our agenda does not include the important question which falls in with the concern expressed by our colleague, Mr Fellermaier, on the nuclear problem, concerning the social situation and the consequences of the crisis in the European steel industry. We are confronted with substantial problems which already affect a great many persons and are threatening many more, and we realize full well that these human and social problems cannot be viewed in isolation from an economic situation which is giving concern to all of us. I should therefore like the Bureau to inform us when the report by the Economic and Monetary Affairs Committee on problems in the steel industry will be debated.

President. — I call Mr Durieux.

Mr Durieux. — (F) On points 24, 25 and 26, which were referred to by Mr Fellermaier, our group also believes it desirable for a joint debate to be held on all

Durieux

these matters as proposed during the meeting with the group chairmen.

But I wish to make one remark, Mr President: I have already written to you drawing your attention to the fact that one of the oral questions, with debate, by Mrs Kurchow had not been entered on the agenda. It also related to energy problems, and I should have preferred this question to be included in a wide-ranging debate with items 25 and 26 on the agenda. However, if the Assembly is proposing to hold a fuller general debate at a later part-session, I would ask you, Mr President, to see to it that this oral question, with debate, by Mrs Kruchow is also included, so that it can be debated jointly with all the energy questions.

As regards the steel industry, to which Mr Cousté referred just now, I also believe that all the groups are intending to table a question for urgent debate during this part-session on these matters, which are particularly serious throughout the Community.

Mr President, may I also make a suggestion? Some questions put down for question-time, including the one by Mr Aigner, relate to the common Agricultural Policy. Would it not be possible, for the sake of greater clarity, for these agricultural questions to be taken during the general debate on agricultural on Wednesday?

President. — I call Mr Jahn.

Mr Jahn. — (D) I hope that a procedure will be adopted which allows the authors of the questions to elucidate them tomorrow. If that is the case, I agree to this proposal.

President. — Mr Fellermaier's first proposal concerns the joint consideration of items Nos 24, 25 and 26 of the draft agenda.

Mr Klepsch, do you wish to speak against this proposal?

Mr Klepsch. — (D) I naturally agree that Mr Jahn's question (Doc. 25/77) should be taken jointly with the questions on related subjects entered for tomorrow's agenda. But I should not like a decision to be taken already today on whether a debate should be held tomorrow. I have had no opportunity to discuss this matter with my group. I should therefore like the decision on whether a debate should be held to be postponed until after the Commission's statement tomorrow. I cannot comment on this today.

President. — I consult the House on the proposal to consider jointly items Nos 24, 25 and 26 of the draft agenda.

Are there any objections?

That is decided.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, perhaps we can agree to postpone the decision on the immediate holding of a debate until the start of tomorrow's agenda; that will give the groups an opportunity to discuss the matter. Mr Fellermaier appears to agree. I

should like this decision to be taken tomorrow and not now.

President. — I note that all Members are agreed on deferring until tomorrow the decision on when the debate on these items of the agenda shall take place. As regards the report on imports from Turkey, I can confirm that it has already been tabled.

I call Mr Klepsch.

Mr Klepsch. — (D) I wish to emphasize that it really is extremely urgent to settle this item.

President. — I consult the House on the proposal to place the report on imports from Turkey on the agenda for Friday.

Are there any objections?

That is agreed.

In reply to another request put by Mr Cousté, concerning the iron-and-steel sector, I can assure him that we shall have an opportunity of returning to this subject during the course of this part-session.

We now come to the proposal made by Mr Durieux to deal with Mr Aigner's question on the Common Agricultural Policy during the debate on the agricultural problems which is due to follow the statements to be made tomorrow by the Commission.

I call Mr Klepsch.

Mr President. — (D) Mr President I do not know whether the procedure allows this. This is a question tabled by Mr Aigner for Question-time. He can withdraw it if he likes, but he cannot link it with anything else. It is his entire personal right to put questions during Question-time which must be answered. The plenary assembly itself cannot deprive him of that right.

President. — I call Mr Aigner.

Mr Aigner. — (D) I have received a telegram from Mr Gundelach asking for this question not to be taken today because he cannot be with us. I was then told, and agreed, that the question could be taken later, perhaps in Question-time on Wednesday. I am therefore maintaining it for Wednesday.

President. — Your question will therefore naturally remain entered for Question-time.

I call Mr Klepsch.

Mr Klepsch. — (D) I want to make one small request. For personal reasons, our colleague, Mr Fioret, cannot put his oral question, without debate, today. We know that Commissioner Natali would also be available on Thursday. I should therefore like this item (No 14) to be postponed from today until Thursday. The Commission also agrees to this. It is a question without debate.

President. — This matter has already been discussed by the Bureau, which decided that the question would be maintained, with the agreement of its author, provided a substitute would be available to put it.

The order of business would therefore be as follows: I

President*This afternoon*

- Statement by the Commission on the action taken on the opinions of Parliament
- Oral question, with debate, to the Commission on road safety
- Jahn report on the Fourth International Parliamentary Conference on the Environment
- Oral question, without debate, to the Commission on waste from titanium dioxide

Tuesday, 19 April 1977, at 10.00 a.m. and 3.00 p.m.:

- Votes on the requests for urgent debate in respect of the motion for a resolution by Mr Bangemann and others and the motion for a resolution by Mr. Espersen
- Lange report on international economic activity
- Joint debate on three oral questions, with debate, to the Commission on nuclear power and pollution from energy sources
- Schwörer interim report on raw-materials supplies
- Nyborg report on motor-vehicle
- Nyborg interim report on the simplification of customs procedures (without debate)
- Nyborg report on motor-vehicle fittings (without debate)
- Oral question, without debate, to the Commission on the free movement of goods

At 3.00 p.m.:

- Question-time

Wednesday, 20 April 1977, at 10.00 a.m. and 3.00 p.m.:

- Question-time (contd)
- Statements by the Council and Commission on the European Council in Rome (followed by a debate)
- Debate on agricultural prices
- Joint debate on
 - an oral question, with debate, to the foreign ministers on the protection of human rights in Europe, and
 - an oral question, with debate, to the Commission, Council and foreign ministers on the protection of human rights throughout the world
- Possibly, Notenboom report on VAT — uniform basis of assessment
- Commission statement on the economic situation in the Community
- Seefeld interim report on sea-transport problems in the Community
- Oral question, with debate, to the Commission on piracy on the high seas

Thursday, 21 April 1977, at 10.00 a.m. and 3.00 p.m.:

- possibly, continuation of Wednesday's agenda
- Commission statement on the social situation in 1976
- Oral question, with debate, to the Commission on relations between the Community and Yugoslavia
- Caro report on the Fourth Report on the activities of the Social Fund
- Geurtsen report on conventions concluded with other international organizations

- Delmotte report on regional policy
- Oral question, with debate, to the Commission on industrial dereliction
- W. Müller report on the use of fuel-oils
- Nolan report on aid to non-associated developing countries
- Sandri report on trade cooperation with the developing countries.

Friday, 22 April 1977, from 9.00 a.m. to 12.00 noon:

- procedure without report
- possibly, continuation of Thursday's agenda
- Cousté report on agricultural imports from Turkey
- F. Hansen report on aid to Italy in respect of tobacco, olives, olive oil and fruit and vegetables
- Squarcialupi report on workers exposed to vinyl chloride monomer
- De Koning report on tariff quotas for heifers, cows and bulls (without debate).

Are there any objections?

The order of business is agreed.

13. Limitation of speaking-time

President. — I propose to the House that we limit speaking-time on all reports on the agenda except the Lange report on international economic activity (Doc. 547/76) as follows:

- 15 minutes for the rapporteur and for one speaker on behalf of each group;
- 10 minutes for other speakers;
- 3 minutes for speakers on amendments.

Are there objections?

That is agreed.

At its meeting of 29 March 1977, the enlarged Bureau decided to allocate as follows speaking-time on the Lange report (Doc. 547/76 and the Council and Commission statements on the meeting of the European Council held in Rome on 25 and 26 March 1977:

Lange report

Socialist Group :	54 minutes
Christian-Democratic Group :	45 minutes
Liberal and Democratic Group :	24 minutes
Group of European Progressive Democrats :	18 minutes
European Conservative Group :	18 minutes
Communist and Allies Group :	18 minutes
Non-attached Members :	6 minutes

Statements on the European Council

Socialist Group :	36 minutes
Christian-Democratic Group :	30 minutes
Liberal and Democratic Group :	16 minutes
Group of European Progressive Democrats :	12 minutes
European Conservative Group :	12 minutes
Communist and Allies Group :	12 minutes
Non-attached Members :	4 minutes

14. *Time-limit for tabling amendments*

President. — I propose to the House that we set the time-limit for tabling amendments to the Delmotte report on Community regional policy (Doc. 35/77) at 10.00 a.m. on Wednesday, 20 April 1977.

I remind the House that the time-limit for tabling amendments to the Lange report on international economic activity (Doc. 547/76) expired on 9 March 1977.

15. *Action taken by the Commission on the opinions of Parliament*

President. — The next item is the statement by the Commission of the European Communities on the action taken on the opinions and proposals of the European Parliament. The Commission, however, has informed me that it will not be making a statement on the matter during the present part-session.

I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, the scantiness of the dossier does not allow me to make a statement on the action which the Commission has taken on Parliamentary amendments. A few reports have been processed fully, but I regret that their number is insufficient to justify a statement today. I would hope, however, that at the May part-session it will be possible to give a full account of the Commission's response to Parliament's opinions on outstanding subjects.

16. *Oral question with debate: Road safety*

President. — The next item is the oral question, with debate, by Mr Fellermaier and Mr Seefeld, on behalf of the Socialist Group, to the Commission on road safety (Doc. 28/77):

In recent months, consumers have been increasingly disturbed by the growing number of manufacturing defects in motor-vehicles. The cases reported were of faulty high-speed tyres and steering mechanisms. Because of the danger that safety belts would not function in the event of an accident, 80 000 private cars had to be recalled by the manufacturer. In almost every case, car-owners were informed of the danger that threatened them in company notices consisting of only a few lines. Moreover, it was left to the newspapers themselves whether or not to publish the facts.

1. Does the Commission not agree that the consumer is not being kept adequately informed of faults in manufacture, that drivers ought to be notified quickly and fully of the danger of using defective vehicles, and that this can be ensured by obliging manufacturers to report faults in the mass media?
2. Does the Commission not think it necessary to encourage investigations with a view to setting up a system for centralizing the addresses of motor-vehicle owners similar to that in operation in the USA?

3. Does the Commission intend to press ahead with the harmonization of safety standards for motor-vehicle construction and to extend them to safety-belts, which at present must be worn in most Member States on public roads at different times?

4. What measures has the Commission taken under the compulsory three-point road-safety system proposed by the European Parliament in its Document 397/75. This concerns the use of:

- safety-belts
- head-rests
- laminated glass windscreens?

5. Is the Commission planning to draw up a road-safety action programme to improve coordination in this area between the different Member States?

I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, ladies and gentlemen, ways of increasing road safety have been, and still are being, sought in the countries of the European Community. In this connection close attention has been given to three factors: man, vehicles and highways. All aspects of these fundamental considerations affecting road traffic have been studied in order to draw up directives familiarizing the public with road-traffic problems and appropriate behaviour patterns while also leading the manufacturers to increase the passive safety of their vehicles to an optimum level so that the design restricts the accident risk as far as possible. Mr Fellermaier and I have now tabled this question on behalf of the Socialist Group. In our view, implementation of the proposals contained in it could contribute appreciably to traffic safety on the highways of Europe.

We have looked into the habits of vehicle manufacturers when dealing with complaints, and we should like the Commission to indicate whether it believes that these manufacturers should be required to publish information on defects. We know that the manufacturers are extremely reluctant to recall vehicles when this is rendered necessary by production faults or defects subsequently detected in individual components. It is easy to understand their attitude, because such recalls and the resulting technical modifications cost a great deal of money while inducing the owners of the cars concerned to believe that the manufacturer's quality-control procedures cannot be very good, otherwise he would have detected the potential faults before the vehicle was released for sale to the public. We have noted with pleasure a tendency spreading from America to Europe for the motor industry to be increasingly willing to take the necessary steps. However, we believe that it should not be left to the maker's own goodwill to decide whether vehicles are to be recalled or whether to adopt a different reasoning: after all there are only a few thousand vehicles involved, would it not be better to let sleeping dogs lie?

Seefeld

On behalf of our group, I should therefore like the Commission to say whether it intends to require the motor industry in the Member States to give public notice when technical defects are detected in the design of a vehicle which is already on the public highway and to take the necessary steps for such defects to be remedied at the cost of the manufacturer.

Of course, the question immediately arises as to how the vehicle manufacturers can meet a statutory requirement to publish such information. The free right of private journals and newspapers to select the items of news they wish to print naturally makes it impossible to count automatically on aid from editors.

We also know that information such as this is frequently published in minute print on the back page of our newspapers; even so, the manufacturer considers that he has discharged his moral obligation. Public corporations and State radio and television companies also insist on their right to select the news they wish to broadcast and only to use material which suits them.

On the other hand, we are realistic enough to recognize that the manufacturers cannot be required to publish notices of recall in newspaper advertisements. The high costs of correcting the defects would then be augmented by the substantial cost of inserting large advertisements. Moreover, the manufacturers would certainly not like the idea of praising the incredibly high quality of their vehicles in an advertisement on one page only to show a few pages later by a notice of recall that all that glitters is not gold.

The best way of enabling manufacturers to meet a requirement of this type would be to display posters notifying a recall. The makers should be required to design a basic low-cost display poster which could be filled in and made public as and when necessary. Publication should be made at all points where the manufacturer has works, sales agencies or repair workshops. In addition, the manufacturers should be required to reach agreements with their dealer networks under which the dealers would display these recall posters in their showroom windows. The text should be printed with sufficient clarity for drivers and pedestrians to recognize and read it as they pass by. It would also be welcome if radio, television and newspaper corporations could decide to publish such notices in a prominent manner for the benefit of their readers or audiences.

Ladies and gentlemen, we would also like the Commission to say whether it sees a need for studies to be put in hand of a system to centralize the addresses of vehicle-owners, broken down according to the type of vehicle in their possession. A central register of this kind could enable each owner of a recalled vehicle model to be notified in the event of a recall action, regardless of his place of residence in the Community.

A central register of this kind, as it exists already in the United States, must be based on data provided by the manufacturer who effects the sale or the dealer selling a second-hand vehicle. They should therefore be required to report to the central register all sale contracts effected with the designation of the previous and new owners. In the event of a private sale, the licensing authorities could be required to give the necessary notification, since all transactions must in any case be reported to them.

We have mentioned a few relevant aspects but realize that extensive studies will still be necessary to assess the value of this scheme and practical implementing procedures. The entire matter must be clarified before practical action is taken. A further advantage of this measure would be that a central register classified according to vehicle types would be beneficial in the prevention of theft.

The Commission should, in our view, be asked to contact the Member States and propose the formation of a committee to prepare for the creation of a European central register of this kind.

The rest of our question is perfectly clear. We are asking for safety standards relating to vehicle design to be harmonized; we are once again enquiring as to the situation regarding safety-belts, head restraints and laminated windshields. All these items are included in the Commission's proposals on the obligatory traffic-safety system. Time is short, Mr President, and I do not want to go into details. In this Parliament we have repeatedly indicated our views on this question of safety, and I want simply to draw your attention to one fact which causes me some concern: an expert opinion has been prepared on the question of seat-belts in the Federal Republic, and it concludes that head restraints should not be made compulsory items of vehicle equipment. I do not want to go into detail here, but may I stress how disappointing I find it that in many matters of this kind a cost-benefit analysis takes priority. I do not think that is an appropriate procedure in safety matters.

Ladies and gentlemen, we do not want to see difficulties placed in the way of research and development in these areas. But, as in the case of windshields, we should also like to see proven advances put into practical effect. I do not take kindly to the notion of cost-benefit analyses in safety matters. I wonder, for instance, how a value in pounds sterling or DM can be set to the sight of a single person. How contorted must be the reasoning of anyone who feels able to offset a given number of blinded road-users in the Community against the cost of suitable equipment for vehicles produced there.

Mr President, I have come to the end of my speech: it is pleasing to note that several big motor manufacturers have indicated their readiness to give priority to

Seefeld

the question of safety. The practice followed by several companies is well ahead of the corresponding legislation. But we should like to see the Commission pursuing with greater vigour the initiatives which it has itself promoted in this sector, and it must make its views heard more strongly in the Council.

My last remark is this: measures to harmonize action for the elimination of barriers to trade are obviously necessary, but they must be viewed in the light of road safety problems. We want the Commission to have a chance to indicate its views on this today, and I am grateful that this question has been included on the agenda.

IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-president

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, the Commission notes that while manufacturing faults have arisen in production series of motor vehicles in recent years, the manufacturers concerned have used all appropriate means — their own lists of clients, newspapers, radio and television — to alert motorists to the risks involved.

While the Commission can agree with the honourable Members that it is desirable that consumers be informed as quickly and as fully as possible of the risks inherent in the use of defective motor vehicles, it does not consider it necessary to oblige manufacturers to use the mass media to publicize defects in manufacture. The citizens of the Community seem generally opposed to the creation of centralized data-banks containing information of a private nature. They fear that such data-banks might be abused. Since lists of most vehicle owners already exist in the Member States, the Commission does not think that the honourable Member's suggestion would improve the present situation in the Community.

A proposal for a directive — on which the European Parliament has already given a favourable opinion — has been before the Council for some time. The latest indications are that it will soon be adopted. This proposal concerns rules for the manufacture of safety-belts and their installation in motor vehicles. I would like to point out that these rules are in advance of any norms either in force or being studied in Europe.

Apart from safety-belts, which are being dealt with now, the Commission has already forwarded to the Council two other proposals relating to head-rests and to safety windscreens. While the proposal concerning head-rests will probably be adopted soon, the other proposal, which aims at making laminated windscreens obligatory in all motor vehicles, has run into serious opposition from several Member States.

The meaning of part 5 of the question is not entirely clear. I would point out, however, that important

progress has already been made in the area of safety prescriptions for motor vehicles. As I have pointed out in my replies to the other parts of the question, this work is continuing.

On the more general question of road safety, regulations already adopted concerning hours of work in the road transport sector and tachographs, the directive of 29 December 1976 on technical inspection of vehicles and the proposals concerning driving licences constitute a substantial action.

Within the limited means at its disposal it has not been possible for the Commission to go any further than this.

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

Mr Meintz. — (*F*) Mr President, ladies and gentlemen, the question put by the Socialist Group concerns an urgent issue which confronts each Community citizen in his daily life.

Our group therefore approves the principle of this question and I shall speak only briefly.

One introductory remark: the frequent assertion that an increase in traffic density automatically leads to a reduction in road safety is incorrect. It would be perfectly possible to limit this risk by adequate measures, especially if the measures concerned were harmonized at European level.

Turning to the oral question as such, I would recommend some caution on point 1. I think we shall have an opportunity to discuss this at some length, since Mr Brégégère is at present working on a report on Community policy for the protection of consumers. On pages 13 and 14 of his draft report he looks into the problems raised in point 1 of the question and proposes certain solutions. Here I venture to suggest that the Committee on the Environment, Public Health and Consumer Protection, which is responsible for this report, should ask the Committee on Regional Policy, Regional Planning and Transport for its opinion.

As to point 2 of the oral question, it may be going too far. Is the administration in our countries not already sufficiently highly developed? It might even be said that in some cases it already invades the citizen's life. Why, then, should another register be added to centralize the addresses of vehicle owners? I am sure that the address-list which already exists and the customer card indexes kept by the manufacturers and vendors are perfectly sufficient.

As to points 3 and 4, dealing more specifically with the harmonization of safety standards, our group has nothing to add to Mr Seefeld's requests. We have already heard the Commission's reply and we hope that safety standards in the various sectors will be given close attention by the Commission, resulting in harmonization in this area at the earliest possible date.

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

Mr Nyborg. — (DK) Mr President, I quite understand the oral question put by our colleagues Mr Seefeld and Mr Fellermaier. Our group also thinks it is essential to do everything we can to promote road safety in the Community; but whether it can be done adequately or even temporarily in the way suggested here is quite another matter.

We regard the creation of a central register for the whole of the Community as a very bureaucratic move that will scarcely have any practical effect. Like the Commission and Mr Meintz, we feel that manufacturers and dealers already have enough information on where the different types of vehicles are; the creation of a central register is unnecessary. But obviously, if any particular type of vehicle is found to have a defect, drivers must be informed as quickly as possible, and a directive could possibly be drawn up laying down detailed rules for the action to be taken by manufacturers and importers.

Generally speaking, we agree that head-rests, laminated glass and safety-belts are desirable, and we feel that safety-belts should be fitted in all new cars, but the wearing of them should be optional.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I intervene very briefly in the debate to say that I think every Member of this Chamber obviously agrees that the best rules that can be applied to road safety are those which are generally accepted by everyone as being based on common sense. And I would mildly take issue with my colleague on some of the suggestions that he has been putting forward this afternoon. I am delighted that the Commissioner said very firmly that they do not think that the idea of a centralized data-bank is either workable or desirable. I am sure the Commission will be aware that there are already considerable doubts in my own country as to the wisdom of continually expanding data-banks full of information of this kind, when each individual Member State is already capable of tracing individual owners very quickly and the police forces, certainly in my own country, are perfectly capable of using the information responsibly and effectively.

Having said that, I think that if we are to follow the excellent example that has been set in many instances by Germany we should at least have certain minimum conditions. I believe that the use of seat belts is absolutely vital, and I was exceedingly depressed that we were not able to persuade the majority of my own countrymen to accept this very minimal condition. I would, however, say one thing: I hope the Commission are not going to produce a directive which will involve a repetition of the work done in the particular fields of research that have been going on for many years inside the Member States. There is very consider-

able doubt about the efficacy of head-rests and very considerable problems in connection with wind-screens. Most motor manufacturers have a vested interest in keeping the people who buy their cars alive. The live motorist is the man who buys a second car. It is as simple as that. Therefore they have no particular desire, I would assume, either to kill off their customers by unnecessary carelessness or to conceal from the general public at large the possibility that from time to time there may be faults discovered in motor-cars. I represent a constituency which has three major motor manufacturers and I am very impressed with their standard of research and the standard of road safety that they try and impose. I may say that I do not always find myself in total agreement with them in other fields, and therefore I am happy to pay tribute to them in this matter.

What I hope the Commission will do is to seek to make some efforts, for example, to investigate the relationship between alcohol and deaths, between speed and deaths — because if speed kills then speed and alcohol combined kill even quicker — and I hope that they will work through the research units of the Member States, because most of us are aware of the difficulties. We do seek to persuade those who drive that they are in charge of lethal weapons and do have a responsibility, not only to other road users but to themselves. I hope that the Commission will bear in mind that, although there is still much to be done, they will not get the agreement of the Member States to unnecessarily restrictive rules which cannot be demonstrated to be either useful or necessary.

I would end by saying that road safety depends not only on the motorist but also on the pedestrian. And it also depends on the basic training which all of us should be giving our children and very occasionally our adult colleagues. I believe that the motor industry is aware of its responsibility. I hope that all member governments are doing as much as they should be to make sure that the ordinary pedestrian and motorist is aware of his own individual responsibility.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, I recognize the good intentions of the authors of this question, but I am somewhat disturbed by the implication that defects in manufacture are the rule rather than the exception. In reality they are a rare occurrence, and even if the manufacturer or importer tries to keep them quiet, a procedure which we obviously cannot condone, the keen competition on the motor-car market in all the German *Länder* soon ensures that the information becomes public. This question suggests the creation of a new super-bureaucracy at a time when in all our countries we are trying to curtail bureaucracy; I feel bound therefore to express considerable misgivings, and I was pleased to note from the Commission's reply that it shares my view.

Müller-Hermann

I should, however, like to make another suggestion to the Commission: I believe it might well be desirable in discussions with the manufacturers and national governments to provide, in the manufacture of motor cars, for the fitting of an instrument — probably very small — showing the driver the optimum petrol or diesel-fuel consumption for a given speed. It seems to me that this topic is gaining increasing importance in connection with our efforts to save energy. It would certainly be desirable for drivers who have an interest in using petrol as economically as possible to be able to see for themselves whether the speed at which they are travelling is compatible with the economic use of petrol. I believe this would be a useful initiative and hope that the Commission will take it up in its future negotiations with the national governments and also with the vehicle manufacturers.

President. — The debate is closed.

*17. Outcome of the Forth International
Parliamentary Conference on the Environment*

President. — The next item is the report (Doc. 12/77) drawn up by Mr Jahn on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the outcome of the Fourth International Parliamentary Conference on the Environment held in Kingston (Jamaica) from 12 to 14 April 1976.

I call Mr Jahn.

Mr Jahn, rapporteur. — (D) Ladies and gentlemen, I shall now briefly introduce the report and motion for a resolution on the outcome of the Fourth International Parliamentary conference on the Environment, held in Kingston, Jamaica, on 12-14 April 1976. I shall be brief because I assume that the report has been read carefully.

This fourth conference — the third had been held one year previously in Nairobi — had as its theme 'The environment and natural resources: Duties of Parliamentarians.' The conference was attended by some fifty countries and organizations from five continents. Your rapporteur attended the conference as representative of the European Parliament. My colleague, Mr della Briotta, chairman of the Committee on the Environment, Public Health and Consumer Protection, was unfortunately prevented from attending because of the elections in Italy, and had to withdraw at short notice.

Discussions at the conference covered in particular the following topics, which I shall not examine in detail: the political, economic and ecological aspects of the utilization of joint natural resources, shortcomings in the implementation of environmental law, and the role and reorganization of international government organizations.

Our 'own-initiative' report is based on sixteen general resolutions which were almost all adopted unanimously — I repeat almost all adopted by the fifty countries — at the fourth international parliamentary conference; the representatives of the various countries were urged to see that these resolutions were put into effect through initiatives in their own national parliaments.

Your Committee on the Environment, Public Health and Consumer Protection, when preparing its report, confined its attention to a few areas which it felt were important and which may be relevant to environmental protection in the European Community in the foreseeable future. As you will see from the motion for a resolution, we have tried to highlight a few major topics. In these areas the European Community should cooperate particularly closely with the other governments and international organizations. As regards the shared use of natural resources, the parliamentary conference in Kingston recommended certain principles of conduct, which are considered in paragraph 4 of the motion for a resolution. The Committee on the Environment, Public Health and Consumer Protection

asks the Commission to consider the extent to which the recommendations ... can be applied to the Community and recommends that the code of conduct for the guidance of states advocated in Kingston should be made the subject of a Community directive.

In regard to environmental damage extending across national frontiers, the Commission is reminded of an earlier request by this Assembly to

present appropriate proposals immediately to the Council on the most acute cases of pollution in frontier areas.

We also consider it essential

for the Commission to propose Community rules based on the draft convention on compensation for transfrontier environmental injuries dealing particularly with compensation for damages under international private law, prepared on behalf of the International Parliamentary Conference.

— Paragraph 6 of our motion for a resolution.

Mr President, your committee attaches particular importance to the resolution on the protection of migratory species. The parliamentary conference rightly considered that animals living in their natural habitat are an irreplaceable asset for the whole of mankind which must be maintained in order to safeguard the ecological balance. In this area the Fourth Parliamentary Conference endorsed a series of principles which are listed in paragraph 12 of the explanatory statement and have already been approved by this Parliament.

Jahn

In your committee's view, the Commission should be called upon

to take appropriate steps, if necessary in agreement with the Council, to ensure that the Community as a whole signs and ratifies an international convention on the conservation of migratory species on the basis of the principles adopted by the Fourth International Parliamentary Conference.

We also welcome the Commission's proposal for a directive in this area as a first step towards conserving migratory species on the territory of the Member States — paragraph 8 of the motion.

Mr President, the committee is hoping to adopt its report on the draft directive on the protection of birds (submitted by the Commission towards the end of 1976 at the repeated insistence of the European Parliament) next week and to present it to the Assembly for approval at its May part-session, so that the directive can be brought into force before the autumn and at long last put an end to the senseless slaughter of birds, thus protecting several species from extinction.

The enforcement of environmental law was given extensive attention in the Kingston discussions. In recent years many States have enacted new laws or updated existing laws for the improvement of the environment. However, laws in themselves are not enough; they do not help much to maintain even the existing environmental conditions in a world of economic development, rapid technological change and growing population. They are a prerequisite, but not a guarantee, for the conservation or improvement of environmental conditions. The decisive requirement is that these laws must be enforced against all those who pollute the environment. Voluntary compliance with environmental laws encounters difficulties, as can readily be understood, for several reasons. Many environmental laws contain no more than what amounts to a statement of national objectives, and we believe that they should be given a more specific content by governments and local authorities. Until that is done through legal regulations or administrative provisions, individual polluters have no clear guidance for their action and will therefore prefer to leave their existing practices unchanged. Even when the regulations are clear and unambiguous, a typical feature of environmental laws is that they conflict with structurally conditioned attitudes on the part of those concerned and that voluntary compliance with them is liable to lead to a conflict of aims.

In this matter we stress once again, in agreement with the parliamentary conference,

the need for effective action to ensure that laws on the environment are observed and for the imposition of strict penalties for infringements of such laws in order to ensure the enforcement of environmental legislation.

In conjunction with this demand we remind the Commission of the undertaking which it gave in its first environmental programme of 1973

to publish an annual report on the state of the environment in the Community, containing details of the measures taken by the Member States to enforce environmental legislation and information on the improvements achieved and the practical experience gained.

We also consider it necessary for the Commission, in connexion with the Community's participation in international conventions on the protection of the environment, to work towards the establishment of effective control systems. This is a natural demand having regard to the provisions of our Community treaties; in the absence of controls to ensure compliance with such conventions, significant economic distortions are liable to result.

Mr President, in these brief observations I have simply highlighted a few points in our report. The Committee on the Environment unanimously adopted the resolution and explanatory statement at its meeting of 17 March. I therefore recommend Parliament to approve this resolution and forward it, not only to the Council and Commission, but also to the governments and parliaments of the Member States.

As rapporteur, I would ask the Bureau of the House to ensure that at least one member of each group is able to attend future international parliamentary conferences of this kind. If only one rapporteur is present, he does not have a minute's rest for four days. Also, a larger delegation would also give better representation in the Committee on Public Health and the Environment, since this is a question which cannot be dealt with by one rapporteur alone.

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

Mr Kofoed. — (DK) Various resolutions and recommendations were adopted at the Fourth International Parliamentary Conference on the Environment that prompted Parliament's Committee on the Environment, Public Health and Consumer Protection to draw up a report on their implementation in the Community.

We in the Liberal Group agree in general with Mr Jahn's report, but some of us feel that paragraph 13 of the motion for a resolution should be deleted. I shall return to this later, but first I should like to make a few general comments.

I think it is admirable to lay down guidelines for cooperation between States that use the same natural resources. The principles listed in the report are an excellent basis on which to adopt rules of good-

Kofoed

neighbourly conduct. What we are trying to create here in fact is a legal relationship between neighbours at international level ... It might also be a good idea to make these thoughts the subject of a proposal for a directive, if that were technically possible.

It is also proposed to prohibit the use of harmful propellants in aerosol sprays. You may think this is a minor problem, but information available to the public proves that these poisonous gases are harmful to the atmospheric ozone layer, and it is therefore only right to prohibit their use in aerosol sprays. There must be other substances that can be used as propellants.

I shall not deal with all the paragraphs of this comprehensive motion for a resolution; I shall merely draw attention to the need for the Community to take account of the recommendation of the Parliamentary Conference on the Environment to prevent the waste of raw materials. This is a very important point, and it is also very important to adopt common rules for the prevention of pollution. It is one thing to prevent waste, of raw materials, but the most important thing is prevention rather than cure. If we are to prevent any waste of raw materials, we must have uniform rules on competition; if we are to formulate an overall policy for the conservation of resources, it is absolutely essential to have uniform rules, otherwise production will be impossible in various countries; production depends on what competitors in other countries do unless the same rules apply. We cannot introduce more stringent environmental protection.

As I said to start with, it was paragraph 13 that caused us the greatest concern. It deals with an international authority for the marine environment. According to the report, this authority would replace the proposed International Seabed Authority in dealing with protection of the marine environment. We in the Liberal Group fully support these aims: we are all agreed about the need to limit pollution and protect the seas against pollution since, with current technological developments, there will be serious pollution in the future unless we are careful. However, when I said that it was right to table this amendment, what I meant was that despite our good intentions we should guard against creating more and more international authorities for the same purpose. I do not think we can prevent marine pollution by creating yet another international authority. I think we should wait until the Third Conference on the Law of the Sea establishes what rules and laws are applicable on international seas and then entrust an international authority with the responsibility for ensuring that national governments comply with them in their national waters.

I therefore think it is quite superfluous and theoretical to create a special authority for this purpose. I do not

think it is of any advantage to the European Communities to create a Community marine authority for Community waters. We must be careful, for we are often enough accused by the public of being too bureaucratic. We should at least not create a bureaucracy where it is not needed.

I recommend that Parliament adopt the motion for a resolution, but that it vote for the amendment so that paragraph 13 is deleted. It would be an improvement: the resolution would then have greater force and a greater chance of influencing the decision-making processes in the Member States of the Community.

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

Mr Cousté. — (*F*) Mr President, ladies and gentlemen, the Group of European Progressive Democrats welcomes the fact that the Committee on the Environment, Public Health and Consumer Protection unanimously adopted the report introduced to us by Mr Jahn. The Fourth International Parliamentary Conference on the Environment, held last year in Kingston, was, in our view, important for two reasons. First, because the questions dealt with were in themselves important, and from that angle the rapporteur quite clearly highlighted the significance of the sixteen resolutions which were adopted. The second point I wish to stress is the problem of effectiveness in an area which is so important to all our lives.

Turning first to the resolutions, I wish to remind the Assembly of the essential points. The issue was not simply that of shared natural resources whose importance is well known but also a problem which is becoming increasingly pressing, that of environmental changes affecting more than one country, which raises in turn the problem of trans-frontier pollution. The problems of conserving migratory species and of energy for domestic requirements in dry tropical zones are certainly important, but in my view that importance is altogether relative as compared with other problems such as the environment and development, since very often many of us and many people outside this Assembly believe that development and the environment are incompatible. However, in an age like ours, which is that of the mastery of technology and dissemination of knowledge, harmonious development is essential, not merely in the quantitative sense, but, as Mr Kofoed said just now, qualitative development as well.

That is why we attach great importance, for example to the United Nations programme of futurological studies, the subject of another resolution, and support for the UN environmental programme and in general technical assistance in the area of environmental law

Cousté

On this particular point, I would add that we must not only support this resolution and adopt it, as the committee has been wise enough to do, in that it has a bearing on consumer protection and public health; we should also recognize the need for countries which do not belong to the Community but have similar problems, such as Switzerland, to be able to exchange ideas with Community authorities on these problems; I consider that extremely necessary. In this connection, it is to be welcomed that working-parties already exist under the treaty of association between Switzerland and the Community on methods for measuring water and air pollution, and measures for noise prevention; further consultations are due to take place in June. I would go further than this; one Scandinavian country, Denmark, already belongs to our Community. We are well aware that Norway almost became the tenth member of our Community and that other Scandinavian countries have a real interest in these trans-frontier actions. I think it is therefore essential for our Community to establish in an area of general interest where views differ for political and sociological reasons, closer links with the Scandinavian countries on the lines of the relations set up and successfully fostered with Switzerland. That is my first remark.

My second observation relates to the views which I had already put to this Assembly on the points dealt with in paragraphs 14 and 15 of the motion for a resolution. I would reaffirm Mr Jahn's concern about the need to establish close cooperation not only between the institutions of the European Community but also with the Member States and other governments and organizations in the areas of interest to us dealt with in the sixteen resolutions to which Mr Jahn and I have just referred. We are faced here with a problem of proper organization of the international community, which, in our view, must be dealt with methodically. We must avoid duplication; it is therefore most satisfactory that a parliamentary conference which, better than any other, reflects public opinion should from time to time look into coordination and harmonization of views.

But this harmonization cannot be a mere intellectual exercise. It must also be effective. The solution does not lie in everyone dealing on the basis of different terms of reference with the same problems; it lies in approaching those problems on the basis of carefully defined terms of reference for each party. Here the initiatives of the Commission and Council of the Communities deserve our support, since we are dealing with an area on which the Treaty of Rome is not particularly explicit. We must therefore lend our support to the Commission and Council, for who could be better placed to do so than this Parliament? The anxiety of the people we represent must be passed on at Community level, because in that way, through directives or initiatives and coordination with international bodies such as the United Nations and with other States that do not belong to the Community, it will be possi-

ble to shorten the time which elapses between recognition of a problem and the implementation of remedial measures.

Mr President, we therefore approve the report and recommend the Assembly to adopt the motion for a resolution contained in it.

(Applause)

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — *(I)* Mr President, the Communist and Allies Group obviously supports the resolutions adopted in Kingston and hopes that they will be implemented within the Community even if this programme in its present shape appears prosaic, consisting as it does of disparate elements which do not represent an overall response to the present environmental problems on land and at sea. We agree above all on the desirability of the broadest possible agreement on extension at world level of the fight against pollution.

In this connection I would mention the visit recently made by the President of the Lombardy Region to the United States last summer, a few months after the disastrous dioxine pollution incident at Seveso. The President of the Lombardy Region went to find out whether an effective procedure to combat dioxine had been developed in the United States.

I consider that visits such as his should not be necessary in future; when such serious incidents occur and may even threaten human life, it seems to me that a spontaneous and natural method of international cooperation should exist. There are situations which affect one particular country today but may affect many others tomorrow — unless, of course, effective measures are taken to prevent pollution. We therefore approve the exchange of information on measures and initiatives between parliaments and support the fullest possible extension of an exchange of experience between all the institutions.

We also support the action to combat wastage — a requirement which should, however, take second place to information and educational campaigns and more intensive scientific research.

As to the resolution on the protection of bird life. I would stress and shall do so in the more appropriate forum provided by the Committee on the Environment, the need for appropriate education of the population on this matter, because protection of bird life — as advocated by the rapporteur, Mr Jahn, and supported by me — is nevertheless contrary to an ancient tradition in my country and in others; it is not easy to eliminate traditions and habits by a series of provisions which subsequently become law.

On the subject of the directive on the protection of bird life approved at Kingston, I wonder why reference is made only to birds and not also to mammals, i.e., non-migratory animals typical of each region: to

Squarcialupi

give an example, it seems to me that at an international conference attended by representatives from all over the world there should also have been appeals for protection of the extremely rich fauna which is typical of Africa and Asia.

The fight against wastage must be supported by a wide-ranging educational campaign directed at the population, by valid scientific research and by greater care to avoid conflict between scientific progress and safety. I refer here mainly to nuclear safety, which is a cause of anxiety to wide sectors of the population and creates extremely complex problems when decisions have to be taken which affect the future of entire regions, indeed of our whole civilization.

As regards maritime pollution, we favour the establishment of a single international authority with responsibility for conservation of waters forming a single entity, be it the Mediterranean, the North Sea, the Atlantic Ocean or the Pacific. We therefore support this proposal, even if the creation of yet another body in a sector where they already abound may give rise to some perplexity.

An international authority of this kind could also have the function of solving disputes or conflicts such as the regrettable argument surrounding the directive on titanium dioxide, to be discussed shortly in this Chamber. Be that as it may, we shall lose no opportunity in the framework of the European Community to demonstrate our sincere political will to defend the environment.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (*I*) Mr President, I wish to speak in a personal capacity to stress a number of aspects which seem to me particularly important. First of all, may I point out that one year has elapsed since the Kingston conference. Despite its sensitivity and readiness to act, this Parliament, too, may therefore run the risk of forgetting the essential problems not only for the quality of life but also for the very survival of our planet.

Having said that, I am grateful to the rapporteur, and to the committee chaired by him, for their constant concern to bring matters of this kind before the Assembly. I would warn my colleagues against a shifting frame of mind, anxiety felt at one moment giving way to forgetfulness. Only recently the press published reports that saccharine was liable to have carcinogenic effects. All those who, like me, have been obliged to give up sugar, but have not done as I have, which is to take my coffee and other drinks unsweetened, are rightly worried about the supposedly harmful effects of saccharine. It may be, however, that these reports have been put about at the instigation of one industry wishing to harm its competitors; they may also be the result of hasty medical judgments.

What I am saying is that we must distinguish between genuine science and its less serious counterpart. Our

citizens trust the scientists and expect them to speak of these matters; but a careful distinction must be drawn between science, which is fallible like all other human activities, and the agreements or disagreements between major industrial groupings or improvisations thought up for economic motives.

Certain grandiose projects must also be treated with caution. When we hear of plans to change the course of rivers, projects now under way in Amazonia, and plans to inject water into the Sahara so as to change the macro-climate, we are bound to remain extremely reserved and cautious.

It gives me great pleasure that the Commissioner responsible for this matter should be Mr Natali, not only because he is an Italian but also because, as a former Minister of Agriculture, he has been concerned, with land reclamation, improvement and reform. I come from an area near Ferrara which contains the Mesola forest, laid down and tended by the Este family; that forest was gravely threatened when water was diverted from the Falce valley under the land reclamation project. At the initiative of the meritorious Italia Nostra association and other conservation bodies, legal proceedings were instituted and the judge prevented the reclamation project from going ahead. Now water is being returned to the area, just as it is to Lake Lentini, in Sicily.

We must put our trust in science, but not without control or criticism; that is the role of us in parliament. I agree that the proliferation of agencies and bureaucracies must be avoided, but responsible bodies must exist to protect the seabed and the sea in general.

In this connection, I would stress something that my colleague, Mrs Squarcialupi, said: as far as titanium dioxide is concerned, Italy is in the clear. But elsewhere in the Community our British, German and Irish friends cannot claim that the processing of waste and of toxic products resulting from the production of titanium dioxide is of no concern to them on the grounds that while conditions in the Mediterranean favour pollution that does not apply to the Atlantic or the North Sea. We all live on the same planet and pollution does not stand still! Moreover, the Community cannot adopt different rules on industrial competition depending on whether a plant is sited in one area or another.

Mr President, I want to make two brief remarks. My first concerns water. As the Jahn report stresses, water is a key factor in ecological defence. We must above all avoid wasting water. I do not say this simply because I come from southern Italy, where over an area of 300 000 square kilometres all the rivers and lakes taken together have a water-bearing capacity less than that of the river Seine— In our part of Italy water is precious — but from the pollution angle, the problem of water is important everywhere and to everyone.

Cifarelli

An impressive fact is that modern technology has enabled us to reach water at great depths in the sub-soil; this geological water does not come from the atmosphere, but has been trapped in the ground at some time in the geological history of our planet. This water is pure when we extract it, but some of it at least is then ruined by us.

I therefore consider that the problem of water is of central importance in terms of both quantity and quality. Here we come up also against the question of agriculture: modern agriculture cannot exist without pest-controls and the large-scale use of fertilizers, but the development of the application of fertilizers, pesticides and herbicides causes in turn pollution of the ground-water.

The Community must as soon as possible lay down norms for reconstituting ground-water reserves. The Community is working on a directive on forestry. That is highly desirable, because man can do no better than restore what he has previously destroyed.

As far as possible I hope that the Commission will issue regulations rather than directives. Regulations are immediately applicable, while directives have to be incorporated into national law and can be deferred, so that they often do not take effect at all.

(Applause)

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

Mr Ajello. — *(I)* I want very briefly to express the Socialist Group's support for the report drawn up by Mr Jahn. As chairman of the Committee on the Environment, Public Health and Consumer Protection, I have already had occasion to congratulate Mr Jahn on the excellence of his work, and I want to do so again in our plenary sitting today. The conference dealt with in this valuable report discussed matters of outstanding importance, as had also been done by the previous conference at Nairobi.

I shall not take up too much of the Assembly's time by dealing with individual points and shall confine myself to generalities. I believe that great importance should be attached to one matter already stressed by several speakers in this debate namely, harmonizing the standards applied by the various countries to avoid the only-too-credible risk of unfair competition; Mr Cifarelli's example relating to titanium dioxide is extremely pertinent. I also consider that this need for harmonization should go hand in hand with a careful surveillance of research into the toxic or non-toxic nature of certain products. The example of saccharine has been quoted. Without wishing to express a judgment on this matter, since none of us is competent to do so — I at least am not — I have the impression that in matters such as this, which are extremely serious and scientifically important, elements of commercial speculation are often introduced so that consu-

mer protection is not fully guaranteed. We must therefore seek ways of introducing greater stringency into studies of this kind, whose financing should not be left solely to industry, which may be suspected of having interests that are not purely scientific.

This brings me to the second point I wanted to stress, which is the need for greater interest on the part of the politicians. As I said, the Nairobi conference highlighted a number of important points. I believe that adequate attention was not given to it in political circles; there is a tendency — which I consider extremely dangerous — for problems of this kind to be left to the 'experts', only to find that the experts often do not agree. Many extremely serious and far-reaching problems, e.g., in the area of nuclear energy, on which opinions differ widely are left to the attention of the technical experts or would-be technical experts without seeking an overall political view as we in fact should.

This brings me to my last point for this evening: the relationship between protection of the environment and development. The central issue seems to me to be to determine the limits to development, to know when development becomes detrimental to the environment and when it is genuinely productive for mankind. I consider that the central problem facing us in our age is to restore a correct relationship between man and the things he has invented: between man and the machine; the problem is to find a humanistic approach to the industrial society which will put things in their proper perspective. In reality the machine should be an instrument serving man and not something which enslaves him. This applies not only to the machine as a symbol, but also to the things produced by it and to those it discards. I do not believe that development can be serious and desirable if it takes place to the detriment of the environment in which man lives and to the detriment of his capacity to control that development rather than be swept along by it.

As to the proposal for an international authority, I, like many Italians who are only too familiar with this phenomenon in their own country, am opposed to the proliferation of agencies. Nevertheless, for the reasons outlined above I consider the problem to be so important and serious that on this point, too, I am able to support the conclusions reached in Mr Jahn's report.

President. — I call Mr Natali.

Mr Natali, Vice-President of the Commission. — *(I)* Mr President, Mr Ajello has stressed the desirability of politicians' taking greater account today of problems of environmental protection. We support that view, while noting that the very fact that we are discussing a parliamentary conference devoted to a specific topic following on from previous similar conferences, provides clear evidence that substantial progress has already

Natali

been made in this direction, even if much remains to be done. There is today a widespread conviction that problems of environmental protection are not the exclusive concern of scientists or naturalists: they concern all of us in one way or another and we must enter the fray with real commitment. In the light of these considerations, I wish to congratulate Mr Jahn on his exhaustive report on the Kingston parliamentary conference.

The Commission noted with great interest the results of this fourth conference. The fourth conference, like the previous one, the 1974 Nairobi conference, was certainly of great use in that it helped to develop an awareness of the problems in the individual national parliaments. It enabled parliamentarians from the various countries to exchange information on their respective national experience and also to establish links of cooperation and solidarity between their legislative institutions.

Taking up a remark made by Mr Cifarelli, I would also point out that if we are discussing the Kingston conference one year after it took place, it is also true that, as regards the 1974 Nairobi conference, the Community as a whole has shown its desire and ability to make progress.

In the area of pollution control, the Council has already adopted, in application of the Commission's environmental programme, twelve directives and two recommendations. And between the submission of the Commission's proposals and their adoption by the Council, let us not forget the precious cooperation of the European Parliament in the performance of its functions. Three of these directives concern water pollution, three atmospheric pollution, three waste elimination and three others the control of chemical products in the atmosphere. The two recommendations relate to the application of the 'polluter pay' principle and to the relationship between the development of energy production and environmental protection. A further three proposals for directives are awaiting consideration by the Council and will supplement these first measures for protecting the environment.

The subject of the Kingston conference — 'The environment and natural resources' — was nothing if not topical. At a time when our Community is confronted with the most serious economic crisis in its history, it is appropriate to accord their rightful importance to natural resources. That importance was recognized as long ago as 1973, when the Council laid down the aims and principles on which Community action in the environmental sector was to be based. These included the principle that 'the natural environment provides limited resources which can be used but not abused.' That is, of course, only an affirmation, and it is our joint responsibility to translate that affirmation into reality.

On the subject of trans-frontier pollution, in recent years the Commission has made considerable efforts and the Community has achieved noteworthy results. I would remind the Assembly of the work done in the area of water pollution, the directives adopted by the Council and the international conventions to which the Community has subscribed. I shall return briefly to this subject at the end of my speech in answer to a request made in the motion for a resolution; that will give me an opportunity to show the extent to which our views coincide on these matters.

The protection of migratory species, to which your Assembly and the Commission pay especial interest, has also been the subject of important work. The Committee on the Environment, Public Health and Consumer Protection is examining the proposal for a directive forwarded by the Commission to the Council late last year. I hope that the Assembly will be able to deliver a favourable opinion on this proposal at its May part-session, so that the Council can adopt measures at the earliest possible opportunity in an area which is rightly giving concern to public opinion in the Community.

I would also remind Mrs Squarcialupi that the Commission has asked the Council for authorization to open negotiations on accession by the Community to the convention on international trade in wild species of flora and fauna which are in danger of extinction.

To Mr Kofoed, I would say that for some months now the Commission has been concerning itself with the problem of fluoro-carbons, the propellant gases used in aerosols. A number of meetings attended by national experts have already been held. These initial contacts show that there are conflicts between industrial interests not only in different member countries, but also affecting relations between certain Member States and third countries. There is also some scientific uncertainty as to the real effect of these products on the environment. Research now under way must therefore be continued for some time before it will be possible to draw up regulations founded on incontrovertible scientific facts.

The Commission feels bound to share the view of the rapporteur, Mr Jahn, stressed also by Mrs Squarcialupi, on the need to conserve scarce resources and avoid wastage. Here the Commission has already put work in hand under the first environmental programme. The second action programme, approved by the Council last December, concerns the need to continue Community action in this field and stresses the specific importance of preventive action and the need to create closer links between economic and environmental policy in the prevention of waste and reprocessing of waste products.

The Commission intends to give that part of the programme the priority it deserves.

Natali

The Commission is happy to be able to inform Parliament that the first report on the environmental situation in the Community was recently published. It contains the information requested by Parliament on measures adopted by the Community to protect and improve the environment. This report was forwarded to Parliament a few days ago, and I understand it is to be distributed today.

Finally, the Commission wishes to confirm to the Members of the Assembly the importance which it attaches to the international aspects of environmental protection. Regular consultation takes place between the Member States and the Commission in preparation for the various meetings held by international organizations on environmental matters. The Commission, for its part, maintains close cooperation not only with the secretariat of these organizations but also with the administrations of certain third countries, especially those which are faced with pollution problems similar to those encountered in the Community. In this connection, I would remind the Assembly of the links maintained with Canada and Switzerland and of those we have established with Norway and more recently also with Sweden, to coordinate information and take joint action.

In conclusion, Mr President, I wish to make a few observations on the specific requests contained in the resolution. In paragraph 4 of the resolution, the rapporteur urges the Commission to present a directive on the code of conduct advocated at Kingston for the conservation of natural resources. I would draw your attention to the fact that several directives, and not just one, are required here, while, as regards the problems raised at Kingston, we consider that the principles on which the action programme approved by the Community is based are sufficient and that the various future initiatives could derive from these principles, which we believe to be consistent with the parliamentary conference.

As regards paragraph 6, I fully recognize the validity of the request that the Commission should propose a Community regulation on compensation for damage caused by trans-frontier pollution. I assure you that we are examining this possibility, and I believe that other bodies, such as the OECD, are also doing so. May I point out, however, that this raises not only economic but also legal problems, which have to be considered from the complex angle of the civil liability of polluters; I am afraid that work on this matter cannot be completed quickly.

Finally, on one aspect which has been stressed by many speakers — namely, the creation of an international authority for the marine environment our views are bound to be favourable. However, we must await the outcome of the Conference on the Law of the Sea, which will be continuing its work this summer in New York.

Turning to paragraph 15 of the resolution, I would say that for the time being the United Nations seem inclined to favour conventions of a regional nature rather than a second five-year programme. As you know, the Community is a contracting party to these regional conventions and has signed those on the North Atlantic and Mediterranean, as was pointed out in answer to a question put at our last part-session. The Commission has also adopted a position on protection of the Baltic, and has been authorized by the Council to negotiate at the corresponding conference. Up to now only individual Member States have adopted a position on this matter, but we consider, having regard also to the points made by the rapporteur, Mr Jahn, that the signature of such agreements is a matter for the Community as such.

Mr President, I must apologize for speaking at such length, but I believe that the matters under consideration are particularly important. Some speakers raised the subjects of nuclear safety and titanium dioxide. They are to be discussed later during this part-session: the first right now and the second, I believe, tomorrow. This concern shows how aware Parliament is of the need to prevent our natural environment from being destroyed by progress and, on the contrary, protected for future generations: the Commission, for its part, is resolved to give Parliament its support and it hopes that it will be backed in turn by Parliament in advancing action already approved by the Assembly.

President. — I call Mr Jahn.

Mr Jahn, rapporteur. — (D) I should just like to make three remarks. First, I would thank all colleagues for the expert judgement they have shown in their speeches before the House. Secondly, I offer especial thanks to Vice-President Natali for the Commission's clear opinion on the Jamaica decisions. Thirdly, I should like to ask Parliament to reject the proposal for an amendment. The motion for a resolution was adopted unanimously in committee. All it is aiming at — as the Commission has already suggested — is that we should all consolidate what has so far been decided — not, of course, in the shape of a new bureaucracy, for we are all opposed to that sort of thing, although we should like to see a little more bureaucracy — that is, staff — on the environmental protection side of the European Commission, so that we can progress more rapidly.

Mr Kofoed, we should like to see incorporated in a comprehensive convention all that has been said in the Oslo Agreement on the prevention of pollution of the sea, in the London Agreement on the dumping of waste at sea, and in the Barcelona Agreement on the protection of the Mediterranean, and all that has been said in many individual agreements applicable across the frontiers. What we are to call this convention after

Jahn

the Conference on the Law of the Sea, etc., is another question. We should like to get the Commission working along these lines. That is why I would ask you to vote unanimously on these proposals, for they must not only safeguard European interest but also secure the unqualified approval of 50 nations of the world.

President. — We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 12 to the vote.

The preamble and paragraphs 1 to 12 are adopted.

On paragraph 13, I have Amendment No 1, tabled by Mr Kofoed, seeking to delete this paragraph.

I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraphs 13 to 18 to the vote.

Paragraphs 13 to 18 are adopted.

I put the motion for a resolution as a whole to the vote.

The resolution is adopted.¹

18. *Oral question without debate: Treatment of waste from titanium dioxide*

President. — The next item is the oral question, without debate, by Mr Fioret, Mr Noè, Mr Vernaschi, Mr Martinelli, Mr Ripamonti, Mr Pisoni, Mrs Cassanmagnago, Mr Pucci and Mr Ligios to the Commission of the European Communities on the treatment of waste from titanium dioxide (Doc. 571/76/rev.):

Would the Commission not agree that if the Community directive approved by the European Parliament in January 1976 and introducing effective measures to be uniformly and compulsorily applied in all the Member States with regard to the treatment of waste generated by the titanium dioxide industry, were immediately adopted by the Council of Ministers, an important and constructive contribution would be made towards meeting the widely recognized need to combat marine pollution and protect marine flora and fauna?

Furthermore, if the implementation of this essential measure is frustrated by the persistent and unwarranted opposition of certain Member States, will the Commission consider proposing appropriate economic measures to offset the adverse effects of a distortion of competition within the Community which benefits undertakings operating in countries not subject to antipollution regulations at the expense of those which prevent pollution, thus saddling themselves with a heavy financial burden?

I call Mr Ripamonti.

Mr Ripamonti. — (I) Mr President, ladies and gentlemen, I must first offer apologies for the absence of Mr Fioret, the first signatory to the question, whom parliamentary commitments have obliged to stay in Rome. The fact that the President has not agreed to hold over the discussion until another sitting has the advantage that it brings consideration of this question within the context of the discussion just now concluded on the Jahn report, thus enabling the Commission to demonstrate to Parliament in a practical way how it intends not only to adhere to the spirit of the Conference on the Protection of the Environment but also to take action to ensure effective protection of the sea.

Replying recently to a question by Mrs Squarcialupi, the President-in-Office of the Council spoke at length on the difference at present dividing the various Member States as regards the draft directive we are considering, without giving any indication, however, of how it is intended to arrive at a result satisfactory to all. The Council has justified its present inability to act on the ground that, given the highly complex nature of this matter, further detailed consideration will have to be given to it before the problem can be solved.

As the Commission will understand, this reply worries us a great deal. Quite apart from any technical reason for controlling discharges of titanium dioxide by industry, we are faced with the following situation: a Council which admits that it is unable to deal adequately with the problem while certain industries in this sector, which are bearing ecological costs estimated by some experts in certain cases to account for 25% of the market price of titanium dioxide, are being severely penalized and are running the risk of having to abandon the market, with all the social consequences that may entail. This point was dealt with by Mr Cifarelli a few minutes ago.

That the objections raised by the Council are merely pretexts can be clearly seen from the achievements of Japanese industry, which, faced with rigid standards in the matter of discharges, proceeded to neutralize effluents and re-utilize them for other production lines.

The Commission undoubtedly deserves praise for having defined and gone deeper into the problem and for having proposed Community solutions. But now further action by it can no longer be put off if the adverse consequences alluded to are to be avoided. I therefore feel that the Commission should immediately propose provisional Community measures to smooth out the market distortions now existing among the various Community producers.

We are of the opinion that in order to attain this end Community funds should be established to compensate undertakings now loaded with heavy burdens of an ecological nature, and to enable them to operate on

¹ OJ C 118 of 16. 5. 1977.

Ripamonti

the market under conditions of normal competitiveness. This Community compensatory fund could be financed either with appropriations from the Community budget or through taxes on the consumption of titanium dioxide in the Community, for example in the form of an addition to the VAT imposed on that product. A tax of this sort appears to be fully in line with the requirements of the common market because, being imposed on all consumption within the Community, it would affect equally the Community product and the product imported. The consumption tax system already has a precedent in the Community measures for the protection of the environment, envisaged as it is in the Council directive on the elimination of used oils as a possible means of financing the compensation which may be received by the undertakings that collect and eliminate them, for the expenses they incur.

The proposed system is to be preferred to other possible solutions because it is easier to apply and because it neither favours imports from outside the Community nor disturbs exports to non-member countries. Moreover, Article 14 of the directive to which I have referred provides for this type of contribution and affirms the principle recalled by Mr Natali, 'the polluter pays'.

Finally, as regards the way the fund thus set up should be distributed, this should present no particular difficulties, because the number of producers in the Community is very limited and the characteristics of their plants are, thanks to the studies carried out by the Commission, already known. It must be stressed that the measures therein proposed should be provisional in character, pending the adoption by the Community of final regulations which, in addition to protecting the environment, would have the effect of eliminating any distortion of the market.

It follows that these measures perform not only the passive function of guaranteeing the conditions of competition for a certain period but also the active function of stimulating the development of 'clean' technologies, which should be the final object of Community action in this field. Failing implementation of the Community measures proposed, or of others that will enable the Commission to achieve the same aims more rapidly, there will be no alternative but to take adequate protective measures at national level — certainly not a good thing — with a view to ensuring the international competitiveness of an industrial sector there is absolutely no intention of forsaking, particularly in order to safeguard employment levels during a period of recession.

I should like to conclude, Mr President, by pointing out that, if in the field of environmental protection Community bodies do not step in with the same waste-discharge standards for all Member States, not only will distortions of the market be brought about but in addition there will be a risk of steering indus-

trial investment towards those states in which the ecological problem is less acute and laws more permissive, something which runs counter to the resolution we have just adopted. This is certainly not in line with the aims of the Community policy in favour of Community regions that are industrially less developed.

In conclusion, I would point out, not without some bitterness, that the attitude of a number of member countries does not always reflect the fundamental principles that inspired those who were the founders of this Community. I shall confine myself to recalling what Robert Schuman said on 9 May 1950 :

Europe will not be built in a day, nor as part of some overall design ; it will be built through practical achievements that first establish a sense of common purpose.

President. — I call Mrs Squarcialupi on a point of order.

Mrs Squarcialupi. — (I) Mr President, given the importance of the arguments put forward by Mr Ripamonti, I should like to know why this question, for which up till yesterday a debate was planned, has now become a question without debate.

Mr Dalyell. — Quite right.

Mrs Squarcialupi. — (I) We attach particular importance to a debate because this is, in our view, one of the few occasions on which we can demonstrate the political will of the Community with regard to environmental problems.

President. — The decision adopted earlier this afternoon was that this would be an oral question, without debate, pursuant to Rule 46.

If you wish to raise another point about the reasons behind what happened this afternoon, I can only refer that to the President, but I regret that I cannot go back on what was ruled by the President this afternoon when he put the proposal before Parliament.

I call Mr Dalyell on a point of order.

Mr Dalyell. — Mr President, I hope you will do as you suggest and find out by what process this became an oral question without debate — an absurd procedure which is quite ridiculous in this Parliament. Some of us would have liked, for instance, to ask the Commissioner about the costings of these kinds of proposals.

President. — As I have already said, I will make the enquiry asked for in the point of order and which you have also asked me to reaffirm. I will do that. What I cannot do, since Parliament did decide to have an oral question without debate pursuant to Rule 46, is to allow the procedure to be changed. I am sorry, but that is so.

I call Mr Natali.

Mr Natali, Vice-President of the Commission. — (I) Mr President, my reply will be extremely brief. This is not because I underestimate the importance of the subject but because the Commission finds itself in a special situation in that, as far as the first request made by Mr Fioret and enlarged upon by Mr Ripamonti is concerned, we cannot but share the Honourable Members' view that the adoption by the Council of the Commission's proposal on waste generated by the titanium dioxide industry would help substantially in combating pollution of the seas. It was for these reasons and because of these convictions, which we today reaffirm, that the Commission submitted its proposal to the Council at the end of July 1975.

Mr Ripamonti has pointed out that last month a debate was held in this House, following a question put to the Council by Mrs Squarcialupi, during which the Council was asked to approve the directive as quickly as possible. I was present at that debate, and I noted what was said and the positions that were taken up. As to the Commission's position, we hope that it will be possible, at the next meeting of the Council of Ministers for the Environment, scheduled for next June, for a favourable decision to be taken on this proposal for a directive.

Mr Ripamonti also asked whether, since possible distortions of competition could be covered individually in separate regulations, consideration ought not to be given to action of an economic character. This question, Mr Ripamonti, could in practice arise only after the meeting of the Council of Ministers. Our hope is that the Council will approve the directive. If it does not, then the Commission will feel itself free, after evaluating the results of that meeting, to consider presenting the proposals along the lines indicated by the authors of the question.

President. — I call Mr Ripamonti.

Mr Ripamonti. — (I) Mr President, ladies and gentlemen, I should like first of all to thank the Commission for announcing that it will urge the Council to approve the directive. I must, however, express my regret that the decision will not be taken until June. Mr Cifarelli said a short while back that Parliament had taken a year to consider the report of the Conference on the Environment, and now it is proposed, in a matter of crucial importance, to wait another three months! I cannot, therefore, pronounce myself satisfied with the second part of the Commission's reply. If the Council does approve the directive

in June, it will not be possible to draw up the Commission's proposal for measures of an economic character — aimed at safeguarding freedom of competition — before December, and perhaps it will be approved only in 1978. As a result, we shall be putting off dealing with a situation that runs counter to the Treaty of Rome.

I therefore ask that, should the directive be once again shelved, the Commission submit, as an alternative, a proposal for a specific regulation on the intervention funds, so as to prevent the continuance of distortions of competition in this sector and the adoption of irreversible national regulations, which would themselves constitute a violation of the Treaty of Rome.

19. Agenda for the next sitting

President. The next sitting will be held tomorrow, Tuesday, 19 April, at 10.00 a.m. and 3.00 p.m., with the following agenda :

At 10.00 a.m.:

- Lange report on international economic activity of enterprises and governments ;
- Joint debate on three questions to the Commission on energy ;
- Schwörer interim report on Community raw material supplies ;
- Nyborg report on motor-vehicles ;
- Nyborg interim report on customs procedures (without debate) ;
- Nyborg report on motor-vehicle fittings (without debate) ;
- Question without debate to the Commission on the free movement of goods ;

At 3.00 p.m.:

- Question-time.

I call Mr Dalyell on a point of order.

Mr Dalyell. — What precisely has been decided about the form of these three questions? Because, as is known to you, Mr President, this was discussed in the groups, and I wonder what the outcome of the Bureau meeting was.

President. — I know nothing about any discussion at a group or Bureau meeting. The decision that has been taken is that there will be a joint debate on the three oral questions to the Commission on energy.

The sitting is closed.

(The sitting was closed at 8.00 p.m.)

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IN THE CHAIR: MR COLOMBO

President

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. *Approval of the Minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Membership of committees*

President. — I have received from the Liberal and Democratic Group a request for the appointment of Mr Feit to the Committee on Social Affairs, Employment and Education.

Are there any objections?

The appointment is ratified.

3. *Urgency of two motions for resolutions*

President. — The next item is the vote on the request for urgent debate in respect of the motion for a resolution tabled by Mr Bangemann on behalf of the Liberal and Democratic Group, Mr Alfred Bertrand on behalf of the Christian-Democratic Group, Sir Peter Kirk on behalf of the European Conservative Group on the creation of a European Foundation with a view

to fostering public support for European objectives and policies (Doc. 4/77). I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is not agreed.

The motion for a resolution, however, will be referred to the Political Affairs Committee.

The next item is the vote on the request for urgent debate in respect of the motion for a resolution tabled by Mr Espersen on behalf of the Socialist Group concerning maltreatment by the French police of a Member and three officials of the European Parliament (Doc. 21/77).

I call Mr Hamilton for a procedural motion.

Mr Hamilton. — I wish to refer to the motion for a resolution tabled by Mr Espersen on behalf of the Socialist Group, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, concerning maltreatment by the French police of a Member and three officials of the European Parliament (Doc. 21/77). I hope Parliament might agree that this is a matter of great urgency affecting the rights of individual Members of this Parliament and members of the Secretariat as well, that we might adopt urgent procedure and the debate might be arranged for Thursday.

President. — I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is agreed.

The motion for a resolution will be debated during Thursday's sitting.

4. *International economic activity of enterprises and governments*

President. — The next item is the debate on the report (Doc. 547/76) drawn up by Mr Lange on behalf of the Committee on Economic and Monetary Affairs on the

principles to be observed by enterprises and governments in international economic activity.

I call Mr Lange.

Mr Lange, rapporteur. — (D) Mr President, ladies and gentlemen, this point has already been on the agenda a number of times. Today, or at least so I hope, we shall fortunately at last be dealing with it. This is not to say — and I want to make this quite clear — that we shall not be dealing again, when the time comes, with the problem of multinationals, namely in the light of the further experience we shall acquire from cooperation with the OECD and from the activities of the US Congress and European Parliament delegations.

Now, Mr President, for a considerable time — that is, practically from the beginning of this century and then after the Yom Kippur war and the oil crisis — the demand for rules at international level governing the activities of multinationals has become more and more pressing. And, as you know, what is clearly being discussed in international circles is the introduction of universally applicable rules.

Before going into the subject in detail, I should like to make a few remarks about what has taken place in this Parliament in connection with multinationals. I would first point out that what is being asked for in his motion for a resolution, and what the working paper prepared by Mr Gibbons and me contains, does not go beyond anything that this Parliament has so far decided in the matter of multinationals.

It was in 1973 that, as part of the activities of the European Parliament and US Congress delegations, we first looked into the question of multinationals. This was in Washington. We then, however, received a Commission communication to the Council on multinationals and on the Community regulations. This was towards the end of November 1973. A report thereon was then drawn up for the Committee on Economic and Monetary Affairs, which considered the Commission proposal in the course of seven meetings. The report was submitted at the time by our colleague Mr Leenhardt, and everything it contained was adopted by Parliament on 12 December 1974. On this basis we then continued the discussions between the US Congress delegation and the European Parliament delegation; these were pursued during the half-yearly meetings in 1974, 1975 and 1976. Then, after in 1976 the two delegations had made so much progress as to be on the point of reaching a virtual agreement, we decided to try to lay some sort of basis for dealing with the matter also in the European Parliament.

So much for the purely technical aspects of the work that has been going on for years in this field. Roughly a year after the two delegations — US Congress and European Parliament — had taken up the matter, the OECD did the same. Now, an organization like the OECD is naturally in a better position, because it can work continuously without a constant half-yearly interval, to bring matters to something like a conclusion. The OECD has produced, for example, guidelines for multinationals. These take the form of two papers which are probably familiar to Members: *International Investment* and *Multinational Enterprises*. Both these papers were signed by all but one Member State of the OECD in June last year:

We have now reached the point where it must be made quite clear what has always been this Parliament's concern — and was originally the OECD's concern — in the entire international discussion of the conduct of multinational enterprises. I shall not here speak of the economic and financial power of multinationals. This is already well-known, and to start quoting figures here would, I am sure, be quite out of place. Just one example: we know that a number of American multinationals — and others also — can boast balance-sheet totals far in excess of the annual budgets of States. It becomes quite clear, therefore, that we are dealing with financial resources that exert definite influences not only on capital movements but also on international monetary policy.

If, then, we are aware of the economic strength of these enterprises, then we realize that there is a great deal that their heads can do *vis-à-vis* States and, indeed, a great deal, as past examples show, that they have done. We know, moreover — one need only think of the scandals uncovered by the US Congress — that some enterprises of this kind have not shrunk, in their search for contracts, from certain practices which would, in the normal way, be shunned by a real businessman, at least in certain parts of this world. I am concerned here not with the double-dealing of oriental carpet salesmen but with serious business practices to which European and North American firms have grown accustomed.

But what the OECD wanted to see at one time was clearly the introduction of an internationally binding code, namely an international agreement of a binding nature, on the basis and within the framework of which multinationals could then operate. Such a uniform, internationally accepted basis, backed by international law, could bring these enterprises out of the twilight zone which they have got into during the entire discussion of the question. They would then have a chance to explain their business methods with utter frankness. That was the whole point of the business.

We fully realize — and this was quite clearly the view of the Committee on Economic Affairs, that there must be no witch-hunt, no stigmatizing of enterprises even of this magnitude. On the contrary, we feel that

Lange

they can do a great deal to spread technical and economic know-how and experience throughout the world, and that they have helped to create jobs in certain quarters of the globe. We realize also, however, that because of the size that they have now attained they have indulged in certain practices. Once a certain economic position has been attained there is perhaps a tendency — a perfectly human one, incidentally — to use that position in such a way that, had appropriate legalistic requirements been laid down, one would say that one would stray, or like to stray, a little beyond the bounds of legality without making this too obvious. We realize that the exploitation of a market-dominating position by enterprises cannot be tolerated, and national laws exist in the USA, the European countries and the Community for the purpose of preventing it. This is why all discussion at international level of an appropriate code of conduct centres on the obligation under international law as the starting-point. This was also the OECD's starting-point. In the course of the OECD negotiations this basis was abandoned in favour of a voluntary application of what had been signed last year.

I will not try to establish here who was responsible for this. It must be realized that the compulsory application of such rules will mean changing a wide variety of practices for a whole series of undertakings now under discussion, and also for specific industries about which I will say no more at the moment. There is also a host of undertakings which over the years have developed practices which have become so dear and useful to them that they have no desire to abandon them, although, to put it mildly, they are a little too forceful and have nothing in common with normal business relations and transactions.

To this must be added that there exists a group of industries which regard themselves, as far as their production is concerned, as responsible for the security of the States, and that in that quarter, too, the fear of endangering national safety may have played a part in ensuring that the application of the agreement would be on a voluntary rather than on a compulsory basis. This is just a suggestion, and I do not want to go further into it. I could provide confirmation from knowledge and experience I have acquired, but I have no intention of embarking on a campaign either for or against any undertaking or industry of any industrial nation in the world.

What I am saying here can be proven. We know that originally the American government — under the Ford administration — was in favour of a compulsory code, but that certain experience gained by certain undertakings led the American government to change its mind. However, now that nine or ten months have passed by, the voluntary application of this agreement of the OECD guidelines is still beset by a number of problems.

Provision was made for a three-year trial period. Well, that is quite in order while we have well-disposed

undertakings, and that they exist has been shown by the various hearings organized jointly by the US Congress delegation and the European Parliament delegation in the United States and Europe. In other words, there are firms that are fully prepared to accept an internationally binding code of conduct. There are others which say that they have appropriate rules in their own sphere of business and that everybody should fall in line with them. Be that as it may, such rules serve the exclusive interests of the undertaking and there is no way of checking the extent to which the general well-being of the countries in which it operates are also taken into account.

Now that we have established the existence of these different groups among international undertakings, we can see that the voluntary approach here adopted is an inadequate one. The Committee on Economic and Monetary Affairs therefore believes that it is essential to lay down rules binding at international law, and that these should naturally be ratified by the individual countries entering such agreements. That means that national legislation must be adapted to the international agreement or treaty in question. Where, however, already existing national regulations in certain sectors go further than those prescribed in the international agreement, such regulations should not be watered down.

Now, the need for a compulsory code of conduct has arisen because the economic set-up, and therefore the activities, of multinationals has run ahead of political development in the world. We have no free and united world government such as was envisaged by Adlai Stevenson, a former American candidate for the Presidency who cherished the dream of a *single* world. Had political development kept pace with economic development, we should not have to be discussing these things today. In the political unit that would then exist we would probably have, say, *anti-trust* laws or whatever you may like to call them. We would have suitable tax laws, with all that goes with them, suitable labour laws, etc. etc. But since economic development has run ahead and political development, because of its lack of unity, lags behind — as can also be seen in UNO — we feel it is necessary to conclude appropriate international agreements with a view to helping political development to make up some of this lost ground.

Not, I repeat, that we want to pull back economic development. We want no witch-hunt. It is not desired to abolish these undertakings; the aim is simply to induce them to adopt a code of conduct that will make it impossible to abuse their economic power. This is very much a live issue in a number of Community countries and in the Community itself, and one on which, at bottom, no difference of opinion exists.

And now I must make a few explanatory remarks regarding the report we have here presented on behalf

Lange

of the committee. In the report and in the motion for a resolution we have referred to two things, that is, the paper Mr Gibbons and I laid before the two delegations and the work done by the OECD.

In this connection we recommend the establishment of agreements which, as I have repeatedly pointed out, would be internationally binding and enforceable at law, for which the working basis would be the paper prepared by the two delegations and the OECD agreements.

I use the term 'working basis' because the committee confined itself in its motion for a resolution to setting forth only a few principles, without going into detail as to the areas to be governed by the rules. This applies both to the paper prepared by the two delegations and to the OECD agreement.

As rapporteur, I had originally made another proposal, but in committee the suggestion was made that only a few principles should be laid down and the rest appended in the form of an annex. With this suggestion, as rapporteur, I complied.

The proposal I originally put forward was to consider again in some detail what was contained in the delegations' joint paper; we then realized that this would be extremely difficult to do because a number of points had not yet been exhaustively discussed. It was decided, therefore, to consign these questions to an annex without taking a decision thereon.

I should like to make it clear, therefore, that neither the OECD agreement nor the paper prepared by the US Congress and European Parliament delegations has been dealt with in any detail by the committee. There is also no reason at all why Parliament should do this since, according to paragraph 3 of the motion for a resolution, this should be done only in the context of the relevant international negotiations. We also felt that it would be hardly practicable at this stage to develop fixed ideas on individual questions which might be modified during such negotiations. In other words, we wanted therefore to leave all options for international agreements and the talks that must precede them open.

As I said, therefore, both papers are working documents, no more and no less, and no one in this Parliament is expected to associate himself with them. But one point should be made: in these working documents we have merely made an attempt to give some idea of the areas in which, at the present stage of international discussion, rules ought to be laid down, and we do not claim that the ideas we have put forward in any way exhaust the subject. All we believe we have done — and the same goes for the OECD document — is to present a largely accurate interpretation of what has been discussed at international level.

To give but one example: the OECD has carried out far-reaching preliminary work, for example as regards the publication by undertakings of balance sheets, profit and loss accounts and reports. We were thus

able to spare ourselves this effort, and when we bear in mind that models of balance sheets and profit and loss accounts have been worked out we can appreciate the value of this preliminary work, which, whatever happens, can serve a useful purpose in these international discussions and negotiations. And why should this not be done in this case? In due course the parliaments will have an opportunity to discuss together the entire question and to go into all aspects of it that need to be settled as far as multinationals are concerned, expressing their views and then passing them on to the negotiations. All we are interested in at the moment is — as stated in paragraph 1 of the motion for a resolution — in internationally binding guidelines which can be embodied in one or more agreements. We do not for a moment believe that all this can be covered by one agreement, and that is why we are thinking in terms of a number of them. At this point, Mr President, ladies and gentlemen, I would add that the question of multinational undertakings already played a role in the forties after the second world war.

You will recall that at that time the negotiations carried out culminated in the General Agreement on Trade and Tariffs, or GATT. Even in those days it was desired, in the interests of international trade relations, to control the activities of multinationals.

There is one point I should like to stress. In one of the last sittings at which we discussed the matter in the Committee on Economic Affairs we had a conversation with Mr Davignon, the Commissioner responsible for this area, and all came to the conclusion that we, too, still had something more to do than we had originally thought necessary if the requirements of an internationally binding arrangement were to be satisfied.

The Leenhardt report, on which a decision was reached here on 12 December 1974, set out a number of wishes and views of Parliament which so far have not been taken into account. In paragraph 4 of our motion for a resolution, therefore, we call upon the Council once and for all to adopt the proposals submitted to it by the Commission, and upon the Commission to submit as soon as possible, as promised at the time, all the supplementary proposals to the Leenhardt report. For we believe, Mr President, that what we do is crucial for the credibility of such intentions as we are here expressing. And our own credibility can only be heightened or confirmed if we ourselves make a start with suitable measures. This, I must emphasize, does not mean that we are prepared to take measures that would curtail the competitiveness of our own undertakings to the benefit of others that might be allowed wider scope in this respect. This must, therefore, always be borne in mind when dealing with this matter. We cannot, then, be expected to discriminate against our own undertakings.

Lange

The sphere of application of such internationally binding agreements should cover all undertakings of this kind, whatever the conditions of ownership or the nature of holdings. This means that both privately-owned and public undertakings would be covered. The two types would thus be treated similarly: they would be treated according to their business activities — that is, treated *equally*, for there is no thought of introducing any form of discrimination.

Moreover, Mr President, these questions as a whole must be further discussed, as I pointed out earlier, and I would conclude by saying how grateful I would be if the House could take up the ideas I have here put forward in the name of the Committee on Economic and Monetary Affairs, and if it could adopt the resolution on the lines I have explained also with regard to the two papers. Then we should have a fairly long stint of work behind us and could press ahead on this basis.

I thank you for your patience, Mr President, ladies and gentlemen, and hope that the result will turn out to reflect the proposals of the Committee on Economic and Monetary Affairs.

(Applause)

President. — I call Lord Bruce to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — Mr President, my group welcomes the initiative taken by the Committee on Economic and Monetary Affairs in producing, through its rapporteur, the report that Parliament is considering this morning. My group, moreover, supports the resolution which is contained in the report.

The original Treaty of Rome was put forward and still is regarded as a charter for the development of free enterprise in Europe: the free movement of labour, the free movement of capital and the promotion within Europe generally — with the arguable exception of the area covered by the Common agricultural Policy — of competition between firms and individuals. Now there has developed over the past 15 years in particular, a power in Europe, and indeed in the world, of which the Community has to take account — and that is private corporate power. And private corporate power in Europe has now developed to a point where, very often, it can nullify the decisions of government, where it becomes a far more potent power than the political power that is exercised by the governments of individual Member States. In many countries of Europe now production by multinational companies in many cases exceeds 50 % and sometimes even 70 % of the gross domestic product of individual Member States. It is, therefore, a power of which Europe has to take cognizance. It is a power that Europe must examine with the greatest possible care, because events over the past few years have

shown that whatever the will of the European Economic Community may be, whatever the will of individual governments of Member States may be, the multinational companies can work, and have worked, to suit their own interests in complete contradistinction to the policies that have been politically and democratically determined.

In 1976, my colleague Mr Prescott gave some examples of the activities of some of the oil companies — a speech, if I may say so, which elicited a response from the Commission that it might be proper for some consideration to be given to changing the provisions of the Treaty itself in order that the position of the multinational firms could be dealt with.

Now, it by no means follows that, because multinational corporations have the power to do the things I have described, all multinational companies do so. There are many multinational companies and large corporate enterprises that do — to use a British expression — play the game and who behave with the utmost rectitude. Therefore such remarks as I shall make are not directed against them.

It is not the policy of my group to discourage activities amongst large companies which are exercised for the benefit of Member States or for the benefit of Europe as a whole. Indeed, the voluntary proposals that are annexed to this resolution and have been spoken to by my colleague Mr Lange are designed in order that there can be a code of conduct operating, and presumably with legal force, by agreement between Member States and the multinationals themselves.

I venture to be a little doubtful whether the code of conduct will in the event prove completely effective, but it is a first step which I commend to the approval of the House, because it does take formal acknowledgement of the position, it does set out a series of practical proposals, more particularly those relating to what is termed the transparency of their operations. If adopted, it would ensure not only that political parties, governments, trade unions and other interested bodies knew what was happening but that they knew in sufficient detail for them to be able to make pragmatic conclusions. There, I think, it would be a very considerable improvement.

It is not generally realized that over the past ten years the operations of multinational companies and private corporate power have had a profound effect upon the rate of inflation in the various countries of Europe. This was examined in detail by a special group that was instructed by the Commission to produce a report on this and other aspects of the matter. In 1975, the Maldague Committee produced its first report, which showed quite clearly the link between the operation of multinationals and the rates of inflation operating in various Member States; and last year they produced a further report to finalize that. It must be a matter of

Lord Bruce of Donington

some misgiving that the Commission has not yet afforded Parliament the opportunity of discussing its own views upon the Maldague report that it itself commissioned. We discussed this matter in the Committee on Economic and Monetary Affairs a short while ago, and the Commissioner pointed out that of course the whole question had been discussed often verbally within committees: What we do await, what Parliament awaits and what Parliament is entitled to is an official document from the Commission stating its views on the content of these very valuable reports and making some recommendation to Parliament upon them. This is not the first time that I have ventured to raise this matter in Parliament and you will recall, Mr President, that last year Parliament was never once afforded an opportunity of discussing in full debate the economic state of the EEC, except for a debate that took place on an oral question. This, therefore, is a challenge to the Commission. I say to them in regard to the Maldague report: for God's sake say something, if only goodbye! In other words, let us know what your official views are on the subject.

This aspect of the activities of multinational companies has received not only the attention of the working party set up by the Commission, but also of the International Confederation of Free Trade Unions and of the European TUC itself, which has produced another excellent report on the same subject. It is time, Mr President, that the Commission broke its Trappist vow of silence on this matter and let us know exactly what its reaction to it is.

I return to the document that has been produced today and to the speech made by my colleague, Mr Lange, in introducing it. I think that Parliament ought to support the resolution but only as a first step, because I believe, and my group believes, that it is only when the whole question of private corporate power in Europe is brought into the open and frankly discussed that we are likely to be able to assess its relative importance.

Nor is this a doctrinaire question. It is not a question that the political and economic power of the multinationals in switching money across the exchanges, in making a judicious investment in various countries, in causing all kinds of capital movements has upset the exchanges, that they initiate transfer pricing. It is not that these are purely anti-socialist concepts. This is no doctrinal approach that is brought forward by my group. Because one thing stands beyond all reasonable doubt. If it is true, as many of us believe it is true, that the activities of private corporate power in Europe are a challenge to the wills of governments and upset the exchanges, it is also true that they impinge very seriously upon the role of the small entrepreneur and the small trader in Europe, who are in many cases rapidly being squashed out of existence by the operations of multinational companies.

I am one of those that believe that the individual liberty of the subject must have its economic base and

that that base must be in part in the small enterprise system in Europe, the small private-enterprise firm in my own country and in the other Member States. Private corporate power has challenged this, is challenging it and is in fact reducing the area in which a small competitive enterprise operating quite legitimately within the Treaty of Rome can extend its operations. I therefore hope that Parliament will not take a partisan view, based purely on a party-political standpoint of this report. I hope it will see that the uncurbed activities of many multinational companies and other private corporate power represents a fundamental challenge to the Treaty of Rome itself and to the hopes and aspirations that the people of Europe have so far placed in the treaties.

Mr President, for that reason I commend the report and its annex to Parliament for its approval.

(Applause)

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

Mr Müller-Hermann. — *(D)* Mr President, ladies and gentlemen, the motion for a resolution before us deals with a very difficult and complex problem. I would like to say immediately that my group stands firmly behind the responsible committee in this matter and is also ready to reach a consensus with all the other groups, since there will no doubt be certain differences of opinion, when the vote is taken on the motion for a resolution today. From what the rapporteur has said, I take it that he too is ready to make some concessions in certain matters.

In my view it is important that, in dealing with the question of how multinational enterprises should be kept under some measure of control, we should be absolutely detached, although some emotion is certainly understandable since examples have occurred of what might be called barbarous business practices making their appearance. Often the transparency necessary for general public awareness has been lacking. Undoubtedly there have also been cases of undercover tax manoeuvring and the possibility that powerful firms might be in a position to exert, or attempt to exert, political influence is naturally a subject of considerable concern to us all.

I therefore feel that, for objective reasons and also for the sake of appearances, the Community institutions and in particular the Commission should make every effort to find a solution, and if I talk of appearances the reason is that the way we conduct business in our liberal social and economic system obviously plays a part in the defence of that economic system against conceptions of economic policy that are quite different from it. We must be concerned to create fair terms of competition so that national and multinational firms can operate on a basis of equal or similar terms of competition and both large and small firms, as far as possible, be given the same chances.

Müller-Hermann

However, Mr President, moderation must also be a vital rule in dealing with this subject. On the basis of our experience in the postwar years, I would say that it is clear that these multinational firms perform an essential function in a world of increasing interdependence and in the European Community; in fact, we actually encourage the formation of multinational enterprises and make allowance for them in our company and cartel law. Multinational enterprises — and we should not, if you please, forget this — have given valuable services in securing the Community's supplies, not least in the difficult periods of recent years. I would also, Mr President, like to warn the House against thinking only of big firms when dealing with the subject of multinational enterprises, for there are very many small and medium-sized businesses with their roots in several countries belonging to this category.

In the view of my group — although I hardly believe there are any differences of opinion on this — broad-based international cooperation is necessary to solve this problem. It would not be consistent, given our open-door international policy, to want to introduce regulations solely applicable to the European Community in a matter such as the treatment of multinationals. Thus, we believe that what was achieved in the OECD in June 1976 constituted a considerable advance on the previous situation. Practically all the national governments in our Community agreed to this OECD code of behaviour — including even the American Senate — and if I speak of progress in connection with this voluntary code of behaviour the reason is that it makes clear that any intervention in politics that is forbidden in the host country, and naturally any kind of bribery, is inadmissible and that companies are clearly and without exception subject to certain rules of competition in the individual countries. Admittedly — there is something missing, at least in the long term, to the extent that so far there is no question of binding legislation — we have no international law in this field or any supreme governing body. But it would surely have been asking too much to switch suddenly from nothing to so far-reaching an international regulation. It will take some time and this interval, as was also agreed in the OECD code of behaviour, we ought to use firstly to accumulate experience over a period of three years and then, together, to try to draw conclusions from that experience.

I can only support what the rapporteur and the speaker before me said. We shall be very interested to hear the Commission's proposals on this subject and we request the Commission to give practical effect to the proposals put forward by the European Parliament in its resolution of 12 December 1974 or to give its opinion on them. Our position, Mr President, is that the conclusions reached on the basis of the OECD code of behaviour and the experience acquired in its application should be adopted by the Commission and the Council for the Community and that, with

time, binding legislation should be gradually formulated.

At this point I come to a point of dispute and here my remarks are addressed to the rapporteur, Mr Lange. The whole document has the title 'report' but in fact it is not a report; instead a motion for a resolution is presented which refers to this OECD code of behaviour and also to a paper to which Mr Lange has certainly devoted a great deal of effort and which he naturally supports, as I can well understand. But this paper by Mr Lange and Mr Gibbons is more or less a private paper — or private in inverted commas at least — whereas the OECD code of behaviour is a document that has been accepted by the governments of a number of countries. It is a real basis on which to work for the next few years and for this reason we object to recommending, in this motion for a resolution by the Committee, that further action be taken on both the OECD code and the paper submitted by Mr Lange on the same footing.

In my view — admittedly I am only a new Member of the European Parliament but a few years ago I was a Member for five years — it would be a completely new thing for this Parliament to refer a document to the Commission as a working paper that had not been discussed in any committee, even indirectly. This is our objection, particularly since, Mr Lange, a number of misunderstandings or differences of opinion would be bound to arise if your paper were discussed, because what is in it could very easily be interpreted as an attempt to bring the multinationals under special rules, which cannot possibly be what we have in mind. It might also be concluded that what you foresee in the way of interventionist controls — which is what I would call them — could be regarded as a first step to a complete transformation of our existing economic system. There has been no discussion on them. Here I am talking purely of the objection we have to treating this paper as part of Parliamentary proceedings. But since there has been no discussion, I and my political friends would have liked to ensure that a distinction is made in the motion for a resolution and in its invitation to the Commission, to the effect, firstly, that it should take action on this OECD code of behaviour and that the necessary conclusions should be drawn from its results for further international negotiations and secondly — this I readily grant you — that your paper and the thoughts in it should be taken into account in the Commission's deliberations.

If we can come to an understanding between us on this basis and find the appropriate wording, I have no doubt that when the vote is taken on this motion for a resolution we shall be able to reach agreement and a very broad measure of unanimity in this House.

This is not an attack on the rapporteur, for whom I have the greatest regard, but simply a precaution so that we do not find ourselves tied to anything or

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prejudge something which calls for very careful and thorough discussion in the committees of this Parliament. I therefore hope that, given what I feel to be the general agreement on this matter, we shall be able, during the course of the discussion, to find a way of reaching a unanimous vote in favour of the motion for a resolution.

(Applause)

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

Mr Hougardy. — *(F)* Ladies and gentlemen I, too, would like to leave passion out of this debate and to see, in the problem we are now discussing, only the social and economic interests of Europe and its being able to continue to develop and defend free enterprise and free competition. I am always afraid that regulations may prevent initiative coming to the fore and that potential investors now looking towards Europe may turn to other countries.

This having been said, I think that we can confine our consideration to the motion for a resolution submitted to us. With Mr Müller-Hermann's permission I would like to add some comments to what he has said. First of all I feel that the Committee on Economic and Monetary Affairs was wise in submitting just the motion for a resolution, Mr Müller-Hermann, and dispensing with any long explanation giving reasons for it. I say that the committee was wise to take such a decision because the many articles in the Annex — the Lange-Gibbons code — have never been discussed in detail by us. It is therefore quite clear that this document is not an integral part of the motion and is not the explanatory statement for the motion. I would like to say to the members of the committee that I make this statement so that there should be no misunderstanding about the draft code that is still attached to the motion for a resolution. It must be understood, and I would very much like the Commission to express itself clearly on this subject, that this document has no reference value. We were wrong to attach this document to the motion for a resolution. This motion, it will be remembered, was drafted with great difficulty and I would take this opportunity to pay tribute to the committee secretariat and their successful interpretation of the various ideas and comments made by Members of Parliament during the discussion in committee.

I now move on to a few comments and will try not to repeat what has already been said. Firstly, according to its title, the report relates to the 'principles to be observed by enterprises and governments in international economic activity', but I see that whilst the resolution is greatly concerned with the activities of the multinationals it deals very little with the attitude of governments. And yet, at economic level, governments are currently playing the controlling role in some Community countries where it is still practically impossible to launch a public loan or to call on risk

capital because the government grabs more than 99 % of the subscription rights.

Secondly, in the interests of the developing countries, the code must ensure that investment is protected, adequate, prompt and effective compensation be provided in the event of expropriation, freedom to transfer capital and profits be guaranteed and the principle of applying domestic rules to foreign investors be respected. Here again the problem cannot be treated piecemeal, the whole thing needs to be tackled in one single debate. I noted with pleasure that Mr Lange stated there would be no discrimination, that multinational companies could develop even in those industries where the State has the majority interest and that they would be treated in the same way as private multinational companies. It would be wrong for such multinational companies, because they are part of a nationalized sector, to enjoy any special favours. I am thinking of ELF-ERAP, the *Compagnie française des pétroles*, ENI, VEBA, DSM, Renault, etc. I think that these companies in which the State has a big shareholding, sometimes more than 50 %, should be treated in the same way.

Secondly, there is the danger that a compulsory code would create discrimination between European multinationals and those located outside the Europe of the Nine. I would like to know the Commission's position on these two problems which will arise if the motion for a resolution is approved.

I would also like to draw the attention of the Assembly to the political problems that will arise for various governments in countries belonging to the European Economic Community. The Federal Republic of Germany and Great Britain have already made it known, in the work done in the United Nations, that they were against a compulsory code for multinational companies and governments. I shall return to this point in a few moments. Next, since the object is to arrive at a joint code with the United States I wonder whether this is feasible, in view of the legal independence of the different States in that country except perhaps as regards certain specific questions, I am happy to say, such as the publication of certain financial information which American companies have to give in order to be quoted on the stock exchange.

I therefore wonder whether, instead of discussing a code, Parliament would not have been better advised to ask the Council to resume its study of certain questions. I make this point because a solution has to be found to certain problems such as the harmonization of legislation on company accounts, mass lay-offs, cooperation between national tax authorities and the double taxation of profits of companies in the same group. These are questions that the Council and the Commission have in abeyance and I would like to know if these subjects, now taken off the agenda, have been put back on. There would be some satisfaction in knowing this.

Hougardy

After Mr Müller-Hermann's speech I shall confine myself to the following comments regarding the OECD code. In actual fact, the OECD code was approved by 23 members out of 24 and was finalized after far-reaching — this is not sufficiently stressed — and repeated consultations with the governments who signed it and the trade unions, and in the United States the trade unions were consulted on the same footing as representatives of consumer associations and the academic world.

I would also like to draw your attention — and you can see how complicated the problem becomes — to the fact that the Council of Europe also has produced a major study on the subject of multinational companies and was also consulted by the OECD.

To those who say that a voluntary code will not be obeyed, I would reply that it ought first to be given a chance to show its worth. It is then up to us, as members of our national parliaments, to keep a check on our governments who have signed the code and to see that they are serious in their enforcement of the provisions they have entered into as members of the OECD. It must not be forgotten that the moral strength of a sovereign nation carries weight with the economic agents. It is certain that if governments realize that Members of Parliament are checking up not only on what the multinational companies do under the OECD agreement but also what the governments themselves do, since they are required to keep an eye on the latter's activities, a major battle will already have been won.

I would like to add for information — although this to me seems to be of capital importance — that during the study carried out by the UN Committee on Economic and Social Affairs, some countries have already stated their view. The Federal Republic of Germany says :

a code designed to keep the balance between these various interests should promote the positive role of the transnational enterprises in the world economy and a favourable investment climate should be established in our own and other countries. Recommendations to transnational enterprises should therefore be accompanied, in each country, by recommendations to countries of origin and host countries.

As regards the code's nature and application structures, the Federal Government prefers a voluntary code. A code without legal force would not necessarily lack strength, provided its content was worded in practical terms and if, at the same time, a consultation procedure was set up. In addition, public opinion supported by the trade unions and by consumer protection organizations, would perform a significant function in ensuring that the companies observed the code.

This is the opinion that the Federal Republic of Germany gave the United Nations. The United Kingdom expressed the following opinion regarding the nature of the code :

The Government of the United Kingdom believes that it would not be practical to try to draft a compulsory code in view of the legal differences in countries' policies and differences in their objectives.

These are the comments that I wished to make as a contribution to this debate. I would add that the United States, Japan, Finland and Switzerland have taken up a position in favour of voluntary recommendations regarding the vast majority of the subjects likely to appear in a code of conduct. In that case, is it not dangerous to submit recommendations, regulations and directives to the Council of Ministers that would not be consistent with the official positions taken up by the Member States in the various international fora? Put shortly, will the EEC countries be able to adopt the resolution submitted to us now that the OECD code has already been approved?

I think we would all like the activities of the multinational companies to be brought out into the open. We should be careful not to want to re-write history and we should take account, as far as possible, of the work that has already been done on the same subject. I am thinking of the protection of workers' acquired rights when share capital is transferred, the proposed articles of association for limited companies, Mr Gundelach's green paper which raises special problems for multinational companies, the common tax measures for holding companies with shares in subsidiaries in several Member States, tax harmonization when share capital or assets are sold, harmonization of national legislation on mergers, prior notification of mergers, and the system of Community guarantees for investment. All these subjects have already been tackled and it would be a good thing if the Commission and the Council allowed the Committee on Economic and Monetary Affairs to discuss them, because if decisions were taken on these issues that I have just referred to, many problems would already be settled. I hope that Mr Vredeling will be able to tell us in a few moments what the situation is with regard to the consideration of these various problems.

Let me close by telling you that quite recently the Industrial Relations Institute at the Catholic University of Louvain in Belgium, organized a meeting, under the chairmanship of Professor Vogelaar, an ex-Director-General for internal market policy in the Community, attended by many specialists in codes of conduct and multinational companies. Professor Vogelaar said that a compulsory code of conduct was a page that would take him the rest of his life to write. He added that the efficiency of a code depended not only on the self-discipline of managing directors but also on the way in which national governments and local authorities applied it. If the code were constantly being referred to it could — let me draw your attention to this legal side of things — become a part of unwritten international law, which would be a threat

Hougardy

to the Court of Justice. In addition, the more international codes there are for multinationals, the worse the risk of confusion and of the codes becoming valueless.

One final remark. If two codes are the same it is not necessary to have two documents. If they are not the same there will necessarily be a conflict between them. To avoid such conflicts, gentlemen, we should base our selves on the OECD code and only that code, try to improve it and know for certain that the document attached to the motion for a resolution in Mr Lange's report has not yet been discussed. It is a document with which we are not concerned here. What concerns us today is whether we are going to vote for a compulsory code or a voluntary code. That is the question before us.

(Applause)

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

Mr Cousté. — *(F)* Mr President, as you can imagine I have listened to the various speakers with great attention because I have often been concerned with business enterprises, the small and medium-sized ones in particular and even one-man businesses, and I have listened with particular interest in that I do not, Mr Vredeling, want this debate to be a theoretical one. We are too often accused, in Parliament, of acting like academic thinkers rather than men firmly attached to reality. But reality today, gentlemen, is the activity of business enterprises, it is economic expansion, the struggle against unemployment and the fate of the steel industry in the European Economic Community. My attention was not only keen it was also — I say this with regard to Mr Lange — friendly because we were part of the same delegation from the European Parliament discussing these problems with our colleagues from the American Congress and in particular with Mr Gibbons, a Florida representative in the Congress. The European Progressive Democrats want to say very clearly that their primary concerns continue to be economic activity and non-discrimination against national firms compared with the international enterprises. This, incidentally, is the object of the Commission's proposals on multinational enterprises now before the Council. I am therefore grateful to Mr Lange for the sober and particularly responsible manner in which he introduced the debate.

From what he has said, Mr President and ladies and gentlemen, I note that he has made it perfectly clear that the proposals for a compulsory code emerging from the work of the two American and European parliamentary delegations were merely a working document. In my view, Mr Hougardy, this immediately rids the debate of all complication or ambiguity. I am grateful to Mr Lange for having done this from the outset. I am also grateful to him for having pointed out that our American and European parliamentary delegations began their work well in advance of the

OECD initiatives which may, by the way, leave a number of Members taking part in that European delegation with the feeling of being left behind and being placed in a situation in which the results of our work came too late. What, in fact, we wanted to do was to create a bond and not a conflict between the United States, the very homeland of the multinationals, and the European Economic Community, in other words franker and more open competition, the better to serve economic expansion.

The adoption in the OECD of this code of good conduct in June last year was a turning point. We are well aware that other bodies are concerned with this problem. Who could and should be concerned with it if not those who, for various reasons, want to see a fairer and more human international economic order? Nevertheless, in spite of this general concern, this turning point has been reached, Mr Lange, and this is why great importance has to be attached to what you stressed several times in outlining the background to these problems, that is to say the question of whether the code should be binding or not. I wonder, after listening to you, whether the conclusion that the code should be compulsory is logically implied by what you said. As often happens, and we see this in proposals for legislation at national level, explanatory statements are sometimes made which could equally well support compulsion or persuasion. The Group of European Progressive Democrats is concerned that, in this framework of a revival in economic life and the creation of jobs, these international agreements we would like to see should bring about a kind of cooperation and inducement.

Therefore we would not want to be misunderstood. Do not count us among those who do not want progress in economic life and in international legal order. By our very name we are men of progress but we do not want progress to undermine economic activity, the fight against unemployment and, ultimately, our material wellbeing. Essentially, therefore, we are on the side of those who think that, given the complexity of economic life, we should pin our faith in the decisions of economic agents who are increasingly and fully committed in accordance with national legislation — I am talking about men in charge of enterprises — to continuous dialogue with the trade unions, whether in terms of staff representative/management relations or in works councils. For us, the solution to the great problems we face lies far more in having all those involved in economic life — blue-collar workers, engineers and executives — share in the decisions than in general constraints which, in any case, would be confined to the dialogue between the United States and the Community.

This having been said, Mr Lange, we are well aware that one of the basic problems, the very problem that led to the United Nations initiatives regarding a code for the multinationals — which are called transnationals in the UN — was that of the treatment of big

Cousté

companies in the economically weak countries, that is the developing countries, and we can see that the proposals in your motion for a resolution clearly not only fail to deal with this problem but could even create another and be regarded as a kind of code for the rich. I see Mr Lange shaking his head. Even so, we very often have the feeling in our discussions that there are problems that arise between the host countries, the developing countries, and these big and powerful firms. In the present state of relations, ladies and gentlemen, with the United States and Canada — let us call a spade a spade — the power of the Americans is overwhelming compared with our European multinationals and we know very well that recent Community studies showed that 1 202 American firms totalled a turnover of 737 000 million u.a., whereas 2 493 European firms had a turnover of only 516 000 million. In other words, ladies and gentlemen, and I would draw your attention to this point, the economic weight of the American multinationals is such that although there are only half as many of them as of ours, their total turnover is some 50 % higher than that for European multinationals. Let us not therefore impose a code of conduct on European firms forcing them to remain smaller and, in the end, less efficient than American firms. If we introduce a binding code, we will be giving a bonus to the people who are most developed, that is to say the Americans, as compared with European firms which still have a long way to go and need to organize themselves on a full commitment basis. I would add that the very complexity of economic life calls for the kind of flexibility impossible with any constraint or binding code.

These are the reasons, Mr President, why my Group instructed me to table two very brief amendments to paragraph 1 of the motion for a resolution and paragraph 2 to the effect that voluntary legal basis should be substituted for binding legal basis. I know that this does not meet with the approval of my colleagues and Mr Lange in particular but I must say that this is consistent with what I said in January when presenting the analysis of relations between the Community and the United States.

There is also Amendment No 3 to paragraph 1, tabled by Mr Notenboom and Mr Müller-Hermann, and we have just heard Mr Müller-Hermann tell us that, whatever we do, we must proceed in stages in this matter of the multinationals. Now it is very clear from the conversations I have had with Mr Notenboom and Mr Müller-Hermann that one of the first stages is, precisely, a non-compulsory stage. In other words, basically we should go no further than the provisions of the OECD code. The fact is that this code establishes rules which are certainly unpleasant for the multinationals and which are not purely concerned with the publication of accounts to which Mr Hougardy referred a moment ago. They consist of a set of provisions

regarding price transfer policies, in other words they also cover problems of investment, transfer prices and social policy, none of which brings any joy to the managements of multinational companies whether they belong to the Community or the United States and whether or not they belong to the 15 countries that signed this code last June.

I therefore feel that there would be everything to be gained in having a parliamentary body like ours, whose essential task under the Rome Treaty is to review the Commission's initiatives and the Council's decisions, coordinate the influence we bring to bear on our national governments and on the Commission and the Council, and in having this code really implemented.

I was reassured by what Mr Lange said because I feel that the wording he has proposed should lead us towards an essentially persuasive and voluntary conception, ruling out any idea of later codes of a binding nature and it is, of course, in this spirit that we shall be giving our vote.

(Applause)

President. — I call Sir Brandon to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I am glad to intervene in this important debate on behalf of the Conservative Group. My group undoubtedly recognizes the importance of the problem and we also acknowledge gladly that the rapporteur has sought to avoid the extremes of opinion that are sometimes voiced on the subject of multinational companies.

We join our Christian-Democratic and other friends in doubting whether the Lange/Gibbons report, interesting though most of it is — and useful and workmanlike in many respects — should become a Parliamentary paper annexed to Mr Lange's own report. When we have to vote on this, our group will support Mr Müller-Hermann's amendments, particularly because the Lange/Gibbons report has not in fact at any stage been discussed in the Committee on Economic and Monetary Affairs and it is really dangerous, where a matter of such technical complexity is involved, for the plenary session to adopt a paper where a Committee has not given any preliminary examination to it.

Having said that, I would like to say that we consider that the Lange report is a useful initiative following in the wake, of course, of the thoroughgoing study of the situation by OECD, whose recommendations, broadly speaking, we support. We consider that the voluntary code published by OECD is a serious and influential step forward.

The emergence of multinational companies is a development of world importance, and it is appropriate for the European Community to keep a close watch on what is happening, while recognizing that it is outside

Rhys Williams

our scope to devise or to impose our own solution across the whole field. The recent expansion of multinational enterprise is of course a natural outcome of the establishment of the Common Market, and it is not, of its nature, sinister or frightening. But we do need to acknowledge that multinational companies are able to act, and do act, in a way which is independent and not always fully compatible with national policies.

Multinational companies don't necessarily feel bound by national political authorities, or commercial conventions, or trade unions, and therefore the parties which are inclined towards State control of industry and commerce feel particularly frustrated by the activities of the multinational companies, and this is true too of trade unions which are based on the old national economic frontiers, or even on single industries or businesses. They feel themselves out-maneuvred by the multinational concerns, and it is among the parties of the left and in the trade-union movement in our economic Community, that we find the most intense anxiety and even opposition to the multinational companies.

But parties which support free and fair competition and are particularly well disposed towards small businesses also recognize, as Lord Bruce pointed out, the existence of real dangers in the activities of multinational concerns, and we can see how easily damage can be done, sometimes inadvertently in a way which is against the general economic interest and limits consumer choice. We don't wish to over-emphasize this point although we recognize its importance, because at the same time we want to stress that huge gains can also be obtained for national economies through the benefits of research organized by multinational companies, the spread of know-how, the standardization of product quality and by better manufacturing and management procedures which often are introduced as a consequence of the extension of multinational enterprise. That is why, although we can understand the reason for it, we shall not be disposed to support Mr Edwards's Amendment No 6. The scope for legislation in this field has been discussed by a number of speakers. It has to be limited because legislation, if it is to have the slightest value, must be enforceable, must be consistent and must be of wide application.

Here we have another example of the difficulties which arise from the interaction of political and economic forces. Because political attitudes change — and it is right that they should — in response to public opinion. Often political opinion can be volatile, and even without a change of government one may find a change of attitude within a particular national administration over business practices of a particular kind. It is easy to point to recent examples of that within our Community. On the other hand,

business decisions often have to be based on market assessments or capital-investment programmes or technological findings which decide policies over spans of 10 or 20 years or even longer and cannot be constantly changed, adapted or negated in response to month-to-month or year-to-year political developments.

Part of our problem is our economic and monetary disunity. The movements of capital follow interest-rate and exchange-rate anomalies and differences in national economic centres which are artificial — at the present time particularly artificial. And the practice of pursuing profit in the money market is not reprehensible in itself. For this reason we would not support Mr Edwards's Amendments Nos 7 and 8, although we are not seeking to minimize the facts of the situation or the importance of the problem. Our feeling is that it is the monetary system that needs reform, not the corporate treasurers who are following the interests of their businesses in a perfectly straightforward way.

It does seem to us doubtful if legislation can be implemented at this time on a world scale. But most multinational firms are extremely sensitive to their relationships with governments and local opinion. The employment policies of the big companies are widely followed and publicized. Their conduct of their businesses, their attitude to such things as safety at work and product quality attract a great deal of attention. And where competition is based on consumer attitudes, the multinational companies inevitably are sensitive to what the advertising folk call their 'image'. But where competition arises between a multinational company and a company which is only based on a single market, bitter controversies can arise, especially where one party feels that the other is breaching an accepted code of practice. But there is no court in which it can seek redress. We doubt if this is a matter to be tackled gradually, as Mr Notenboom suggests in his Amendment No 5, because where real abuses exist and can be proved, we should prepare to act at once. And even though it may be difficult to implement legislation on a world scale, we believe that there may well be scope for national or European Community legislation, provided that it is thoroughly thought out in advance.

Not all companies are whiter than white, whether national or multinational in the scale of their operations. There is for instance, I personally believe, scope for limited legislation in the field of transfer pricing. Not only transfer prices of finished products, but in the charges made for transfers of know-how and intermediate products as well. We already have the example of anti-dumping legislation, which, of course, is difficult and controversial in application. But anti-dumping legislation is not inoperable, and it has proved an important protection for business and competition on a number of occasions.

Rhys Williams

We stress also that the difficulties that arise from the operation of multinational companies are not always related to the problem of size, and we think that somewhat emotional words have crept in to Mr Lange's report. In the case of the fourth recital we hope he may be prepared to accept Amendment No 9, which has been put down by Mr Normanton.

In conclusion, Mr President, I think it is fair to say this. Our debate this morning has shown — as I think the rapporteur would be willing to acknowledge — that multinational companies present complex new problems which will not be solved by hasty or simple remedies. There is much more work to be done. But this morning I think the European Parliament has made a useful start.

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

Mr Leonardi. — *(I)* Mr President, ladies and gentlemen, we are, in principle, in agreement with the content of Mr Lange's motion for a resolution and shall therefore be voting for it although, obviously, our views on the phenomenon of multinational enterprises are not the same on a number of points and neither for that matter, therefore, would the positions be that we could recommend. However this is a step forward which we shall endeavour to support with our vote.

We agree with what has been said not only by Mr Lange but also by other Members: today, a witchhunt in this connection would be senseless and, among other things, it would have a reactionary nature in view of the objectivity of the phenomenon. But what we have to do is to decide on a number of guidelines to follow in our future action.

Mr Lange referred not only to the draft code attached to his report but also to the OECD document. I would also commend to Members the communication from the Commission to the Council of December 1973, an admirable document in my view, and I would also refer you to one of the cases in which we came to practical grips with the problem of the multinationals in this House, the part-session when the behaviour of the oil companies in the 1973-1974 crisis — which we criticized — was considered.

This having been said, the phenomenon of the multinationals, I repeat, is an objective phenomenon, in a way a reflection of the tendency towards the internationalization of economic activities. In simplified language they may be said to have a big advantage over our governments and over smaller firms: they have the big advantage of operating at the level of the mobility of production factors, whereas the smaller firms generally operate at the level of products mobility. This is therefore an objective position, because operating at the level of the mobility of production factors, in other words picking labour costs

where they are most favourable or using the most convenient monetary and financial channel, is a degree of freedom that places the multinationals in a position of unquestionable and objective advantage. But they should not be penalized because of this, otherwise we would be taking a backward step in the internationalization of economic activities, but they should be subject to regulation and the Commission, in its paper of December 1973, pointed out:

Firstly, the advent of multinational undertakings has upset the interrelation of forces between the three traditional parties to discussion: firms, unions and governments. The latter two often find themselves with multinational undertakings of a size out of proportion to their own.

This happens precisely because they operate, as I said in highly simplified terms, at the level of the mobility of production factors whereas we, and governments with us, operate at a lower level.

The problem, therefore, is not one of a frontal attack on this phenomenon of modern times but of its regulation. In this connection and in this sense, however, I believe there are differences between our views and those expressed by other Members including Mr Lange. The basic problem is that of the links between the economic activities of multinational enterprises and political options.

The point is that if, in obedience to the principles of democracy, we try to find some democratic sanction for their operations we have to admit that, voluntarily or not, these firms, precisely because of the power they enjoy and precisely because of the level at which they are able to make their decisions, intervene in the political field without the right to do so in democratic terms. And here we have to act, I do not simply refer to the most blatant cases of political intervention, discussed at length and criticized even by the United States Congress. I am not thinking about the multinationals' intervention in the choice of one government rather than another in a certain country or their initiatives which governments themselves, including the United States Congress, and the code proposed by Mr Gibbons agree in condemning. Nor do I refer to the cases of corruption, to which Mr Gibbons has referred, where the doings of the multinationals are more exposed and on which it is easier for us to reach agreement. When I speak of the multinationals' intervention in the political field without democratic sanction, I am referring to the behaviour which they adopt objectively, good intentions or no good intentions, when they take decisions that ought, instead, to be taken by parliaments, governments or the Community. What responsibility, for example, do the multinational oil companies bear for the present energy crisis situation in which our countries are involved? To what extent can they be ascribed the responsibility — which unfortunately they share with us — of having

Leonardi

been free, for years, to act in such a way as to make the primary sources of energy such as coal unusable in the Community area and to reduce us to our present position of dependence on imported supplies, which is one of extreme weakness?

This is clearly not purely and simply an economic action, or rather it is an economic action that implies a basic policy choice of the utmost gravity. And this is where we need to take heed. A case in point is oil refining which we are currently discussing in the Committee on Energy. What responsibility, gentlemen, must the multinationals bear for creating excess refining capacity with the vast waste of capital this has caused throughout the Community and in particular in my country, the south of my country, a development that has brought no new employment opportunities, only a vast waste of capital? It is obvious that if we look at the problem with the idea of tackling the multinationals alone we shall be wrong. The responsibility is theirs but it is also ours. This is the basic point, because part of the responsibility for the decision they took arbitrarily and in absolute freedom, in the economic field and which has had grave political consequences, part of that responsibility is ours.

The same can be said about the fiscal sector and the highly serious problem of tax avoidance of which Mr Gibbons takes due account. The Commission, however, when it was considering the behaviour of the oil companies in relation to the 1973 — 1974 crisis passed over this problem in silence and considered it as a secondary matter.

Moving on to another sector, what responsibility do the multinational enterprises have for the failure of our first attempts at monetary union? The older Members here will remember the early months of 1971 when we were taking our first steps towards monetary union. Well now, where do we place the blame for the mammoth transfers of capital of unknown origin that helped to frustrate these first attempts of ours if not on these vast complexes that can call on cash resources of \$ 300 000 million — a good deal greater than the reserves of all our central banks put together?

It is clear that the multinational enterprises will tend to defend their interests and that they will act without proper authority and transfer capital when they anticipate a devaluation or revaluation. In this case it would become very difficult to decide whether they were at the origin of the phenomenon or whether they can be accused of illegitimate use of an arbitrarily generated phenomenon. The facts are plain: the cash resources of these firms are far larger than the resources available to governments which we may in practice equate with our central bank reserves. And for us this reality is difficult to accept if it is going to prevent us achieving monetary union, as occurred in 1971.

In the Commission's report to the Council of Ministers I have found another pertinent comment:

Multinational firms are a phenomenon that has accentuated the existing imbalance between large and economically powerful countries and the rest. The USA, for example, has sufficient scope for action to enable it to exercise a certain degree of control over the conduct not only of its own multinationals but also those of non-US origin on the US market and sometimes elsewhere.

I have quoted a Commission document that we support. From this quotation it is clear that the problem certainly cannot be solved by frontal attack or by a witchhunt; this would be an outdated, pointless and untenable position. The right position may be that of introducing a regulation — and this is the line Mr Lange takes. He proposes binding measures whereas others would prefer a voluntary code. We feel that the former approach — a binding code — is the right one. But the fundamental problem is that, in the Community, we have to recognize that the only way to control and influence the multinational enterprises is to have common policies which, by implication, will govern the way they operate and compel them to respect those rules of the game which we all say we intend to obey. In this way it would become possible to put them back into the sphere that should be theirs — a purely economic sphere in which any kind of intervention is ruled out.

The point where my group differs from Mr Lange's position is that in addition to his recommendations for intervention via voluntary and binding regulation, we recommend that we should assume our responsibility at the political level, using the instruments already available to us.

Even under the Community treaties, we are perfectly able to act and, as I have said, objectively influence the operations of multinational enterprises. And thus the only way of controlling and influencing their vast power in the oil sector is to institute a Community energy policy. We are the biggest consumer of imported oil and the day we have a Community energy policy we shall, through that very fact, be able to influence the multinational oil companies. If we do not institute this policy, gentlemen, we can adopt all the binding rules we want but we will surely find ourselves once again in the same situation as in the winter of 1973 because at that time who got the embargo on Holland lifted? Was it the Community or the multinationals?

Unfortunately we have to admit that, in the end, a kind of compromise was reached that owed nothing to the Community's powers. Though humiliating for us, objectively that was the way it happened. So the best way — the only way — of solving the problems of the energy sector is to bring in a Community energy policy that will then establish the powers and constraints proposed by Mr Lange.

Leonardi

We have decried the fact that the multinationals can act and use the Community regional concessions as they like. But the only way to counter this practice is to bring in a Community regional policy making it impossible for one country to enter into competition with another.

The same can be said about labour relations and the need for an adequate social policy. Lastly, we deplore the intervention of the multinationals on the money market or in what is called the no-mans-land of the Eurodollar which, although it is located in this area is controlled by no-one. The only way to intervene in this field, therefore, is to apply a Community monetary and economic policy through which we could really be able to impose the appropriate conditions.

To conclude I would like to repeat that my group regards Mr Lange's motion for a resolution as a step forward and we shall therefore vote for it. We shall not pause to wonder whether the rules should be binding or voluntary; like Mr Lange we would prefer them to be binding but it is really the objective conditions that count, by which I mean the political choices that we could already make today — those I have referred to — that would force the multinationals to observe the rules of the game. If they do not observe them we shall be in a position to discipline them, because a common energy policy in the area of the world that is the biggest consumer of imported oil must certainly be able to exert very great compulsion on the multinationals and even, why not say so, with regard to the oil-producing countries.

But unfortunately we do not have this energy policy and therefore it will be somewhat difficult to obtain the results we want.

(Applause)

5. *Welcome*

President. — I have the honour to welcome a delegation from the New Zealand House of Representatives led by its speaker, Sir Roy Jack.

The presence of our very welcome guests bears witness to the strengthening of relations between our Parliament and that of New Zealand. I hope that the discussions which will be taking place between the New Zealand Parliament delegation and the delegation and political groups from the European Parliament will serve to consolidate our mutual relations and in this connection I wish them well, and reiterate the warm welcome to the delegation at present attending our proceedings.

(Applause)

6. *International economic activity of enterprises and governments (resumption)*

President. — We shall now resume the debate on Mr Lange's report (Doc. 547/76).

I call Mr Edwards.

Mr Edwards. — Mr President, I am sure we are all very grateful to Mr Lange for introducing this vitally important debate on multinational companies. He introduced it in his usual thoughtful and modest manner, and I am hopeful that the resolution will be carried later on during our proceedings.

I must confess at the very outset that I take a rather more extreme view of the difficulties created for the peoples of the world by the multinationals than most of my colleagues. If we look at our Europe, we find that here in Europe we have a greater concentration of economic, financial and industrial power in the hands of fewer people than in any other part of the world, including the United States of America. If we analyse each basic industry in Europe, we find that 3 firms, or less in some cases, control 60 % or more of the total production in every single one of our basic industries, and each of these firms or companies are multinational in character and in the main they are controlled from outside Europe. But they are developed inside Europe and not with American finance — this is a myth. The capital comes from our own people. It is capital raised here in the countries of Europe. Take the great rubber internationals. In the rubber industry that dominates Europe and is mainly American-based, only 1 % of the capital comes from America. All the rest is raised here in Europe. It is our money that they are using to exploit our consumer industries and our consumer public.

That is why I believe there is no subject more important than this to be debated in our Parliament. I believe this Parliament and our Europe will be tested in the future as to its ability to control the abuses that are arising increasingly out of the power of a few people operating, not merely within States, but operating as States accountable to nobody inside continents. There are — and I am not exaggerating — about 2 000 multinational companies operating throughout the world. By interchanging directorships, by control of blocks of shares you can reduce them to about 300. Those 300 transnational or international companies today are responsible for one-quarter of the total production of the whole of the Western world. And their growth rate is 10 % a year. The average growth rate for the last 15 years of these 300 companies is 10 %, which is double the average gross national product of any country in the world, with the exception of Japan. Now, even in Japan that has changed.

Edwards

If you have such concentrated power in the hands of so few people, who control basic industries, who use their surplus capital not to reduce prices, not to improve services, but to buy newspapers, to buy hotels, to buy land and property, to buy up banks, to buy up small firms and strip them of their know-how and then drive them out of business altogether as if they had never existed — if you have a few firms in this powerful position, then how do you deal with inflation? They hold our world and our Europe to ransom any time they want, and it is my considered view and the considered view of a lot of my colleagues who have dwelt on this subject that one of the contributory causes of inflation is the unrestricted power, without accountability, of the huge multinational companies. You have only to take one example, which has already been referred to, and that is the oil industry. The seven oil companies that blanket the world today, what did they do during the oil crisis of 1973-74? A report that was debated in this Parliament before I was a Member proved beyond any shadow of doubt that they used this crisis, which almost ground European industry to a halt and threw hundreds of thousands of working people and technicians out of their jobs, to increase their profits enormously. Our colleague shakes his head. I have the figures here, and I could quote them if I had the time. To take one firm alone, British Petroleum — they are a British firm and I quote a British firm — their profits increased by 415 % during the oil crisis. There is no argument about it. I could give you the enormous increase in profits made by every one of the other six members of the international oil cartel. Now if oil costs more to industry and the consumer public than it otherwise should do, then everything we buy in the shops — every house we build, every university, every bridge, every ship, every motor car, every item of medicine, every drug — will all cost more than it otherwise would do. Take the chemical industry today: 60 % of its raw materials is oil. And out of the oil we squeeze fertilizers, paints, drugs, medicines, sizes, plastics. Every single one of these costs more because of our lack of control over seven great international firms who have moved in and got control of the banks and the credits of the world. The Chase Manhattan Bank belongs to the Rockefellers. It is an oil bank. And how do small firms get credit with the banks when finance is controlled by the big people, who want to get rid of them and get their know-how and get control of them? So it is my view — and you will forgive me putting it so dogmatically — that we have to legislate against some of the worst anti-social features of the multinational companies. And we have to do it right across Europe, in every country in Europe, and make it a Community policy.

What are their anti-social operations? Firstly, there are the tax-havens that they establish in order to evade taxation and their responsibility to the Community. They get away with thousands of millions of dollars in taxes. And all the big multinationals have their tax-havens: there are 30 tax-havens in different parts of

the world. If I had time I could tell you, because I know a little on this subject. I could tell you where the multinationals put their capital in the holding companies, how they use the holding companies to evade taxation and their responsibilities to the Community. But they are not merely establishing tax-havens, now some of the worst multinationals are establishing anti-pollution havens. They are moving their production into countries in Latin America, into South Africa, into some of the Arab States where there is no anti-pollution legislation. They don't care if they kill the fish in the sea and poison the air. They don't care if chemical workers lose their toes because they don't understand the dangers of acids. They don't care if they cough their lungs up by breathing poisonous dust. They are interested in profits, and so are moving their plants into countries where there is no factory legislation of any kind. These are the worst kind of multinationals and there are far too many of them in this world. They have got to be controlled by free people and a free parliament, and if we fail to do this we shall be condemned by our children and our grandchildren, because we shall have failed to take this great opportunity provided by the European Parliament and the Council of Ministers to curb this growing menace. Unless some international body controls it, it will be the undeclared government of the world accountable to nobody.

(Applause)

IN THE CHAIR : MR ADAMS

Vice-President

President. — I call Mr Vredeling.

Mr Vredeling, *Vice-President of the Commission.* — (NL) Mr President, I shall begin with a word of apology on behalf of Mr Davignon, my colleague, who cannot be here because, at this moment, he has to discuss the Commission's steel plans with the ECSC Consultative Committee in Luxembourg. He therefore asked me to take his place in the discussion on this subject.

I was glad to do so because, although the proposals before us fall directly within Mr Davignon's responsibility, they also have a considerable bearing on my own. After all there is a social side to the matter as well, employment to name only one aspect.

To my mind rather too little attention has so far been paid in this debate to the significance of the multinationals in a positive — but also sometimes in a negative — sense as regards employment in our Community. This is true not only with regard to employment in one Community country as opposed to another, but also on account of the fact that the multinationals sometimes shift their activities from Community countries to others with rather lower wage levels. Thus I too, because of my own responsibilities, am very keenly interested in this matter.

Vredeling

Mr Lange, the rapporteur, has tabled a motion for a resolution on behalf of the Committee on Economic and Monetary Affairs to which is attached an Annex that I understand to be the result of work done by Mr Gibbons, a representative of the American Senate, and the rapporteur himself. It is not my responsibility to go any further into that document. I have listened with great interest to Members' comments on this question.

But one thing that I find very interesting and worth noting is that a representative of the European Parliament and a representative of the American Parliament have discussed this matter together. The Commission would be very glad to know to what extent Mr Gibbons represents the attitude towards this issue in the American Congress. If he is their official representative that is, of course, a great step forward, for cooperation would then offer real prospects.

But however this may be, the fact that the European Parliament should hold discussions with the Americans is good. May it continue. On this subject I have some right to be heard because for a number of years I myself was a member of the delegation in question and I therefore know that these joint consultations are of greater significance than they are generally credited with.

The discussion is very much of an interim nature because the Commission is also working on this problem itself. Let me now give you a few examples to show you the ways in which we are dealing with it.

Mr Lange himself said — and this is in the report as well — that Parliament's committee is continuing to study the matter. I feel I can therefore confine myself to a number of comments more affecting the core of the matter, particularly since I have the impression that the code that is attached to the report is still — I would not say directly contested — but at least has not yet been thoroughly studied in the committee itself. Until that has happened it seems to me better, at this stage, that I should not make any comments on the content of the annex to the report.

But I would like to make some comments on multinationals as such. Not only the rapporteur but Lord Bruce, on behalf of the Socialist Group, and Mr Leonardi have said — and others, like Mr Müller-Hermann, have implied — that we should not mount a witchhunt against the multinationals. I also listened with interest to Mr Edwards discussing the negative side of the multinational phenomenon.

Mr President, I believe that it was necessary for this note to be sounded because Mr Edwards — I hope he will not resent my finding him, so to speak, somewhat one-sided — has nevertheless put his finger on a number of aspects of the multinational phenomenon which merit our attention and are the reasons inducing us to draft something like a code of good behaviour. If a code of good behaviour is drafted, then

there must be an assumption that there can also be bad behaviour. If that is not in the realm of possibility you do not need a code of good behaviour. To my mind this provides some grounds for the flowery exposition that Mr Edwards has given us in the parliamentary style of days gone by.

There is a well-known saying: power corrupts. True enough. Power corrupts and therefore power has to be controlled. That is the reason for the existence of this European Parliament. Mr Leonardi put this very well in his address to which I listened with close attention. The multinational phenomenon is not a bad phenomenon in itself but through their scale, in both the financial and the social sense, because of the number of people at work in them, the multinationals are a blind and uncontrolled power. They themselves, even those of goodwill, can do nothing about it for the perfectly simple reason that this would take them into a field with which they are not, and do not want to be concerned, namely the political field. One Member rightly pointed out that there was a difference in phase between economic developments that lead to the multinational phenomenon and economic developments that lead to a number of its aspects being uncontrolled. And I therefore believe that it is right that we should try to fill the gap, that is to say the incomplete control to which Mr Müller-Hermann has also referred, with specific measures. Practically all the Members questioned whether there should be a binding regulation or whether there should be voluntary measures.

I would say that the phenomenon has two sides to it. On the one hand there are the international regulations. This is the point that Lord Bruce especially made. And then there is the aspect of the Community as an entity endeavouring to regulate itself. The Community, true enough, has certain instruments and means of action available. Mr Leonardi and others have rightly pointed this out. The Community as such is perfectly entitled, if there is an international code of good conduct, to come to certain decisions in order to define its position and conduct on the basis of the code in the way we understand and which is demonstrated in this Parliament.

A distinction therefore has to be made between voluntary regulations in the area of international agreements, between — for example — the Community and the United States or the Third World, and internal regulations within our Community with which, of course, we can take things a stage further. In the Community itself we can put rules included in the OECD code of good conduct into binding directives or at least binding regulations. In fact we are already doing this to a large extent in a number of proposals. I am thinking, for example, of the directive which the Commission drafted for the European Company and the measures that are under consideration, a number of which I shall mention in a moment in answer,

Vredeling

particularly, to Mr Hougardy's request. So we are already at work in this field on bringing in binding agreements among the EEC Member States themselves.

Lord Bruce and Mr Müller-Hermann urged that the Commission should, as quickly as possible, put forward supplementary proposals in those areas referred to in the communication that we submitted, at the time, to Parliament and the Council on multinationals.

If all the proposals that the Commission has tabled and which are now under consideration, partly with the Council and partly with Parliament, are approved we shall have gone a very long way to meet the recommendations of the Committee on Economic and Monetary Affairs. Mr Hougardy has been kind enough to give me a list of questions on the situation in a number of matters including, for example, the protection of the rights of workers on transfers of property or capital.

The Commission's proposal on this subject was agreed by the Council on 9 December last. With regard to the regulation for the statute of the European Company, Parliament has already delivered its opinion; the Council is still working on it. It is an extremely complicated matter and the Council has not yet come to a decision. Then there is Mr Gundelach's green paper on employee participation and company structure. Here the Council is awaiting Parliament's opinion so in this case the ball is in Parliament's court.

With regard to the common tax arrangements for holding companies with shares in subsidiaries in several Member States, the Council has not yet taken any decision. Parliament gave its opinion on this question back in 1970. So here the delay is a Council responsibility.

Next the proposals on tax arrangements in the case of the sale of property or installations. These are with the Council. Parliament gave a favourable opinion in 1969. Perhaps what I am now saying will be heard in the Council which is the institution that needs to take this to heart.

Lastly the two items: on prior notification of mergers and the systems of Community guarantees for investments against political risks. On the former, the Council is not yet in a position to state its view. As regards the Community guarantees, the Commission staff have not yet finished their work. A number of problems have arisen that still have to be solved.

Overall there are already proposals in a very large number of areas cover matters dealt with the OECD code and Mr Lange's proposal. I am thinking, for example of the directive on mass lay-offs, the directive regarding preservation of the rights of workers in the case of transfers of undertakings etc., etc. These are, in every case, proposals for directives of a binding —

voluntary — nature for the Member States of the Community. In view of the fact that some Members were concerned about the voluntary versus compulsory question, I felt that I should point out that a number of proposals have already been adopted in the Community, or are in preparation, which admittedly do not deal with the multinational phenomenon as such but which do indeed contain regulations on trade among the Community Member States themselves — on lay-offs, for example, or tax matters, etc. — with which the multinationals have to reckon in very way. One of the things that the good multinationals would dearly like to know — and this I have been assured of by them — is where they stand with the Community. One of the big difficulties facing the multinationals, in fact, is the uncertainty in which they live with regard to the way in which Community law on a number of subjects is likely to develop.

One thing that the multinationals hate — and, generally speaking, rightly — is uncertainty, because it is so difficult to do anything when uncertainty prevails.

Lord Bruce and Mr Leonardi also had something to say about the activities of the multinationals involved in the supply of oil. Let me point out that not long ago the Commission took very definite measures in this connection through its injunction against 'British Petroleum' — also mentioned by Mr Edwards — which refused to supply oil to a firm during the oil crisis. The Commission condemned this behaviour in the injunction it issued, so I think can say that the Commission definitely takes action when its powers permit.

A very different point is the Maldague report referred to by Lord Bruce. In another capacity, before I was a member of the Commission, I noted the content of this report with the utmost interest. I can therefore very well understand Lord Bruce urging that there should be a discussion on the content of that report which is extraordinarily interesting. I can only say that the Commission has not yet been able to define its position on it. I even believe that we still have to decide formally whether the report should be published. Everyone is talking about it, but I believe that the Commission has not yet formally decided to publish it. In any case, I shall certainly pass on what Lord Bruce said on behalf of this group to the Commission and in particular to the Commissioner responsible. I shall ask whether it is possible for this report, that already exists and has certainly some interesting aspects, to be published.

For that matter, there is nothing to stop Lord Bruce from defining a position with regard to this report in his own group and the same applies to the other groups. It would also be interesting for you to have an exchange of views in this Parliament which would naturally be followed with great interest by the Commission.

Vredeling

In any case, I shall pass on your comments to my colleagues more specifically qualified on this subject. In view of the nature of the report it seems to me that the President of the Commission must come particularly to mind.

Mr Müller-Hermann said that it would be a good thing to use the three years' experience with the OECD code in order to see whether things could be taken a step further and several speakers commented that this OECD code was a first step. If you say that it is a first step then I say that, in principle, another has to follow and perhaps another after that. I am in general agreement with this way of thinking which does not alter the fact that in addition, the Community as such has its own job and also its own possibilities of taking things further. I have already tried to make it clear to you, with examples of various directives, that the Community does in fact go somewhat farther.

Mr Hougardy, who quoted a number of practical examples in his questions, I have already answered.

More generally, I can tell you that the Commission has a document, ready apart from translation, that goes far more deeply, and frankly also in far more detail into the state of affairs regarding a large number of proposals we have tabled on the various areas affected by the multinational phenomenon.

Then, as Mr Hougardy has rightly pointed out, there are another reports as well. Here he was referring to the Council of Europe report of last September, I think, in which the phenomenon of the multinationals is examined in detail. Perhaps it would be a good idea if the European Parliament were also to take the work of its sister institution into account when we pursue the study of this question in Parliament and with the committee.

A last point on the comment by Mr Cousté — who rightly said that we are not holding a theoretical discussion. It is certainly right that, in dealing with this multinationals question, we are in the midst of sober reality. A number of measures already exist and a very large number of measures are waiting to be settled.

I would like to point out that, as I understand, the OECD code has the approval not only of the employers' organizations but also of the workers' organizations and most governments. It means quite something if partners with often conflicting interests have nevertheless been able to come to an agreement in this area. I therefore believe, as Mr Cousté also said, that the OECD has given a good example here but in addition the Community, which always operates far more directly than the OECD, should take the matter farther. The apprehension that is inevitably felt here and there should not be too greatly exaggerated because the multinationals as such should not be seen as everyone's sworn enemy; it must also be admitted,

as Lord Bruce and Sir Brandon Rhys Williams stated that because of their size they are in a position to meet the wishes of the public and perfect the products they make. Their research and their increasingly high-quality products are in every way positive facts. I have already sufficiently stressed the negative sides of the multinationals in my reply to Mr Edwards' statement. Nevertheless I feel that the activities of the multinationals need to be subject to rules. That has been stressed in this Parliament and I believe that the Commission can support this view because in a Community like ours a multinational that has its head office in the Federal Republic and its establishments in France, England or Italy is no multinational, at least for the Community, but simply a domestic company and nothing else. For these companies rules need to be laid down. It is right that the Community as such should take this on itself and that next, at international level, we should enter into voluntary agreements and subsequently move on to binding agreements. This is all within our possibilities and the Commission intends to stimulate further development along these lines.

(Applause)

President. — I call Mr Lange

Mr Lange, rapporteur. — *(D)* Mr President, ladies and gentlemen, this discussion that has in fact been the first of its kind — and here I agree with Vice-President Vredeling — could tempt the rapporteur to go once again over all the basic questions that came up, but I shall resist the temptation. It would be pointless because we have to bring this matter to a close according to a certain timetable. I am rapporteur for the Committee on Economic and Monetary affairs. Regardless of how great a share I myself take in the work, I am subject to the Committee on Economic and Monetary Affairs. I am the steward of that committee and must therefore pay due heed to its wishes and its proposals expressed in the decisions. I can only, following my judgment and conscience, agree to certain amendments or disagree with certain other amendments. So I am not master of my own decisions, in spite of the fact that Mr Gibbons' name and my own appear on the paper that is attached as a working document.

In accordance with paragraph 5 of the motion for a resolution we shall have a further opportunity to look into the whole situation and discuss it in detail. If I am right in my view of what has emerged from the discussion this morning and what we have tried to define here today, it is a part of organizational policy. What we are trying to do is to extend internationally what, in relation to these rules, we already have in the Community and what we have in the United States. It is another way of saying that we want binding international agreements. We have this kind of regulation

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policy conception for economic policy, for competition policy (which can itself be a factor of order), for tax policy, for financial policy, for monetary policy, for capital market policy, for manpower market policy and for social policy. In other words all fields of policy are included and when the time comes we shall have to discuss them.

Now I have the impression that some Members are anxious to eliminate some misunderstandings that might possibly arise because of certain phraseology. I am perfectly ready to help remove these misunderstandings and I believe that, as rapporteur, I can answer for the Committee on Economic and Monetary Affairs. If it is confirmed that paragraph 1 — which, basically, seeks gradually or by phases, as suggested in one proposal, the implementation of the rules in terms of binding international agreements — is maintained in content and in substance, then I would be ready to look into some other matters. In other words I am perfectly willing to amend paragraph 3. Can we now deal with that because, as rapporteur, I am concerned to achieve at least a majority opinion in the House. Paragraph 3 could then read :

Feels that these negotiations should use as a basis the Declarations by the governments of the OECD Member States on international investments and multinational undertakings and take into account as a working document the 'Draft Code of Principles for Multinational Enterprises and Governments' annexed to this report.

If we can agree on this version inserting the word 'use' and the words 'as a working document', then I feel that the point which concerned a number of Members and had to be cleared up, would be dealt with. I therefore confirm once again: neither the paper in the annex nor the OECD agreements have been considered by Parliament. If we agree on my wording for paragraph 3, a similar drafting change will be necessary for the second indent in the preamble.

So much, ladies and gentlemen, for the question that has concerned some of you here. I hope that I have created a basis on which we can come to an agreement and for the rest I have to reserve my position regarding the proposals that are to be maintained. This is all I shall say Mr President, so that we may bring our discussions and voting to an end within the prescribed time.

President. — We shall now consider the motion for a resolution.

I put the first indent of the preamble to the vote.

The first indent is adopted.

On the second indent of the preamble I have amendment No 4 tabled by Mr Klepsch and Mr Müller-Hermann on behalf of the Christian-Democratic Group and aimed at the deletion of the following words :

'and the Working Document 'Draft Code of Principles for multinational enterprises and governments', drawn up by the European Parliament delegation for relations with the United States Congress, as annexed to this report ;

I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, I would like to take up Mr Lange's suggestion regarding the change to paragraph 3. He said that if we went along with him we would also have to amend the second indent in the preamble and I would like to suggest the following wording :

Having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 547/76), and referring to the declarations by the governments of the OECD Member States on international investments and multinational undertakings and the 'Draft Code of Principles for Multinational Enterprises and Governments', drawn up by the ... etc.

I think this corresponds with what Mr Lange himself suggested.

President. — What is the rapporteur's position ?

Mr Lange, rapporteur. — (D) If Mr Müller-Hermann's statement means that there is agreement on my proposal regarding paragraph 3 then I have no objection to this drafting change to the second indent of the preamble.

Perhaps Mr Müller-Hermann could say explicitly what his position is on paragraph 3.

President. — I call Mr Hougardy.

Mr Hougardy, — (F) Mr President, ladies and gentlemen, one thing is incorrect and we cannot include it in this report. It is the phrase 'drawn up by the European Parliament delegation for relations with the United States Congress'. I was in Washington with several colleagues and, as Mr Cousté can confirm, this document was not discussed because, Mr Lange being absent, we postponed its consideration to a later meeting. We should not put down things that are not right.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, I would be all for reconciliation of the differences which divide us on this report, which arise over the status of this document worked out by Mr Lange and Mr Gibbons. But, I think it is in the spirit of what Mr Vredeling said, and also in the context of the speeches that have been made, that while we acknowledge the value of the work that has been done, we do not think it should be incorporated in a parliamentary paper at this stage, particularly as it has not at any point been discussed in the Committee on Economic and Monetary Affairs. Therefore, to categorize it as a working document makes no sense. No work has been done on this document by the European Parliament or any of its committees. Therefore I hope that our friends, Mr Klepsch and Mr Müller-Hermann, will on reflection realize that their Amendment No 4 is the appropriate one and that it should be supported.

President. — I call Mr Lange.

Mr Lange, rapporteur. — (D) Mr President I am sorry to have to contradict Mr Hougardy and also Sir Brandon Rhys Williams. The proposals that Sam Gibbons and I made were the subject matter of the delegations' preparatory discussions. If this or that member of the delegations fails to take part in these preliminary discussions and then, when the two delegations meet, says that he has never seen the document and that Parliament has never taken a decision on it that is, of course, his affair but he should not give a wrong version of things from the procedural standpoint. This paper, therefore, was work carried out on the instructions of a Parliament delegation and it should thus be accepted as a working paper or working document for both delegations. So the statement, Mr Hougardy, in the second indent to the preamble is correct and your comment, Sir Brandon is also beside the point.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, I gathered, and I would be grateful if he would confirm this, that Mr Lange accepted amendment No 4 by Mr Klepsch and Mr Müller-Hermann. We ourselves accept it and I believe that we are all in agreement. I would, however, like to be perfectly sure, Mr President.

Mr President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President, before we go on to the actual wording I feel we ought to see, once again, whether we can come to an understanding regarding this matter on a specific basis. The understanding could be this: we tell the Commission that the content of the OECD code should be made the basis for international negotiations. As I understand it, this was also the point made by Mr Lange as rapporteur and above all by Mr Vredeling on behalf of the Commission. But I would have no objection — although objections are not entirely to be ruled out in our case — at referring the document produced by Mr Lange and Mr Gibbons to the Commission as reference material for further consideration in their deliberations. However I can see that there is still a conflict of views and that in certain quarters there is a tendency to follow the hard line as we, too, have proposed to Parliament. However, I do not know whether, to achieve as broad a basis of agreement as possible, we ought to follow the path of compromise I have suggested. Naturally, I fully support the objection that this reference material produced by Mr Lange and Mr Gibbons has not been dealt with in the committees but all sorts of things can be referred to the Commission as reference material and this paper by Mr Lange certainly deserves that. I repeat, therefore: before we tackle the wording we should firstly

see whether we can reach agreement on this view of the matter.

President. — Mr Lange, may I ask you to repeat your proposal, with which Mr Müller-Hermann is in agreement?

Mr Lange, rapporteur. — (D) Mr President, with your permission I shall first read out my proposal for paragraph 3 once again because this affects the second indent to the preamble.

feels that these negotiations should use as a basis the Declarations by the governments of the OECD Member States on international investments and multinational undertakings and take into account as a working document the 'Draft Code of principles for multinational enterprises and governments' annexed to this report.

In the text, therefore, the words use as a basis should be inserted and the words 'as a working document'. This means that the text in the second indent to the preamble has to read as follows:

— having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 547/76), and referring to the declarations by the governments of the OECD Member States on international investments and multinational undertakings and the 'Draft Code of principles for multinational enterprises and governments', drawn up by the European Parliament delegation for relations with the United States Congress, and annexed to this report as a working document.

President. — As these amendments are not available in all official languages I shall first consult Parliament as to whether, as a departure from our rules of procedure, we should vote on these two proposed changes which have been submitted orally.

That is agreed.

I call Sir Brandon Rhys-Williams on a point of order.

Sir Brandon Rhys Williams. — Mr President, is it appropriate that we should vote on a change in our procedure without that change in our procedure being discussed? I sought to catch your eye because I had something to say on that point, but you proceeded to the vote and I would like to submit with respect that that was not proper conduct.

President. — Ladies and gentlemen I believe that I first asked the Assembly quite clearly whether, as a departure from our Rules of Procedure, we should act in this vote as agreed between the mover of the amendment and the rapporteur. The majority decided in favour. I think we can now continue with the vote I put the second indent of the preamble to the vote as amended by Mr Lange.

The second indent of the preamble is adopted in this form.

I call Sir Brandon Rhys-Williams on a point of order

Sir Brandon Rhys Williams. — Mr President, when we voted just now, were we voting at your suggestion on whether to adopt a verbal amendment, or were we voting in favour of that amendment itself? I would like to suggest, Mr President, that you are not handling this in accordance with the Rules of Procedure. You have ruled that it was inevitable that we had to accept that the Rules of Procedure should be changed on a show of hands without debate and you ruled that debate was not required, but now you have said that that same show of hands constitutes an acceptance of the amended text. I really feel that we must ask you to conduct our debate now strictly in accordance with parliamentary rules.

President. — I will explain again to you Sir Brandon Rhys-Williams what we have done. Probably you were not able to follow what I said.

I pointed out expressly to Parliament that, as a departure from our Rules of Procedure, we must first vote once on the procedure and that after the mover of the amendment and the rapporteur had agreed on a new text we would apply this procedure as a departure from the Rules. Parliament agreed to this by a large majority and only then did I take the vote on the proposed amended text of the rapporteur. Parliament again decided by a majority. I think that clarifies the situation.

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — We must place it on record that the vote which you took without debate was on a matter of procedure, namely whether we would admit oral amendments to the text or not, and you ruled that Parliament had voted in favour of accepting an oral amendment. But we never then voted on whether to accept the amendment itself: you have rushed through the procedure and I think that I have to record my protest.

Mr Hougardy. — (F) I would like you to tell me what paragraph in the rules allow us to proceed in this way, because I share the view expressed by Sir Rhys Williams.

President. — Mr Hougardy, Rule 29 states that:

Unless Parliament decides otherwise, amendments shall not be put to the vote until they have been printed and distributed in the official languages.

I asked Parliament whether it agreed to vote on these amendments which did not exist in the official languages. The majority of the House agreed to that. We have therefore acted in accordance with the Rules of Procedure.

I put the third indent of the preamble to the vote. The third indent to the preamble is adopted.

On the fourth indent of the preamble I amendment No 9 tabled by Mr Normanton on behalf of the European Conservative Group:

replace

'caused by their size, massive liquid resources and centralization of economic power.'

by

'which arise from the operation of business in various countries'

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr Normanton regrettably is not here, but on his behalf and on behalf of the Conservative Group I beg to move formally. I did deal briefly with this amendment in my speech and I think it is acceptable to the rapporteur.

President. — What is the rapporteur's position?

Mr Lange, rapporteur. — (D) Mr President, the rapporteur prefers the wording of the committee. Although, objectively, this amendment means the same thing in principle, it is more limitative than the wording of the Committee on Economic and Monetary Affairs. I recommend rejection.

President. — I put Amendment No 9 to the vote. Amendment No 9 is rejected.

I put the fourth indent of the preamble to the vote. The fourth indent to the preamble is adopted.

At the end of the preamble I have Amendment No 2 tabled by Mr Müller-Hermann on behalf of the Christian-Democratic Group, aimed at the inclusion of a new indent:

— having regard to the need to ensure equal opportunities and prevent discrimination in competition between national and international undertakings;

I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Basically, the amendment speaks for itself. It has been said that we should ensure that large and small enterprises should have equal opportunities. In addition, therefore, we need to say that national and international undertakings should, as regards competition, start on the same footing. This was the necessary addition.

President. — What is the rapporteur's position?

Mr Lange, rapporteur. — (D) No objection.

President. — I put Amendment No 2 to the vote. Amendment No 2 is adopted.

On paragraph 1 I have Amendment No 5 tabled by Mr Notenboom and Mr Müller-Hermann on behalf of the Christian-Democratic Group:

Amend this paragraph to read as follows:

1. binding and legally enforceable norms must gradually be laid down for international undertakings ... (rest unchanged).

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, the rapporteur has just said that he would accept amendments on condition that paragraph 1 remained unchanged. The intention in our proposal is that paragraph 1 should be kept in full and I know for sure that the word 'gradually' is not in conflict with the rapporteur's thinking. But it is certainly plainer and, in my honest opinion, this should help to progress to binding rules more quickly because the subject is extraordinarily complicated. We have differing provisions in the law on competition and in America and Europe, for example, we have different taxation systems. There is hardly any question of reaching agreement over the whole broad spectrum of subject headings. It is far more probable that agreement will be reached and binding rules decided on one set of headings. Then, on those subjects with binding rules on which agreement has been reached, a firm agreement can be concluded. That is what we mean by gradually.

In a later phase an agreement can be amended or a new one signed when agreement is reached on a new subject heading. The question is far too complex to compress everything into one or several agreements on one and the same subject. This is why we want purely and simply to add the word 'gradually' without, in so doing, wanting to detract from the rapporteur's purpose.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, you have decided — and I understood why — to invoke Rule 29 and this relieves me of any scruples in recalling that we had tabled an amendment to the effect that 'binding legal basis' should be replaced, as I said in my statement, by 'voluntary legal basis'.

This goes together with the stage-by-stage policy. The point is that it is perfectly possible to have a first non-binding, voluntary stage. This is the OECD situation and possibly that of later work. But, in these conditions, my view is that the President should ask whether we are agreed that the legal basis should be binding or voluntary. This is the real subject of our discussion this morning and I propose that, by virtue of the decision we have taken on Rule 29, we should take this direction and ask the Assembly whether it agrees on a binding or voluntary legal basis which, incidentally, supports the step-by-step idea in the amendment that has just been presented.

President. — What is the rapporteur's position ?

Mr Lange, rapporteur. — (D) No amendment has been tabled proposing that the word 'binding' should be replaced by 'voluntary' in paragraph 1. To that extent the procedure we used earlier has no application here. That is my opinion. Also I would have to disagree with it because that alters the main point of what the Committee on Economic and Monetary Affairs wanted.

In the text proposed by Mr Notenboom and Mr Müller-Hermann, something is in fact said twice because we already say in the text 'in one or more agreements' and therefore indicate very clearly that we do not think the whole problem can be settled in one agreement. But I am quite prepared to admit, and I have no objections here, that this tautology possibly makes matters a little clearer and so we can accept the amendment.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) I think it is important to dispose of Mr Cousté's objection. If we agree that the OECD code is to be the basis of further discussions and that here we are putting into practice only what has been agreed under new international arrangements then, in my view, this both underlines the gradual approach and also ensures that the question of having a general binding arrangement can only be clarified in an international framework. For this reason I feel that Mr Cousté can withdraw his objection on this score.

President. — I put amendment No 5 to the vote. Amendment No 5 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3 I have Amendment No 1 tabled by Mr Klepsch and Mr Müller-Hermann on behalf of the Christian-Democratic Group aimed at the deletion of the following words :

and the Working Document 'Draft Code of Principles for multinational enterprises and governments' annexed to this report ;

I call the rapporteur.

Mr Lange, rapporteur. — (D) I would like to point out once again that here under Rule 29, as previously with the second indent, the words 'used as a basis' and the words 'as a working document' should be inserted. That was the understanding that we had then reached. In that case, naturally, the relevant original amendment is, in practical terms, withdrawn.

President. — So that it will be clear, I shall read out the new paragraph 3 once again :

Feels that these negotiations should use as a basis the Declarations by the governments of the OECD Member States on international investments and multinational undertakings and take into account as a working document the 'Draft Code of Principles for multinational enterprises and governments' annexed to this report ;

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — I merely wanted to ask, as a matter of form, whether Amendment No 1 has been withdrawn, or whether it is still one of the alternatives on which we are invited to vote.

President. — I call Mr Hougardy.

Mr Hougardy. — (*F*) Mr President, what you read out and what Mr Lange demands we vote for is contrary to all the undertakings that had been given, since it had been agreed that the attached document had absolutely no reference value in view of the fact that it had never been discussed.

In my view we should vote on the amendment tabled by Mr Klepsch and Mr Müller-Hermann because that corresponds to the facts.

President. — I wanted to clarify that now. Am I correct, Mr Müller-Hermann, in saying that your Amendment No 1 has been withdrawn?

Mr Müller-Hermann. — (*D*) Yes.

President. — The amendment is withdrawn.

Mr Müller-Hermann. — (*D*) Then, in a spirit of compromise I now support the wording proposed by Mr Lange.

President. — I now put paragraph 3 to the vote in the new form which I have read out.

Paragraph 3 is adopted.

After paragraph 3 I have amendments Nos 6, 7 and 8 tabled by Mr Edwards aimed at the insertion of three new paragraphs:

'3a. Considers, however, that too much emphasis is placed in the Working Document on the benefits to the consumer of multinational enterprises whose products are often of lower quality and sold at higher prices than those of smaller firms who have been squeezed out of the market by the multinational enterprises.'

'3b. Regrets further, that the Working Document places insufficient emphasis on the hold exercised by the multinational enterprises over world credit supplies, through their control of banks and otherwise, and the damaging nature of this hold.'

'3c. Regrets, further, that the Working Document makes insufficient reference to the failure of multinational enterprises to negotiate with trade unions on the question of the control of investments and the use made by the multinationals of tax havens etc.'

President. — I call Mr Edwards.

Mr Edwards. — Mr President, the first amendment deals with the small companies and challenges the accepted view that if you internationalize production you automatically get better quality and better service at a lower price. This amendment suggests that there should be a lot more research conducted on this subject before being as dogmatic as has been suggested in the debate. Literally thousands of small companies — very skilled in know-how and with markets of their own — are disappearing as if they had never existed, being taken over by multinationals and having their assets stripped, and they are lost to the Community. This paragraph suggests that in the

report not enough attention has been given to that subject.

The second amendment deals with the massive control that the multinationals have over credit and finance. I understand the Conservatives are going to vote against this — I don't know why. It is an accepted fact that 300 multinational companies have in their hands at any given moment 280 000 million dollars in the currencies of the world. If only a small proportion of that was pushed into one country, that could bring the government down and cause a serious economic crisis. Something needs to be done to prevent this kind of currency movement, the buying and selling of currencies just for the purpose of making profits. And all I am suggesting in this amendment is that this aspect of the subject has not been adequately considered by the committee and by my good friend the rapporteur.

The final amendment deals with trade-union rights, tax-havens and the like. We have dealt with tax-havens in the debate and I mentioned them in my remarks. Of the 2 000 multinational companies that operate in the world, I only know 3 — and they are all based in Europe — that are willing to talk to the trade-union movement at international level. That is, the trade unions, organized internationally, who are affected by global investments that lead to closures and redundancies, that lead to the movement of production across the frontiers of the world. They invest their lives and the lives and futures of their families in their work. They should be consulted. And I repeat: I only know of 3 multinationals — and I am happy to say they are all European — who conduct global discussions on investment with the international secretariat of the international trade-union movement.' And that is what that paragraph is all about. I hope it will be accepted and will not be voted against.

I move all three amendments.

President. — What is the rapporteur's position?

Mr Lange, rapporteur. — (*D*) Mr President, I am sorry to have to disappoint Mr Edwards. His three amendments relate to the discussion arising out of the working document or the OECD paper. They are pertinent if these two subjects are dealt with but they have nothing to do with this motion for a resolution. For this reason I ask him to withdraw these amendments. We are perfectly ready to deal with the whole complex of questions at the right time — and this applies to the Committee on Economic and Monetary Affairs as well — and also, of course, to consider those questions that have been raised as major issues in the various statements on principle made today. From this standpoint, I have to recommend the rejection of these three amendments unless Mr Edwards would be ready to withdraw them in the conditions that I have just described.

President. — I call Mr Edwards.

Mr Edwards. — I withdraw the amendments.

President. — Amendments Nos 6, 7 and 8 are withdrawn. On paragraph 4 I have Amendment No 3 tabled by Mr Müller-Hermann on behalf of the Christian-Democratic Group :

This paragraph to read as follows :

- '4. — calls on the Council to adopt the proposals put forward by the Commission and supported by Parliament ;
- expects the Commission to submit as soon as possible all the proposals called for by the European Parliament in its resolution of 12 December 1974 ;
 - considers that, in the event of international negotiations being successfully concluded, the appropriate measures can be taken directly at Community level ;'

I call Mr Müller-Hermann.

Mr Müller-Hermann. — (*D*) Mr President, in my view, this amendment speaks for itself. It was made very clear in the debate, that the Commission is urged to put forward its proposals on this problem and to take heed of the December 1974 recommendations of the European Parliament. We want to add a further passage that I would like to underline once again, after Mr Vredeling's comments :

Parliament considers that, in the event of international negotiations being successfully concluded, the appropriate measures can be taken directly at Community level.

If I have correctly understood what Mr Vredeling said, he feels that, apart from what has already been adopted as European legislation, there could also be a special regulation in the EEC for multinational enterprises. I believe that nothing would be more detrimental to the solution of the problem than if we had differing or contradictory rules for dealing with multinational enterprises or practised them in our Community. For this reason I consider it important that the European Parliament should urge that what is agreed internationally should immediately be put into practice in the Community and incorporated in legislation.

President. — I call Mr Lange.

Mr Lange, rapporteur. — (*D*) With Mr Müller-Hermann's amendment, paragraph 4 would acquire a somewhat different meaning. Paragraph 4, as it stands in the motion for a resolution, has been agreed with Mr Davignon, the Commissioner responsible. I would therefore ask Mr Müller-Hermann to withdraw his amendment. If he feels he is unable to do this then I must recommend the rejection of this amendment.

President. — Since Mr Müller-Hermann is maintaining Amendment No 3, I put it to the vote.

Amendment No 3 is rejected.

I put paragraphs 4, 5 and 6 to the vote.

Paragraphs 4, 5 and 6 are adopted.

I put the motion for a resolution as a whole to the vote.

The resolution is adopted.¹

I call Mr Schwabe on a point of order.

Mr Schwabe. — (*D*) I would very briefly like to tell the House once again that I think that it is absolutely wrong that we should have dashes and indents in these documents. We have already had enough difficulty before with 12 indents and today with 4 or 5. I once again propose that we should use (a), (b), (c), and 1., 2., 3., etc. We are continually having to point out how much simpler that is.

President. — I shall pass on your suggestion to the Bureau.

I call Lord Bruce of Donington for a procedural motion.

Lord Bruce of Donington. — Mr President, I would like to draw your attention, and through you the attention of the Bureau, to the very great inconveniences in the organization of business today. Some of us will have been in this Parliament from 8.30 this morning till very late at night without any meal facilities whatsoever and without any time to spare. This debate has been going on all morning. There is a debate in the Committee on Budgets at 1 o'clock which is now due to take place and in which I am taking part. There is a further meeting of the *ad hoc* working group of that committee at 5 o'clock. The existing meal facilities in this place are quite deplorable and, Mr President, if you are going to have any Members of Parliament left in good health and properly fed, may I suggest that it is put to the Bureau that we ought to arrange our business with a little more consideration for those involved and, above all, to arrange for proper meal facilities within this building ?

(*Applause*)

President. — Lord Bruce I gladly accept your suggestion and you can be sure that as President I thought about this myself at half past twelve and quarter to one. I decided however to continue with the vote, because the alternative was a possible late sitting and I doubted whether this was advisable either for us or for the staff.

I call Sir Brandon Rhys Williams on a point of order.

¹ OJ C 118 of 16. 5. 1977.

Sir Brandon Rhys Williams. — Mr President, before we rise I would like to say that I am sorry you didn't allow me to speak before you put finally to Parliament the vote on Mr Lange's report. I sought to catch your eye but unfortunately was not successful. What I wish to do is to place on record that Parliament never voted on indent No 2 of Mr Lange's report and, therefore, the document is technically defective. I think that I have to record a formal protest about the handling of our votes on this matter this morning.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President I think it is extremely unusual for a Member of the House, at the end of a sitting, to call the President's handling of business into question. This is not in accordance with the rules of the House, and I now state that the President has got through all the voting in accordance with the Rules.

(Applause)

President. — The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.35 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

President. — The sitting is resumed.

I call Mrs Kellett-Bowman on a point of order.

Mrs Kellett-Bowman. — Mr President, one accepts that there is a certain amount of inconvenience with a new building, but until the facilities are in reasonable order, may I respectfully suggest that we continue to meet in Luxembourg and, unless we can have the assurance that this building will be adequately prepared, that we should do so for the next part-session. The transport and the restaurant facilities are quite abysmal, as are all the other facilities in this building.

(Applause from various quarters)

President. — I call Mr Hamilton.

Mr Hamilton. — Could I ask you, Mr President, to use your good offices to make the strongest possible protest to the appropriate authorities concerning the disgracefully inadequate dining facilities for Members and staff here, and may I ask you to suggest that until those facilities are guaranteed, we boycott this building in the May and June part-sessions and until such time as we are guaranteed reasonable facilities for our work here?

(Applause from various quarters)

President. — May I say that the totally inadequate facilities for lunch inside this building have been drawn to my attention by other people as well. I will see that the proper representations are made to those responsible for these things. Of course, as you know, this is not our building. We are guests here, but I am sure that the Council of Europe will do the best they can. As to the rather severe sanction that Mrs Kellett-Bowman proposed, I will of course see that the President and the Bureau have that brought to their attention, but I will give no promise about the results.

I call Mr Hamilton.

Mr Hamilton. — I suggest, Mr President, that in the representations to the authorities it should be pointed out that if we are guests we should be fed as guests.

(Laughter)

President. — I will see that the representations that have been made to me are passed on.

There is also another problem which has been brought to my attention: the lack of synchronization of clocks. This has caused some misunderstanding about the time. That also will be brought to the attention of those responsible for the working of this building.

7. Question Time

President. — The next item is questions addressed to the Commission, Council or foreign ministers meeting in political cooperation (Doc. 44/77), pursuant to Rule 47A of the Rules of Procedure.

I would ask Members to put their questions in strict conformity with these rules.

We shall begin with the questions addressed to the Commission. The Commissioner responsible is requested to answer these questions and any supplementary questions.

Since the author of Question No 1 is in the chair, it will be answered in writing.*

Question No 2 by Mr Scott-Hopkins has been withdrawn.

Question No 3 by Mr Cousté is held over.

Question No 4, by Mrs Kruchow :

Would the Commission state how it assesses the prospects for the effective decontamination of the area around Seveso, in Italy, hit in 1976 by a disastrous accident involving toxic gas, and what information can the Commission give on the pathological effects on human and animal life in the area?

* See Annex.

Mr Gundelach, Vice-President of the Commission. — (F) As regards decontamination, the Commission has initiated a programme of scientific and technical aid in order to decide on the most suitable methods in relation to the various levels of contamination. The Commission would not hide from the European Parliament the fact that decontamination is a complex problem that will take time. The effects on human health so far discovered in the Seveso area relate mainly to the many cases of chlorine acne but thorough investigation will be necessary to assess the medium and long-term effects. The Italian authorities have plans for the relevant programmes.

Mrs Kruchow. — (DK) I thank the Commission for their reply, but I am getting tired of saying that I do not regard it as adequate.

Of course we have had debates in Parliament on previous occasions; last autumn Commissioner Scarascia Mugnozza promised to organize meetings of various experts, and as it is now coming up to a year of uncertainty on the results of such investigations — the accident happened on 10 July last year — I therefore think we could reasonably expect some definite information on the effects of the catastrophe on the surrounding area. I cannot help thinking about it particularly now that it is spring, with crops coming up and fresh greenery everywhere. I should like to know whether or not any sample tests are being carried out in the area to investigate the effects on various plant life at increasing distances away from the centre of the catastrophe. It would be very reassuring for all of us who value Italian fruit and vegetables to know just where the dividing line lies beyond which these fruit and vegetables are completely free of the poison.

This is what I think could be achieved in these months, and I think it is very important to obtain as much reassuring and guaranteed data as possible. I am not of course simply referring to fruit and vegetables, but also to problems of human health over the longer term.

Mr Gundelach, Vice-President of the Commission. — (DK) I quite agree with Mrs Kruchow that to date not enough progress has been made to clarify this very hazardous area, but I stressed in my reply that investigations were in progress and I can assure Mrs Kruchow on behalf of the Commission that they will be expedited as far as possible, for we all agree that this is an area which must be dealt with, and that speedily and effectively.

Mrs Squarzialupi. — (I) The Commission's 1977 programme includes a list of industries whose products, as in the case of dioxin, could present risks for public health.

What stage has been reached in the investigation of this type of industry and the drafting of the map or list of firms whose products could lead to harmful results like those from the Givaudan company in Seveso?

Mr Gundelach, Vice-President of the Commission. — (DK) I made it clear in my first reply that the necessary investigations must be comprehensive and therefore must cover other geographical areas and industrial sectors than those directly involved in the accident, or we shall not get much further forward.

Mr Dalyell. — Is the Commission aware that those of us on the Committee on Energy and Research who visited Ispra last year were extremely impressed with the work that the Joint European Research Centre were doing in relation to Seveso? Could I ask the Commission what they are doing to draw benefit from the lessons of Seveso, which, after all, could affect any of us, in any of our countries, at any time?

Mr Gundelach, Vice-President of the Commission. — (DK) The lesson to be learnt from the accident, which Mr Dalyell is quite right to say could happen anywhere else, must be to establish a general capability for predicting the possibility of accidents of this type. To do so we must make appropriations to extend our own research centres. As Mr Dalyell rightly stressed, there was one Research Centre which did good work, but our network of research centres is inadequate, whether they be Community research centres or national or private research centres, which could be expanded with assistance from the Community. We are at present increasingly making funds available to expand such a system of research centres and other centres to provide the necessary early warning and then the necessary expertise to anticipate accidents.

President. — Question No 5 by Mrs Ewing, who is replaced by Mr Corrie.

What progress has the Commission made, in the last two months, both internally and in external negotiations, in developing the common fisheries policy; and what further steps does it propose to take in the immediate future?

Mr Gundelach, Vice-President of the Commission. — The question which has been put to me here is a demand for a report on what has happened in regard to the common fisheries policy, both internal and external, over the last two months. Before I give a short answer, Mr President, I would beg, with your indulgence, to indicate that maybe this is a kind of question which really does not fit into Question Time. If I were to give a proper report on this matter, I should have to speak for about half an hour, and it would probably be subject to a debate by the House afterwards. I have previously been asked by the House whether I would be willing at each, or at each second, part-session to give a progress report on the development of the common fisheries policy. I made it quite clear to the House that I was available at each part-session to make such a report, but to do it in Question Time, I must admit, is to do neither the subject nor the House justice and puts me in a practically impossible position.

Gundelach

The only thing I shall say to the House on this subject is that when we last discussed it I indicated to the House that a number of *ad hoc* conservation measures were about to be agreed, on proposals from the Commission, by the Council. At that time it was still in the air whether the Council would actually come forward with a decision. It did. A number of conservation measures, including a herring ban with regard to Norway and various other things which I had already explained to the House, were adopted. So we made some *ad hoc* progress in building up, step by step, an internal fishing policy. Further measures are about to be proposed, or have been proposed, concerning mesh-sizes, for instance, which is a subject which interests Mrs Ewing very much, and various other measures.

This being said, I will quite candidly admit that I do not believe that sufficient progress has been made in building up a coherent internal fishing policy. Proposals have been made, many, many months ago, but owing to differences of view the Council has not yet come down to real debate on an internal fishing policy, and I think that is most regrettable. That there are different approaches is not difficult to understand because of what has happened. What has happened is that the amount of fish available to the same number of fishermen has decreased — decreased owing to the loss of fishing grounds in third-country waters, owing to the depletion of stocks — that is why we have introduced conservation measures — and owing to these conservation measures themselves. But when the same number of fishermen in the Community have to divide between them a limited quantity of fish there is bound to be trouble. The trouble will not go away, and we therefore have to face the necessity of an orderly internal fishing policy. On behalf of the Commission, I have asked the Council to come to grips now with the internal fishing problems and try and set as a deadline for decisions regarding this internal fishing policy the end of June. I have done so because it is necessary for the sake of our fishermen. I have also done so because the successes we may have had on the external front, which is the other aspect on which I have been asked to give a report, are about to run out. It is clear that the Community has had certain successes by standing together and negotiating together with third countries. We have concluded agreements with the United States, where we can offer no reciprocity and our fishing possibilities have been safeguarded. We have concluded agreements in areas where there is reciprocity, like the Faroe Islands: there are certain problems which we have to take care of because they have introduced national conservation measures, and we shall consult them during the next few days. We are about to conclude an important agreement with Norway. We have significantly cut down fishing activities by certain countries, including East European countries, who were fishing heavily in our seas and who cannot give us reciprocity, but in circumstances which have led not to confrontation with these countries but to orderly negotiations. That

would not have been possible if we had not acted as a Community. If each individual European country had had to face Soviet Russia, Poland and East Germany alone, we should not have been able to bring about a significant lowering of fishing activities by these countries in our waters as a first major step forward to safeguarding the interests of our fishermen.

With Iceland, as I told the House before, we have unfortunately not yet made sufficient progress. The Council has at my suggestion accepted that we try again, but this time by putting to the Icelanders the question of the fishing agreement in its proper broader context of our relations with that country, which otherwise in so many ways is close to us. In order to bring this home, I have suggested a joint mission to Iceland by the Presidency of the Council and by the Commission represented by myself. This has been accepted both by the Council and by the Icelandic Government. Therefore new negotiations can be foreseen within the near future. Here again, I underline that if such an endeavour had had to be undertaken by a single country of the Community no progress would have been made whatsoever. Now the door still remains open. But we cannot go on achieving results on the external front if we do not negotiate on the basis of a coherent internal fishing policy. For instance, in the case of Iceland, how can we expect that country to do unto us what we as yet are not willing to do ourselves?

Mr Corrie. — I thank the Commissioner for that very long and involved answer and for covering so many points in it? May I just bring up one further point? Is he aware that if some regions such as Scotland and other parts of Britain don't get exclusive-use areas for their own fishing fleets, thousands of fishermen will lose their jobs? Would he care to comment briefly on that particular aspect of the fishing industry? Because if these fishermen don't get exclusive use of their home waters, very many of these men will go out of business.

Mr Gundelach. — Yes, we are naturally perfectly aware of the problems with which coastal fishermen are confronted in the areas to which reference has been made, and also in other areas in the Community. In the proposals we have made we have reserved fishing stocks for these populations. They, on their side, want these reserves to be based on different terms. About this we have to negotiate and we have to find an equitable solution. I am talking about an internal fishing policy where we have to divide a limited amount of fish between European fishermen. Let me put it in this way: it cannot be done in a European way unless it is done on a basis of solidarity. But solidarity in a European context means that there must be a special effort in favour of developing regions and regions which are particularly dependent on fishing activities. I can therefore assure the honourable Member that whatever the methods may be, his point is well taken by us.

Mrs Kellett-Bowman. — I was very glad to hear that negotiations with Iceland will soon be resumed in, as he put it, a broader context. I know that he is aware how vital it is that an agreement with Iceland should be secured, but I do hope that a broader context means that the economic and commercial weight of the Community will be brought fully into the balance in persuading the Icelanders that it is in their interests as well as our own to come to a reasonable agreement with us.

Mr Gundelach. — As the honourable Member will recall, I made that point when we last discussed fish in February. What I have reported today is that the Council has followed me in my broad view as to how these negotiations should be placed in a broader context, and have followed me in the proposals I have made about bringing this home to the Icelandic nation by this joint mission. She can therefore take some comfort in the fact that this has been developed somewhat further than when we last discussed the matter in this House in February.

Mr Prescott. — I would like to ask the Commissioner, as it is quite clear, I think, even from his own presentation, that the possibility of getting any agreement out of Iceland is almost negligible, whether he would consider arranging for the compensation that is to be provided for those areas most affected by this lack of agreement, to be made available ahead of the present time-table. Secondly, would he care to comment on what Members of Parliament should say to people, for example in the Humberside area in my constituency, who see that Ireland is declaring a 50-mile exclusive zone and are demanding exactly the same provision for the British area?

Mr Gundelach. — Mr President, that was two questions, and the second question is actually identical with a later oral question which has been put down by Mr Bourdellès concerning fishing rights in Irish waters.

The first question put to me by Mr Prescott is: what really are the chances for an agreement with Iceland? I have learned the lesson, in negotiating with Iceland, never to forecast anything, in particular, anything too optimistic, and I shouldn't want to do that here either. I have, however, a feeling that so much is at stake for that country in its trade relations and general relations with the Community, that when this is taken into account, then the chances of some improvement in the present unacceptable situation should not be ruled out. So, while trying not to promise too much, or to be over-optimistic, I definitely do not think that the last word has been said in that matter.

In regard to the question concerning Irish fishing — and here I am also replying to Mr Bourdellès — it is true that the Irish Government on 10 April put into effect certain measures which are designed to be conservation measures in Irish waters. This means that fishing vessels of more than a certain size, 33 metres,

and more than a certain horsepower from other Community countries or third countries may not fish within a band of 50 miles around the Irish coast. The Irish Government has taken these steps on the basis of Article 6 of the Hague Resolution of last autumn, when it was decided to introduce a 200-mile zone and take certain other steps in the initial stages of the foundation of a Community fishing policy.

Article 6 of the Hague Resolution allows a Member State to take fish conservation measures on a national basis, but only on a temporary basis when there is no Community policy; they must be non-discriminatory, the approval of the Commission must be sought, and the Commission must be informed at all stages. It follows that, even if the Commission do not agree, they may still be carried out, and then the Commission, as guardian of the Treaty, is entitled to decide to bring the matter before the European Court. Now, the Commission has made it quite clear from the beginning, as have seven other Member States, that they do not consider the measures taken by the Republic of Ireland as being in conformity with Article 6 of the Hague Resolution. In particular, they do not consider them to be appropriate conservation measures and they do not consider them to be non-discriminatory. It follows from that that the Commission cannot give approval to these measures, as they are asked to do, under Article 6 of the Hague Resolution.

The Commission has not as yet brought the matter before the European Court for the simple reason that the Irish Government, for its part, has declared itself ready to solve its problems in accordance with a proposal which was made by the Commission to the Council, which involves a reduction of fishing activity in Irish waters by those Member States who fish in these waters, to be made effective through the use of fishing plans and certain quotas and other methods. That proposal by the Commission was accepted by the Republic of Ireland and seven other Member States to replace the national measures contemplated. It was not adopted owing to opposition in principle by the United Kingdom. An effort was made to overcome that obstacle in two sessions of the Council. When that failed, the Irish Government, at the invitation of the Commission and other Member States, nevertheless undertook to examine the possibility of replacing the national measures now introduced, concerning boat-sizes, with a scheme based on the Commission's proposal. Active negotiations are taking place at the present time in regard to such a shift, which would enable the measures taken on Irish waters to conform to the Hague Resolution and be approved by the Commission. These negotiations, as I said, are taking place between the Republic of Ireland, the Commission, and those other Member States concerned. Proposed fishing plans have been submitted by most of these other Member States, and we hope in the course of the next eight to ten days to find a Community solution to this problem.

Gundelach

My answer to you, Mr Prescott, when you are answering your fishermen, is that national measures at this time are not acceptable, that it is obviously possible to find fish conservation measures for special areas, with the Community's support, when that is done in a manner which is reasonably non-discriminatory.

Mr Guldberg. — I just want to follow up on the question put by Mrs Kellett-Bowman, where the Commission was asked whether the negotiations with Iceland would be conducted with the full use of the economic power of the Community. I would ask the Commission whether they agree that the use of economic power in such negotiations should be measured by the economic importance and interest of the theme concerned, and whether it also agrees that the balance within the Community should be considered in the same way.

Mr Gundelach. — I did not use the words 'economic power', although I think, some Members were using that term. What I said was that the fish negotiations must be seen in the broader, general context of the relationship between Iceland and the Community, and that is the term I shall continue to use. It is obvious that Iceland has a number of interests in common with the Community, be it trade-wise or politically, and that must play a role in our relationship, and also in regard to specific issues like fishing.

President. — Question No 6, by Mr Price :

What arrangements are being made to accord to the Republic of Cyprus the advantages now given to all other Mediterranean countries except Spain, and will negotiations be concluded before the expiry of the 'status quo' arrangements with Britain on 30 June?

Mr Gundelach, Vice-President of the Commission. — The Council has unfortunately not yet adopted the proposed mandate from the Commission in regard to negotiations with Cyprus. We hope that it will do so in the early May session of the Council. But I want to assure the honourable Member that even if, as may well be the case now, a proper agreement has not been made to replace present arrangements by the end of June, the Commission shall see to it that special arrangements are made, in order to make sure that this country is not going to suffer from the lack of decisions on the part of the Community.

Mr Price. — What are the reasons why negotiations have not yet started? Surely, it is not the responsibility of the legal government of Cyprus, which is recognized by all the members of the EEC, that any benefits of the association agreement cannot be given to all Cypriots. Can the Commission really assure us that when these negotiations do start, they won't be hindered in any way by any further deadlock which may well occur in the Vienna talks, and that the Commission, for their part, when they are given the

mandate, will rigorously separate their legal duty to develop this association agreement with Cyprus and any political considerations which they may feel have quite disgracefully held up the development of this association agreement; and can the Commission really assure us that when the 'status quo' agreements with Britain run out, particularly as far as Cyprus sherry is concerned, the Cypriots will be assured that in the interim some reasonable arrangements can be made?

Mr Gundelach. — I have already given assurances in this regard as far as the Commission is concerned. The Commission, months back, recalled the urgency of this matter to the Council and urged them to decide upon a negotiating mandate. The Commission, for its part, is ready, as soon as it has the legal basis it must have from the Council, to start negotiations with Cyprus without any further delay. We shall continue to take that position, and we shall continue to press the Council to put us in a position to negotiate with the government of Cyprus forthwith. I recognized in my answer that there have already been delays which we deeply regret, but the snag is not in the Commission but in the Council. They must be overcome. Such delay has already occurred that there will be a gap, in my view, on 1 July. I therefore undertook on behalf of the Commission to put forward interim arrangements in order to make sure that a gap does not exist between the expiry of the present arrangements and the new ones. In other words, Cyprus is not going to be penalized by the inability of Community institutions to come to decisions well in advance of the time limits they have themselves accepted. So these assurances, as far as the Commission is concerned, you can have without any hesitation.

Mr Spicer. — I am sure the Members of this House will welcome the Commissioner's statement, but could he give a further assurance that in any agreement that is made with the legal government of Cyprus, we shall take into account, as we must and should do within the Community, that the rights of the minority group — in other words the Turks — will be respected in future by that legal government in a way in which they were not between 1964 and 1974?

Mr Gundelach. — That statement, in itself, I can agree with, but I think that we should be extremely careful, when we are carrying out trade policy transactions, not to confound them with political considerations. I have no difficulty with this statement, Mr Spicer, and no difficulty in giving this guarantee, but I do not want to have the two things inter-related.

Mr Corrie. — Can the Commission say whether it recognizes the fact of the Turkish federated State of Northern Cyprus because the Commission, I am sure, is aware that all the grants and aids that go to Cyprus at the moment only go to the legal — if we want to

Corie

use that term — government, which means the Greek side, that no aid at all is going to the Turkish side, and that that minority group is suffering because of that? Do they accept the federated Turkish State in fact?

Mr Gundelach. — The House knows perfectly well that the Commission, like the Member States, is recognizing what has been referred to as the legal government of Cyprus. That does not mean that, on humanitarian and other grounds, assistance cannot be given to minorities. But as far as recognition of a government is concerned, the situation is clear — the existing government of Cyprus will be recognized. If you want to use the word *de facto*, which means that you take it into account in the way you behave and the way you deal with realities, the answer is yes, but as far as the formal, *de jure* recognition of governments is concerned, we are where we have been all the time.

President. — Question No 7, by Mr Dalyell:

What study has the Commission made of the *Sunday Post* article of 13 March 1977 — 'EEC bans our ice-cream!' and what steps are the Commission taking to try to prevent changes in regulations being subject to ribald comments detrimental to the EEC?

Mr Gundelach, Vice-President of the Commission. — I agree with the honourable Member that, in regard to the question of labelling concerning ice-cream, a better information campaign should have been carried out by the Commission in various parts of Europe, including the United Kingdom. The type of headline to which the honourable Member refers is deplorable and is bad for the image of the Community. It could have been avoided if it had been properly explained what this was all about. My experience as Commissioner for four years for so-called harmonization indicated that when one explained carefully that we were not dealing with harmonization for harmonization's sake, that we were dealing with specific matters, including technical obstacles to trade and matters of this kind, it was possible to make significant progress in Community policy. I am therefore of the opinion, like the honourable Member, that a better effort in matters of this kind should be made in the future, and I shall do my best to do in this area, as I previously did in the area of general harmonization.

It is important in this connection to underline that the proposal to which reference has been made is no ban on ice-cream. It is simply a directive concerning informative labelling which makes it clear to the consumer that there is a difference between ice-creams made from dairy products and those made from non-dairy products. That really is all. Naturally, we hope that with this kind of clear labelling, such as one has in other parts of the Community, and to a certain extent already today in the United Kingdom,

we shall encourage consumption of dairy products, but on a voluntary basis and not by using bans.

Mr Dalyell. — I am grateful for that very candid answer, but it is not only a matter of explanation. Are the Commission bothered about churning out a number of regulations and directives which too easily give rise to the kind of alarmist headline '*EEC bans ice-cream*'? Now unfair though it may be, the fact is that, on reading that, half the mums in Scotland could be forgiven for thinking that the EEC and Europe have an odd conception of what their priorities should be, and that maybe they are manufacturing regulations for the sake of giving the blokes in Brussels something to do. This is the impression. Will the Commission therefore take particular care that regulations such as those on informative labelling affecting ice-cream and involving the chance of political ribaldry are not put forward unless they are really necessary? And is the Commission aware that there are an increasing number of Members of Parliament who have cumulative doubts as to whether all the regulations are necessary, and in the next four years will they subject every directive and every regulation to the criterion: are we quite sure that this directive is really necessary?

Mr Gundelach. — I think I am entitled to reply with some self-confidence to that question. I spent my first four years in the Commission throwing out proposals. I started off by throwing out about 75. I ended up by throwing out another 40 before I left my previous job. I think, therefore, I am entitled to give a guarantee that I will not put forward proposals which I do not deem — there I may be in disagreement with this House or with this or that government — to be valid, useful and necessary for the Community. A Community is not made up only of big trees. It is also made up of some small trees. Therefore, there will be some proposals which are less important than others. But I agree with the honourable Member that they should nevertheless be important. And I shall do my best to see to it that in my area only proposals will come forward which are important. This, in particular, I consider to be important, but I consider it necessary that it be understood for what it is and not for what it is not.

Mr Lagorce. — (F) My question, connected with Mr Dalyell's, has its importance. It is a question put by a layman to specialists.

Is saccharine used for making ice-cream? As a consumer I am rather worried about statements recently made in the United States according to which saccharine is supposed to cause cancer. Does the Commission intend to take measures, if not to ban saccharine as has long been the case in France, then at least to restrict its use as, I believe, is planned in the United States?

Mr Gundelach. — This question is being looked into and if it is confirmed that this substance is unhealthy, which has not yet been proven, that will be reflected in Community directives, because it is a matter of high priority, since it is a matter of public health.

Mrs Dunwoody. — Is the Commissioner not being ever so slightly disingenuous? Because when he says that this is a simple matter of clear labelling, would he not take on board that the proposals in this directive will probably cost the food-manufacturing industry in the United Kingdom a very great deal of money, which will then be passed on straight to the consumer? And would the best way of dealing with batty headlines not be to make sure that the Commission does not take batty decisions?

(Laughter)

Mr Gundelach. — I don't think, with all due respect, that it is a batty decision, and I think you are quite wrong when you suggest that this will cost the industry, and thereby the consumers, a lot of money.

Mr Baas. — *(NL)* How can the Commissioner reconcile his use of the word 'labelling' in connection with British ice-cream, which does not satisfy the food legislation in force in other EEC States, with what he then said about encouraging the consumption of dairy products in making ice-cream? Either one thing or the other. Either the label has to say that it is not ice-cream or else it must be ice-cream and then labelling presents no problems.

Mr Gundelach. — To clarify this issue: as far as the substance of the proposal is concerned — and it is a new proposal, not a matter of infringement — it is suggested, as is the case in a number of other European countries, using the term *ice cream* in the English language, and its equivalent in other languages, to cover a product which is based on dairy products, and using the word *ices* in the English language, and its equivalent in other languages, when the product is not based on dairy products. That is all.

President. — Question No 8 by Mr Osborn, who is replaced by Mr Fletcher-Cooke:

Can the Commission state when the European Parliament will be consulted on the question of the creation of an EEC trade-mark?

Mr Vredeling, Vice-President of the Commission. — *(NL)* On 8 July last the Commission approved and published a memorandum on the introduction of the so-called EEC trademark. This is a very complicated matter and the Commission felt that it had to use the form of a memorandum. At the same time it set up a working party which, on the basis of Article 235 of

the Treaty of Rome, has to draft a formal proposal on which, of course, the European Parliament will be consulted. If it wants, Parliament can look into this matter at any time on the basis of this memorandum and here I am thinking particularly of the Committee on Legal Affairs.

Mr Fletcher-Cooke. — It is a complicated matter. Would the Commissioner make sure that the working party pays special attention to the problem of overlapping, and that there is no possibility of registration in the European register, wherever it may be fixed, until proper searches have been made in the national registers in order that the problem of overlapping, which already exists between nations, shall not arise when there is yet another, overriding register in existence?

Mr Vredeling. — *(NL)* The Commission is always opposed to the overlapping of activities, including this case, too.

Mrs Squarzialupi. — *(I)* Mr President, addressing my comments primarily to yourself, allow me to say that, personally, I find the pace and speed at which you take questions at this time most interesting. However, the interpreter needs to be given time to translate and the representatives of the Commission time to weigh up their replies. In fact, a few moments ago I was given an answer to a question that I had not put without, moreover, any reply being given me to the precise question that I had put.

This time, in order to avoid any misunderstanding, I shall read the question that I now wish to put:

Does the Commission not feel that a European trademark could be proposed for craft products like that proposed for precious articles which, I agree, concerns only the precious metal but indirectly involves this product?

Mr Vredeling. — *(NL)* I find myself in the awkward position of having to deputize for my colleague Mr Davignon. I am not in a position to answer, off the cuff, whether the trademark relates to 'craft products'. In my own language I think — but I do not know for certain — that these are called 'handgemaakte produkten' (handmade products). I do not know if that trademark is also applicable to them. I shall pass on the question to Mr Davignon and promise the Member a written answer.

President. — Question No 9, by Mr Hamilton:

Does the Commission recognize that the agreements made with India and Bangladesh in respect of the imports of jute goods and yarn from those countries to the EEC could jeopardize the jobs of 8 000 workers in Dundee and neighbouring towns; and what further consultations on these matters does the Commission intend to have with representatives of the trade unions and manufacturers most concerned?

Mr Vredeling, Vice-President of the Commission. — (NL) Agreements were made with India and Bangladesh, particularly on jute, some ten years ago. In the framework of the generalized tariff preferences the tariffs have been gradually reduced but there is a ceiling on jute imports into the Community which, incidentally, increases every year. Our jute industry in the Community also has to be allowed to adjust gradually to the new situation.

The Commission takes the view that all these things can be resolved only in the framework of an overall decision and the various sections of the Commission have also proposed to begin talks with the social partners in the whole textile sector. In January, the Commission already had discussions on this subject with representatives of the jute industry in the Community.

Mr Hamilton. — Does the Commissioner not see that there is very great concern among both the trade unions and the employers in Dundee about the effects of the Commission's proposals, and will he undertake to have further discussions with their representative bodies to make sure that in an area which is already suffering from considerable unemployment, their policies in this matter do not worsen that particular situation?

Mr Vredeling. — (NL) Well now, as I just said, the Commission has already had discussions, and will continue to have discussions, with the social partners, that is the employers and workers in this sector, on what might be done in the transitional period. The Commission has these problems in mind as well as the interests of developing countries like India and Bangladesh.

President. — Question No 10, by Mrs Kellett-Bowman:

When does the Commission expect to bring forward its draft regulation governing reciprocal medical treatment for the self-employed within the EEC to which it referred in a Written Answer published on 12 July 1976¹?

Mr Vredeling, Vice-President of the Commission. — (NL) I am as busy as a bee in Parliament today.

The answer to this question I can sum up in the following way: next Friday there is to be a meeting of the Advisory Committee on Social Security for Migrant Workers in Brussels. I hope that it will be possible to have a discussion at that time. The discussion will be very difficult because the matter is highly complicated but I hope that it will be possible to agree on a regulation in the sense intended by the questioner. In other words, I hope that the discussions will reach their conclusion during the course of this week.

Next there will have to be discussions with the organizations representing the self-employed. On this basis, the Commission will then submit a proposal for a regulation to the Council in the second half of this year. Naturally, Parliament will be consulted. Mrs Kellett-Bowman already tackled me on this question during the March part-session. I hope that she realizes that we are dealing with a somewhat intractable subject and that it is difficult to make rapid progress on this point but, particularly at her insistence, I have arranged for the Commission to speed up its handling of this matter.

Mrs Kellett-Bowman. — Will the Commissioner accept that I am totally appalled by his reply and that this is a matter of considerable importance to self-employed workers throughout the Community? Is he aware that all visitors to the United Kingdom receive medical treatment regardless of whether or not they are self-employed, whereas British citizens who are self-employed do not receive medical treatment on a reciprocal basis in all Community Member States? I would very much like to know why the Commission is not acting with more urgency to rectify this unequal situation. He may recall, if he looks up the records, that the Commission did a comparative analysis of those legislative provisions concerning the branches of social security involved and studied the problems arising from the coordination of national legislative provisions as far back as 1974. A preliminary exchange of views on this matter was held with the Administrative Commission on Social Security for Migrant Workers — a body to which he has now referred — as long ago as March 1975. The Commission informed this House a year ago that it intended to submit a draft regulation on the self-employed to the Council when the Administrative Commission had completed its work. I did press him on this point in March but he was totally unable to reply then, and I cannot pretend that the reply I received from him today is one wit more satisfactory than that which I didn't receive in March.

Mr Vredeling. — (NL) I am accustomed to spiteful answers in Parliament but I am still somewhat surprised since I said that next Thursday a meeting was to be held on the subject with precisely that end in mind for which Mrs Kellett-Bowman is pressing. It is difficult for me to look into her complaint that the Commission has not moved fast enough in the past because, during the period concerned, I had no responsibility in this field. When she put her questions to me in March they caught me by surprise and when I realized that my answer was off the point because I thought a different subject was involved, I said immediately that I must naturally compare notes with the officials in the Commission, which I did there and then. I also told the Member that I would put the handling of the matter into a higher gear. Now, next Thursday there is to be a meeting on the subject and I will try to conclude the discussions as quickly as

¹ OJ C 158 of 12. 7. 1976, p. 45.

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possible. While I am on the subject let me make one incidental comment. The situation in England is different from that in the other Member States and there is, of course, more 'twixt heaven and earth — even in the Community — than just the situation in Great Britain.

Mr Johnston. — The Commissioner referred to the fact that the matter was highly complex. I wonder if he could give us a rather clearer idea of what sort of difficulties there are, whether they are associated with any particular countries, and is he in a position to make any forecast as to the time it may take for arrangements such as are suggested in this question to be made throughout the Community?

Mr Vredeling. — (NL) Mr President, there is no question of 'time' here. The difficulty is that, in England, the social security system applies to the whole population whereas in most other Member States this is not the case. In the Community, when one travels from one Member State to another, one can avail oneself of the rights applicable in the Member State concerned. In Britain there is a general system. If a subject of another Member State goes to Britain he or she can enjoy the advantages of the British system. Conversely, if a Briton goes to a country on the Continent, as they say, he comes under the system applying there, which is different from the British system. Someone who goes from France or the Netherlands to Britain, therefore, is better off than a Briton going to the Continent.

The social security systems that have been built up in the different Member States since last century cannot all be linked up at the turn of a switch. The Commission sees no chance whatsoever of this. Realizing the problems, we are trying to work out satisfactory regulation. This takes more time than I myself would like but I have given it a higher priority than it previously had. It is really an intractable problem that is taking time to solve.

Mr Fletcher-Cooke. — Does the Commissioner realize that the unfairness is not merely to the self-employed but to those who have retired altogether but were, when they were working, self-employed? Many of these people are so hard-working they are unable to travel while in work. They are able to travel once they have retired, but if they fall ill in a member country they find to their amazement that there is no medical attention available to them. Will he, in this discussion on Thursday, see that the retired self-employed are considered as well as those who are still in work?

Mr Vredeling. — (NL) Yes, the honourable Member has named a category where the difficulties that he has referred to do indeed exist. The situation certainly gives rise to cases of painful unfairness. In our treatment of this whole subject, both the 'retired self-employed' category that he has mentioned and the self-employed category will be studied.

President. — Question No 11, by Lord Bessborough:

Thirteen governments, including all Member States, are contributing to the establishment of the project of the European Centre for Medium-Range Weather Forecasts. In the light of its recommendations contained in its proposals for the Community's data-processing industry, what advice has the Commission given to the ECMWF Council regarding acquisition of equipment to meet its computing requirements?

Mr Vredeling, Vice-President of the Commission. — (NL) The Commission has drawn the attention of the President of the Centre for Medium-Range Weather Forecasts to the fact that there is a Community policy whose object is to make as many European computers as possible. The Member States, too, have been informed and the first computer industry programme has already been approved by the Council. The second is now being discussed.

I would like to point out that this Centre is not a Community institute but purely an intergovernmental organization in which, however, all Member States are involved.

Lord Bessborough. — While thanking the Commissioner for that reply, which I fully understand, I wonder whether he could answer this: Has the Commission listed any other European projects involving the procurement of computer hardware or software and, if so, would the Commission undertake in each case to make known the agreed policy of the Community in regard to the Community's data-processing industry? If the Commissioner cannot answer this now, would he very kindly ask his colleague, Mr Davignon, to communicate with me perhaps in writing?

Mr Vredeling. — (NL) Possibly the honourable Member will be satisfied with the answer that the Commission itself took this European approach to heart when, last year, it decided to go ahead with the purchase of a computer and — perhaps this will interest him in particular — one made by a British manufacturer, the ICL?

President. — Question No 12 by Mr Bangemann, who is replaced by Mr Guldberg.

Is the Commission now in a position to provide an initial report on the state of discussions of its internal working-party, which is looking into the problem of how to achieve greater coherence in the future orientation of the various EEC funds (Regional Fund, Social Fund, Agricultural Structure Fund) in specific areas?

Mr Giolitti, member of the Commission. — (I) For there to be coherence, as the questioner asks, between the concrete actions of the various funds, the first need is to give greater coherence to all the structural

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policies of which the funds are instruments. This concerns the definition of objectives and their interdependent relations and the formulation of rules and criteria governing the use of the instruments.

The task force that is to be continuously at the service of the member of the Commission responsible for this co-ordination task was set up in mid-February last and applied itself first to a study of the proposals for the revision of the Social Fund and Regional Fund regulations. Only at a later stage will it be tackling the problems of the management and operational functioning of the funds. Today, therefore, it is not yet possible to provide a report on the work done regarding the concrete actions of the various funds.

In May next I shall be submitting proposals to the Commission on the criteria for co-ordination and its organization and on the basis of the decisions that the Commission then takes, I shall be able to provide further information to Parliament.

Mr Guldberg. — (F) Does the Commission not see this problem as one aspect of the more general question of compensatory amounts, a system instituted in an attempt to solve the problems of the agricultural and social sectors which is, in fact, incompatible with the rules of the various funds?

If the reply to this question is yes, does the Commission intend to link its study of the problems raised by this question with the question of compensatory amounts?

Mr Giolitti. — (I) The supplementary question put by the honourable Member broadens the scope of the problem. At the present stage, co-ordination is concerned with structural policies and the instruments serving those policies. There is no doubt that in an overall strategy for Community structural policies there is also the link with the problem of compensatory amounts, to which the Member has referred, but I would say that this goes beyond this real task and responsibility that has been defined at the moment and which is the co-ordination of the financial instruments for structural ends.

I do, however, agree on the need to take this link with the problem of compensatory amounts that has just been pointed out into account as well.

President. — Question No 13, by Mr Pintat :

Following the recent pressure brought to bear by the United States on the Federal Republic of Germany to reconsider the nuclear agreement concluded with Brazil and in particular deliveries to a uranium-enrichment plant and a fuel-reprocessing plant, can the Commission state what action it intends to take to ensure the autonomy of European external policy in this field? Does it not consider that the use of nuclear technology for peaceful ends should not remain the prerogative of the major nations, since there is otherwise a risk of precluding any possibility of future international control?

Mr Brunner, member of the Commission. — (D) Here the content of Article 4 of the non-proliferation agreement applies. Of course nuclear technology and nuclear science should benefit the developing countries. It is therefore desirable for the rules on exports of plant and technology to be harmonized, step by step, in the Community. It will be all to the good of the Community can play an increasingly important part in this connection. We have not yet got very far but we are doing something about it. We are also against the spread of nuclear weapons but we take the view that a clear distinction has to be drawn between non-proliferation and the peaceful uses of atomic energy.

Mr Pintat. — (F) Does the Commission not think that President Carter's decision is one of domestic policy hinging on the United States' coal and uranium resources and that the situation is not at all the same for Europe and countries in other continents which have a vital need for enriched uranium, reprocessing plant and even breeder reactors? So, in the same way as we were unable to have a European Community arms or aviation industry, are we not going to see the same phenomenon repeated and Europe prevented, by this kind of measure, from having a real nuclear industry policy?

Mr Brunner. — (D) In his declaration, President Carter said that he himself realized that other countries were not in the same situation as the United States. This he said with particular reference to reprocessing and he also mentioned fast-breeder reactors in this connection. In fact, the situation in Europe is different. It is geographically different and it is also different in export requirements. To that extent I share the view that is expressed in the question. President Carter took the same view.

Mr Ellis. — I wonder whether the Commissioner would take advantage of the opportunity when answering this question to dispose of one accusation which has gained currency and which, in my view, is false and likely to add confusion to the whole debate. That is to say, would he state unequivocally that it is the view of the Commission that American policy in this field — whether misguided or well-founded, whether wise or unwise — is not based on American commercial considerations? And would he go further and say that the issues involved are so profound, so portentous, that no country should base its policy simply on commercial considerations?

Mr Brunner. — (D) We have never taken the view that commercial considerations have motivated President Carter or American policy. In any case, the questions raised are highly complicated. They will be a feature of the relations between the United States and

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the European Community for a long time. I hope that these relations — in this field as well — will develop in the spirit of partnership.

Mr Dalyell. — Will the Commission ask by what moral right we have one law for the rich and another law for the poor? Why do we ask a country with little coal such as Brazil to burn their oil to make electricity and deny them the nuclear technology that we already have and which is desperately needed by those poor people, particularly in the north-east of Brazil?

Mr Brunner. — (D) In fact it is a question of drawing a clear distinction between non-proliferation of nuclear weapons and peaceful uses. No country should be debarred from the peaceful uses of atomic energy. The special interests of countries lacking raw materials also need to be borne in mind. But at the same time there are global security problems attaching to the use of nuclear energy and to them there is no easy answer. We shall try to avoid clashes in concrete cases but this will not always be possible.

Lord Bessborough. — Following Mr Dalyell's question, with which I have considerable sympathy, would the Commission, together with Community firms which specialize in nuclear plant and uranium-processing equipment, perhaps draw up a marketing plan for those companies so that those nations such as Brazil which foresee a deepening economic relationship with Europe might rely on the Community for the implementation of their energy plans, which, after all, are at the kernel of economic success for any nation? Would not the Commission agree that, ideally, the Community requires agreements not only with Canada, which we know about, and Brazil, of which we are now speaking, but also other countries such as, for example, Australia, Nigeria, Zaire — I could mention a whole list of countries which have economic potential in the world? What proposals and studies has the Commission in hand, or are bilateral agreements to continue — apart, of course, from the agreement with Canada, which is an exception?

Mr Brunner. — (D) We also have framework agreements with countries other than the United States or the Argentine. It would certainly be desirable to have similar framework agreements with yet other countries but, in this field, we are still in the very early stages. To reach such agreements we need a great measure of coherence in the Community. It will not always be easy to find the common denominator.

President. — Question No 14, by Mr Zywiets:

How does the Commission view the proposal by Soviet Deputy Foreign Trade Minister Aleksei Manshulo for a pan-European conference on energy, transport and environmental protection questions?

Mr Brunner. — (D) This proposal was already made at the Conference on Security and Co-operation in Europe. At that time the Community's view was: we

are willing to have such talks but in the right place. We do not want to create *new* bodies but to use those we already have. For talks of this kind on this subject there is the ECE, the Economic Commission for Europe. As then, we still feel that this would be the right framework for such negotiations.

President. — Question No 15 by Mr Meintz, who is replaced by Mr Baas:

Could the Commission confirm that it has never carried out comparative study of the legislation of the Member States in the field of part-time employment, and is it prepared to furnish at an early date a comparative table on the subject, even done limited, initially, to the preparatory work?

Mr Vredeling, Vice-President of the Commission. — (NL) I would like to give the short answer, 'No, the Commission cannot confirm this', but that is a somewhat unsatisfactory reply. I shall therefore add that the Commission is currently preparing comparative tables on the number of hours worked in industry in the Community to appear in its periodical publications. Later, a table will be produced showing the most important developments in Member States' legislation on part-time work. At the moment a study is being made on this subject, not least as a result of the fact that Parliament last year increased the budget for 1977 to finance this activity.

Mr Baas. — (NL) I would like to ask the Commissioner to provide us with any statistical data that may become available in the medium term. Will he pay particular attention to the younger generation when dealing with the problems of part-time workers? We would like to know to what extent the younger generation works or will be able to work half-days.

Mr Vredeling. — (NL) The results of the study I referred to will not be available in the medium term. We should be able to work on this matter in the second half of this year. That is somewhat quicker than the honourable Member surmised. So far, the Commission has been primarily concerned with the difference between men and women as regards part-time work. From provisional figures that I already have, it seems that, generally speaking, women make far more use of the possibilities of working half-days. I shall certainly give my attention to the position of young people in this respect. However, I do not know whether it will be possible to compile data on this question in the short term.

Sir Brandon Rhys Williams. — Does Mr Vredeling appreciate the importance of the Commission's publishing up-to-date and meaningful statistics in the whole field of social affairs and employment, not only to help the Commission itself to formulate its policy in this area, but to guide Members of this Parliament and students of social matters throughout the Community in studying these subjects?

Mr Vredeling. — (NL) Certainly.

Mrs Squarcialupi. — (I) Referring to a problem already touched on by the Commissioner, I wanted to ask whether he does not think it would be advisable to go ahead with studies and research on women's part-time work in particular, which has been suggested by the Italian Government as a possible answer to unemployment among women but rejected by many feminist movements?

Mr Vredeling. — (NL) In the table I have here, Italy is included in the breakdown of the number of hours worked per week for full-time and half-day workers, the figures being further broken down by men and women. It would be rather boring to read you out all the figures but the honourable Member may rest assured that I can answer her question in the affirmative.

President. — Question No 16, by Mr Normanton :

Has the Commission taken a view on the initiatives proposed in the report of the European Foundation for Management Development on management education in the European Community?

Mr Vredeling, Vice-President of the Commission. — (NL) The report on 'Management, Education and Training in the European Community' came out in November 1976 and was then sent to the various sections of the Commission. In his capacity at the time, Mr Brunner invited the President and Director-General of the European Foundation for Management Development to a discussion in December 1976. He then intimated that it was difficult for the Commission to take a very active part in 'Management, education and training' in the immediate future.

On 7 March last, the President of the Commission stated in writing that these discussions could possibly make a valuable contribution as regards proposals the Commission might make. At the same time the President made known that he had instructed the various departments of the Commission to look more closely into the matter. Once the various views are known, the Commission will be glad to exchange views with the organizations and persons concerned. The Commission hopes and expects that this can be done before the present year is out.

Mr Normanton. — I cannot help but express a deep confirmation of my own anxiety and concern at what I can only describe as sheer apathy on the part of the Commission on this particular crucial issue. Having just returned to Europe from a 10-day series of meetings with top industrialists in the United States, the growing gap in management expertise and training between us and the other side of the Atlantic appals me when I think of the way in which the Commission and the Community appear to be playing no role

at all. Is this really going to be the last word from the Commission on this crucial subject? If it is, this House should stand up firmly and condemn the Commission for sheer arrant apathy in this crucial field.

Mr Brunner, member of the Commission. — (D) The moment to act on this point is when the budget is being decided. I must tell you frankly, from the contacts that we maintain with management training institutes, there is not much more that can be done given our present establishment. You can perceive that, in very many fields, the Community is not represented as it should be, but this is unavoidable. We have to concentrate on priorities. It is only gradually that we shall be enabled to do more as our establishment and budgetary appropriations are increased. For this particular work we have in the Community at the moment one half post.

Lord Bessborough. — What action is the Commission taking to further the in-house education of officials and scientific officers whom it employs within the institutions of the Community, particularly the Commission? Has the Commission examined the training techniques employed in the leading firms of the Community and in the civil service of Member States to guarantee continued efficiency and improved efficiency in the management of the Community?

Mr Brunner. — (D) In this field we do not come off too badly. We send our officials to symposia and seminars. We try to do whatever we can to further their training. Often we do it at the cost of our own efficiency because we believe that a well-trained man is more efficient in the long term than one to whom the opportunity is not given.

President. — Question No 17 by Mr Kaspereit is held over.

As Mr Krall is not present, his Question No 18 will be answered in writing.

Question No 19 by Mr Aigner :

Is the Commission aware of the House of Commons statement by the British Minister of Agriculture and current President of the Council of Agricultural Ministers to the effect that the agricultural policy he is pursuing in Brussels is exclusively aimed at serving the national interest of the United Kingdom, particularly as regards the green pound and the expansion of British milk production? If so, does the Commission believe that such statements are compatible with the general policy statement made by the President of the Commission before the European Parliament to the effect that he did not want to make the Community more British but to make the United Kingdom more European?

* See Annex.

Mr Gundelach, Vice-President of the Commission. — This time I can really be brief, but I am afraid my answer will not be of much help to the honourable Member. With all due respect to the honourable Member, it is not the practice of the Commission to comment on statements which ministers make in their national parliaments.

Mr Aigner. — (D) Would you at least admit, Vice-President, that you are not wholly at ease in making this statement?

(Laughter)

Mr Gundelach. — I started off by making it clear that I was ill at ease. I would only like to add that as far as the substance behind your question is concerned, my views will become quite clear in our debate on agricultural policy tomorrow afternoon.

President. — Question No 20, by Mr Ellis :

Does the Commission agree that different national modes of presentation of information are an important element in public understanding and that the centralization of the production of publications can be counterproductive? Will it therefore retain its present decentralized information structure so that publications intended for individual member countries are prepared, printed and published by the national information offices?

Mr Tugendhat, Member of the Commission. — The Commission is currently re-examining its information policy and will take account of the honourable Member's views with regard to publications. The Commission is well aware of the need to adapt information to the needs of the audiences it wishes to reach. At the same time, it has to ensure that the publications of its press and information offices fairly reflect its views and policies.

Mr Ellis. — Is the Commissioner aware that one of the great failings of the Commission so far in the history of the Community has been its failure to get across to the people in the Community, now 260 million, the essence and potential of what the Community stands for? And therefore does he not agree with me that, while I understand the need for a central direction, without dynamic grass-roots contact the Commission is bound to fail in every effort it makes to get its policies across? There must be very strong grass-roots representation in the Commission's rôle in the whole of this particular field.

Mr Tugendhat. — I absolutely agree with what the honourable Member says. Indeed, in the country from which we both come, one is appalled sometimes when one goes back to make a speech to find the level of ignorance that exists. Trying to tell the people how the Community works is rather like trying to tell an American about a cricket match. It is a very difficult thing to do. And I entirely agree with his statement.

President. — As Mr De Clerq and Mr Noè are not present, Questions Nos 21 and 22 will be answered in writing.*

Question No 23 by Mr Pisoni :

Is the Commission prepared to explain the non-reasoned opposition of its medical board to the appointment of a successful candidate in a competition? (Ref. IX.A.2/LA/138/01945)

Mr Tugendhat, Member of the Commission. — This question refers to an individual case, which the Commission does not believe it would be right to discuss in public. As a matter of general practice, however, when a candidate fails a medical examination, the Commission is prepared to inform him of the reasons. For the purpose of medical confidentiality, the procedure adopted is that the Commission invites the candidate to put his personal doctor in touch with the medical service, to receive an explanation of their opinion. At the same time, the candidate is told that he has failed a medical examination and he is informed that he is entitled to appeal. If such an appeal is made, it is heard by the Medical Board, before a final decision is made about recruitment.

Mr Pisoni. — (I) I realize that, in the way in which it has been framed, my question may give the impression that it refers to an isolated case but I can assure the Commissioner that other cases in addition to this one have occurred in which the Medical Board has adopted a harsh attitude towards some candidates without providing the explanation which, according to the Commissioner, it ought to furnish. Another reason for my question is the fact that, in spite of an appeal to the medical officer by the candidate, the Medical Board has not met nor, what is worse, given a reply as would have been normal and due, if only out of politeness to candidates applying for jobs.

My question, therefore, does not relate to just one case but to the behaviour of the Medical Board in a whole series of cases.

Mr Tugendhat. — I am at a double disadvantage in answering the honourable gentleman because, in the first instance, I am unable to discuss this particular case on the floor of the House, and secondly, as I think he probably knows, the appeal procedure is under way in the case of the particular individual to whom he is referring. We must therefore allow the appeal procedure to take its course. I can, however, assure him that as a matter of general policy, I think it is of the utmost importance that individuals from all member countries, bearing in mind their very different backgrounds and experience, as far as is humanly possible should be dealt with in an equal fashion and a fashion that is understood to be equal by the people who actually apply.

* See Annex

President. — We have used up the time allowed for the first part of Question Time.

The second part will take place tomorrow at 10 a.m. and will begin with questions to the Council and to the foreign ministers meeting in political cooperation respectively.

8. *Oral questions with debate:*

Pollution from energy sources

— *Community nuclear power programme* —
Community nuclear fuel supplies

President. — The next item on the agenda is the joint debate on :

- the oral question, with debate, by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, to the Commission on pollution of the environment from energy sources (Doc. 25/77);
- the oral question, with debate, by Mr Fellermaier, Mr Flamig, Mr Adams, Mr Brown, Mr Dalyell, Mr Edwards, Mr Ellis, Mr Giraud, Mr Kavanagh, Mr Laban, Mr Lezzi, Mr Willi Müller, Mr Knud Nielsen, Mr Schwabe, Mr Seefeld and Mr Spillecke, on behalf of the Socialist Group, to the Commission on the Community nuclear-power programme (Doc. 29/77);
- the oral question, with debate, by Mr Dalyell, on behalf of the Committee on Energy and Research, to the Commission on the Community's nuclear-fuel supplies (Doc. 31/77).

I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, the members of the Committee on the Environment and I feel that, with this oral question on the pollution of the environment from energy sources, we have raised a present-day problem in which large sectors of the public are showing increasing interest, not least out of concern for their safety and health. We have repeatedly pointed out that uncertainty continues to prevail in many cases about what the Community is doing to protect man and his environment against the dangers that could arise from the intensified use of energy, and nuclear energy in particular.

The first point is that we must, once for all, face up to the real facts even if they are unpalatable. In spite of all the efforts of the Member States and the Community — which incidentally need to be given fresh drive and encouragement — the new energy sources about which we hear so much today, such as geothermal energy, solar energy, wind power and thermo-nuclear fusion, cannot, as far as we can tell, be expected to make any worthwhile contribution to the Community's energy balance in the medium term. The main recourse left to the Community for the moment is therefore nuclear energy particularly, since this source offers a substantial saving in view of the price levels that oil has now reached. In this situation we are naturally looking forward to the reply from the Commission to our question with interest and I believe this also applies to the general public,

informed of our discussions as it is through the mass media. Of course, this House and its responsible committees have for years — and I stress for years — been concerned with the problems involved, so aggressively discussed elsewhere today, and has gone into them in detail on many occasions. I would recall, for example, the resolution of January 1976 on the conditions for a Community policy on the siting of nuclear power stations with due regard for their acceptability to the population. On the basis of the excellent report by our colleague Mrs Walz, Parliament referred back to the views it had stated earlier to the effect that the further development of nuclear energy was essential to meet the Community's energy requirements and would at the same time reduce its energy dependence.

The European Parliament has also stated its view that the public must be fully and continuously informed about the development of nuclear energy, as part of a Community plant-siting policy, the alternatives and their adverse effect on the quality of life having to be clearly shown in all cases.

In July 1976, half a year later, in its resolution on the continuation and implementation of a European Community policy and Action Programme on the Environment, the House endorsed the following observations contained in the well-known Council resolution of 3 March 1975 on energy and the environment. Energy-conserving measures are, as a general rule, also measures to preserve the environment and the principles of sound environmental management, e.g. techniques for recycling and re-using waste materials, may be very important for the conservation of energy and resources in the widest sense. Despite temporary or long-term supply problems, there should be no lowering of quality standards and no slackening of efforts to protect and improve the environment, nor should those efforts be pursued with any less diligence. I repeat, there should be no slackening of efforts to protect and improve the environment, nor should those efforts be pursued with any less diligence. Measures should be taken to reduce even further, as compared with the present situation, the harmful environmental impact of energy production and use.

In July 1976, we — that is to say the Committee on the Environment and the Community — said the following: optimum use must be made of all available energy sources. Rational utilization of energy should be pursued and research in the field of environmental pollution should be intensified. A specialized agency should be set up for the transport, storage and disposal of radioactive wastes, strengthened controls should be introduced in these areas and a full-scale campaign should be mounted to inform the public. Lastly we declared that every energy source could result in environmental pollution which, however, can and must be largely minimized by suitable measures, but that refusal to make use of such energy sources must, in the last resort, jeopardize economic and social progress.

Jahn

Mr President, ladies and gentlemen, the currently applicable regulations on nuclear power stations — this is what we said in the House and on this we now await answer from the Commission after having an argument of unprecedented vehemence particularly in Germany — I repeat and stress, the currently applicable regulations on nuclear power stations and the use and further development of nuclear energy are, as things stand today, feasible and present no danger. Perhaps this last statement to the effect that the applicable regulations on nuclear power stations offered sufficient safety for nuclear energy to be further developed was too optimistic. We therefore request the Commission to tell us in all frankness what results their investigations on this subject have produced.

Mr President, ladies and gentlemen, in my view the nuclear energy safety controversy of recent months has gone beyond the energy policy framework. This we find at home. The debate, particularly on nuclear energy, has taken on a political and moral dimension that has led to uncertainty in broad sectors of the public, and not only of the public, but also in industry. Whereas developments in nuclear energy have had the agreement of the political powers and the general public since the end of the fifties, in other words over a period of more than 15 years, the basic question of whether this technology should be developed is again posed with varying motivations.

It is clear that safety in the development of nuclear energy must be an indispensable part of our considerations. In spite of the very high degree of safety that has been reached, even by international standards, we must once again review the risks. The most important contribution by citizens' movements, of which you have heard throughout Europe, and which have manifested themselves with such emphasis in the Federal Republic lies, in this connection, in the fact that they have sharpened the general public's awareness of nuclear energy. But there is the danger — and I say this here very clearly — that this positive contribution might be jeopardized by quite differently and to some extent politically motivated considerations against which, as the European Parliament, we must be on our guard, because this brings us up against the basic principles of economic and social stability and growth. We would be particularly grateful to the Commission for a perfectly clear answer to our proposals and questions.

In conclusion, allow me, Mr President and ladies and gentlemen, to comment that the utilization of nuclear energy — and I think we are all agreed on this — is no ideal solution but a necessity we have to live with. It is naturally essential that the role of nuclear energy will be reconsidered by the Community if we achieve the technological breakthrough so many are hoping for enabling us to make use of new energy sources,

e.g. solar energy or geothermal energy, to the necessary extent.

I believe we have to give the public an answer and one based on a completely objective view of the realities that we have been discussing in this Parliament for a good 10 years or more; we welcome such a nuclear energy policy for the future, while fully appreciating the safety aspects of public health and environmental protection.

(Applause)

IN THE CHAIR : MR LÜCKER

Vice-President

President. — I call Mr Flämig.

Mr Flämig. — *(D)* Mr President, our question goes back to the judgment on the power station at Wyhl, a small town on the Upper Rhine. There, the Freiburg administrative court, after hearing many experts, gave a ruling that caused general surprise. The first reason for surprise, Mr President, was the fact that the plaintiffs lost their case in practically every major point. Clearly — on the basis of the court's judgment — there is no special danger to the environment from radioactive waste gas or water. Clearly, Mr President, there is no particular risk that Kaiserstuhl wine will be acid because clouds of steam from cooling towers darkening the sun. Apparently there is no danger that the fish in the Rhine will begin to boil because opposite, at Fessenheim, another 1 300 megawatt nuclear power station is being built.

But — and this was a complaint no-one had raised — the ruling talks about a safety risk through the lack of burst protection. Here mind you — this I must say for the sake of objectivity — the Freiburg administrative court is not alone. In Great Britain there were experts who, for years, preferred gas-cooled natural uranium reactors, among other things because they said that light water reactors involved too great a danger of bursting. This, Mr President, was true in the fifties and sixties. In the meantime reactor safety has improved and completely new technical containment methods have been developed and it therefore comes as no surprise that, a few weeks after the Wyhl decision, a further judgement was delivered, this time by the administrative court in Würzburg, ruling, strangely enough, that burst protection can be better ensured by strict production specifications for the pressure vessel and by regular inspection which, incidentally, would in fact be hampered by a concrete jacket as called for in the Wyhl judgment.

Now we are interested, Mr Brunner, in what you have to say about this? What is the Commission's view?

Flämig

In the second question we refer to the *de facto* interruption of work caused by this judgment. There are alternatives, one being to use oil again. But oil is just what we do not want, because we want to reduce our dependence on the OPEC and the oil-producing countries. The other alternative, coal, would mean new coalmines in the EEC or expanding production at the mines we have. What would the economics of that possibility be, Mr Brunner? Is there any justification at all, we ask, for sending valuable raw materials like coal and oil up in smoke? And incidentally do not oil and coal cause a great deal of pollution? How therefore — and this is what the second part of the question means, Mr Brunner — can our energy requirements be met without creating further risks of unemployment if nuclear energy is brought to a halt.

The third question is what would happen if, apart from work being stopped on power stations now under construction or on the drawing board, the light water power stations already in operation had to be closed down. Does the European Community need nuclear power, yes or no?

In the fourth question, Mr President, we ask about the possibilities offered, *inter alia*, by the citizens' initiatives that Mr Jahn has just referred to. They talk a lot about energy conservation. Energy conservation is obviously welcome but — at least this is what the specialists tell us — the possibilities of achieving anything with energy conservation are unfortunately limited. Industry and commerce already have economic reasons for saving energy. They are already doing all they can to eliminate waste for cost reasons. And what about in the home? Here the argument is that heat needs to be conserved by better insulated walls, doors and windows in both new and old buildings. We hear about proposals for speed limits on roads and motorways; smaller cars should be built and petrol-saving engines developed. This is all very nice, Mr President, but our question is: what has this to do with nuclear energy for, at the moment, nuclear power stations can produce electricity and nothing else.

Then there is the proposal to do away with electric water and space heating; but that also means no more electric washing machines, dishwashers, fires or instantaneous water heaters. This must be realized, apart from the fact, Mr President, that there are many residential areas in Europe that are not connected to any gas supply where people therefore have to use electricity if they wish to enjoy the fruits of modern civilization. On top of this there is the fact that electricity supply undertakings have not only peak demand periods — which cause them considerable trouble — but also consumption troughs and are concerned to fill them out, night storage heating being one answer, in the interests of operating economy and to prevent average prices for electricity going up too much. That was just by the way.

But something else, Mr President, is particularly important. The environmentally less harmful alternatives proposed in these citizens' initiatives, e.g. solar heating and heat pumps, are very much to be recommended but they need not less but more current. So first of all we have to produce electricity. The same also applies to other forms of energy needing circulation pumps.

We also ask about the effects on the balance of payments, Mr Brunner, linked with the question of dependence on supplier countries outside the Community. Here we are thinking not only of oil dependence but also dependence on natural and enriched uranium. Just in the last few days — and the following speaker, Mr Dalyell, will discuss this in detail — President Carter made it known that he had developed a new nuclear programme that could be summarized in the words: build more light water reactors using American technology and stop reprocessing spent fuel, but store it instead — for, let me add, the short space of 240 000 years. Where shall we store it? How shall we store it? Here, of course, the Americans have not given any very clear answer. In Europe, however, we have to recognize — and I assume, Mr Brunner, that you will be saying something about this — that we do not have enough natural uranium simply to throw away our plutonium, which is a very valuable fuel. We have been told — perhaps Mr Brunner will also discuss this, Mr President — that the best way to get rid of this troublesome plutonium is to burn it in reactors, because then what is left has to be stored only a couple of hundred years, not 240 000.

Item 5 in our question, Mr President, enquires about other types of reactor not affected by the Wyhl judgment. Here we refer to fast breeders, Mr Brunner, and high-temperature reactors; we are leaving out the fusion reactor because that still needs a few more years to become operational.

What significance, for example, has the most recent proposal have seen in the press to use thorium instead of plutonium. Is not at least medium-enriched uranium necessary for this type of reactor, Mr Brunner, and is not plutonium also produced in high temperature reactors even if they are run on thorium... and has it already been decided what to do with the atomic waste from high-temperature reactors? And what is the position on cost? If high-temperature reactors not only generate enough current but are also supposed to produce process heat up to 1 000 °C coal gasification, chemical processes, steel-making, etc., are they competitive, costwise, with light water reactors and what conclusions does the European Economic Community draw from this?

Finally accident statistics, Mr President, the last question. Have there already been fatal and other casualties

Flämig

from the peaceful uses of atomic energy and if so how many? How do these casualty figures compare with those from the coal and oil supply industries? We are thinking about the North Sea drilling platforms, accidents in mines, pneumoconiosis, and other injuries and diseases, though we do not forget that, in the case of nuclear energy, the question of genetic damage also has to be considered. Is it right, Mr President, that there is more radio activity in the air near many coal-fired power stations in the European Community than in the environment of nuclear power stations?

In conclusion, Mr Brunner, we ask that nothing be covered up, minimized or glossed over, but that nothing be exaggerated either. We and the European electorate, to whom we feel we have a duty, want to know: can we Members of Parliament, with a good conscience recommend to our electors the continued generation of electricity on the basis of nuclear energy or not?

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I ought to report to the Parliament that among colleagues in the Committee on Energy and Research there are two rather different strands of opinion on the gut issue of the Carter limitation on nuclear fuel supplies.

The first strand in the committee is that the American administration have taken a high-minded view, that their main purpose is to put a stop to nuclear proliferation, and that they ought to be applauded for a decisive initiative. This is simple straight-forward approval of American action.

Now the second strand of opinion in the committee is more complex, and needs elaboration. I believe that a majority, and I confess to being of their mind, takes an altogether more cynical view of what some have seen as altruistic American intentions. We think that the American decision has far more to do with the commercial advantage, or the supposed commercial advantage, of the American nuclear-power industry than with the worthy objective of limiting the spread of nuclear weapons. Moreover, we are sustained in our cynicism by a simple fact: if the Americans and the Canadians persist in their attitude and deny nuclear supplies on which other countries have hitherto counted, will those countries not soon be forced to construct their own plants? Will the Federal Republic, France and the UK sit idly by, and do nothing about it? Of course they won't. Furthermore, it is not only a matter of Europe, because if this happens small plutonium plants will undoubtedly be erected in Pakistan, in Brazil and in other countries for Mr President, there is no monopoly of the knowledge of how to do this. Far from limiting proliferation, there are those of us who think that the American action may have precisely the opposite effect, spreading a military

nuclear capacity further and faster than would otherwise have been the case.

Therefore, my first question to the Commissioner on behalf of the committee is this. Will he or Roy Jenkins, when the Americans arrive in London in early May, say to them that there is a widespread feeling of gut resentment among Members of the European Parliament reflecting the opinion of many people in the Community that the Americans are portraying themselves in this matter as knights in shining armour on a mission to limit nuclear proliferation whereas the truth is more squalid, if understandable? They want to wrap up decisions of commercial advantage to themselves, or possibly mistakenly calculated decisions from their own point of view, in a cloak of virtue.

If colleagues think that I am being unduly hard, they should remember that many of our constituents who have accepted American innovation, paid for it, bought Boeing airliners by the dozen and imported American television films are cynical about the spurious reasons for not allowing Concorde into profitable New York, that the American nuclear decision has the smell of Concorde and New York all about it and that the device is simply to maintain a United States lead in their form of nuclear power. If President Carter had been faced with an American industrial lobby which had a successful fast-breeder programme, if President Carter had had to face an industry that had been as successful in this matter as in the Federal Republic or the UK, does any Member of this House think that he would have taken the attitude that he has struck? Not on your life! If the United States is so concerned about weapons, how is it that Westinghouse and General Electric are going round trying to sell their light-water reactors throughout the world, because these light-water reactors are also a potential instrument of nuclear holocaust, neither more nor less than a fast-breeder reactor. Therefore we can be forgiven for being deeply suspicious of the United States in this matter.

If proliferation is bad, Mr Carter is not going the right way about limiting it. Therefore, I ask Dr Brunner this: what, constructively, is he going to say to Mr Carter? Because I hope that he will say bluntly that in order to run a fast-reactor programme without proliferation, other things must be achieved. First, agreement on a proper inspection programme.

Secondly, on the issue of central reprocessing, will it be put to Mr Carter and his officials that in fact this can be done by competent people in the Federal Republic and in the UK? It is very expensive; we know how to do it; but if he is worried about the reprocessing problem, the answer is to spend money on vitrification research, on techniques that have already been mastered in Germany, in France and in the UK.

Dalyell

There is another aspect of all this that I hope the Commissioner would put to the Americans, and that is this 'caving in' to the pressure of technical ignorance, because politicians have the general view that it is popular to do so, to gratify ill-informed environment lobbies. Indeed, I believe that this has a great deal to do with the American attitude, because the fact is that anybody who followed the recent presidential campaign knows very well that a lot of very silly promises were made. Perhaps there is an element of campaign promises being redeemed at the expense of Europe and the Third World.

The truth is that the fast breeder is a necessity for the world; that oil is finite; that solar energy has no hope of fuelling major industries, however marginal may be its advantages; that wave power has enormous problems and is many decades off; that the price of coal is the price of pneumoconiosis and too often the price of life itself; and that our future does lie in nuclear energy. To those who urge a non-nuclear future, I say that I hope they are going to go and tell their constituents that they propose to put the lights out all over Europe. Perhaps not in our time, but if we do not go ahead with the kind of programme that Europe wants to go ahead with, we shall leave our successors at the end of the century with impossible problems.

So I ask the Commissioner this; is he going to say, frankly and candidly, that in the opinion of Europe the French should go ahead with their distinguished fast-reactor programme, that the Germans should go ahead, that the British should go ahead and that the JRC should go ahead with the fusion programme? Because it would be tragic if we were to give in to the views of every dotty do-good environment organization on either side of the Atlantic. Do these people realize what life would be like with a serious electricity famine?

In particular, there is the issue of nuclear accidents, which troubles people. And I just hope that the Commissioner is going to repeat to the Parliament what he said to the Energy Committee in that striking example he gave us last week: what Dr Brunner said to the committee was that if there were 500 people killed in a nuclear accident, it would bring the whole nuclear-power programme to an end tomorrow — at least for a few months; but, of course, when 500 people are killed when 2 jumbos tragically crash in Tenerife, is there any Member of the European Parliament who hesitates to jump on an aeroplane the following morning? Certainly not! (*Cries of 'Hear, hear!'*) And, therefore, these things must be seen in perspective.

Finally, referring to today's Question-time, is there not also another issue that should be put to the Americans? On what moral authority do they deny to a third-world country such as Brazil the electricity possi-

bilities that they themselves, not least in Federal Washington, take for granted? Because they have got to prove, and the onus is on the Americans, that the Brazilians would misuse this. I had the good fortune to lead the British Parliament delegation to Brazil in 1975. Heaven knows there are political problems, but is any one seriously saying that the Brazilians are going to build up a nuclear capacity in order to blackmail other people in South America? Because this is profoundly unlikely for a country that has such a population advantage. And if it were said that they are proposing to use it to attack any one else outside South America, some of us would find that suggestion a bit grotesque.

No, Mr President, the truth is that there are millions of some of the world's least privileged people in north-east Brazil. It is a country that has virtually no coal. After all that we have said in the European Parliament on the need to preserve resources, are we to be hypocritical enough to tell the people of Brazil that they should burn their high-grade oil — Petrobras's oil — in power-stations in order to make electricity? Because this would go contrary to the sage advice that we have given to ourselves. The fact is that Brazil, like other third-world countries, has rights, and they have a right to a nuclear-power programme. And I can say this, as a non-German, more easily than my German colleagues: I am thoroughly in support of any arrangement that can be made between the Federal Republic and Brazil, which is behind much of what we are talking about, and any such arrangement should have the support of all of us, if only on the grounds of the benefits that it brings to poor people in north-east Brazil who need industry, need electricity and need fuel.

Mr President, in conclusion, I say, with some diffidence, that some of us, even at this early stage, are less and less impressed by what we see of the handling of certain difficult problems by the incoming American Government. We suggest that, in tactful words, the Commission should say what perhaps national governments are less able to say, that the honeymoon is over, that some of us in the European Parliament — we will put it no higher — think that the power of — let me choose my words carefully — let us say, undergraduates from the State of Georgia is disproportionate in Federal Washington, that the actions of this, as in a number of other things, are the actions of immature posture politics and that the Commission ought to stand up to the Americans and tell them that in this matter they are wrong. And I think if the President of the Commission and the rest of the Commission do so, and make it clear to the American press that they have done so, then they will be performing a service not only to the European Community but to mankind in general.

(*Applause*)

Mr Natali, Vice-President of the Commission. — (I) Mr President, the Commission has a duty to answer in as much detail as possible all questions which have been tabled on this important matter.

I, for my part, shall reply to the question put by Mr Jahn on behalf of the Committee on the Environment, Public Health and Consumer Protection and my colleague Mr Brunner will reply to the other questions.

The thanks I should like to express to Mr Jahn and his colleagues are more than a mere courtesy, because without a doubt his question, and the others, serve to highlight extremely important issues and it is absolutely right that public opinion should be kept informed about problems which concern the future of entire generations.

I am certainly not claiming, in respect of the points that concern me, to be able to give definitive answers; I shall simply provide you with the information at our disposal and it may well be that we can usefully pursue the debate on this basis. Therefore, with your permission, Mr President, I shall reply to each of the five questions which Mr Jahn has put on behalf of his committee.

The first question concerns the amount of pollution which would be caused by the construction of new power stations.

It is common knowledge that the main pollutants produced by power stations using coal or oil are sulphur dioxide, nitrogen oxides and atmospheric dust. Heavy metals, such as mercury and cadmium, may also be produced, depending on the type of fuel used.

To take an example, a coal-fired power station releases 26 kilogrammes of sulphur dioxide, 7 kilogrammes of nitrogen oxides and 3.5 kilogrammes of dust per ton of coal burned. An oil-fired power station releases 3 kilogrammes of sulphur dioxide, 7 kilogrammes of nitrogen oxides and 1 kilogramme of dust per ton equivalent of coal burned. Finally, a power station fired by natural gas produces only 5 kilogrammes of nitrogen oxides.

Nevertheless, these data should be treated with caution because they represent averages and can vary considerably from one power station to another.

Nuclear power stations at present in use discharge — *inter alia* — long-lived radionuclides. For example, a power station producing 1 000 megawatts discharges 10 000 curies of inert gases, 0.1 curie of radioactive iodine, 0.1 curie of aerosol and less than 10 curies of liquid wastes not containing tritium annually. A pressurized water reactor station releases, in addition, less than 1 000 curies of tritium and a boiling water reactor station about 100 curies of tritium annually.

On the subject of nuclear power stations attention should also be paid to the problems posed by the fuel

cycle and the reprocessing of waste. The reprocessing plants also produce actinides (plutonium, americium, californium) which are highly radioactive and have long half-lives. Moreover, all power stations, whether based on fossil fuels or nuclear energy, heat considerable quantities of cooling water as part of the thermodynamic cycle.

Around 60 % of total thermal energy produced from fossil fuels is dispersed into the atmosphere or into the cooling water. This percentage is even higher in the case of the present generation of nuclear power stations, reaching about 65 % of total thermal energy released.

The amount of pollution from all power stations in the future depends on various factors, and in particular:

- the future growth of demand for electrical energy which will determine installed generating capacity;
- the ratio of the various types of power station — coal, oil or nuclear — to one another;
- the geographical distribution of the various types of power station;
- technical progress in disposing of waste products;
- the funds made available to reduce pollution, which will in turn have repercussions on the price of electricity produced;
- the regulations in force or to be adopted concerning the quality of the environment.

There are many uncertainties in this field and it is thus impossible, without looking at specific assumptions, to put a figure to the amount of pollution that we shall have to expect in future.

It should however be recalled that, pursuant to the directive of 9 July 1975 on limiting the use of petroleum products in power stations, fuel oil, generally speaking, will in future no longer be used in new power stations.

Turning now to the second question, as to whether the environmental protection measures agreed to so far are sufficient to meet present or future environmental and health protection standards. I should like to answer as follows:

In the case of coal and oil-fired power stations Member States have adopted a considerable number of provisions to protect the environment, drawn up to take account of economic and general energy conditions, of the existing quality of the air, of the geographical location of the stations and of national policies pursued in the past.

Included amongst the administrative provisions which have been adopted with a view to carrying out such policies are the limitation of emissions, the preferential use in certain areas of less polluting fuels and the temporary alternation between various types of fuel.

Natali

Faced with such a variety of provisions it is impossible to reach any overall conclusion without going on to an extremely detailed analysis, something which can only be done by the Member States themselves. One can at most conclude, on the basis of the fact that they have agreed to pursue a common policy in this sector (adoption of the Council resolution of 9 December 1976 on the implementation and application of a policy and action programme of the European Community on the environment), that the governments consider it desirable to harmonize at Community level research aimed at assuring effective and adequate protection of the environment.

Implementing this action programme, the Commission has brought forward proposals for fixing criteria and norms for atmospheric quality as regards sulphur dioxide and suspended particulate matter in urban regions where the highest levels of these pollutants are most often recorded.

These proposals have been under consideration by the Council for a year now and it is not possible to make any forecast as to when a decision is likely.

Directive 75/716, adopted by the Council on 24 November 1975, concerning the progressive reduction of the sulphur content of diesel oils and their selective use according to the level of pollution constitutes a first Community step towards respect of the proposed atmospheric quality norms. A further step is the proposal for a directive on the reduction of the sulphur content of fuel oils, and on this point the House will be debating a report drawn up by the Committee on the Environment, Public Health and Consumer Protection this part-session.

The problems involved in the use of solid fuels are at present being considered and the Commission will, where necessary, make appropriate proposals.

With its decision of 24 June 1975, which sets up a joint procedure for an exchange of information between the surveillance and control systems as regards data concerning atmospheric pollution caused by certain sulphur compounds and dust, the Council has given the Commission an effective mechanism which will enable it in future to obtain a broader and more detailed view of the atmospheric pollution trends in Member States.

It is not as yet possible to say whether the proposed measures, or those still to be proposed, on the subject of environmental protection will be adequate, at Community level, to assure the desired level of protection everywhere. The second action programme on the environment, therefore, provides for research to draw up, if necessary, proposals for listing pollution sources and for controlling industrial plants which pollute the environment.

I turn now to the third question, which asks whether there is evidence to show that present safety measures in connection with radiation protection in existing nuclear power stations are inadequate.

There have been no observed cases so far in the immediate vicinities of nuclear power stations, either under normal conditions or during malfunctions, of radiation level which would have any effect whatsoever on the health of the population.

The last report published by the Commission on radioactive discharges in the Community shows that :

- there have been no cases in any nuclear power station of malfunctions giving rise to excessive radiation which might have endangered the health of people living in the vicinity. In all cases the limits laid down by the national authorities responsible on the emission of radioactivity have been respected ;
- calculations indicate that the maximum radiation levels due to discharge from nuclear power stations are in general less than 1 % of the limits in force in the European Community, i.e. less than 5 % of the average levels to which populations are subject from natural radiation. Such levels are not technically measurable and are even less than the margin of regional and transitory fluctuations in natural radiation levels.

It should also be pointed out that rigorous surveillance of environmental radioactivity in the immediate vicinity of all nuclear installations are carried out by independent organizations such as the SCPRI (Service Central de Protection contre les Rayonnements Ionisants) in France, or the TUV in the Federal Republic of Germany ; this is done with a view to ensuring strict respect for the emission standards to which each installation is subject and also respect for the radiation protection norms on which these standards are based. Moreover, the Commission takes care to ensure that effective control is carried out in the immediate vicinity of nuclear installations. In this connection it published a guide in 1975 on the monitoring of radioactivity with a view to harmonizing measurement systems so as to be better able to compare results and thus ensure adequate protection of the population.

As regards the fourth question on radioactive waste, I should like to begin by pointing out there is a wide variety of nuclear waste which is classified according to its level of radioactivity, the duration of its radioactive life, whether it is in liquid, gaseous or solid form and the radio-toxicity of the elements of which it is comprised.

As I have already stated in my answer to the preceding question, the liquid and gaseous radioactive effluents released into the environment during normal operation of the power stations are subject to strict surveillance and do not give rise to particular concern.

In general, moreover, low activity waste, whilst quantitatively considerable (in the order of several hundreds of thousands cubic metres for Europe as a whole by the year 2000), poses problems no more serious than those caused by the disposal of waste from other major industrial sectors such as the chemical industry.

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Consequently, whilst a watchful eye is kept on the disposal of low activity wastes, the attention of the Commission and other authorities responsible is concentrated primarily on waste falling into the high activity category, which contains more than 99 % of all radioactivity produced in the reactors.

These waste materials, mixed with recoverable uranium and plutonium, are contained in the irradiated fuel elements in nuclear power stations, which, once extracted from the reactors and after being cooled down in special ponds, are sent to chemical reprocessing plants for such fuel elements. It is in these plants (and, therefore, not in the power stations themselves) that the waste is separated from the recoverable uranium and plutonium.

At present the waste is concentrated in liquid solutions and placed in water-cooled stainless-steel containers stored in cells with walls of thick reinforced concrete. The total volume of waste, which is extremely active in its liquid form, is at present estimated at slightly more than 2 000 cubic metres for the entire Community. Nearly all of it is stored in the French and English reprocessing plants, which are the only ones at present operating on an industrial scale.

However, work is already advanced on technology to 'solidify' these waste materials, a process which would simultaneously considerably reduce their volume.

Even today experiments have already shown that the volume of highly active waste certainly is not and will not be very substantial.

It is difficult to make long-term forecasts in view of the uncertainties affecting nuclear development. Nevertheless, even on the unlikely assumption that improved methods of solidification are not introduced in the meantime, the volume of highly radioactive solid waste in the entire Community at the end of this century — and taking into account the increase in nuclear energy in the period under consideration — will not amount to more than a few thousand cubic metres, rising to a few tenths of thousand cubic metres if one includes the volume of the cans of the fuel elements, whose radioactivity is, however, some 1 000 times less than that of the actual waste itself.

Having said that, it should be emphasized that the present storage systems, although widely tested for several years without having given rise to any serious problems, cannot be considered anything but provisional. They do not, indeed, meet the fundamental problem of how to isolate from the biosphere highly radioactive waste for periods which range from 1 000 to hundreds of thousands of years in the case of the transplutonium elements which, at the present stage of technical development, are combined with the rest of the highly active waste.

This is why the main research and development programmes being carried out in the world today — of which the Community's is the only one to be financed on a multinational basis; I shall come back

to this shortly — are concerned principally with experiments and studies for disposing of highly active waste deep down in particularly stable geological formations (salt, clay and granite formations).

Highly complex technology is paving the way to a variety of solutions which will require detailed study and testing before the ideal solution is found.

Moreover, it is essential that we proceed with caution. Initially, therefore, storage experiments in geological formations must always be such as to allow the recovery of the waste materials until such time as final decisions on disposal have been taken.

Another possibility being given intense study parallel to the geological solution is the separation of the transplutonium elements, which have the longest half-lives, from the remainder of the highly radioactive waste.

Separation of this kind could have appreciable results, because although it is true that it would not substantially reduce either the volume of the waste nor the degree of radioactivity (the transplutonium elements in fact comprise only 1.1 % by volume of the highly radioactive waste and one part in a thousand of total radioactivity), the radioactive half-life of the remaining waste would nevertheless be reduced from hundreds of thousands to about one thousand years.

The transplutonium elements themselves, once separated from the remaining waste would still have half lives of hundreds of thousands of years, but their volume and their overall radioactivity would be, as I have already pointed out, extremely low and their final disposal would thus pose considerably less of a problem.

It should be borne in mind, furthermore, that the problem of the transplutonium elements could be radically resolved if, in addition to separating them, they were recycled, i.e. used again in reactors which would change them into wastes having shorter radioactive half-lives.

However, it should be stressed that it is still not possible today to say whether the results of research into the application or recycling of transplutonium elements will be successful or not. Whatever happens, a practical application of such technology is extremely unlikely to be possible in less than 20 years or so.

The following conclusions can be drawn on the basis of the facts I have given you on highly radioactive waste :

(a) the basic principle to be respected is that any type of storage system must be able to guarantee that no radioactivity can 'leak' into the biosphere in such quantities as to produce radiation in excess of amounts acceptable for man and other biological species ;

(b) Storage systems should also be such as not to oblige future generations to maintain permanent control and surveillance procedures ;

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(c) The provisional storage techniques et present in use have been tested over a period of many years without giving rise to any major problems. Indeed, it should not be forgotten that highly radioactive waste has been a reality for 30 or 40 years, since the beginning of the nuclear age, in fact ;

(d) Further use of present techniques for another 10 or 15 years does not, therefore, constitute an imminent threat to health or the environment.

(e) Perfecting such techniques could allow them to be used for longer periods (several decades) ;

(f) It is nevertheless imperative that research and development should concentrate immediately on finding definitive solutions so as not to impose extremely onerous obligations on future generations.

The 'geological solution' appears as the only possibility and, if the work of the scientists is not held up, will be suitable as temporary storage over the 10-15 years time-scale I have mentioned.

Less certain at our present level of knowledge is, on the other hand, the applicability of techniques for separating and recycling transplutonium elements ;

(g) Efforts to objectively inform public opinion must be intensified at all levels : local, regional, national and Community. Indeed — as I have already pointed out — the nuclear age is not just beginning today, but already started 30 or 40 years ago ; and another thing that should not be forgotten is that nuclear waste is also produced by military uses on a far greater scale than by existing and planned non-military plants. The problem of waste, therefore has existed for some time, and must be solved in the interests of all of us.

At Community level a five-year programme of research and development (1975-1979) on the management and storage of radioactive wastes is at present under way, on which Parliament reported and gave a favourable opinion in April 1975.

This programme, which forms part of a wider research and development effort in energy for which my colleague Mr Brunner is particularly responsible — he will, I am sure, give the House details in a moment — is being pursued by the main specialist centres in this field in the Member States and is concentrating on the 'geological solution'. Total funds for the five years amount to about 40 m u.a., half of which (19 m u.a.) is being met from the Community budget.

This programme is supplemented by an important research and development project being carried out by the JRC and Ispra, aimed mainly at the separation and recycling of transplutonium elements. The new four-year programme for the Joint Centre, adopted by the Council at the end of March, has allocated a total of around 21 m u.a. to this project.

The Commission is intending to begin work in a few months time — at the beginning of 1978 — on the

preparations for a new five-year programme, involving substantially greater resources than the present one.

The new research and development programme, moreover, should form part of overall efforts at Community level to tackle the problem of radioactive waste.

Turning now to the fifth and last question, I shall reply to that part of it which falls within my area of responsibility.

Parliament has already noted and, in general, approved the Commission's proposals to the Council both on securing energy supplies and protecting the environment. As regards the energy sector, Mr Brunner will allow me to recall that the Commission has submitted, over the past few years, at least twelve proposals to the Council ; proposals on research programmes concerning the energy sector in general and on encouraging the production and utilization of coal.

All of these proposals are covered by the proposals for protecting the environment in the light of energy production, to which I in my previous answer.

May I apologize, Mr President, for having gone to such to such lengths in my replies to the five questions put by Mr Jahn but, as I said at the outset, I felt bound to provide all the information possible on this subject, which all too often seems to be looked at emotionally or indeed irrationally as a result of a lack of understanding of what is actually involved.

As far as the Commission's position is concerned, I should like to assure Parliament, whatever happens, that the Commission will continue, as it has done for several years, to do all it can to assure adequate supplies of energy without overdependence on third countries, and to the protect the environment which, as I had occasion to confirm yesterday during the debate on Mr Jahn's report on the United Nations' conference in Kingston, is of fundamental importance for our own lives and for those of future generations.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, member of the Commission. — (D) Mr President, in 1973 the lights threatened to go out in Europe. At that time we all agreed that we did not want such a situation to arise again. We no longer wanted to remain dependent. At that time we all agreed on the desirability of using nuclear power as one of the means available to us in Europe to produce energy. We wanted to promote its use.

What has happened in Europe to explain the complete change in mood in such a short time ? Is it simply the result of short memories ? Have we all done what was necessary to demonstrate the importance of nuclear power for us ? Have we conducted the debate about it in such a way that shades of

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opinion are still possible? In my opinion the answer is no, we have not, otherwise we should not have been on the verge of a religious war about this in Europe. We have not done so and if we do not start soon, it will be too late. Every politician in Europe must know that he has to face this question. There is no escape. He cannot hide behind reports. He cannot act as though this subject did not affect him in his constituency. He cannot act as though it were a simple matter. He will have to lead the debate and he will have to do so with discrimination.

Nor will there be any solution if political parties in Europe stand aside with one eye only on the ballot box: if they simply run panting behind those who are now influencing the mood of some of the population. That will not provide the answer because this problem also involves the question of the structure of our society, the growth of our society and the question of how we want to live in Europe in 10 years time. And there will be no easy, popular answers to this. It is better for us to say so here and now rather than continue a debate for months on end based on misconceptions.

You see, the citizens' action groups in Europe have possibly had — at least partly — to fill a vacuum created by the politicians. It is quite possible that we have not said clearly enough what has happened in the last few years to make this form of energy safer. It is quite possible that we are the ones who have produced misunderstandings, and it is quite possible that we have also in fact failed, as regards the question of the storage of nuclear waste — this vital question — to do what was necessary at the proper time for the use of nuclear power in the long term. But this should not mislead the citizens' action groups into arguing in black and white. Whatever mistakes have been made, what we need in Europe is a clear analysis of the situation which we can expect in the mid-1980s. The situation in the mid-1980s in fact at the same time provides the answer to the question of the use of nuclear energy today.

Nor will it be sufficient for the citizens' action groups to turn round and say we can fill the gap by importing more oil or using more coal. This is not the answer because none of us knows whether in the mid-1980s, with the price still as high, these alternative sources of energy will be still available for Europe in sufficient quantity. Therefore we must ask all those involved in the citizens' action groups these questions: what is your attitude to the way of life in Europe? What is your attitude to economic growth? What is your attitude to the employment problems we have in Europe? That is the proper form the debate should take.

I have no objection to criticisms being made of this form of energy. There must be discussions about it. But it is not sufficient to consider only one sector of energy production; it is not sufficient if one does not answer these other questions. Therefore I say to all

those who are intent on outright rejection of this form of nuclear energy on the grounds of protection of the environment: give me some alternatives: It is not enough for us to want to return to a better, more idyllic situation. In the technological age that is not sufficient. Employment, job opportunities are bound up with the use of the technological resources which we have. That is the question which one must ask all those well-meaning people who in just this one respect are to some extent postulating the idea of 'back to nature'. I must ask this question of all these environmentalists, whom with all due respect I would call nuclear critics in sandals.

But there are other critics of nuclear energy and in their case one must argue more energetically. These are the critics in jackboots. These are the people for whom nuclear energy merely provides a means of bringing about something quite different, that is a situation which produces chaos, so that a new social order will arise from the chaos. These people must be unmasked. We must ask these people the question: what form will this society take? They want to use the dodge of producing, by this use of force, situations in which public order is disrupted that the people no longer have any relationship with state authority. The target for these people is something other than nuclear energy. Ultimately their targets are the freedoms what we have developed in our parliamentary democratic forms of society. I now come to your questions.

Following the court decision the Socialist Group has asked about safety at Wyhl. What is the situation with regard to this reactor? My answer is this: the decision is a matter for the Federal Republic of Germany. As representative of the Commission, however, I can say this: in Europe there are 18 light-water reactors which operate without the burst protection demanded in the court decision. And they have so far operated well. It may be that safety technology must be further developed, but this is a very difficult technical problem and we, as a Community, have not yet done enough to urge further development in these technical problems. We must therefore raise this with our committee of experts who are working on the development of common technical standards. And if your question has already produced some success it is that we shall be doing this.

You go on to ask what the effect would be of a ban on the light-water reactors planned and under construction in Europe. My answer is this: the Council of Ministers set the target for 1985 that nuclear energy would make up 13% of the energy production of the Community. This corresponds to 160 gigawatts. We now know that as a result of the delays which have arisen we shall only have a maximum of 80 gigawatts. This is no longer 13% but about 8%. If we were to ban the reactors now under construction, this figure would drop from 80 gigawatts down to 30 gigawatts. This would mean that nuclear energy's contribution would be less than 3%.

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Your third question is about the effect of closing down all light-water reactors at present in operation in the Community. My answer to that is this: the figure would fall even lower. Nuclear energy's contribution would then only be 20 gigawatts. This would mean more than \$ 6 000 million in lost investments in the Community. Anyone who wants to take responsibility for such a misinvestment can do so, but I cannot.

You then go on to ask what would happen if we economized on energy. What effect would this have on the use of nuclear energy? My answer is this: we have set ourselves a very ambitious target. We have said we wanted to make an energy saving of 15 % by 1985. It is doubtful whether we will achieve this. But even if we do achieve it, we cannot through these savings forgo the use of nuclear energy, to wit the 80 gigawatts we are aiming at. Despite energy savings we will need a certain amount of nuclear energy.

You go on to ask whether we would use alternative sources, for instance, coal or oil? My answer is this: in the Community, unlike the United States, we cannot have an increase in our coal production of 60 % such as President Carter has announced. Our coal is expensive, and even if we could do this, we must ask the question: would we not be over-exploiting at the expense of the next generation? Will anyone take responsibility for this in the Community? Therefore my answer is no.

Even if the use of coal were expanded — and we are planning an expansion in mining; we want to achieve up to 250 million tonnes a year by 1985 — it cannot replace this limited use of nuclear energy. And then you ask whether we cannot use oil. If we wanted to use oil in these quantities, our dependence on imported oil would increase even further. By 1985 it would be more than 60 %. Can we justify that? Furthermore, we would arrive at a situation in which we perhaps could no longer find this oil in the world, even despite a high price, since the demand for oil will be rising in the United States, in Japan and in the Third World. And if we increased this demand and had to import a further 80 million tonnes of crude oil per year, as we would have to do, we would not know whether this oil was available.

And then you ask what would be the effect on the balance of payments. I can only say to you that in 1976 we had a balance of payments deficit in the Community of \$ 9 600 millions. If we had this additional burden, we would have to pay a further \$ 8 000 million. Consequently we would have a correspondingly increased burden on our balance of payments. I ask you all: can we justify this? What would it mean for price developments, for the employment situation in the Community? Those are my precise answers.

Your next question is whether there are reactors with lesser risks. There are other reactors: there are the graphite reactors, there are the advanced gas-cooled reactors developed in England, there are heavy-water

reactors? No expert in the world would dare to say so. Each of these reactor types has its specific risks and its specific problems. One cannot say that any one of them is in every respect safer than the light-water reactor, and conversely one cannot say any of them is less safe. Therefore, even with this range of types there is no perfect solution. And there is again no perfect solution with the reactors which are at the development stage, the fast breeders or the high-temperature reactor. Here again there are specific risks. The advantage of the reactors lies not in the sphere of safety but in that better fuel utilization. Moreover they are still at the development stage and so they do not provide us with an answer here and now.

Finally you ask about the accident records of the reactors. In reply I can only say to you what has been said by the experts. In the Rasmussen report published in the United States it is said that the risk involved in nuclear energy is less than that in cars or air travel. The annual risk of death in relation to cars is one in four thousand, and in the case of air travel it is one in one hundred thousand. For nuclear energy it is much lower. There is, however, also a report by the Ford Foundation which says this is too optimistic. What does this latter report say? In the field of nuclear energy there are specific risks, but they are completely comparable with those arising with the use of coal for electricity generation. Well then, that is the risk situation and I can tell you that in Europe in the 20 years in which we have been using these light-water reactors, we have had no mortality attributable to nuclear processes. That is the situation. That is my answer.

Now I come to the questions by Mr Dalyell and I would like to answer these together. Mr Dalyell asks about the relationship with Canada and the United States and whether these countries are still supplying natural uranium and highly enriched uranium. He asks about the repercussions if deliveries were discontinued. He asks whether agreements have been breached; he asks what remedial action we can take and finally he asks how can we ensure supplies to the Community. One can only say this in reply: since July the United States have virtually discontinued supplies of highly enriched uranium. This is partly due to a change in the administration and more recently to the fact that they are reserving the right to examine in detail the conditions governing these supplies and the safeguarding of these supplies. I hope that there will soon be a solution to this, since we need this highly enriched uranium. We need it for our research reactors; we need it for the high-temperature reactor.

Canada is at present negotiating with us on an extension to the Euratom-Canada agreement. Two points still remain unsettled. We are in the process of settling these two points. Canada had told us that without a contractual agreement they would stop supplying us with natural uranium in 1976. We asked the Canadians not to do that. They continued to provide

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supplies until 1 January 1977 and since then there has been no further natural uranium from Canada. I hope that we can soon settle these two points which still separate us. I believe it is extremely important for relations between Canada and the Community.

We have a good relationship based on partnership. Such a relationship should enable us to find a solution, since the discontinuation of supplies involves very serious handicaps for the firms which have invested in Canada and have mining rights there, and whose uranium is in store there with no possibility of shipping it to Europe.

Secondly, there are difficulties with enrichment. We have long-term enrichment contracts with third countries. Because we are not receiving the natural uranium we cannot pass it on for enrichment in time. This causes problems and may possibly produce claims against us. Finally, we need the natural uranium for the further development of nuclear energy in Europe. Everyone knows that we are exemplary as far as security is concerned and therefore it should be possible to settle the two matters which are still outstanding. These are the transfer of technology and, secondly, the measures to be taken in respect of security and control of materials in certain countries of the Community.

We must settle these problems quickly and therefore I appeal once again to the Canadian Government.

You also wanted to know whether breaches of contracts by the Americans and Canadians were involved. The question of whether one could pin this down, legally speaking, is not for me the main point. It is quite a different matter. What is involved is that, at a stage when nuclear energy will be under discussion for years in the world, we should be able to begin these joint discussions on the basis of mutual trust. That is the important thing for me and not the legal side.

You asked about the conditions laid down and my answer is that there are these two outstanding matters and we must settle them.

Finally, you asked how we can secure supplies of uranium in the Community — and that is the focal point of your questions. There is no easy answer. Even for nuclear energy we are dependent on imports. Only 5 % of the uranium that we use in the Community comes from Europe. The rest has to be imported. Therefore we must do more for prospecting. We must mine more uranium and find more uranium. Here as a Parliament you have made a start. On your own decision you have increased the funds available. We are grateful to you for that.

Then you ask what else we can do to ensure that the Community has sufficient enriched uranium. Well, by 1983 the position will be that we can ourselves enrich a greater proportion in the Community. With the

URENCO and EURODIF systems it will be possible to reduce our dependence slightly, but we will still be dependent. We will still be dependent until it is possible for us to have more fuel available through the further development of other reactor types, including fast breeders.

The final answer depends on whether we are successful in developing in the Community a system of reprocessing spent fuel, a system which will create in substantial quantities and with due safety, the fuel that will bring about a decisive reduction in our dependence on imports. That is the point. We import 95 % of our highly enriched uranium from the United States. This will not change. It is all the more necessary for us to urge the United States to resume these deliveries soon.

I spoke before of mutual trust. This is necessary if we want to create more stability and more security in this sphere of nuclear energy in the world. Nothing would be worse, Mr President, ladies and gentlemen than for a nuclear curtain to fall between the two partners on the two sides of the Atlantic.

(Applause)

President. — Ladies and gentlemen, we have now arrived at the point when, as agreed among the political groups yesterday, we have to decide whether to start the debate on the three questions or hold it over until May.

I call Mrs Walz.

Mrs Walz, Chairman of the Committee on Energy and Research. — *(D)* Mr President, ladies and gentlemen. On behalf of several political groups and as chairman of the Committee on Energy and Research, I should like to make the following statement. Since we have heard so much that is new and surprising in our colleagues' introductions and the remarks by the Commissioners, some new questions have arisen for us. We would, as committee responsible for energy matters, have been very willing to see whether the problem of uranium supplies, which is a burning question, particularly as it has arisen — and I should like to stress this point — among friends, could have been given further consideration here today in a serious and discreet manner. But the combination of questions has raised so many new problems that we should first discuss them thoroughly in the political groups and the specialized committees in order afterwards to draw up motions for resolutions. We propose to table these at the next part-session and I therefore request that a morning sitting really be aside for energy problems.

President. — You would therefore like a morning debate during the May part-session and therefore, if I understand the position rightly, you are forgoing a debate today on behalf of all the groups?

Mrs Walz. — (*D*) Several, but not all of the political groups have notified me of their view. I do not know whether any group might disagree. I have not heard of one. Three groups came to me to say that they would forgo the debate and asked me to make a statement to that effect.

President. — For the sake of clarity could you not say which groups these were?

Mrs Walz. — (*D*) The Socialist Group, the Christian-Democratic Group and I had thought the Conservative Group.

President. — I call Mr Veronesi.

Mr Veronesi. — (*I*) The Communist and Allies Group, too, supports Mrs Walz's request.

We agree to the deferral because we feel that this is a matter of great importance. We do not think however that a morning will be enough. This is one of the most important problems facing this Parliament and certainly takes priority over any other subjects. We therefore believe that, in order to allow this debate to develop fully and without time limits, a whole day of the next session should be devoted to this subject.

President. Your group will be represented in the Bureau when this question is discussed, Mr Veronesi. In any case all that I have established is that the debate will begin in the morning but not that it will also be completed the same morning.

I call Lord Bessborough.

Lord Bessborough. — My group would certainly have liked to have had a debate now following the Commissioner's statement, and we must express great regret that this item is now being cut short. I had a number of extremely important points to make on behalf of my group. But since you give us an assurance, Mr President, that we have a debate during the May part-session. I go along with what Mrs Walz has proposed. As has been said, I think it will turn out to be a full day's debate. I am, as you know, rapporteur for the Committee on Energy and Research on Commission proposals on coal promotion, and I am wondering whether that topic should not be taken on the same day, because this is a major question. I see that the Commissioner agrees with me. I would like an assurance that this topic could be debated at the same time, although of course it does extend even further the scope of the debate.

President. I call Mr Pintat.

Mr Pintat. — (*F*) Mr President, on behalf of the Liberal and Democratic Group, I should like to state that we are entirely in favour of postponing this debate. In particular, we feel that we should have a closer look at the extremely important statements made by President Carter, which are still perhaps a little vague, but which will provoke a number of deve-

lopments in the immediate future and, possibly, various difficulties in the American Congress. Any debate today would be both superficial and excessively sectorial, while much more information ought to be available. Clearly, the problem of energy represents one of the most important problems to be dealt with in this Parliament. It affects the live of virtually all humanity in the months and years ahead. We therefore fully support the proposal for a wide-ranging debate at the next part-session.

President. — the postponement of the debate to the May part-session is therefore agreed.

I would also put it on record before the decisions by the Bureau that the debate is to be begin at a morning sitting.

9. Community raw material supplies

President. — The next item is the interim report (Doc. 585/76) by Mr Schwörer on behalf of the Committee on Economic and Monetary Affairs on the Community's supplies of raw materials.

I call Mr Schwörer.

Mr Schwörer, rapporteur. — (*D*) Mr President, ladies and gentlemen, the events in the energy sector which we have already discussed and which particularly disrupted the industrial nations in 1974, had two consequences.

Firstly, the industrial countries have realized their vulnerability as a result of their dependence on imports from countries outside the Community. Secondly, the raw material producing countries have seen the economic and financial possibilities open to them, especially if they make joint use of these possibilities.

Since then there have been constant calls for a new world economic order. Above all the Group of 77, consisting mainly of under-developed countries and now numbering 110, has repeatedly called for a common fund to finance an integrated raw materials programme and for a solution to their debt problems by providing a financial structure for the programme, thus solving all their financial difficulties in one go.

The Commission has submitted to the European Parliament a report on the plans and situation with regard to the problem of raw materials. On the basis of this communication from the Commission of 5 February 1975, the Committee on Economic and Monetary Affairs, for which I am rapporteur, has had various discussions on this matter and has decided that the report should confine itself to the subject proper, i.e. it should include neither a comprehensive analysis of the question of a new world economic order nor even the problem of energy supplies. After all there is in Parliament a separate committee to deal with energy questions, which have therefore been completely excluded from this report.

Schwörer

In the interim report we are now submitting we have attempted to draw up the principles and resources for a European policy on raw material supplies both within and outside the Community. In view of the Community's dependence on third countries, this document is concerned with the problems of cooperation between the Community and the developing countries and in particular with those countries which are important for the extraction and processing of the raw materials required by the Community. The committee firmly rejected the formation of a cartel between the producer countries and also any confrontation between them, and favoured cooperation between the producer countries and the countries which process the products. This cooperation should aim at safeguarding the interests both of the developing and of the industrial countries.

Ladies and gentlemen, during the preparation of this report there has been a whole series of negotiations on raw materials. You will recall the UNCTAD Conference in Nairobi in May 1976; where far-reaching decisions were taken, including in particular the following points.

Firstly, the creation of an international system for storing raw materials. Secondly, the coordination of policies concerning the storage and building up of national stocks and thirdly, the introduction of price agreements, with particular regard to price ranges to be reviewed regularly and adjusted accordingly. In March, UNCTAD held negotiations in Geneva on the setting up of a common fund to finance buffer stocks of raw materials. This will be mentioned again in the report. Moreover, the North-South dialogue began discussions on the same subject in December 1975 in Paris, and those on the inside know that at the end of May another important meeting of this body is to be held to decide on the following points. Firstly, improving the structures of the raw material market, i.e. processing in the producer country and the diversification, marketing and sale of raw materials. Secondly, increasing the proceeds from the export of raw materials, which again raises the question of indexation. Thirdly, improving the raw material markets, access to the markets and the conditions for investment. This involves the important subject of the competitiveness of natural products as opposed to synthetic goods and as you are aware, there are even plans to prohibit synthetic goods on the grounds that they represent dangerous competition for natural products.

Ladies and gentlemen, the fact that these negotiations are continuing with countries supplying raw products means that we must devote particular attention to this subject, since it is one of the important problems facing the Community. It is of great significance not only from an economic but also from a political point of view.

I have already mentioned the Community's considerable dependence on third countries for its supplies.

This involves real dangers, which have increased still further in recent years. For most raw materials the Community's dependence on imports from third countries is between 70 and 100 %. On the important matter of large supplies of raw or auxiliary materials for our manufacturing industry, both internally and externally the Community must adopt a common position in its relations with third countries which supply raw materials and in particular with the developing countries. Moreover, there is now a further reason for this cooperation: the developing countries must be granted their proper place in the development process and must be guaranteed adequate opportunities for development. At this point I should like to remind you of the statement made in this House by the Commission's programme for 1977, a statement which we fully supported. He said:

Rather as in the decades of the recent past national economies have prospered by the spread across the social classes of the benefits of growth, so we should seek a second wind for the industrialized economies by giving to the peoples of the poor world the possibility of a significant increase in their standards of living. If done on an imaginative scale, and particularly if accompanied by commodity stabilization arrangements this could be a major factor in setting us back on the path of growth without inflation.

Ladies and gentlemen, our report is an interim report. Nevertheless, the Committee on Economic and Monetary Affairs adopted it unanimously and recommended that in view of the importance of this subject it should be sent to all the national parliaments.

It sets forth the basic principles of a long-term Community strategy which should concentrate on three aspects:

Firstly, intra-Community supplies. On the basis of the communication from the Commission, the motion for a resolution recommends the adoption of a series of direct or indirect measures to improve the Community's raw material supplies from its own resources. In this connection, the Commission should submit proposals to promote at European level basic and technological research into the recycling of by-products, the improvement of possibilities of substitution, savings in consumption and the longer life of products.

Secondly, the rational use and exploitation of the sources of supply within the Community should be promoted at European level. The expansion of the Community has enlarged its land area and in particular taken in some regions, like Ireland and Greenland, which have scarcely been exploited at all up till now. Exploration should be carried out to discover what additional sources the Community may thereby have gained. Moreover, the exploitation of the resources of the sea-bed should be continued: this requires both extensive investments and large-scale research projects. This is too much for an individual Member State: only by tackling this question at Community level will it be possible to bring a solution any nearer.

Schwörer

Finally among this series of measures to be taken within the Community, the creation of emergency stocks seems desirable in a limited number of cases, that is to say those in which there is a genuine risk that the Community would have to interrupt production if supplies were stopped. This is particularly true of the two metals tungsten and platinum.

We now come to the next area on which the Commission has submitted proposals to us, namely greater cooperation between the Community and developing countries. The Community's limited raw materials reserves rule out any attempt at autarky. On the contrary, cooperation between the Community and the raw material producing developing countries is indispensable. The participation by developing countries in the capital, management and profits of companies set up in these countries and those of the manufacturing industries dependent on them would foster solidarity between the Community and these countries.

The Committee on Economic and Monetary Affairs recognized the developing countries' desire to diversify their economies as legitimate and irrefusable, although it was clearly stated by certain members that such cooperation could only be reasonably enacted if the developing countries gave a minimum of guarantees particularly on investment. Since the risk of nationalization is a clear disincentive for the creation of industries in the raw material producing countries. In addition, and I attach particular importance to this, the Community must at the same time pursue a forceful structural policy to compensate for the effects particularly on employment in our European states of the beginning of industrial activity in the developing countries. It is inconceivable that such a transfer should be made without thinking of the problem of the loss of jobs.

The resolution goes on to stress the responsibility of the oil producing countries with regard both to the future balance of payments situation of the developing countries and increased long term investment in the economies of those countries.

The third area is the regulation of the world market in raw materials. In addition to the conditions mentioned previously, the development of cooperation between the Community and the developing countries requires measures for the regulation of the world raw material market. The Convention of Lomé now makes it possible for the 52 countries linked to the Community to be compensated for the disturbances caused by the fluctuation of raw materials' price. The more radical aim of the measures contained in the UNCTAD integrated programme for commodities however is to prevent these disturbances by guaranteeing raw materials' prices. The motion for a resolution supports the principle of mechanisms to

guarantee raw materials prices, but at the same time states that there should be a certain code of behaviour. The Community cannot accept the creation of cartels, the control of production capacity for synthetic products or the automatic indexing of prices without doing critical damage to its own economy. Perhaps I should say something about what has happened since the interim report was drawn up. The European Council meeting in Rome in March reached agreement on a common position on raw materials questions on the basis of what I said previously about the Lomé Convention. It was particularly heartening for us that the common position came into being because originally it looked as though it would not be reached. In any case it is necessary to make this position of the Nine somewhat more precise. The Community's attitude must be such that the other industrialized countries can assent to it and here I mean the USA, Japan, Australia and Canada. We hope that the Community will not give up its open position, favourable to cooperation towards the raw materials producer countries who are both our suppliers and customers, but that on the other side it will continue to bear in mind the legitimate interests of its own economy during these negotiations. In addition the foundations of the market economy must be protected as far as possible. In the period running up to the Council of Ministers on 3 May and the conference in London the aim of this interim report is to clarify the economic and political importance of the problems connected with supplies of raw materials and to urge the Council to maintain a common position in accordance with the principles laid down in this report. The Community can then take on a leading role during the difficult negotiations ahead between industrialized countries and developing countries, to which it is entitled because it is simultaneously the biggest customer and the biggest supplier of the raw materials countries. Ladies and gentlemen I would ask you to give your assent to his report.

(Applause)

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

Mr Ripamonti. — *(I)* Mr President, ladies and gentlemen, the interim report on the Community's supplies of raw materials presented by Mr Schwörer, has broadened the scope of the debate on this subject, which was first raised by the Communication from the Commission of the European Communities to the Council and by the brief remarks made to this Assembly at the sitting of 19 November 1976 by Commissioner Simonet, during the debate on the question by Lord Bessborough, who had placed this problem in its world-wide context, recalling the words of Jean Monnet 'nous ne coalisons pas des États, mais nous unissons des hommes'.

Ripamonti

Mr Simonet merely reaffirmed the content of the Communication from the Commission to the Council, stressing that the Commission was convinced that for the next ten years there were no serious dangers of shortages of most of the basic mineral raw materials and he went on to sum up past and current activities in three points :

- the Commission has set up, in cooperation with the economics and industry ministers of the member countries of the Community, a working party to carry out a group of studies covering, initially, 14 raw materials, aimed at estimating each Member State's requirements and identifying various present and potential Community supplies ;
- the Council's Scientific Research Group has set up a sub-group on 'research and development of raw materials', to draw up research and development programmes aimed at increasing the Community's self-sufficiency, through prospecting for new reserves of raw materials and improving recycling techniques ;
- the Commission has obtained the cooperation of a certain number of large European mining companies who have agreed to make available to it all the information it needs to pursue its research.

The rapporteur, Mr Schwörer, was right — in my view — to propose a resolution calling on the Commission to present new proposals to promote basic and technological research at European level, the recycling of by-products, the improvement of possibilities of substitution, savings in consumption, longer life of products, the exploration for and rational exploitation of the limited resources available to the Community and also sea bed resources, and the creation of emergency stocks.

To those who try to play down the problem of raw materials, the Christian-Democratic Group stressed, in a speech by Mr Jahn, that guarantees of supplies of raw materials would be one of the vital problems for Europe in the coming decade, and that these guarantees must be obtained through international cooperation and the opening of political negotiations, thus reaffirming the view of our group that we cannot afford to allow the North-South dialogue to fail.

This world-wide view of the problems found an echo in the speech by Mr Jenkins, presenting the Commission's programme for 1977, in which he stressed the need to strengthen the Community's political and economic unity at a time when we need to respond swiftly and in a united manner to the expectations which Community initiatives have raised throughout the world, with particular reference to the North-South dialogue, UNCTAD, and the GATT negotiations. In the final declaration of the European Council in Rome, moreover, specific reference is made to considering the prospects for the Community's

economic development, to the need to intensify international cooperation in order to encourage a sustained economic recovery and reduce the serious unemployment in Member States (figures recently published by the European Community show that the unemployment rate is approximately 4.7 % of the working population) without creating the risk of further inflation.

It is clear that the crisis we are experiencing at the moment is not likely to play itself out in the present economic cycle : its impact is deeper, fundamentally altering the structures of our political, economic and social systems which have prevailed since the war. The energy crisis has shown how suddenly many traditional balances can be upset and how the balance of power between various geo-economic areas can be altered.

The problem of raw materials is therefore essentially a problem of international cooperation and reflects the relations between the EEC and the other industrialized countries, if we consider that the Community's dependence on imports from third countries, as the rapporteur has pointed out, varies between 70 % and 100 % for the various raw materials, whereas the USA depends only on 15 % of imports of their supplies of raw materials and that 80 % of total production of raw materials in the world is controlled by five States (USA, Canada, Australia, USSR, South Africa), and if we bear in mind our relations with the developing countries, both producers and non-producers of raw materials and with the State-trading areas. We must bear in mind, for example, that as regards tungsten, 80 % of known world reserves are in the State-trading countries and 60 % of those quantities are in China.

If we accept the premise that the whole structure of international economic relations has changed radically, the achievement of an overall process of adaptation to the changes, aimed at encouraging a more fundamental balance in international economic planning, requires detailed cooperation on plans and principles differing completely from those which we have followed for the last 25 years.

It is clear, therefore, that the dialogue necessary to establish this kind of cooperation must be approached with greater realism, and with a greater sense of responsibility by all, setting aside recriminations and outdated selfish interests which would obscure the real nature of the problems and make the most effective solutions more difficult to find.

The basic problem which involves the whole international community without distinction is now that of mobilizing in a rational manner the human potential and the resources (capital, technology, raw materials) in a more integrated way with the aim of overcoming present imbalances, without which the rich might well remain rich and the poor poor, but the world as a whole would be worse off.

Ripamonti

We must therefore direct our cooperation — as the rapporteur has clearly pointed out — to the achievement of a new international economic order. The financial and monetary fluctuations since 1974 have shown new geographical characteristics, which are bound to have important consequences in the political, economic and commercial fields. According to estimates recently published by the OECD, the world current balance of the industrialized countries of the OECD, showed a deficit of \$ 33 000 million in 1974, \$ 6 500 million in 1975 and \$ 22 500 million in 1976, with an estimated subsisting deficit of \$ 18 000 million in 1977. The surplus in the oil producing countries (OPEC) went from \$ 65 500 million in 1974 to \$ 34 500 million in 1975 and \$ 42 000 million in 1976, with estimates of a further surplus of \$ 36 500 million for 1977. The developing countries which are not oil producers witnessed a gradual increase in their trade deficit from \$ 21 500 million for 1974 to \$ 32 500 million in 1975, \$ 24 000 million in 1976 with estimates of a further deficit of \$ 26 000 million in 1977, discounting both the effects of an increase in crude oil prices and built-in inflation in imported manufactured goods, which are only slightly offset by the increase in the cost of exports of raw materials.

Medium-term prospects are for a further polarization of existing imbalances, particularly as regards developing countries.

The present situation in international economic relationships, and the problems which it raises in the medium term, require much wider cooperation, not limited merely to the commercial and financial aspects but covering the whole productive cycle, based on a flexible but sufficiently broad scheme of multilateral planning. A cooperation plan must therefore be drawn up in which the technical and industrial aspects are harmonized with the commercial aspect and finance is directed not through the traditional channels, which are more or less inaccessible to most of the developing countries, but towards areas with more potential for development.

The problem of raw materials is the heart of the problem of development, that is to say the mobilization of each country's own resources as a determining factor in healthy economic growth. And I would like to add, Mr President, that this problem crops up, or rather is an obstacle, on the road to the consolidation of détente and peace in the world, as the tragic events in Zaire demonstrate. Nevertheless, it is clear that the mobilization of these resources is in practice impossible without a suitable contribution of capital and technology.

Past experience shows that a flow of funds granted simply in the form of aid is fruitless and that trade concessions without the conditions suitable to support production growth, both quantitatively and qualitatively, have little effect.

The application of the principle 'trade not aid', set out by UNCTAD at the first conference and applied since the beginning of the decade, has indubitably been of notable benefit to developing countries but, with a few exceptions, it has not managed to break the vicious circle of poverty. Just compare the gross national product per capita of industrialized countries with that of the poor countries and the scope of the imbalance becomes clear, showing how some peoples are living at survival level. Compared with the gross national product per capita of Switzerland, \$ 8 476, the gross national product per capita of Rwanda is \$ 90 and compared with \$ 6 418 per capita in France it is \$ 120 per capita in Chad.

The policies so far pursued have not been able to encourage a development process in individual countries capable of sustaining itself. As we have said, capital and technology are essential to speed up the development of the merging areas. Mr Schwörer is certainly right when he says that we must also give guarantees and political rights. Indeed the motion, for a resolution calls upon the Commission to present proposals to set up a European investment guarantee institute. But most of the industrialized countries have to cope with serious balance of payments problems and the destabilizing effect of the economic recession on their production and employment.

If we were to suppose for one moment that the production and export capacities of the developing countries were to grow rapidly in the immediate future, the above problems would be aggravated and it would be exceedingly difficult to prevent a protectionist reaction in trade.

Before the industrialized countries can transfer part of their technology, and therefore of their production, to the emerging countries, they must first be able to replace these production sectors with others employing equal numbers of people. Otherwise the problems of developing countries will not be solved but aggravated, since they will be producing for a market where there is no demand.

On the other hand there exists a group of countries, the OPEC countries, where the situation is completely different or at least very special, marked on the one hand by large areas of underdevelopment and on the other hand with huge financial surpluses, which cannot be fed into their economies without excessively overheating them.

The basic problem is therefore to channel these surpluses towards the poor countries lacking capital, to allow them to set up a development programme which, involving in large measure the importation of equipment, will allow the industrialized countries rapidly to overcome their balance of payment problems and begin that process of conversion to low-technology production sectors which is essential if the developing countries are to participate actively and permanently in the currents of world trade.

Ripamonti

The main problem for the developing countries is that of basic products and raw materials, with the two-fold problem of stabilizing prices and restructuring production. As regards stabilization, it is now universally recognized that the excessive fluctuation of rates has damaging effects not only on the economies of the producer countries, breaking up the continuity of their development process, but also on the industrialized countries, where inflation runs out of control when the economy is on the upsurge, which taken together with a completely inflexible price system, preventing price decreases, in practice means that inflation is maintained even when the economy cools off. In this respect I share the opinion of Mr Schwörer. The problem of price indexing, then, which UNCTAD considered, looking for other methods of fixing or reviewing prices, is a fascinating one and I would say acceptable in many aspects, but it would certainly provoke distortion in the economy.

In conclusion I would like to give a brief assessment of the discussions under way after the Geneva conference and express my satisfaction at the steps taken by the Community to reach a solution to the problems of the first UNCTAD and the North-South Dialogue. A few days before the conference was adjourned, the Community took new steps to relaunch the North-South Dialogue, with concrete proposals on the most controversial subject, the Third World's foreign debt, with the 'emergency aid' for poor countries, having a gross national product per capita lower than \$ 360, and for the stabilization of export income, proposing the model of its own Stabex system, that is to say the multi-national compensation system successfully operating for relations with 52 African, Caribbean and Pacific countries, extending it to the rest of the world.

In addition to the Commission's initiative, there were steps by the USA, such as the proposal by Dr Kissinger on the setting up of a resources bank and setting up a World Bank fund to finance the development of the energy resources of the non-oil-producing developing countries and the proposals to strengthen the role of the World Bank and the International Monetary Fund.

I believe that the Parliamentary debate on this resolution can make a significant contribution, with a view to the London summit of industrialized countries, so that Europe can give a concrete reply to the expectations raised by the fourth UNCTAD, creating the necessary preconditions for the setting up of a new international economic order which in the long term opens up for later generations new prospects for balanced progress and civil and social development in freedom.

(Applause)

President. — Ladies and gentlemen, if today's agenda proceeds normally we will probably have to suspend the sitting this evening and then meet again for a night sitting at 10.00 p.m. in order to complete

the agenda. However, if we can agree to limit speaking time to a maximum of 10 minutes, and if I can ask Members perhaps not to make full use of these 10 minutes in every case, especially as this is an interim report, which was unanimously adopted in committee, we could then terminate our business at a reasonable time.

Are there any objections?

That is agreed.

I call Mr Guldberg to speak on behalf of the Liberal and Democratic Group.

Mr Guldberg. — *(DK)* Mr President, the Liberal and Democratic Group welcomes this report, which makes a positive contribution to the most important problems facing the Community. As the pioneers of industrialization, most of our countries have acquired a degree of economic power, but they have done so through the intensive utilization of resources of raw materials, which were inevitably limited. Subsequently, we developed the technology to capitalize on these resources. We must now go further and develop techniques for their gradual replacement. This calls for cooperation and understanding between today's industrialized and developing countries. All these countries have a mutual interest in ensuring that these tasks are carried out. In this context we should welcome the success of the conference held last week in Fiji, at which the efforts made by the Council and the leaders of the ACP States undoubtedly helped to strengthen the spirit of cooperation and mutual trust. As was stated by the Prime Minister of Fiji, the Community showed itself willing to listen, and a meeting which threatened to be a clash of opinions was thus transformed into a constructive debate.

The report by Mr Schwörer, drawn up on behalf of the Committee on Economic and Monetary Affairs, naturally centres on the purely economic aspects of the problem. But we must not ignore the fact that, in the view of a considerable number — perhaps the majority — of our trading partners among the developing countries, secondary importance is often attached to commercial considerations in the examination of this question. The political issues are more significant than trade advantages. The Community must bear this in mind in all its relations with developing countries.

We would stress here the importance of point 19 of the report. We must not ignore the dangers which threaten our relations with the oil-producing countries. We must prevent the reappearance of the disagreement and deplorable confusion within the Community at the time of the Yom Kippur war. The dangers connected with the problems of oil thus indicate the urgent need to adopt, as soon as possible, a Community energy policy on oil and the other sources of energy, with particular reference to the JET project.

Guldberg

Our group is pleased to note that this resolution stresses the complementary — as opposed to contradictory — nature of economic growth and the conservation of resources. Optimum utilization must be made of raw materials and they must be recycled. If this is not done, the consequences for Europe on an economic and social level will be unacceptable. For this reason, we particularly approve of paragraph 4 of the resolution. It might be asked whether this report is not, like the Commission, somewhat optimistic as regards the problem of waste and over-exploitation in the rest of the world, but that is one of the problems to be discussed at the second stage of this debate.

The Liberal and Democratic Group agrees with paragraph 8 of the resolution and point 35 of the report, which recognize that protectionism cannot provide an effective solution in this sector. If we wish to develop positive trade relations between the developing countries, who justifiably wish to diversify their economy, and the Community, we must allow them to process their own raw materials. This will have serious consequences in a number of sectors within the Community. However, the solution is not to resist change, but to accept it and prepare for it through a dynamic social and regional policy. It will be interesting to see whether the Socialist parties of the Community are prepared to accept the consequences of this aspect of a new economic order.

The Liberal Group approves the proposals for a Community safeguard against non-commercial risks to investments in developing countries. The Liberals put forward this idea over ten years ago. Finally, we share the rapporteur's concern as regards desperately poor countries, whose situation has worsened following the increased price of raw materials. This raises an extremely important political and moral problem, and means that the traditional division of the world into three economic blocs is now out-of-date. There now exists a Fourth World which is just as dependent on the newly rich oil-producing countries as the industrialized countries and those of the Socialist bloc. All Community policies must take this into account in future.

In conclusion, Mr President, I should like to say that it is high time that Europe adopted an unequivocal position on this problem. There is no point in deluding ourselves. There is no doubt that we possess the will and the opportunity to contribute to the social progress, development, democracy and well-being of the Third World. But that opportunity and will will no longer be ours if we fail to secure the raw materials and energy which are necessary to the democracy and well-being of our own countries. In my view, the report lays insufficient emphasis on this point. Let us speak frankly: there is no point in hiding the fact that, in a few years, we will have to ration energy and a number of other products in

Europe. This will be wholly due to the fact that we have not wished or been able to explain such a simple matter to the electors of our own countries and to the leaders of the Third World, and perhaps also to the fact that we have been hamstrung by political ideology. That development would be absurd, Mr President, and we can still prevent it.

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

Mr Hunault. — (*F*) Mr President, ladies and gentlemen nobody today would dare to challenge the objective of reforming world trade in raw materials. The developed countries wish to obtain security of supply at stable prices; the developing countries wish to obtain satisfactory prices for their own exports. How can this be achieved? This question cannot be effectively answered without dealing with the problem of the techniques to be applied. On this point we must congratulate the rapporteur, Mr Schwörer, for proposing solutions as regards both the principles and the techniques imported. The Commission will undoubtedly take these proposals into account in its future work.

Substantial progress has been made over the last few years as regards both procedures and the root of the problem of raw materials. On a procedural level, the holding of the conference on international economic cooperation, the so-called North South conference, represents a wholly original framework for the discussion of economic problems at international level, and for jointly seeking solutions which will gradually make it possible to achieve a more stable and more equitable world economic order. The Group of European Progressive Democrats attaches particular importance to the resumption and successful continuation of the Paris conference, for two reasons, which bear on the success of this great project of a new economic order and on the future of the European Community itself. The Community's image in the Third World is one of its greatest assets. It plays an extremely significant role because it is in its interest to do so. This report comes, therefore, at a suitable moment. It sets on a vital principle and a clearly defined philosophy, and for this reason alone, today's debate is of fundamental importance.

We have no major objections to the substance of the report. Indeed, its motion for a resolution contains a number of principles which have long been upheld by the Group of European Progressive Democrats, such as the danger of cartels of producer-countries, the need to safeguard investments in developing countries, respect for the principle of free access to raw materials and the ruling out of any idea of indexing the prices of raw materials on those of manufactured products. However, certain points seem somewhat vague, for example, it is proposed that a number of rules of conduct be adopted within the framework of

Hunault

international arrangements, concerning restrictions on imports, coordination of competition policies and the operations of multinational companies. These rules of conduct are far from clear and difficult to apply, above all in the sphere mentioned. It is difficult to imagine restrictions by industrialized countries on their imports of raw materials under international agreements which would have a lasting effect on world prices.

The report also emphasizes the stabilization of export earnings as a mechanism designed to control the prices of raw materials. It has to be pointed out that this mechanism, applied after the event, has no effect whatsoever on the market and cannot therefore affect prices. In addition, it would be extremely complicated, to extend it to numerous countries and immunerable products. We should therefore wait until the Stabex mechanism, as conceived under the Convention of Lomé has functioned for several years before contemplating its extension. We should also press for the negotiation of agreements on products with or without buffer stock. The markets should be organized progressively; the first stage might consist of a simple sectorial consultation, in other words, an exchange of information, on, for example, jute; the second stage, an agreement on products without buffer stock, but with quota restrictions, such as wheat; the third stage, an agreement on products covered by economic mechanisms, in other words, buffer stock, such as tin.

These, Mr President, are our views on the extremely important report by Mr Schwörer, which would hardly be more topical, as is shown by the recent vast increase in the price of cocoa and coffee. This vast increase has undoubtedly been made possible by the climate of world inflation which has been created in various quarters. Consequently, the remedies proposed can only be partial. We must seek to establish stable economic and monetary conditions in all spheres.

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I would like on behalf of the European Conservative Group to give warm support to our rapporteur for his initiative and for the useful way in which he has brought the different strands of opinion together.

I recall that some 20 years ago I had responsibility as a buyer in one of Europe's largest companies, and at that time some of our wiser heads used often to say that the normal state of the commodity markets of the world is glut. Well, that was 20 years ago, and now, as we look about it certainly seems as though the fat years are over for the West. We haven't used our time very well since the end of hostilities in the Western world, and now it isn't only in the hard commodities but in soft commodities and fuel that we are running into an alarming state of affairs. We have to apply good business principles on a Community scale, which would be commonplace in any of our very

large companies, where it would always be recognized that continuity of supply is just as important for our industries as price. But we have neglected continuity of supply, we have not looked after our regular suppliers in the way that they — probably rightly — felt they deserved, and now in all too many cases we are paying the price.

Looking at the negative side of our rapporteur's report, he rightly places emphasis on the need for recycling, the avoidance of waste. I feel that his report — though I don't think he actually uses the phrase — rejects, in spirit, the appalling idea of built-in obsolescence which, a few years ago, was thought to be rather smart practice by some Western companies. He looks for good husbandry over stocks management and the use of substitutes for strategic reasons. I think we have to realize that the exploration of the use of substitutes is not only to protect ourselves against dangers of shortage, arising from all kinds of unforeseen events, but we need constantly to promote new advances in technology. We can think of the rubber industry, where a great stimulus, of course, came with the ending of supplies to Europe from the Far East. But now synthetic rubber and natural rubber each have their own markets and exist side by side. So I think our rapporteur has rightly touched on the different negative ways in which the Community can approach price stability and continuity of supply.

Then he deals with the positive side, which I feel we need still to give greater emphasis to: price support schemes and the like. The Community is justly proud of the Stabex scheme, although it has to be admitted that this central element of the Lomé Convention has not yet gone very far. And there are also, of course dangers of abuse in any kind of intervention scheme of this kind, where unscrupulous or desperate governments can resort to breaches of the rules which bring the whole concept into discredit. And I don't think any one is better aware of this problem than Mr Cheysson, in whose handling of it we have complete confidence.

There is also, of course, the long-advocated proposal that consumer countries should establish buffer-stocks of essential raw materials and give financial support to stabilize the market and avoid the wild swings and fluctuations which are so damaging to confidence and do no good in the end to any one. The difficulty, of course, is that each product needs its own form of treatment: what is good for tin or copper might be quite unsuitable for rubber or coffee. And therefore we have to proceed at a modest pace as we find just what is the right way of tackling each individual vital raw material or human need. But I think that progress now appears more likely and more possible since the change of attitude in recent weeks by the new United States administration and, therefore, I remain an optimist, although we must not imagine that success is going to be achieved overnight in the various price stabilization schemes.

Rhys Williams

Where there is a will there is a way. But we need to ask ourselves: why should there be a will? Is it simply a question of security of supplies — which might be regarded as a very selfish reason — or are there more important motives behind the Community's search for stable price schemes for major imports?

Firstly, I think we need to realize that the export market for our own goods depends on the prosperity of the people who produce goods for us. Trade has to be reciprocal, and it is no good imagining that we can force down the prices of the products of the people who sell to us, and at the same time look to them to continue to pay for our goods and to import them in the same quantities as before. Europe surely learnt its lesson during the world depression, when we were buying our raw materials more cheaply than ever before or since, and had higher unemployment than ever before or since at the same time.

But we also need to recognize that we are in contest with the Communist world for the allegiance of the developing countries and our raw material producers, and we need to reflect on the political effects of market upheavals, which always tend to be carried down to those least able to bear the burden of sudden economic stop-go arising from unpredictable and seemingly inexplicable commodity market upheavals.

Therefore, it does seem to me that it is not only the selfish motive of security of supplies, but something much more than that which should guide the West.

We have to ask at this point: what has become of the Commission's own document put before the Council in 1975? My colleague, Lord Bessborough, in an admirable speech last November, drew attention to the fact that this appears to have come to nothing, alas, and to have become bogged down in the Council of Ministers. This is not a subject which Europe can afford to neglect. The West has to prove not only that its economic system is the most prolific creator of wealth, but that we have the political wisdom to employ our money wisely and the social responsibility to apply it fruitfully in meeting human needs.

(Applause)

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

Mr Sandri. — *(I)* You have pointed out, Mr President, that this is an interim report, and we should therefore keep our discussions short. We agree, because I believe that we will soon be faced with the whole colossal problem of raw materials.

However, we also have to vote a motion for a resolution and it is therefore our duty to give our opinion on it preparatory to voting.

Paragraph 16 of the resolution points out that the work of UNCTAD and the North-South dialogue is about to resume. In this context I would like to point out that we have already witnessed the failure of the

UNCTAD conference, which met in Geneva without reaching any conclusions, specifically on the problem of raw materials. On the other hand, we have the prospect at the end of May of the North-South dialogue. Allow me to be just as frank as Mr Schwörer and say that if the North-South talks are approached with the same spirit which appears to lie behind this resolution there is little chance of the Paris dialogue succeeding. I will deal briefly with only two points of the resolution.

Paragraph 6 emphasizes the dangers which the world has run and continues to run through the tendency of developing countries' producers of raw materials to develop cartels. And I would like to ask you right away, Mr Schwörer: What alternative have the developing countries had so far? We know that through OPEC, through the organization of copper producing and exporting countries, with the recent setting up of SELA, an organization embracing all the countries of Latin America whose aims include protecting the prices of raw materials, we are all aware that the developing countries have attempted to defend this fundamental source of wealth, faced with certain attitudes on the part of the industrialized countries.

Well then, what alternative do we offer to their proposal, recognized by the United Nations through the charter of Economic Rights and Duties of States of 12 December 1974, as a legitimate right of developing countries?

You, Mr Ripamonti, have justly stressed the need for relations between the two areas to be governed by new principles. These new principles cannot be confined to merely criticizing the tendency of these countries to unite to defend their own products, without going on to say at least something about the question on which the Geneva UNCTAD Conference failed, the question of setting up a fund to regulate prices of raw materials.

Secondly, paragraph 10 of the resolution speaks of the need for developing countries to allow free access to raw materials and to provide investment guarantees. However, this is not a position which should be decided in advance; this may be the end result of the cooperation which will develop with mutual benefits and in mutual trust. Moreover, in the following paragraph the rapporteur quotes the Lomé Convention: but we cannot quote only one aspect of the Lomé Convention. You yourself, Mr Schwörer, in your explanatory statement, point out honestly that the ACP Countries, the countries of Africa, the Caribbean and the Pacific who have signed the Lomé Convention have rejected and continue to reject firmly any attempts on our part to include in the Convention a call for free access to raw materials and for investment guarantees.

Now, if we approach these negotiations and from the start call for what we know has already been rejected, I do not think we can contribute to their success.

Sandri

Lastly, one final consideration: we are here making proposals, giving advice, pointing out dangers from Third World countries. What concrete suggestions are we putting to the large European economic units?

I would like, Mr Schwörer, to make just one point. How many times have members of the Christian-Democratic Group, Mr Deschamps, and Mr Bersani, members of the Socialist Group, how many times have they stressed that every investment in a Third World country must involve a duty for the multinational company making that investment to reinvest profits, instead of allowing profits to be exported without any controls, which is one reason why investments in these countries by the industrialized West have not led to any effective development.

In the resolution this point, which is the main question which the Third World countries are going to put to us, concerning the guarantee that once investments have been made the profits will not be entirely exported but reinvested in the country of the original investment, is passed over completely.

In conclusion, Mr President, we agree that this is a large and complex problem; we share the concerns which have been expressed here; we think that many of the reasons put forward by the rapporteur are valid. But we do not feel we can vote in favour of the motion for a resolution; in fact, to be quite clear I will tell you straight away that we will vote against. We feel that not only is it at odds with our principles but it is not even in line with what the European Community has done in its relations with the developing countries, particularly in the Lomé agreement. Therefore we regret to say that we will vote against the resolution and we are convinced that, in June, at the meeting with the countries of Africa, the Caribbean and the Pacific, to be held in Luxembourg, we will not be able to put some of its proposals to the countries associated with the Community.

President. — I call Lord Ardwick.

Lord Ardwick. — Mr President, I should first of all explain that I am speaking for myself and not on behalf of the Socialist Group. I am a member of the Economic and Monetary Committee, I participated in the discussion on Mr Schwörer's report, but I left before the end and either somebody failed to make use of my proxy or, more likely, I failed to leave my proxy behind; but had I done so I would, of course, have supported this report, which I find to be a clear-headed, moderate account of the problems of raw materials and the developing countries. When I say it is clear-headed, it is clear-headed except in those parts where it is tactfully vague.

I am sure that Mr Schwörer will understand when I say that, although the report remains true in its generalities, its philosophy and its principles, nevertheless it has to some extent been overtaken by events. The

European Council in Rome seems to have taken a great step forward by agreeing in principle to a common fund, not *the* common fund as was originally proposed; and since then, the Council of Ministers has met to discuss the details. So, I believe that the real debate on raw materials and developing countries should be taken on the report tomorrow, on the report of the President of the Council: it should take place in the presence of the Council. So far we have only a brief official statement giving the decision that was reached by the European Council in the barest outline. Anything else that we know from it or think we know, comes solely from journalism and not from ministerial lips. So, tomorrow, I hope that the President-in-Office can tell us more and that we can then discuss the situation in the light of the new information.

What I wonder is whether there will be time to do this. I understand that the Bureau has set aside only two hours for the debate that will look retrospectively at the European Council and prospectively to the Downing Street Summit, and, of course, it is this summit that will really decide what line is going to be taken, whether there is at last going to be a unified line of the industrial countries at the North-South Conference in Paris this month. I hope that there might be an opportunity for me to say something about the raw materials situation tomorrow, but I understand that my group — like other groups — has only got a total of 36 minutes and I shall be lucky if I get five minutes of that. And yet, you know, this Parliament is not going to meet again until the Downing Street Summit is over. I wonder if the Bureau could look once more at the time-table for tomorrow. Here is a meeting which is going to discuss world economic strategy and the relations with the Third World: surely, we ought to have had a very full debate on this. I have been a Member of this Parliament now for nearly 2 years and I am always puzzled by the way in which time is allocated. For example, we are willing to devote an hour-and-a-half or almost two hours tonight to a debate on the subject which can only be a philosophic, generalized debate, whereas there is the opportunity tomorrow for hard, specific debate on something which is really, happening now and where we might hope to have an influence on impending events. Sometimes I feel, Mr President, that in this Parliament we have a genius for curtailing what is important and urgent and another genius for extending debates that are of minor importance and are not urgent at all. Of course I know that tomorrow is going to be a very hard day. We shall also be discussing farm-prices, which raise the highest material passions in this Parliament, and we shall also be discussing human rights, which excite the liveliest moral passions. Nevertheless, I believe that the Bureau might look again at the timetable and really decide whether they have made the wisest judgment.

Lord Ardwick

I understand that the Downing Street Conference is on 6 and 7 May and that our part-session begins on 9 May. We shall not have another opportunity after tomorrow, as a Parliament, of debating this very important impending conference.

President. — We cannot fundamentally alter tomorrow's agenda yet again today. I admit that I felt too that the debat on the Schwörer report would have fitted in better after the statement which the President of the Council is to make tomorrow. But at the time when we have to decide the agenda in the Bureau we do not always have all the facts at our disposal.

I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I am standing in once again for my colleague, Commissioner Davignon who, as I have already explained, had to be in Luxembourg today. The report by Mr Schwörer which is on this evening's agenda and which I read with great interest, is of the nature of an interim report as the rapporteur himself has pointed out. We are at present engaged in negotiations with the developing countries on the stabilization of raw material prices. This means that, especially as I am standing in now for the Commissioner who is more particularly involved in this matter, my contribution must per force be relatively modest at this stage. I would nevertheless like to make a few comments.

First of all I would like to take up the observation made by Sir Brandon Rhys Williams who recalled that some time ago everybody was talking about the scarcity of raw materials and the exhaustion of all possible sources of supply.

On the other hand, we have had some time to think about the matter coolly meanwhile. Naturally, there is an end to everything, but this is something we knew beforehand. The fact is that it would appear that in the coming 40 years there will probably not be a dearth of raw materials. Present-day technology will most likely produce substitute products to take the place of the rare raw materials which are becoming ever scarcer. So substitute products will be found for the more sensitive commodities. The Community's supplies of raw materials, which is the problem which concerns us here, reflects in a way the more general problem in which the interests of the developing countries are most prominent. Naturally, this general problem affects our Community and this is what principally concerns us now.

It is necessary for the industrialized countries, and above all for the Community, to lay in a certain strategic reserve of a fairly small number of products more or less on the basis of what has happened in the case of crude oil, if I am not mistaken, within the framework of NATO. At all events the building-up of reserve stocks is not an unknown phenomenon in Western Europe. The Community as such also

subscribes to this idea. That means that this is not a new matter but an extension of measures taken for other products. Mr Schwörer mentioned in this connection tungsten and platinum and it would no doubt be useful to have a certain reserve stock of these materials.

We are indeed dependent, sometimes 100 % dependent, on imports of such raw materials from non-member countries. Despite the efforts made by the Community to become more independent in this area by exploring new sources as recycling, it does not appear likely that we shall be able to reduce the Community's degree of dependence to any great extent. On the other hand the developing countries state that they would like to develop what they call a new economic world order to sanction the sovereign right to dispose freely of natural sources of raw materials found in the developing countries.

This amounts to a fairly spectacular realignment of the relationship between the price of raw material exports and that of imported processed products. This means that a kind of integrated programme will have to be developed within UNCTAD. Here the common fund will play a basic role as has been mentioned already here this evening. There are a number of fundamental points involved such as access to the market, the use of sea transport, the setting-up of distribution networks, access to commercial commodity exchanges, the transfer of technical know-how and also the question of the competition inflicted by the industrialized countries on developing countries, with their synthetic products, developed as substitutes for the natural products.

All these problems will naturally have to be discussed and it is essential for their solution not only to realize the objectives of the Community as regards development cooperation, but also to ensure that the undertakings of the industrial countries, of our countries, not only export their capital, or as Mr Sandri put it, their profit, to richer countries but also use it on the spot for the benefit of the developing countries themselves. Such investment is in the interests both of our own countries and of the developing countries. The favourable investment climate which is needed for this will indeed have to be created and the meetings to be devoted to this problem will have to suggest solutions dealing with such questions as the lightening of the debt load of the developing countries and particularly, that common fund which is now under discussion. The aim of this fund should be to stabilize the prices of the main raw materials at a level which is profitable for the developing countries and at the same time not conducive to permanent over-production. It is most important that the purchasing power of the countries concerned should be stabilized at a suitable level. As the rapporteur has already explained, this is a matter of solidarity between the industrialized countries and

Vredeling

the developing countries. It will naturally present the Community with problems. Coincidentally, we were speaking this morning of the problems of the multinationals, and this is only one example. If increased use is made of the raw materials on the spot and production is extended to the benefit of the developing countries, we shall have the problem of job losses in our own countries. This is again a matter falling within my responsibility. Mr Sandri made this point: the profit must be used on the spot. If industrial activities are indeed transferred to the developing countries, we shall have increased unemployment in our own countries. Of course we cannot leave this development to the free play of economic forces. Action must be taken by the organs which we have here in the Community, by the Commission, Council and Parliament.

Mr President, the UNCTAD resolution on the establishment of an integrated programme for basic products is the subject of intensive discussion at the moment and should produce agreements on some 18 products by the end of 1978. The timetable has been laid down. The Community can no longer influence it since the schedule of talks has already been established product by product, by the secretariat of the UNCTAD for the whole of this year. The negotiating conference on the Community fund ended 2 April last with a declaration which destroyed an element of discord, but it was agreed that matters should be taken further. This luckily avoided a disaster. Business is to be resumed at a date to be fixed by the end of November by the secretariat of UNCTAD.

The negotiations are proceeding at another level. It is now certain that the Conference on International Economic Cooperation, generally referred to as the North-South dialogue, will resume its business on 26 April. There will then be a meeting with the ten co-chairmen and subsequently in contact groups. The aim is that the conference should conclude with a meeting at ministerial level. This will indeed call for decisions... The conditions necessary to produce results within the North-South dialogue are present. The Commission notes with satisfaction that on 26 March last the European Council meeting in Rome laid down the broad outlines for fruitful participation by the Community in the concluding stage of the North-South dialogue.

The political agreement reached there covers the conclusion of agreements to stabilize prices of raw materials and if necessary the establishment of a common fund. Lord Ardwick rightly observes that this was a very positive decision by the European Council. At the same time it was decided to examine measures to stabilize the developing countries export yield and to ascertain what special actions could be decided as regards financial support with the framework of the North-South dialogue. In the case of all these deci-

sions preparatory to the ministerial meeting to take place at the end of May — beginning of June, it is necessary for the Community to coordinate its position.

You know that within the North-South dialogue the Community is represented as the Community. This fact is very positive and worthy of mention. It is not the individual countries but the Community as such which will be taking part. Therefore, our position should be coordinated with that of the other industrialized countries in the Group of Eight.

This shows that the Community is prepared to play an active role itself and to create more stable, economic and political relations between the industrialized countries and the developing countries. I believe that in the end we should prove not only by words but also by deeds that we mean what we say.

IN THE CHAIR : MR ZAGARI

Vice-President

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

The resolution is adopted.¹

10. *Directive on motor vehicles*

President. — The next item is the report (Doc. 36/77) by Mr Nyborg on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposals from the Commission of the European Communities to the Council for:

- I. a directive on the approximation of the laws of the Member States relating to rear fog lamps for motor vehicles and their trailers (Doc. 516/76)
- II. a directive on the approximation of the laws of the Member States relating to reversing lamps for motor vehicles and their trailers (Doc. 516/76)
- III. a directive on the approximation of the laws of the Member States relating to parking lamps for motor vehicles and their trailers (Doc. 516/76)
- IV. a directive on the approximation of the laws of the Member States relating to the weights and dimensions of certain motor vehicles (Doc. 517/76)
- V. a directive on the approximation of the laws of the Member States relating to tyres for motor vehicles and their trailers (Doc. 518/76)
- VI. a directive on the approximation of the laws of the Member States relating to heating systems for the passenger compartment of motor vehicles (Doc. 521/76)
- VII. a directive on the approximation of the laws of the Member States relating to the wheel guards of motor vehicles (Doc. 521/76)

¹ OJ C 118 of 16. 5. 1977.

President

VIII. a directive amending Directive 70/156/EEG of 6 February 1970 on the approximation of the laws of the Member States relating to the type-approval of motor vehicles and their trailers (Doc. 525/76)

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, this batch of eight proposals for directives for which the Committee on Regional Policy, Regional Planning and Transport has appointed me rapporteur, concern the harmonization of the law of the Member States regarding technical regulations for motor vehicles. Reports and resolutions on proposals of this type cause some problems both during committee meetings and plenary sittings on account of their very technical nature. In my opinion it is unnecessary to go into each one of these eight proposals in detail now. I have given each topic some attention in the explanatory statement to my report. I would rather limit myself to some general observations some comments on the single amendment which the committee is putting forward.

To begin my general observations I would point out that the legal basis for proposals is Article 100 of the EEC Treaty. The Council has adopted 28 directives on the basis of this article since 1970. I have added a list of these directives with the date of their adoption by the Council and their publication in the Official Journal as an annex to my report.

If the Council speedily adopts the eight proposals for directives which we are discussing here, together with the three for which I am also rapporteur but in this case on behalf of the Committee on Economic and Monetary Affairs, Community law will soon possess 39 directives on motor vehicles. We have not completely finished but it is clear that the harmonization of technical standards is, if I may say so luckily reaching a conclusion. A number of important aspects have been omitted for the time being, but we do not need to go into these here.

Of course it is not the only aim of these proposals to remove the technical barriers to trade within the motor vehicles sector but also to improve traffic safety. The aim of fog lamps for example is to prevent accidents.

Just to turn back to harmonization, I would like to emphasize that personally I am not a supporter of excessive harmonization or harmonization for harmonization's sake. There is no sense in this. Harmonization should only take place in cases where the differences in national legislation are of such a kind that they constitute a barrier to internal Community trade, or in other words where they distort the conditions of competition.

In the car industry, which makes up a large part if not the largest part of total production, existing or possible future barriers to trade will of course be elimi-

nated. Where this danger does not exist, I think it is superfluous to draw up Community standards which in general have an effect on production costs together with prices and eventually also for the competitiveness of the Community's car industry. Turning now to the proposed amendment I would like to say briefly that there is only one amendment proposed concerning these eight proposals for directives and this refers to wheelguards mentioned under point 7. The Commission proposes two types of wheelguards to protect people outside the motor vehicle against thrown up pebbles, mud and dirt etc. These are in the first place the wheelguards forming part of the body work mentioned in the annex to the proposal. Secondly there are mudguards and flaps which will be attached to the body work. As far as the body work parts are concerned I have nothing to say. They seem to be completely necessary particularly from the point of view of safety. I am not however completely convinced of the usefulness of mudguards to traffic safety. Experience in my own country, Denmark, and if I am correctly informed also the Netherlands has shown that if such a fitting is made compulsory on motor vehicles this has exactly the opposite effect. In Denmark the law on mud flaps was withdrawn and the equipping of cars with mud flaps is at present completely voluntary. As far as I know the Committee on Economic and Monetary Affairs has made similar objections.

Mr President, ladies and gentlemen, I think that we can accept without amendment the proposals for directives on fog lamps, reversing lamps and parking lamps, the weights and dimensions of certain motor vehicles, tyres, passenger compartment heating systems and the proposal on the type approval of motor vehicles and their trailers.

I would nevertheless appreciate it if the Assembly would agree with the committee on the condition which I have just spoken of concerning wheelguards and I know that the Commission has already considered this and will agree to us omitting the single expression 'dirt traps'.

Finally I hope that the British Transport Minister, Mr Rogers, will be successful in having these proposals adopted under his presidency. Last of all, Mr President, allow me a little sigh for not speaking again when we come to the last three of the batch of eleven which Parliament has received from the Commission. I would like to point out here that I find it very unsatisfactory when we receive a batch of eleven proposals, when we receive a batch which we ourselves have asked for, that it is split up by Parliament into two so that a batch of eight is considered by one committee while another batch of three is considered by another committee. We are now in the lucky situation, if I may put it in this way, that I sit on both committees and I have therefore been able to bring the discus-

Nyborg

sions together, but this is no grounds for Parliament, after the Commission has fulfilled Parliament's wishes, then making it more difficult for the Commission to deal with it when it comes back by dividing it up into two.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission of the European Communities. — (NL) Mr President, like a Jack-of-all-trades I have to speak now about wheel guards and studded tyres. I admit that there could be scope for great sentiment here but I believe looking round the House, that it would be better simply to thank the rapporteur for his report. He has presented us with two reports. It appears preferable to me for the Commission to refrain at the present moment from making very many technical observations in this technical debate.

I would like to note that difficult and unspectacular as this work is it is nevertheless necessary in our Community. We must continue in this direction but we do not need to make long speeches on the matter.

The Commission can say that it accepts the amendment to the effect that the wheel guards should not be regarded as the only means of protecting wheels.

I now await your thunderous applause.

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

The resolution adopted.¹

11. *Simplification of customs procedures and regulation on a Community export declaration form*

President. — The next item is the interim report (Doc. 14/77) by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs on the simplification of customs procedures, customs legislation and institutional methods for dealing with customs matters and on the proposal from the Commission of the European Communities to the Council for a regulation instituting a Community export declaration form. Since no-one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Directives on motor vehicle fittings*

President. — The next item is the report (Doc. 16/77) by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs on the proposals from the Commission of the European Communities to the Council for

- I. a directive on the approximation of the laws of the Member States relating to the window wiper and washer system of motor vehicles
- II. a directive on the approximation of the laws of the Member States relating to the defrosting and demisting systems of motor vehicles
- III. a directive on the approximation of the laws of the Member States relating to the interior fittings of motor vehicles (identification of controls, tell-tales and indicators)

Since no-one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Oral question without debate :
Free movement of goods*

President. — The next item is the oral question (Doc. 27/77) without debate on behalf of the Committee on Economic and Monetary Affairs to the Commission of the European Communities on the free movement of goods :

Assuming that the Commission is aware of the Italo-German administrative convention on international passenger and goods transport by road, in particular as regards the authorization of transport quotas, it is asked to supply information on the consideration which led to the conclusion of this administrative convention between the two Member States.

It is also asked whether the rules for goods transport by road between the Federal Republic of Germany and Italy are compatible with the principles of the EEC Treaty, especially those relating to the free movement of goods.

Is the Commission aware that as a result of the practice of only granting transport authorizations for vehicles entering either country when a load requiring authorization leaves that country, transfrontier goods transport by road may be considerably hampered, if not brought to a complete standstill, by these road traffic measures, whatever the reasoning behind them ?

Is it true that during January 1977, in transfrontier road transport between Germany and Italy, live cattle died and perishable goods went bad because of the inordinate length of time spent waiting for a transport authorization, involving losses running into hundreds of thousands of Deutschmarks ?

I call Mr Notenboom.

¹ OJ C 118 of 16. 5. 1977.

Mr Notenboom. — (NL) Mr President, I would like to explain some of the reasons why the Committee on Economic and Monetary Affairs is calling the attention of the House to these problems today. We want to draw the attention of the Commission and the governments of the Member States and public opinion to a number of problems with which our economies have to contend daily. Generally speaking, we would like to draw attention to the difficulties which quotas create for goods carriage by road especially in view of the principle of free movement of goods prescribed in the Treaties. In particular, we want the conditions under which goods are transported between the north of the Community and Italy to be adjusted to the needs of industry which, as it becomes more integrated, rightly expects this of the provisions of the Treaty. The justification for our question is to be found in the fact that it is no exception for lorries going in either direction to have to wait for three days at the Brenner Pass frontier crossing and that the extra cost to haulage operators is of the order of 1 ½ million guilders.

In this connection it will probably be interesting to recall that 60 to 70 % of goods carried between Italy and Germany take the Brenner Pass route. In 1975 some 3 million tonnes of goods were transported from south to north and 2.5 million tonnes from north to south. This means that approximately two thousand lorries cross the Brenner in both directions every day. I believe that these figures will suffice to illustrate the importance of goods traffic over the Brenner Pass which is the traditional route between the north and south of our Community. At the same time it is also the place where transport quotas have the most negative consequences. Added to this there are also the natural obstructions due to the climate and geography of the area and the administrative measures which are sometimes carried out over-zealously by the Customs authorities of one of our Member States.

We know full well that these quotas are the result of long, protracted and occasionally difficult negotiations between the Member States. The quota between Germany and Italy provides for 770 German and 770 Italian lorries. Every extra transport is subject to the procedure of a German-Italian administrative agreement intended to ensure that a lorry may only enter Italy when another lorry leaves Italian territory. The results of this situation are often impossibly long delays, the principal victims of which are the drivers of the lorries who are condemned to waiting in inhuman conditions. They cannot leave their lorries since they do not know whether they will have to wait hours or days. The second victim is the whole economy which suffers as a result of this situation to the extent which I have already indicated. Apart from

the human aspect and the lack of Community spirit inherent in this situation, the Committee on Economic and Monetary Affairs points in particular to the enormous burden as a result of administrative measures at a time when in view of the economic situation, there is a great need for all possible cost-reducing factors in all our Member States since they are reflected in the level of consumer prices.

Although we are here concerned exclusively with road haulage, a marginal observation on the railways will not be out of place. According to the most recent figures in 1975, goods trains on the Brenner route had to wait for a total 265 hours, apart from the usual two hours' wait, as a result of the customs administration of one of the Member States. We would therefore request the Commission to enter into immediate contact with the Governments of the Member States and the Republic of Austria in order to improve conditions of transport of goods between the north and south of the Community, particularly in relation to the situation on the Brenner Pass.

One improvement would possibly be a better calculation of quotas and more flexible application of the German/Italian agreement referred to in our question.

Another improvement would be the harmonization of working hours of the various national customs authorities and, generally speaking, the creation of administrative structures to match the degree of integration of our economy.

These are the points which our committee wish to add as background to the questions which we have put to the Commission.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, the 1962 Council directive lifting all quantitative restrictions from certain categories of goods traffic and the Community quota system permitting multilateral transport operations between Member States cover only a small proportion, about 15 %, of the carriage of goods by road for hire or reward between Member States. All other operations are still carried out under bilateral agreements between Member States. Despite its repeated efforts over the last 10 years, still being energetically pursued, the Commission has not yet succeeded in introducing Community rules to govern all international road-haulage operations. Some bilateral agreements, such as those covering traffic operations in the Benelux countries, have introduced the free provision of services and have thus given practical expression to the Commission's objective of the quantitative liberalization of professional road haulage. However, most of the bilateral agreements have preserved the quota system, which is fairly stringent in some cases such as the German-Italian agreement.

Burke

In regard to Question No 1, the Commission is, of course, aware of the components of the German-Italian agreement drawn up in 1957 and amended several times since. This agreement stipulates *inter alia* that the two governments concerned shall annually grant each other on a reciprocal basis a certain number of blank authorizations limited in time for bilateral or transit traffic.

For 1977, the number of authorizations is 105 000, granted on a journey basis for each country. Previously, this figure had been reduced to 770 on a time basis. It may therefore be considered that there has been a certain adjustment — although not enough — to allow for the principal needs of trade between the two States.

The reasons adduced by the Member States in support of bilateral quotas for the carriage of goods by road are as follows :

- (a) protection of the railways ;
- (b) protection of their own transport operators in competition with the operators of other Member States in the absence of adequate harmonization of conditions of competition ;
- (c) road safety ;
- (d) protection of the environment ;
- (e) the energy crisis and other reasons.

Question 2. The Commission has always considered that bilateral quota systems, based on such criteria as reciprocity and making insufficient allowance for economic needs, is a far from ideal means of ensuring a satisfactory balance between supply and demand in road transport. If the value of bilateral quotas is held too low compared with real needs, they may hamper the free movement of goods. Furthermore, owing to their heterogeneous character bilateral quotas are liable to generate distortions in traffic-flows. Finally, bilateral authorizations are reserved solely for transport operators in the two contracting countries.

However, despite all these drawbacks, it is neither politically nor economically feasible simply to abolish bilateral quotas. A sudden disruption of the present system would bring about serious disturbances. It should also be remembered that some traffic movements are essentially bilateral by their very nature. Without losing sight of the final objective of complete liberalization, the Commission will seek during a transitional period gradually to make these bilateral quotas more flexible and to introduce economic criteria on a Community basis.

In October 1975 the Commission had already advocated, under a set of proposals on the operation of the market in the inland carriage of goods, a substantial

volume increase in the Community quota and extension of the liberalization provided for in the 1962 Council directive to other categories of goods or traffic movements.

Question 3. Frontier controls of every sort not only inhibit the rapid despatch of goods, but also cause considerable loss of time to the transport operators. The Commission is seeking to simplify frontier formalities as much as possible and also controls carried out within the States which are not directly connected with road safety. The Commission has taken some initiatives to improve frontier-crossing by transporters. The most important of these initiatives could be mentioned.

The introduction of the Community transit system in 1969, since then amended on several occasions, allows the transporter to pass the customs facilities at special places in the various Member States and not at the moment of crossing the frontier. In the Italian case, it is by this means possible to reduce the waste in time at the frontier from several hours to a few minutes. Transporters should therefore use this possibility more and more.

Problems of control on animals and plants at border crossings have been examined on request of the railways. In a case before the Court of Justice, the court decided in December 1976 that these controls have to be considered as illegal. The Commission is aware of a duty to avoid any such controls at the frontier in the future.

At the end of 1976, an official visit by the services of the Commission to various places at the Italian border took place to examine the problems to which transporters are subjected at the spot. The conclusions of this visit were discussed with the Italian Government and Italian governmental experts in Rome on 18 and 19 April 1977.

Question 4. As regards the question of fact referred to in the oral question concerning the substantial prejudice suffered in January 1977 by certain goods transport operations between Germany and Italy, the Commission has asked the governments concerned to supply further detailed information as soon as possible. The European Parliament will be kept informed of the outcome of these approaches.

Thank you, Mr President.

President. — This item is closed.

14. Agenda for next sitting

President. — The next sitting will be held tomorrow, Wednesday 20 April 1977, at 10.00 a.m. and 3.00 p.m. with the following agenda :

President

- Question Time
- Statements by the Council and Commission on the European Council in Rome (followed by a debate)
- Debate on agricultural prices
- Joint debate on
an oral question with debate to the Foreign Ministers meeting in political cooperation on the protection of human rights in Europe, and
an oral question with debate to the Commission, Council and Foreign Ministers meeting in political cooperation on the protection of human rights throughout the world
- Notenboom report on VAT — uniform basis of assessment
- Commission statement on the economic situation in the Community
- Seefeld interim report on sea transport problems in the Community
- Oral question with debate to the Commission on piracy on the high seas

The sitting is closed.

(The sitting was closed at 8.30 p.m.)

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 10.15 am.)

President. — The sitting is opened.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Agenda*

President. — Following a request from the Council for a speedy opinion from Parliament on three proposals concerning agricultural prices, the Committee on Agriculture yesterday evening adopted a report by Mr Kofoed (Doc. 59/77) on the grant of a premium for the birth of calves, a modification to the regulation on the common organization of the market in sugar and a modification concerning the granting of a consumer subsidy for butter.

In view of the urgency involved and since the examination of this document should not give rise to a long debate, I propose that this be placed on Friday's agenda provided that the Committee on Budgets is able to adopt its opinion on the subject at its meeting today.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I am a little concerned that it may be very difficult for some people to be here on Friday for such an important debate. Is there no possibility of taking it tomorrow?

President. — We thought it advisable to place the debate on this item on Friday's agenda since tomorrow's agenda is already very full. Besides, since Parliament is in session until the proceedings are declared closed, there is no reason why this report should not be dealt with at Friday's sitting. Of course all the Members who intend to take part in the debate will have to remain here until the end of the part-session.

Mrs Kellett-Bowman. — Certain members of our delegation are obliged to be in England for the funeral of Sir Peter Kirk. Otherwise they would not be departing early. We are normally the most diligent of attenders, Mr President. But in this particular week it is quite impossible for some of our people to be here.

President. — In view of the special sad circumstance to which you refer, we shall look into the possibility of placing this item on tomorrow's agenda.

I shall return to the matter later.

3. *Tribute*

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council. — Mr President, with your permission, I should like briefly before turning to the questions that have been addressed to the Conference of Foreign Ministers, to take the earliest opportunity of associating myself and the Council with the tributes that were paid to Sir Peter Kirk here in this Parliament on Monday. I am sure that I speak for all members of the Council when I say that Peter Kirk will be sadly missed by all of us. He was a man of vision, a man of idealism, who will be missed not only in the United Kingdom, but

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throughout Europe, to which his work was particularly directed. On behalf of the Council I should like to say how much he will be missed and how deeply the Council regret his sad loss and associate themselves with the tributes that were paid in this House on Monday.

President. — I am very grateful to you, Mr Tomlinson, for your tribute to the memory of Sir Peter Kirk.

Your words found a profound echo in our thoughts.

4. Question Time (resumption)

President. — The next item is the continuation of Question Time (Doc. 44/77). We start with the questions to the Foreign Ministers of the Member States of the European Communities meeting in political cooperation.

Mr Tomlinson is asked to reply to these and to any supplementary questions.

I call Question No 29 by Mr Johnston :

To ask the Foreign Ministers whether in view of the close economic and cultural relations of the Community to the Republic of Tunisia, he will make representations to the Tunisian Government concerning the imprisonment and torture of Mohammed Salag Sliss ?

Mr Tomlinson, President-in-Office of the Foreign Ministers. — As the person concerned is not a national of any Member State of the Community, the Nine have no standing in this matter. The Nine do, however, make every effort to promote the international validity of human rights principles by which individual cases should be judged.

Mr Johnston. — Is the Minister aware that it is really extremely disappointing to wait for a month to hear from him the old, standard diplomatic excuse for inaction ? Is it not in fact long past time that we recognized that human rights transcend human and national borders ? Will he undertake that the principle of representations — and it was only representations about which I was asking — on breaches of human rights it raised and discussed again in the Council, with a view to changing the rather cautious procedures of the past and taking up a much more active role in human rights ? Is he aware that if he waits this afternoon to hear the debate on human rights initiated by the Social Democratic and Christian Democratic Groups, I am sure he will find great agreement in this Parliament about the need for the Council to take a much more active role than it does ?

Mr Tomlinson. — I certainly will be staying to listen to the debate on human rights this afternoon, and I hope, in fact, to participate in that debate. I have no doubt that what the honourable Member says about the importance of that subject will be fully justified by the serious debate we are going to have.

However, I must say to him, and to this House, that to act on any human rights case, governments need to be convinced that the evidence is good and that their actions will be beneficial. Representations to a foreign government about one of its own nationals tend to be highly resented by that government as an unwarranted interference in its internal affairs, a reaction which is unlikely to help those who suffer violations of human rights.

I do, however, note the seriousness with which the honourable Member has spoken and, as I said, I will be participating in the wider debate on human rights this afternoon.

President. — I call Question No 30 by Mr Cifarelli :

In view of the forthcoming Belgrade Conference and also of the significance and symptomatic gravity of the recent approach by the Russian Ambassador to the Italian Government to have one of the cultural events of the Venice Biennale hingeing on the theme of 'dissent' in the Eastern European countries cancelled, do not the Foreign Ministers consider that they ought to reaffirm the principle of freedom of cultural expression, which is one of the main points of the Final Act of Helsinki ?

Mr Tomlinson, President-in-Office of the Foreign Ministers. — The promotion and encouragement of cultural freedom is an important part of principle 7 of the Helsinki Final Act and is also covered in the chapter on culture in basket 3. The Nine remain convinced of the equal importance of all the principles and provisions of the Final Act and see no necessity to single out for re-affirmation any specific part of the Final Act. The Nine regard the Final Act as a central and fundamental document which remains as a continuing basis for improving European relationships for many years ahead.

Mr Cifarelli. — (I) Statements of principle must obviously be reflected in a series of actions, each one representing a confirmation or a negation of the formal diplomatic commitment contained in the Final Act of Helsinki. As the Minister will be aware, the attacks on the Venice Biennale are being conducted not only at diplomatic level, but also in the press, with a number of articles in 'Izvestia', including one very recently. Having said this, I would ask whether the Foreign Ministers do not feel, with a view to the forthcoming Belgrade Conference, that a detailed file should be compiled on these attacks, to be submitted to the Conference for an assessment of their importance.

Mr Tomlinson. — I am aware of the particular circumstance to which the honourable Member referred, but this really is a matter for the organizers of the Biennale. It would not be appropriate for me, either speaking on behalf of the foreign ministers of the Nine or as a UK Minister, to comment on that particular aspect. However, I do re-affirm for the honourable Member and for this House what I said :

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that I believe it would be inappropriate to single out, as being more important than others, any particular aspect of the Final Act. The Final Act needs to be supported in all its applications in all aspects. We need to be vigilant and to ensure that all aspects of the Final Act are fully observed by all signatories to the Helsinki Agreement.

Mr Fletcher-Cooke. — While it would seem that all the features of the Final Act are of equal importance, can the minister give us some guidance on what happens when the principles in the Final Act are internally conflicting? What attitude does the Council take when, on the one hand the Final Act says there shall be no interference in the internal affairs of countries, and at the same time demands the right to interfere in the case of violation of human rights?

Mr Tomlinson. — As the honourable Member is no doubt aware, if there are specific difficulties arising from the interpretation of the Final Act — and I must say I don't find the same difficulties as he is apparently finding — then these are matters that are really the property of the Belgrade review conference and ought to be fully considered there.

President. — I call Question No 31 by Lord St. Oswald:

In view of the answers given by the Foreign Ministers to Question No 14 on 9 March, what communications have they received from FUMO (the United Democratic Front of Mozambique) and what specific or general criteria are applied for acceptability or non-acceptability of a government in exile as a 'major political force'?

Mr Tomlinson, *President-in-Office of the Foreign Ministers.* — Mr President, the Nine have received one communication from FUMO, a letter addressed to the Council of Ministers and signed by Dr Arouca enclosing FUMO's manifesto. The question of whether an organization — whether or not it claims to be a government in exile — is a major political force, is essentially for political judgement based on an appreciation of the facts of a particular situation. It is not possible to define the criteria upon which the decision may turn in one case or another.

Lord St. Oswald. — I thank the Minister for that answer. I had mistakenly expected that Dr David Owen himself would be answering these questions, but I see he is not and I must therefore ask the Minister to pass back my supplementary question to him.

As one who frankly admires the personal endeavours of Dr David Owen in Africa, and wishes him well and certainly does not wish to impede his efforts in any way, I would like to ask whether his recent experiences lead him to suppose that Mozambique has the government it deserves or desires; whether it is truly democratically governed; whether Samora Machel

rules by anything other than brute force, resisted courageously in large areas of his country, and whether, in fact, he is a fit man to be consulted upon the future of other neighbouring countries in southern Africa.

Mr Tomlinson. — Can I just say to this House right at the outset that, although it is for the presidency of the Council to determine who speaks on behalf of the Council of Ministers in the Parliament, Dr Owen will be here this morning. He will be arriving in the Parliament some time later this morning and will be giving the Parliament his report on the European Council.

The detailed questions that the honourable Member raises in relation to the government of Mozambique of course in no way arise from the question that he has put in this Parliament. But I can make it quite clear to him that the views that he has expressed will in no way be supported by the British Government.

Lord St. Oswald. — On a point of order, Mr President. I would like to say that I cannot accept for one moment that my consequential questions did not arise from the substantive question.

President. — I call Question No 32 by Mr Corrie:

What is the host country of SWAPO, and has that host country given sufficient recognition to SWAPO for the Foreign Ministers to recognize it as the legitimate Government of 'Namibia' or as 'a major political force'?

Mr Tomlinson, *President-in-Office of the Foreign Ministers.* — SWAPO has no host country as such. There is an internal wing which operates in Namibia and the external wing is represented in several countries including Zambia, Angola and Tanzania. Whilst the Nine have not recognized SWAPO as the legitimate government of Namibia, they have accepted the organization as a major political force because of its importance in the situation. The Nine have repeatedly stated their view that all political groups in Namibia, including notably SWAPO, should be free to engage in peaceful political activities throughout the territory during the process of self-determination, which should include a free election or referendum.

In the view of the Nine there can be no substitute for negotiations with the representatives of all the political groups involved, including SWAPO.

Mr Corrie. — I wonder if it would be possible, so that this House does know which groups or governments in exile are recognized, for the Council to present to this House for the next part-session a written list of all those groups and their host countries within the EEC which they do recognize?

Mr Tomlinson. — The Council will be prepared to answer any questions that are tabled to it and I suggest to the honourable Member that he table an appropriate question and he will receive an answer in due course.

President. — I call Question No 33 by Mr De Clercq :

Could the Foreign Ministers indicate in broad terms their approach to the principle of Community enlargement? In the context of this approach, do they feel that any applications for Community membership from other countries would be liable to slow down the negotiations for Greek accession?

Mr Tomlinson, President-in-Office of the Foreign Ministers. — With permission I should like to take this question together with Question No 42, which is in identical terms, addressed to the Council.

Applications by European states for membership of the Community are dealt with in accordance with the provisions of Article 237 of the Treaty establishing the EEC, Article 205 of the Treaty establishing the EAEC and Article 98 of the Treaty establishing the ECSC. As in June 1975 in the case of Greece's submission of its application for membership of the European Communities, the Council agreed at its meeting of 5 April last with regard to Portugal's application for membership of the European Communities, to implement the procedure laid down in the abovementioned articles of the Treaties. Although not aware of the more general implications of new applications for membership already submitted or expected, the Council is of the opinion that the negotiations which are already in progress with Greece must be continued on the basis of their intrinsic merits.

Mr De Clercq. — (F) Can the Commission, the Council and the Conference of Foreign Ministers affirm their determination to complete the bilateral negotiations with Greece soon, in view of the strategic advantages to the Community because of the long period of association, thereby avoiding the specious objections which have been raised over the institutional difficulties involved in the enlargement?

Mr Tomlinson. — I would re-emphasize the final paragraph of what I said in my original reply. I would additionally say to the honourable Member that the Greek economy has already moved closer to that of the Community under the EEC-Greece Association Agreement. The level of Greek economic development is such that the Council has agreed that negotiations should open with the aim of securing Greece's full accession to the Communities. Naturally, the Greek accession negotiations may give rise to problems which will have bearing on other applicants or potential applicants. The Community will, of course, bear these questions in mind and the Greek negotiations will continue to be conducted on their merits.

Mrs Dunwoody. — Is the President-in-Office not aware that, in fact, it is unrealistic to expect many Mediterranean countries to go rapidly through a transition period of accession to the Community, and would he look very urgently at any practical means of

assisting Greece — and very particularly Portugal, who are going to have great economic difficulties in the future — by means of grants and financial assistance, in such a way that the interim period of negotiation will not prove too damaging to them?

Mr Tomlinson. — I certainly note with interest what the honourable lady says, but, may I first of all just deal with her remarks concerning Portugal. There are, of course, problems in the way of integration of the Portuguese economy with that of the Community and these are readily recognized by the Portuguese and are obviously the subject of our mutual discussion. On the question of enlargement, I note what the honourable lady says. I am fully aware of the views that she deeply holds and has expressed a number of times in this House and elsewhere, and of course, I think what she has said in no way conflicts with what I actually said in my original answer. We are aware of the problems in negotiations with Greece but these will proceed on their merits and will take their normal course.

Mrs Ewing. — Regarding the Council's approach to enlargement, which I welcome personally, could we be given a hint as to whether it is the Council's view that the CAP, already weighed down under the surplus mountains, can survive enlargement? Or does the Council foresee some degree of modification of the basic structure of the CAP?

Mr Tomlinson. — The common agricultural policy is an important part of the Community and in any negotiations for enlargement, it would obviously be an important part of the negotiations. I wish I could give the honourable lady more of a hint in the direction in which she was looking, but at the moment that does not prove possible.

Mr Cifarelli. — (I) This problem of Greece is usually considered in the context of the Community's Mediterranean policy. Does the Council of Ministers not see a need to widen this concept of Mediterranean policy, so that it will no longer be possible to discuss Portugal or — one fine day — Spain other than in the wider context of establishing a new regional balance in the Community?

Does not the problem call for this broader consideration going beyond the traditional context?

Mr Tomlinson. — This really does not arise from the question I was originally asked, and I must say to the honourable Member that if he wants to widen the question to that extent. I think it has to be the subject of a separate question at our next meeting.

Mr Spicer. — In his reply to Mrs Ewing, Mr Tomlinson did say that the common agricultural policy was a vital part of the Community. Could he give us an undertaking that he will stress that fact with his colleagues in the United Kingdom, and, in particular, with the Minister of Agriculture?

(Mixed reaction.)

Mr Tomlinson. — In fact, I did not use the words attributed to me by the honourable Member. I said 'important'. It obviously is important, but the honourable Member knows full well that any views he has to communicate to the British Government he does not have to do through an interlocutor. He can do it himself, he is quite capable of doing that.

President. — I call Question No 34 by Mr Spicer :

The onset of war in Zaire is endangering the Community's supplies of fundamental raw materials. What action do the Foreign Ministers propose to take as a result of the visit of President Mobutu to aid Zaire and to protect the Community's free access to a good supplier?

Mr Tomlinson, President-in-Office of the Foreign Ministers. — Mr President, the foreign ministers of the Nine meeting in political cooperation discussed Zaire at their meeting in London on 18 April. They adopted a general declaration on Africa which referred to Zaire. With permission, I will read the text of the declaration agreed yesterday :

The foreign ministers of the nine countries of the European Community have considered the situation in Africa, particularly Namibia, Rhodesia and Zaire. They expressed their concern about the growth of violence and the evidence of instability and economic disruption. The foreign ministers reaffirmed the willingness of the Nine to cooperate in so far as any African state wishes them to do so, and their rejection of any action by any state aimed at setting up a sphere of influence in Africa.

The foreign ministers will continue to support the OAU's attempt to promote African cooperation and will uphold the right of self-determination and independence of the Namibian and Rhodesian people.

The foreign ministers repeated their condemnation of the policy of *apartheid* in South Africa. They will continue to oppose all forms of racial discrimination wherever it exists. They declared their support for the right of all peoples to live in peace and to enjoy the basic rights set out in the Universal Declaration of Human Rights.

The foreign ministers reaffirmed that they will do everything possible to promote democratic majority rule and non-racial government for the peoples of Southern Africa. They expressed their support for the principles of territorial integrity and non-intervention in internal affairs which have always been upheld by the United Nations and the OAU, and which should be respected in the case of Zaire, where they will encourage the Nigerian Government's mediation. The Nine will, individually and jointly, consider the possibility of making further efforts to improve the economic situation in Africa.

Mr Spicer. — May I thank the President-in-Office for that very full statement. If I may just make one brief comment, I would hope that the concern that is expressed would be translated into something more positive in regard to Zaire. Could the President-in-Office confirm just one fact for me, namely that the vital exports — vital both to Zaire and to us — that flow from Zaire are now coming out in one direction only,

through Rhodesia and South Africa, and that Zaire's neighbours, Angola and Mozambique, are denying Zaire the right to export those materials through those two countries? Could he just confirm that as a fact and could he say what steps we are taking as a Community to try and bring an end to this blockade which is being imposed on both Zaire and Zambia by their next-door neighbours?

Mr Tomlinson. — I am not in a position to confirm what the honourable Member says, because I am not fully in receipt of all information concerning that particular aspect of what is happening at present in Zaire. What I do undertake to tell him is that I have noted seriously what he says, and I will, in my capacity as United Kingdom Minister, endeavour to find out what the situation is and will find some suitable means of communicating with him.

Concerning the other point he made about access to raw materials, perhaps it would be appropriate if I mentioned to this House that the mineral production of the Shaba region is of course of considerable importance to Zaire's economy. It would be clearly in no-one's interest if mineral production — which I understand continues — were to be interrupted, and a number of Member States of the Community are among countries associated in various ways with its production. Access to these raw materials rests on commercial and other bilateral arrangements rather than any Community basis. But I would repeat to the honourable Member the final point I made in the declaration, which is that the foreign ministers will be considering further what assistance they can give.

Mr Lemoine. — (F) Can the Council state precisely which Community governments, firstly, were informed and, secondly, approved and have thus sanctioned President Giscard d'Estaing's intervention in Zaire?

Mr Tomlinson. — That is a matter for the French Government and not for the foreign ministers meeting in political cooperation.

Mrs Dunwoody. — If there is any benefit in having a very long European memory, it should be that it is quite clear that it is not in the interests of white European nations to involve themselves violently in the politics of black Africa. Should the message from this gathering not be very plainly that what we hope to see is political stability in Africa, based on the universal acceptance of the principle of one man and one vote, and that should be the assistance that this Assembly offers to the African nations?

Mr Tomlinson. — I certainly in no way dissent from what the honourable lady said, and I hope that there is nobody in this House who dissents from what she said about objectives in relation to Africa. However, going back to the first part of what she said, the

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actions of the French Government are really matters for that government and not for the foreign ministers meeting in political cooperation.

Mrs Goutmann. — (*F*) Can the President-in-Office explain his view of cooperation and aid to developing countries? Is it adventurism, as in Zaire, aimed at protecting the Community's free access to raw materials — President Giscard d'Estaing maintained, after all, that he was speaking on behalf of Europe — or is it respect for independence and mutual trade?

Mr Tomlinson. — No, I am not in a position to answer the detailed question that the honourable lady asks about the aid policy, because it does not in any way arise from this question. I repeat what I said that questions about actions of the French government ought to be addressed to them and are not a matter for the foreign ministers meeting in political cooperation.

Mr Johnston. — It was again mentioned in the statement that the Council is pledged to the principle of non-interference in the internal affairs of countries. Can Mr Tomlinson tell me whether his interpretation of this is that this prevents or inhibits the Council of Ministers making any representation to any country in that area, concerning breaches of human rights?

Mr Tomlinson. — I would hesitate to speak on behalf of the foreign ministers meeting in political cooperation, but if I may answer speaking as the United Kingdom minister, no, I do not believe it does produce that inhibition.

President. — We turn now to Questions to the Council of the European Communities.

I call Question No 35 by Mr Hamilton:

What joint approaches have been made to the USA Government on the granting of landing rights to the Concorde aircraft in the USA?

Mr Tomlinson, President-in-Office of the Council. — The question put by the honourable Member does not come within the Council's competence.

Sir Geoffrey de Freitas. — Surely could not the Minister give a little further clarification of this? Is it not the Council's duty to support projects like this of British and French Governments which have at their basis the very future of the aviation industry of our Community?

Mr Tomlinson. — The question is about landing rights in the United States and that unfortunately is something on which there is no Community competence. Article 84 of the Treaty allows the Council to establish by unanimous decision provisions for air transport, but the Council has as yet considered no proposals which would change the present position relating to competence, and I have to say to the

Honourable Member that my original answer has to stand exactly as I gave it — that there is no Council competence in this matter.

Mr Hamilton. — I was speechless with surprise when the Minister gave his answer originally, but since Concorde is presumably a Community project and since determined efforts are being made in the United States to prevent Concorde from operating there, will the Minister give an assurance that he will convey to the responsible authorities, if he is not responsible in these matters, the need to consider urgently retaliatory action against those American aircraft which, on the basis of all the evidence available to us, are noisier than Concorde. There seems to be a very good example here of the need for concerted European effort against the Americans in this regard.

Mr Tomlinson. — I must say I express some surprise at the thought of my honourable friend's being struck speechless on any occasion, but I have to say to him that Concorde is not a Community project. Concorde is an Anglo-French project and not a Community project. However, I would say to him, speaking as a British Minister, that the governments of the United Kingdom and France have made repeated representations to the United States Government under the terms of their respective air-service agreements with the United States. Their airlines are entitled to operate Concorde to New York. The Federal authorities in the United States have approved commercial services by Concordes operated by Air France and British Airways to New York and Washington for trial periods of 16 months each. Services to Washington from London and Paris started in May 1976, and I in fact come to this Parliament this morning wearing the commemorative tie of the first flight of Concorde to Washington, on which I was privileged to travel. Services to New York have not yet been authorized by the Port of New York Authority, and Member States directly concerned have made it clear that they should not be deprived of their rights — which are in fact Treaty rights.

President. — I call Question No 36 by Mr Price:

Why has no mandate been given over the past two years to develop the Association Agreement with the Government of Cyprus in view of the development and improvement of Association, Preferential and Cooperation Agreements with other Mediterranean countries?

Mr Tomlinson, President-in-Office of the Council. — Over the past two years one of the principal concerns of the Nine has been to contribute to any action likely to facilitate progress in the inter-community talks being conducted with a view to finding a solution to the Cyprus problem under the aegis of the Secretary-General of the United Nations, and, in any case, to refrain from any action which might jeopardize these talks. At its meeting of 8 March 1977, the

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Council instructed the Permanent Representatives Committee to complete the proceedings already under way on the basis of Commission proposals concerning the problems outstanding regarding the EEC-Cyprus Association, in particular that of the extension of the Association Agreement in connection with the Community's overall Mediterranean approach, so that the Council might decide on these problems at the earliest opportunity, on the understanding that any resulting arrangement should continue to benefit both Cyprus communities.

Mr Price. — Is the Minister aware that many people in Cyprus will regard that answer as a cynical and dishonest one? Is he aware that the continued refusal to give a mandate to the Commission constitutes wholly improper and blatant political discrimination against the Republic of Cyprus in the Mediterranean area, and that this refusal, so far from jeopardizing a settlement, is actually prolonging the deadlock at Vienna by giving the impression that Europe is blackmailing the Greek Cypriots to come to an inequitable settlement? Does he really think that it is fair that the one European country which has been ravaged by war in recent years should suffer additional discrimination by the Council in refusing to give this mandate? Can he give us the reasons for this tremendously long delay of well over two years in granting the Commission a mandate, and can he guarantee that the mandate will actually be forthcoming on 3 May when the Council next meets?

Mr Tomlinson. — I understand the strength of feeling of my honourable friend on this particular subject, but in reply to his questions I must say to him: no, Sir, I am not aware of such views in Cyprus, and equally, no, I cannot give him the guarantee for which he is asking.

Mr Corrie. — Is the Minister aware that the Turkish community in Cyprus has received absolutely no help of any kind in the last three years from the EEC and that they are being pushed into a situation of total isolation and may in the end declare independence, which would end any chance of the island of Cyprus being united on a federal basis? Will the Minister increase the efforts to find a solution in Cyprus and accept that the Turks are determined to protect their people on the basis of a bilateral solution?

Mr Tomlinson. — I obviously take note of the serious points the honourable Member makes. I have to say to him, as I said in my original reply, that over the past two years one of the principal concerns of the Nine has been to contribute to any action likely to facilitate progress in inter-community talks. It is our firm view that progress for resolution of the problems of Cyprus will only come by progress in the inter-

community talks, and our efforts are directed to that end.

Mr Fellermaier. — *(D)* Mr President-in-Office, do you not think that the European Community can show in Cyprus not only that it supports the mediation of the Secretary-General of the United Nations in attempting to achieve a peaceful solution, but that it is making greater use of its own economic weight and, through an improvement in the Association Agreement, trying to ensure that Cyprus's treatment under an overall Mediterranean policy is the same as under the other agreements now concluded with Mediterranean countries, so that economic disadvantages do not lead to the lot of the people of that divided island becoming much worse than is already the case?

Mr Tomlinson. — I note, obviously, very seriously everything that the honourable Member says, and, as I said in my original reply, we are supporting and trying to facilitate all progress to reach some conclusion in these intercommunity talks under the aegis of the Secretary-General of the United Nations and in any case to refrain from any action which might jeopardize these talks. I must say to the House that the Council is, of course, clearly aware that the current agreement with Cyprus expires on 30 June and it will do its best to ensure that a satisfactory successor agreement is completed before that date.

Mr Cifarelli. — *(I)* We do not know what influence the Community's attitude could have on Greece, but it is worth remembering that when Greece was under the authoritarian rule of the colonels, the freezing of the Association Agreement was a major factor politically, more so than economically.

In this case the countries involved are Greece and Turkey, both of them linked to the Community by Association Agreements. Does not the Council of Ministers think it could take advantage of this situation to exert influence on both these countries to reach an agreement?

Mr Tomlinson. — I note everything that the honourable Member says, but I would again repeat to this House that we believe that progress will be best made by the intercommunal talks being conducted under the aegis of the Secretary-General of the United Nations. I note what the honourable Member says, but unfortunately I stick to what I said originally: that I believe the other method is the more likely to result in a permanent solution to this very difficult problem which concerns everybody.

Mr Broeksz. — *(NL)* Does the Minister's answer mean that all possible cooperation will be provided? He is aware that the Association Agreement with Cyprus is due to expire soon. Will the Commission be given a mandate to conclude a new Association Agree-

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ment? If so, when does he expect this mandate to be given?

Mr Tomlinson. — That matter is currently being studied by the Council and I hope to be able to give a reply to it soon, but I cannot give a reply to it until the study is completed.

Mr Spicer. — I wonder if the President-in-Office could give a firm guarantee that any future Association Agreement with Cyprus would be entirely dependent upon the safeguarding of the rights of minorities in Cyprus, and that that would be a centre-piece of any future Association Agreement.

Mr Tomlinson. — I obviously note what the honourable Member says. It is impossible for me to give firm guarantees about future agreements, and I am sure that on reflection the honourable Member would not expect me to, but I do note what he said and I can go no further than that.

President. — I call Question No 37 by Mr Cousté:

In restating at its meeting of 14 March that convergence of economic developments should be achieved primarily through an austerity effort and a restrictive policy on the part of the 'deficit' countries, does the Council not fear that this unchanging course will ultimately prove to be unrealistic since unemployment is already disturbingly high in Europe, and that its refusal to permit the use of new monetary mechanisms until economic convergence is achieved, represents too lax a policy?

Mr Tomlinson, President-in-Office of the Council. — The attention of the honourable Member is drawn to the fact that in its economic policy guidelines for 1977 the Council did not merely recommend an economic policy of austerity to those countries whose balance of payments shows a deficit and whose rates of inflation are still high. It also asked those countries whose balance of payments is favourable and whose rates of inflation are relatively low to provide considerable support for the recovery of demand and production. The recovery of the second group of countries is in fact intended to support productive activity in the first group of countries.

According to the statements made at the last meeting of the European Council this overall strategy should be accompanied by specific measures to help resolve certain labour-market problems, particularly in improving training and employment opportunities for young people and for women. The European Council also agreed that action should be taken at Community level with a view to attaining a higher level of investment in Member States. To this end, it invited the Commission, particularly by means of the improved use of Community instruments, and the Board of Governors of the European Investment Bank to seek ways of improving the effectiveness of these activities.

Mr Bouquerel. — (F) I should like to ask the President-in-Office of the Council to state specifically that unemployment in fact has priority consideration in the economic policy of the Community.

Mr Tomlinson. — I do agree with what the honourable gentleman has said. This is a matter that was discussed by the Finance Council on Monday and will, of course, be the subject of the report given on the meeting of the European Council by my right honourable friend, the President-in-Office of the Council, when he addresses the Parliament later this morning.

Lord Bruce of Donington. — Is the President-in-Office aware that part, at any rate, of his answer will be of some reassurance to Parliament, to the extent that the Council also came to the conclusion that those countries with appreciated currencies and strong balance of payment positions should commence to reflate? Will he give the assurance that the utmost consideration is given by the Council to this, and that this aspect of the matter is pursued further? Is he also aware that the policy of austerity recommended by the Council to the deficit countries specifically, is not considered by many of us to be the ideal way of proceeding within those countries, and that many of us feel that the doctrines of the amateur economist, Mr Milton Friedman, have had an undue influence in this matter? Will he further give the assurance that the very constructive proposals put forward by the Commission for increases in European investment receive even more attention from the Council, and are treated as completely outside the scope of and additional to those that are going to be made by the European Investment Bank?

Mr Tomlinson. — I shall try to answer those several questions. I am obviously very grateful to the honourable Member for his introductory remark, where he said that the answer given by myself on behalf of the Council would in fact be of some reassurance to Parliament.

I can give him the assurance that consideration of this matter by the Council will continue. I note what the honourable Member says about his view on austerity policy, but of course I note it as one opinion in an area in which there is a great diversity of opinion. The one thing that we are not short of in relation to economic policy, as the honourable Member rightly says, is opinions. There is an abundance of them. But I note what the honourable Member says, and I certainly take the views that he has expressed to this Parliament a lot more seriously than I would take the views of Milton Friedman, whom he was in fact referring to.

Sir Brandon Rhys Williams. — May I join in thanking and congratulating the President-in-Office for the positive emphasis he has placed on stimulating economic activity in the Community? Since the orthodox remedies for inflation don't seem to be working, is it not possible that they may not be entirely appropriate? If inflation is caused by too much money chasing too few goods, besides restricting the amount of money, we do need, do we not, to place emphasis on the expansion of output of goods and services, and would the President-in-Office care to comment on the fact that countries in Western Europe with the lowest rates of inflation, namely Germany and Switzerland, also have the lowest rates of interest, whereas countries with the highest rates of interest, Britain and Italy, for example, seem to have the highest rates of inflation?

(Applause)

Mr Tomlinson. — I will comment on the last part first. It is obviously no surprise to anybody who studies these matters, and, I am sure, no surprise to the honourable gentleman, that the countries with the highest rates of inflation also have the highest rates of interest.

What I can say, in reply to the rest of this question, is that the main theme that came out of the European Council was a three-pronged theme of growth, stability and employment, and I would confirm what the honourable Member has said to this House about the importance of growth as part of the attack on the present economic malaise that Europe has been going through.

Mr Hughes. — Could I ask the President-in-Office whether he will make certain that, on the agenda for the Council, special attention is given to the recent pronouncements by President Carter that he does not intend to expand the American economy; because, clearly, any attempt by Europe to unilaterally expand, if the American economy is reculant to so do, will be pushing the wagon up a very steep hill indeed, and therefore can the President-in-Office assure this House that re-examination in the light of the American decision will be given urgency on the Council agenda?

Mr Tomlinson. — I can say to the honourable Member that it is, in my opinion inconceivable that the Downing Street economic summit will take place without this matter receiving some attention from some of the participants.

President. — I call Question No 38 by Mr Cifarelli :

Following the decision by the International Monetary Fund to grant Italy a loan of \$ 530 million on very stringent terms, can the Council indicate whether it is now prepared to release at an early date the \$ 500 million loan which Italy has requested from the Community? will the Council also state what its own conditions would

be for such a loan, having regard in particular to the sliding wage scale system?

Mr Tomlinson, President-in-Office of the Council. — At its meeting on 18 April 1977 Council confirmed its authorization for the Commission to conclude a Community loan of 500 million dollars to be granted to Italy, and approved Commission proposals for a draft directive and a draft decision on the economic policy conditions to be attached to this. This directive and this decision will be published in the Official Journal as soon as they have been put into appropriate form in all the languages of the Community and formally adopted.

Mr Cifarelli. — *(I)* May I, as an Italian, first of all thank the Council — and hence the Community — for the encouraging tenor of this reply, which meets the basic needs of one of the nine Member States which is in difficulty.

This means that there are a draft directive and a draft decision of the Commission, which will have to be approved by the Council and published, stipulating the conditions of the Community loan to Italy. Can the President-in-Office say whether these conditions are similar, identical or different from those laid down by the International Monetary Fund, which involved the famous letter of intent by the Italian Republic?

Mr Tomlinson. — I am sure everybody has noted the thanks expressed by Mr Cifarelli. Concerning the particular question that he addresses to me, I would say to him that the conditions attaching to the Community loan will be substantially the same as those applied by the International Monetary Fund to Italy's recent drawing. There is a marginal difference but it is marginal.

President. — I call Question No 39 by Mr Früh :

Is there any truth in reports that the President of the Council of Agricultural Ministers, in a televised discussion on the possible enlargement of the EEC, held out the prospect of a radical transformation of the common agricultural policy in the direction of a free trade zone? If so, can the Council reconcile this attitude with the principles of the common agricultural policy laid down in the EEC Treaty, and in particular the priority of intra-Community production?

Mr Tomlinson, President-in-Office of the Council. — When the Minister for Agriculture of the Member State holding the office of President of the Council is not speaking on behalf of the Council and in his capacity as President of the Council, he is at liberty to express ideas which he personally feels to be appropriate for the improvement, and, if necessary, the adaptation of the common agricultural policy to new situations, such as those which would be created by possible enlargement of the Community. If these ideas are put forward in the Council, the Council will

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examine them, and will if necessary, take up a position both as regards their conformity with the provisions of the Treaty, and, in particular, with the principles and objectives laid down by Articles 38 to 47, and from the point of view of their economic and political advisability.

Mr Früh. — (D) I am grateful for that information, but may I then ask whether you really think it makes sense, and whether it is not confusing for the people of Europe — particularly the farmers — to express different opinions depending on which hat one is wearing at the time, and do you really think the President-in-Office of the Council has a right to express opinions which are diametrically opposed to the hitherto accepted principles of the Common Agricultural Policy?

Mr Tomlinson. — I would make it quite clear that I stick by every word of my original answer. I would think that there is hardly a politician assembled in this chamber who at some time has not had difficulty in wearing two hats simultaneously. It is something that any politician faces when he has a multiplicity of roles, and I stand entirely by what I said in my original reply to this House.

Mr Fellermaier. — (D) Mr President-in-Office, would you agree with me that we should be grateful to the British Minister for Agriculture, Mr Silkin, for making a major contribution to the discussion on television and for saying something in public which in fact enabled us politicians to debate his ideas equally publicly, no matter what side we are on?

Mr Tomlinson. — I agree with that. I think we should be grateful to any significant political figure who makes a significant contribution to an area where change is under consideration and discussion. I agree entirely with the honourable Member that we should be grateful for the contribution made to that discussion in that debate.

Mr Howell. — Can the President-in-Office tell us of any constructive proposals which the President of the Council of Agricultural Ministers has put forward as an alternative to the present CAP?

Mr Tomlinson. — If the honourable Member thinks I am going to spell it out for him in that kind of detail in reply to a question, then he is mistaken. He has access to the press, to the media in the United Kingdom, in exactly the same way as I do, and he knows exactly what my right honourable friend, the Minister of Agriculture, has said in relation to this particular matter.

Mr Hughes. — Would the President-in-Office confirm that in fact none of the suggestions made by the President of the Agricultural Council moved

counter to the Treaty of Rome? While they were counter to certain present forms of the common agricultural policy, there was nothing specifically requiring alteration of the Treaty of Rome itself. It was on the interpretation of agricultural policy and the structures that have been built up thereafter.

Mr Tomlinson. — That is a view from which I would in no way dissent, but I must emphasize to this Parliament that the important thing is the capacity in which the British Minister of Agriculture made his remarks. He made them quite clearly in his capacity as British Minister of Agriculture, and not in his capacity as President-in-Office of the Council.

Mr Klinker. — (D) May I ask whether Mr Tomlinson shares the view expressed by his British colleague in the House of Commons — that his aim in pursuing an agricultural policy would only be to promote British interests?

Mr Tomlinson. — I am in no way called upon to answer that particular question, and if I, in my personal capacity, have views to make clear on agriculture, I will do so in my own parliamentary constituency in the United Kingdom, which happens to be a significant agricultural area.

President. — I call Question No 40 by Mr Corrie:

In view of the collective responsibility of the British Government, will the President-in-Office of the Council confirm that the various proposals of the British Secretary of State for Energy, that representatives of the European Parliament and of the Press should be admitted to at least part of Council meetings, represent both his own view and that of the President?

Mr Tomlinson, President-in Office of the Council. — The question does not come within the Council's sphere of responsibility. However, as this question is directed to the British presidency, I, speaking as a British Minister, can answer it affirmatively. The British presidency have always made clear their willingness to look at and discuss with Member States any proposals for possible improvement in Council procedures. Moreover, Mr Crosland said in answer to questions in Luxembourg on 12 January:

If there is any way in which we can achieve a more open communication between the Council and Parliament, of course we should all of us seek ways in which we might do.

The proposals which the President of the Energy Council put to his colleagues on admission to Council meetings may be seen in this context.

Mr Corrie. — Can the President-in-Office say what views were expressed at the Council of Foreign Affairs Ministers on 8 March on Mr Benn's proposals that the press should be admitted to the debate on energy saving at the Energy Council meeting on 29 March? And as he has referred to Mr Crosland's statement,

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can he say if the presidency have discussed this and if any results have come out of that discussion?

Mr Tomlinson. — The President of the Council made a brief report to the meeting before last of the Council. There was no substantive discussion on this item and it has not been subjected to further consideration.

Mrs Ewing. — Could I make the point that, since I became a Member of this Parliament, from various sides of the House there has been pressure for greater openness with regard to meetings of the Council, and we have got precisely nowhere. And while the answer sounded perhaps quite nice and pleasant, it really takes us no further along the road to greater openness. In my last attempt to get greater openness. I put the modest suggestion that Members of Parliament with a committee interest should at least be admitted and the Council could see how this went as a first step, but not even that has been adopted. Could we not really have something other than words and have a little bit of action in this connection?

Mr Tomlinson. — As the honourable lady rightly says, this question has often been discussed in this place and I am sure you are all more than familiar with the Council's position. Meetings of the Council are not public and the Council does not make any distinction between legislative and non-legislative meetings which would permit the former to be handled differently. While there are genuine difficulties about any change, we in the British presidency would like to see the question constructively examined.

Sir Geoffrey de Freitas. — But this is the very point. Surely, when the Council meets to legislate, it should admit the public as happens in all nine of our national parliaments when they meet to legislate. If we want open government at the time of legislation, that is what is called for. It is not a question of any one seeking to intervene when the Council is meeting, at it were, as a cabinet.

Mr Tomlinson. — I am clearly aware of the nature of the opinion held by many people in this House. But as I said, the Council in no way make any distinction between their legislative and their non-legislative functions. It is impossible, in the way that Council business is at present organized, to make that distinction.

Lord Bessborough. — Would the President-in-Office say whether it would be possible at least to extend the conciliation procedures, such as in fact exist in regard to the Budget Council, to other councils? We know that the Energy Minister has attended our committees in Brussels and has made statements which are referred to in this question. Nonetheless,

would it not be possible to extend this conciliation procedure to say the Agricultural Council, the Environment Council and other departments within the Council of Ministers?

Mr Tomlinson. — I obviously note what the honourable Member says, but I must say to him and to this House that the conciliation procedures are laid down in the joint declaration by the three institutions and it would, I think, be foolhardy of me to anticipate any change in their application. As I have already said, I am aware of the strength of feeling on this particular matter in this House and I have also said quite clearly that we in the British presidency would like to see the question constructively examined. The actions taken by the President of the Energy Council were steps in that direction.

President. — I call Question No 41 by Mr Normanton:

Will the Council initiate discussions between the Community and the US Administration for a joint agreement to make it illegal for US and Community companies to comply with Arab boycott demands on them?

Mr Tomlinson, President-in-Office of the Council. — The Council is aware of the problem of the boycott but has no plans to discuss it with the United States Government. I would point out, however, that the agreements which the Community has concluded or is about to conclude with Arab countries as part of the global Mediterranean approach each contain a clause stipulating that the arrangements applied by those countries may not give rise to any discrimination between the Member States, their nationals or their companies or firms in the fields covered by the agreements.

Mr Normanton. — Whilst thanking the President-in-Office of the Council for that answer, may I suggest to him that the peoples of the Community as a whole are getting increasingly sick and tired of the examples and the frequency of flagrant violation by terrorism and blackmail and the like, but more particularly of the constant abdication to the perpetrators by political leadership and governments? Would he not agree that history, still vivid in the minds of many who are in this House today, teaches us that weakness in these matters never pays and no one knows this better than those of the Jewish community to whom, of course, this particular act of blackmail is being applied? Will the President-in-Office, therefore, tell the House when he will convert the fine words which made up his reply into forthright and energetic actions?

Mr Tomlinson. — I am sure it is a matter of regret to the Members of this House as well as myself that the honourable Member read his supplementary ques-

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tion, which he had obviously prepared, before he listened to my answer. In no way is the Council acting in the manner which he suggested. My reply was a forthright and a positive reply and I think the honourable Member ought to give credit to the Council for taking the decisions that they have.

May I, just in case there was anybody else in this House who didn't hear what I said, repeat quite clearly that in the global Mediterranean approach, each of the agreements that the Community has concluded contains a clause stipulating that the arrangements applied by those countries may not give rise to any discrimination between the Member States, their nationals or their companies or firms in the fields covered by the agreements. And I hope now that perhaps the honourable Member, when he next has the opportunity, will pay credit to the Community for the positive action that it has taken in this matter.

Mr Johnston. — Mr President, while it is true that the President-in-Office has been most forthright in a very welcome way in his answer, is he aware that it is widely rumoured that both the British and the French Governments unofficially inform Arab governments about those companies which comply with the boycott? Is he at all in a position to make any comment on these widespread rumours? Because if there is any truth in this at all it would be, I think, deeply disapproved and I would hope that he would condemn it.

Mr Tomlinson. — I obviously take serious note of everything that the honourable Member has said. I am not in any way in a position to comment on what he has suggested and I think, as I have said to this House before, if I once ventured into the realms of commenting or giving opinions on widely circulating rumours, I would perhaps have no time to do much else during my brief visits to Strasbourg.

Mr Patijn. — (NL) Can the President-in-Office say whether, with reference to what he said about the Mediterranean policy, the Council or the Commission have received any complaints about discrimination against nationals of Member States as defined in the Association Agreements?

Mr Tomlinson. — Mr President, I am advised that the Council has received no such complaints. In relation to the question as to whether any have been received by the Commission, I think that that is a matter which must be addressed to them. But the Council has received no complaints.

Mrs Dunwoody. — Is the President-in-Office of the Council aware that whilst we welcome his very plain statement, it is true that the Community have had in their rules for a very long time very clear indications that they will not accept discriminations of the kind that the Arab boycott entails? What we would like the President-in-Office of the Council to do is to make his attitude and the attitude of his fellow ministers

very widely known, because far from the boycott waning, there is very clear evidence that the Arab States are stepping up their boycotts against individual European firms. And this is frankly totally unacceptable.

Mr Tomlinson. — Mr President, I am glad that any one would want to give as wide a credence as possible to the words that I have put before this House. And I am glad that they meet so clearly with the approval of the honourable lady. Let there be no hesitation about this. What I have said and re-emphasized firmly coincides exactly with what she has said, namely that the Community does take this strong and forthright position. If she wants me to go any further, let me just say on this issue, speaking as a United Kingdom Minister, that Her Majesty's Government is opposed to and deplores all trade boycotts which lack international support and authority. We wish it were possible for British firms to trade freely with all countries in the Middle East, but it is for each individual firm to decide its attitude towards the Arab boycott in the light of these commercial interests. But we have made it quite clear that here are no circumstances in which we fail to deplore trade boycotts which are not subject to international support of wide standing.

President. — I call Question No 43 by Mr Durieux :

On the eve of the meeting of the IMF's Interim Committee and of the London Economic Summit Conference, can the Council state the Community's position on the proposals made with a view to setting up a new system of financial facilities within the IMF to help countries with an adverse trade balance, seeing that such an initiative had originally been considered preferable to the creation of a fund to stabilize raw material prices, although this has recently been contemplated by the European Council?

Mr Tomlinson, President-in-Office of the Council. — At its meeting on 18 April 1977 the Council agreed on the statement of the Community's position which will be presented to the IMF's Interim Committee by the President of the Council. This recognizes the desirability of a further increase in the role of the IMF by encouraging appropriate policies for economic adjustments and by considering the adequacy of the financing facilities available to IMF members. I am sure that the House would not expect me to go into details before the Community's position has been presented to the IMF Interim Committee, but I am confident that the Interim Committee will feel that the Community's position is both reasonable and positive.

Mr Houdet. — (F) I have a supplementary question for the President-in-Office: at the very time the North-South Dialogue is being resumed, can the Council state the Community's position on the system of stabilizing the developing countries' export revenue and on the solution to be found for these countries debts?

Mr Tomlinson. — Although that does not arise directly out of the original question and we shall be discussing this matter later, might I say to this House that the European Council on 26 March agreed that there should be commodity price stabilization agreements where appropriate and that there should be a common fund. This is now being worked out in detail by the Council of Foreign Ministers, and it will form the basis of the Community's position for the detailed negotiations at the resumed UNCTAD Conference.

President. — Since its author is absent, Question No 44 by Mr Dalyell will be answered in writing.¹

I call Question No 45 by Mr Brøndlund Nielsen :

Can the Council state what action it intends to take to ensure the resumption at an early date of the negotiations conducted in Geneva under the aegis of UNCTAD with a view to setting up a joint fund for the stabilization of raw material prices, which has been approved by all the Community Member States, and in particular is it prepared to take steps to achieve this objective in the context of the North-South dialogue, which is to be resumed in May?

Mr Tomlinson, *President-in-Office of the Council.*

— At the meeting of the European Council held in Rome on 25 March 1977, the Heads of State or Government of the Community agreed the basis of a common position for the North-South Dialogue. They agreed in particular that there should be a commodity price stabilization agreement where appropriate and that a common fund should be set up. On this basis and in the light of the results of the work which finished on 3 April 1977 in the framework of the UNCTAD negotiating conference on the common fund, the Council of Ministers of the Community, at its meeting on 5 April 1977, prepared directives for the Community representative at the CIEC to enable the Community to make a constructive contribution to the next meeting of the group of eight industrialized countries participating in the Paris conference. An initial meeting of the group of eight was held in Paris on 6 April. The Council also agreed to resume, at its meeting on 3 May its deliberations on the definition of the Community position for the final stage of the CIEC.

President. — Since its author is absent, Question No 46 by Mr Hougardy will be answered in writing.¹

Since there are still 15 minutes of Question Time left, we can go on to take some of the questions to the Commission to which there was no time to reply yesterday.

I call Mr Fellermaier on a point of order.

Mr Fellermaier. — (*D*) Mr President, if I understand the Rules of Procedure correctly, Question Time lasts one and a half hours, and the President-in-Office of the Council is to make his statement immediately afterwards. May I ask that we apply the Rules of Procedure in this way, so that we can now hear Mr Owen's statement and conclude Question Time now.

President. — As I said, there are still 15 minutes of Question Time left since we were 15 minutes late in starting this sitting, and I therefore put Mr Fellermaier's proposal to the House.

Under the Rules of Procedure, one speaker may speak in favour of the motion and one against.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — When you say speak against the proposal, do you mean speak against Mr Fellermaier's attempt to curtail Question-time? Yes indeed, I would like to speak against it, because we have a quarter-of-an-hour in hand and there is a very important question by my honourable friend, Sir Brandon Rhys Williams, which could now be answered.

President. — I call Mr Yeats.

Mr Yeats. — Surely, Mr President, the rules lay down that Question Time lasts an hour and a half, and we cannot vote to decrease that amount. Under the rules we have an hour and a half, and it is not a matter for us to decide by vote to cut the time. Is that not the position Mr President?

President. — Rule 47A of the Rules of Procedure lays down that Question Time shall not exceed one and a half hours at any one sitting.

However, the House may decide to devote less time to Question Time, and this is precisely what Mr Fellermaier is proposing.

Mrs Kellett-Bowman has spoken against Mr Fellermaier's proposal.

Since no-one wishes to speak in favour, I put to the vote Mr Fellermaier's proposal to reduce the length of the present Question Time.

Mr Fellermaier's proposal is rejected.

We therefore turn to questions to the Commission. I would ask the responsible Member of the Commission to reply to them.

I call Question No 24 by Sir Brandon Rhys Williams :

Will the Commission now institute an examination of the net value of family allowances and child allowances in the direct taxation systems of each Member State, expressed in the national currencies and in European units of account, assuming that the breadwinner in each case earns the national average wage and the families consist of one, two, three and four children; and when will such a study be published?

Mr Vredeling, *Vice-President of the Commission.* — (*NL*) Some of the figures for which the honourable

¹ See Annex.

Mr Vredeling, Vice-President of the Commission. — (NL) Some of the figures for which the honourable Member is asking will be supplied in reply to written question No 17/77 by Mr Howell. This information will be supplemented as far as possible in the next social¹ budget to be published before the end of the year.

Sir Brandon Rhys Williams. — Does the Vice-President agree that it is intolerable that Parliament should have to wait until the end of this year for elementary comparisons of basic benefit rates in the Community in this way, and will he do something about it? Is he aware that there are very striking differences indeed in the rates of family allowances and child benefits in different Community countries, and that Britain in particular pays very much lower rates than other Community countries? And would he also agree that it would be intolerable that the Commission should suppress the publication of meaningful facts of this kind, either for political reasons or because of the inadequacy of the Commission's staff?

Mr Vredeling. — (NL) I completely reject the implications of this question. We are certainly not engaged in suppressing information. I would add, however, that the Commission does not intend either to give top priority to mobilizing the entire staff of the Directorates-General involved simply because a particular Member wishes to brandish certain figures in this sector for what may well be domestic political reasons. The information to be prepared will be prepared according to the Commission's own list of priorities and not the honourable Member's.

Mrs Kellelt-Bowman. — What I wanted to know was if the Commissioner would seek to make every effort to obtain common statistics on social affairs throughout the Community, without which it is quite impossible to establish a viable Community social policy. It is absolutely vital in our work in the Social Affairs Committee that we should have a common basis, and this is surely something to which it is worth devoting a great deal of time. Otherwise, we are simply groping in the dark.

Mr Vredeling. — (NL) I agree fully with the honourable Member.

President. — Since their authors are absent, Questions Nos 25 by Sir Brandon Rhys Williams, 26 by Mr Howell, 27 by Mr Seefeld and 28 by Mr Bourdellès will be answered in writing.¹

Question Time is closed.

I thank the representatives of the Council and Commission for their statements.

5. Statements by the Council and Commission on the European Council

President. — The next item is the statements by the Council and Commission on the meeting of the European Council held on 25 and 26 March 1977 in Rome.

I call Dr Owen, President-in-Office of the European Council.

Since this is Dr Owen's maiden speech in this House, I should like to extend a warm welcome to him and wish him well.

(Applause)

Dr Owen, President-in-Office of the Council. — Mr President, thank you for your kind, warm welcome. I first of all apologize to honourable Members that I shall not be here this afternoon, but I think it is one of those occasions when an excuse will be understood by honourable Members, because I shall be flying back to London to lead off the debate on direct elections to the European Parliament, and I think many of you will feel that my time will be well spent.

(Applause)

However, at that Parliament I shall also be paying tribute to the work of Sir Peter Kirk, not just for his work in the United Kingdom Parliament, but also for his work for the United Kingdom in this Parliament. And it is appropriate that I should pay here full tribute to the work that he did through the very difficult time of the early years of British membership of this Parliament. And I am sure I speak for many honourable Members when I say that his work has been greatly appreciated and that his loss is a very sad one.

Mr President, it is my job to report on the Rome Council, which was the first European Council to meet under the British Presidency: it also marked the 20th anniversary of the Community's creation. There have so far only been eight European Council meetings and its procedures are clearly evolving. The Council represents an institutional innovation of considerable importance. For the creation of the Council emphasizes a political reality which is that Community affairs are of central importance to the governments of all the Member States, with wide-ranging consequences for all aspects of government, and which need the involvement of those charged with overall responsibility for the conduct of their government. They provide a unique opportunity to have wide-ranging, informal private discussions on the

¹ See Annex

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general problems facing the Community, and to take specific positions or issue overall guidance on important aspects of Community business. It can fairly be claimed that the European Council meeting in Rome succeeded in both these aims, despite the somewhat gloomy prognostications which preceded it. I will not reiterate here all the details of our discussions. Statements were issued at the time, and I will circulate these. I shall instead concentrate on the two major problems which face the Community and which dominated the Rome Council: firstly, growth, inflation and unemployment, and, secondly, the North-South Dialogue.

As honourable Members are well aware, we are still living with the consequences of the worst world-wide economic recession since the 1930s. In all the Member States unemployment is at unacceptably high levels. Economic growth rates are well below what we have become accustomed to over the last 20 years, and in most Member States inflation rates are well above the average over the last two decades and in some countries, including my own, remain disturbingly high.

The President of the Council, the British Prime Minister, met at the start of the Rome Council, as is the custom, leaders of the European Trade Union Confederation. Not unexpectedly, they expressed their profound concern about inflation and unemployment in Europe. The Council agreed to have a further tripartite conference before the end of June, bringing together governments, employers and trade unions. The Council, in their agreed statements on growth, inflation and unemployment, requested the Commission to draw up an action programme which will, we hope, cover specific proposals for increasing industrial investment, increasing job opportunities and covering those sectors causing particular and immediate concern, such as steel and shipbuilding. The Commission will make a progress report on its work to the European Council in June, and it is vitally important that we are in a position to report real progress for alleviating unemployment; in particular young school-leavers will expect action this summer, not mere words.

(Applause)

Restoring balanced growth to the world economy will be a major theme of the May Downing Street Summit. In areas where the Community has a specific competence, the President of the Council and the President of the Commission will speak for the Community.

It is wholly right that the Community should deal with these various economic matters which affect the livelihood of many millions of our own citizens. We need not be ashamed of admitting openly that this is the Community's first priority — but it is not our only priority. We are also citizens of the world. We have responsibilities to the unemployed and the

under-nourished world-wide. The European Community has never, thankfully, seen itself as an exclusive inward-looking organization, and the European Council devoted considerable time at Rome to the North-South Dialogue. The two issues are not unrelated. A generosity of spirit and intention is hard to achieve against a background of domestic recession. Help for the poorest countries in the world does not receive much sympathy from people living in the shadow, let alone the reality, of unemployment. We, as politicians, will carry our own European electorates in outward-looking policies to the developing world only to the extent that we can convince them that we are also deeply concerned about their lives and their jobs.

We have reached an important moment now in the history of the developed world's dialogue with the developing world. Two years ago, at the Seventh Special Session of the UN, we started to move away from confrontation and towards cooperation. The question now is whether cooperation can be maintained and consolidated in 1977 and for the years to come. The Community, for its part, has played, and will continue to play, a leading role in the dialogue. It has rightly been the dominant topic during the British Presidency. I believe that what the Community is now doing for the developing world is too little understood — in the Member States and in the developing world itself.

Let us look at the position as it is at the moment. The first stage of the Common Fund Conference was concluded less than a month ago. The second Joint Council of the 49 developing and 9 Community Member States, who are party to the Lomé Convention, took place last week in Fiji. We stand on the eve of the resumption of the Conference on International Economic Cooperation, which will conclude at ministerial level at the end of May in Paris. The IMF Interim Committee, meeting in a week's time, will be considering the serious problems faced by many less developed countries in financing their deficits.

The Downing Street Summit next month will discuss measures to stimulate world economic activity and to improve the functioning of the world's economic and monetary system; the problems of the developing world will play an important part in these discussions. In Britain, at a meeting of Commonwealth Heads of Government in June, representatives from countries at almost every stage of economic development, which embraces 24 signatories of the Lomé Convention, will discuss the issues of the North-South Dialogue in a relaxed and intimate atmosphere. Many matters of great importance to developing countries will come up in the forthcoming multilateral trade negotiations. That is a major spate of international activity over the next few months. The outcome of these many parallel and sometimes overlapping sets of negotiations and

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discussions will be decisive for the future course of the dialogue. Economic recession breeds insularity of attitudes and promotes protectionism; and all of these forces work against the success of the dialogue.

In one way or another, the Community's voice is heard in all these forums I have mentioned, whether it is through the participation of individual Member States, through Member States working in close cooperation and speaking as one, or through the Community acting in its own right. We now must ensure that this Community voice is identifiable, consistent and constructive. This means that whatever the differences over details which will inevitably arise between Member States, our objective must always be a common Community position. The basis for this is that we should agree on underlying principles: and in Rome we demonstrated a fair measure of fundamental agreement. I, for one, think it was extremely important that it should have been Heads of Government as well as the Council of Foreign Ministers who discussed the whole problems related to the North-South Dialogue.

We agree, I believe, in the Community that an international economy in which one-third of the world's population has an annual *per capita* income of less than £ 100 and in which the gap between the poorest and richest nations is growing, is morally unacceptable, demeans human dignity and is a force for unpredictable tensions, economic and political, world-wide. Stability in Europe cannot be isolated from world stability, and it says a lot for the Community that it has always recognized that fact.

We agree that there is justice in the demand of the developing world for a more equitable economic order and that it is a vital interest of both developed and developing nations alike to work together in devising such an order. We have to recognize that in a post-colonial world the developing countries must have their rightful influence in the international economic system. Certainly, during my recent visit to Africa, this point was made to me by every single independent national political leader to whom I spoke.

We agree that the Community, which is inevitably concerned primarily for the less fortunate amongst its own people, has an inescapable moral obligation to show a similar concern for the disadvantaged of the world. We cannot abandon the world's poor to the mercies of the Malthusian trilogy of war, famine and disease.

(Applause)

Speaking as a socialist politician to my fellow European socialists, rather than as President of the Council of Foreign Ministers, we cannot with conviction use the language of social democracy at home and that of

Adam Smith or *laissez faire* in the international economy.

(Applause)

All of us, whatever our political philosophy, I believe, agree that the Community has a duty to deploy its political and economic influence to promote the dialogue with the developing world. This is in keeping, not only with the long-standing ties of friendship and cooperation which individual Member States enjoy outside Europe, but with the rapidly developing role of the Community itself as a force in international affairs.

That is why the UK Presidency and myself, as President of the Council of Foreign Ministers, have felt it right to devote a major part of our Presidential efforts to hammering out, in the Council of Foreign Ministers and at Rome, Community positions on a Common Fund and on the issues which arise in CIEC. In Rome, the European Council agreed the basis of a common position for the Community's participation in the final stages of the CIEC, and further work was done in the Council of Foreign Ministers only this month. In particular, at Rome, the Community was able to agree to take an important step forward in an area of primary importance to the developing world, by accepting that there should be commodity price stabilization agreements, where appropriate, and that there should be a Common Fund. In addition, the Community also agreed to a study of measures to stabilize the export earnings of developing countries.

Since Rome, the first round of the Common Fund Conference in Geneva has ended. There was not full agreement. The pessimists, of course, had a field-day. Indeed, there are significant differences between some of the participants, and even the Community's view of a Common Fund differs from that of the developing countries. It is not surprising, nor is it unreasonable, that there are many differing conceptions of how a fund should operate and be financed. But we really must grow up and stop spending the whole of our time predicting crises every time there is a sense of disagreement. Disagreements in many of these discussions are inevitable. The discussions hinge, as I indicated earlier, on problems in the domestic economies of Member States as well as on our responsibilities to the developing world. But there does exist a consensus that any scheme eventually decided upon must assist international commodity arrangements to stabilize commodity prices around the long-term market trends. This would be of benefit — perhaps we should explain this more openly to our own electorate — to developed and developing countries alike. I believe that, given goodwill and a bit of give-and-take, a basis exists for the successful conclusion of a reconvened conference.

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The Community recognizes that wide fluctuations in commodity prices and export earnings can make a mockery of development plans. But these are very complex problems and the solutions to them cannot be rushed through in one go. An impatience with what is seen as a slow process is understandable, but all international negotiations take time. We have had to spend many hours, in the Council of Foreign Ministers, in the Committee of Permanent Representatives and elsewhere, on trying to reach agreement on some of the issues among ourselves, nine Member States, not to mention the problems when we go out into the wider international forum. Yet we recognize that it is literally a matter of life and death for many people that effective remedies for chronic poverty and malnutrition should be found, and found soon. But I think there is a tendency to belittle the considerable measure of agreement that has already been achieved by international negotiations, and for this measure of agreement the Community can rightly take a major share of the credit.

The Lomé Convention has just completed what has proved to be a successful first year actually in operation. The Convention grants preferential access to Community markets to what were originally 46 and are now 52 developing countries. Indicative aid programmes have been drawn up for all the original 46 countries, and aid is starting to flow for both national and regional products. The Stabex scheme has helped to stabilize export earnings in several raw materials. The establishment of the Centre for Industrial Development should increasingly bring into force the industrial cooperation provisions of the Convention. The full scope of the Convention was reviewed at the second Joint Council meeting, which only took place in Fiji on 13 and 14 April. The Community agreed to various improvements, including additions to the Stabex list, which had been sought by the African, Caribbean and Pacific countries. It was generally agreed that the Convention was providing real benefits and was beginning to fulfil its promise as a model of cooperation between developed and developing countries, based on the principle of equal partnership. So there is nothing for us to be defensive about in the success of that achievement.

There has been a small programme of aid to a number of countries not associated with the Community under the Lomé Convention or other agreements, and I very much hope this will be expanded in the coming years, bearing in mind the self-evident needs of these countries. At the same time, the Community's generalized scheme of preferences has been revised and improved in every year of its operation since its inception in 1971. It is now of particular benefit to the poorest developing countries. It provides for reduced-duty, or duty-free, access for manufactured and semi-manufactured products. The

Community has introduced its most recent improvement of the scheme in the face of economic recession, when many Community industries find themselves in difficulty and certain sectors are acutely vulnerable to the low-cost imports from developing countries.

If I may say so to honourable Members, when one visits a small, poor country like Botswana, in Africa, and one sees the gratitude they feel for the help they have had from the Community in various ways — not least, the most recent decision over beef — one realizes how important our decisions are, taken as they are often late at night at meetings in Brussels. We may forget the impact that they have on these countries in the developing world.

The Community's effort has been part of a general effort by the industrialized world to remedy the imbalance between the richest and the poorest nations. Here again, it is worthwhile looking at the actual record. For example, agreement has recently been reached on replenishing the international development agency to the tune of more than US \$7 billion. The IMF agreed at the end of 1975 on a liberalization of the compensatory financing facility which resulted in a dramatic increase in drawings by commodity exporters. The IMF Interim Committee agreed at the beginning of last year to increase credit tranches by 45 %, pending the entry into force early next year of new members' quotas: on average, these will be almost a third higher than existing quotas. This IMF committee will be meeting again in a week's time in Washington, when it will consider the possibility of greater access to the fund's resources. Agreement was reached at the Kingston meeting of the IMF in January 1976 on gold sales over a period of four years, part of the proceeds of which goes into a trust fund for assistance to developing countries with balance-of-payments problems.

These are only some of the measures which the industrialized world has taken to assist the economic development of the poorer countries, and they need to be recognized rather more than they are at present. In addition, within the framework of the multilateral trade negotiations, a study is being undertaken of ways of improving the international framework for world trade with particular emphasis on trade between developed and developing countries.

Now I would suggest to honourable Members of this Parliament that this is a record of solid achievements. We have no grounds for complacency, I openly admit; but neither have we grounds for despair or defeatism. It is a measure of the size of the problem that so much remains to be done. But if I may speak bluntly, the Community has always had a depressing tendency to denigrate its own achievements, often because it fixes its sight on wholly unrealistic targets and then feels a sense of let-down when those targets

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are not met. We must continue to offer the people of the poorer countries the prospect of lives no longer dominated by want and insufficiency. In doing so, we must ensure that we improve, rather than damage, the functioning of the world economic and trading system. This must be the standard by which we judge the validity and realism of the various issues which have arisen in the dialogue and of the solutions which have so far been proposed for them — this applies to debt-relief, the export earnings of producer countries and some other issues.

Here again, I think we should be honest. Some of the ideas which have been discussed, championed and widely publicized are frankly totally unrealistic and cannot be supported even by those politicians who are prepared to show vision and to give a lead to their domestic public opinion — many of them with an honourable record to the developing world. It is simply not feasible to meet immediately all the demands of the developing world. Yet this practical political reality should not diminish the force of our commitment to deal cooperatively with the serious and urgent problems of developing countries. Resources are finite: and the governments, which are democratically elected and depend on popular support for their continuance in office, have to recognize the political constraints within which they work. This does not mean that the industrialized democracies are entitled to use their present economic difficulties as an excuse for abdicating from the kind of political and economic leadership which the rest of the world expects of them. On the contrary, our aim must be to establish a realistic basis on which to discuss with developing countries how resources can best be made to grow and how they should be deployed. I hope that this is the atmosphere in which the dialogue will be continued at the meeting of the CIEC in Paris.

Solutions to these complex problems will not come overnight and we should not be afraid to point out, as we did in Rome, that there are other countries, such as the USSR and those of Eastern Europe which have responsibilities and in many cases contribute very little indeed to the developing world. We look also to the oil-producing countries, with their vast surpluses, to cooperate with us by contributing constructively and generously. We need to widen the participation in the North-South Dialogue and recognize that we are involved in a complex and long-term process that will amount to a permanent state of discussion and negotiation. It is vitally important now that the two sides should work together and not against each other in this process. Without this sort of cooperation, we cannot possibly hope to restore the health of the world's economy. The key to the problems of both developed and developing countries, is this whole question of how we tackle the problem of the world economy.

We want expansion and with it an expansion of world trade which will contribute to the growth of the industrialized nations, expand their demand for the exports of the producer countries and thus increase the real wealth of the developing nations. We must avoid invoking counter-effects which might endanger the prospect of a sustained recovery of world economic activity. For without this recovery the task of redistributing resources more fairly on a world scale will be infinitely more difficult.

In conclusion, I do not pretend that our response to the challenge presented by the widening and intolerable gap between rich and poor countries has so far been adequate. But at least the evidence is there for all to see of the Community's determination to tackle this intractable problem and of our commitment to working together constructively with our many friends in the third world.

We share a common goal of a more equitable and prosperous world economy. But our task, and the task of honourable Members of this House, as political leaders is to shape public opinion in our own countries and to build up a sense of idealism and commitment of our own people so that the Community's aspirations and rhetoric are matched by concrete and recognizable achievements in this area of political activity which, I believe, is of profound importance for the peace of the world and the future of all the world's citizens.

(Applause)

President. — Thank you for your statement, Dr Owen.

I am sorry that you have to return to Britain so early, but your departure is fully justified by the reasons you gave. We all agree that the debate on direct elections to the European Parliament, which is to take place today in the House of Commons, is extremely important.

I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — *(F)* Mr President, on behalf of the Commission, I would like to echo Dr Owen's satisfaction with the results of the European Council. It achieved positive results on important issues and showed that heads of State or of government really could meet and discuss matters affecting the citizens of our countries. We can therefore be satisfied with the outcome, as the President-in-Office said. I shall not go into these results in detail and, in particular, I shall not dwell on what was one of the most important parts of his statement, — the Community's relations with third world countries. You stated quite clearly the political objectives of the Community, but you also stressed its generosity towards the third world and its realistic approach to problems affecting both those countries and the Community, since, in certain fields, this economic

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order concerns us so directly that the solutions adopted will also have a bearing on growth and employment in our own countries. I feel your remarks met with the approval of the House.

As you know, this problem has been a major factor in the Commission's action for several years now, and I fully share your conclusions as regards both the political motivation and the methods.

On behalf of the Commission, I should like to express my satisfaction on one specific point in the results of the European Council: I am referring to the confirmation of the presence of the Community at the London summit, where it will be represented by the President-in-Office of the Council of Ministers and the President of the Commission on subjects which fall within the Community sphere of competence. Like the European Parliament, the Commission attaches great importance to this. Without bringing up all the issues, I should like to say a few words on the resolutions adopted on growth, inflation and employment and on the problem of the iron and steel industry. As Mr Owen has just reminded us, the European Council in Rome discussed at length the related problems of growth, inflation and employment. As I see it, these three words in themselves constitute a strategy.

As we were reminded a few minutes ago during Question Time, it is quite clear that it is a matter of extreme urgency and priority for the Community to reduce unemployment. However, whatever other means can be envisaged to tackle the problems facing us, this aim cannot be achieved without growth, and that means we must beat inflation. These three words thus constitute the difficult but indispensable strategy drawn up by the European Council.

The Commission attaches particular importance to the European Council's recognition of the need for the Community to speak with a single voice and to adopt a united stance in the important international discussions currently under way. This applies to world economic activity and to the action to be taken by those countries which are best placed to stimulate growth, thereby strengthening the export potential of the less privileged countries. It also applies to monetary matters. In his statement, Dr Owen mentioned these various problems and recalled the action which has been taken at Community level and is to be discussed in the Interim Committee, but we must realize that this action really is being undertaken in the common interest. While it can be maintained that, on the whole, international liquidity is currently adequate, the problems involved in distributing this liquidity lie at the heart of our own predicament, since this is the key to the development and maintenance of international trade. Consequently, when we speak of currencies and of the distribution of international liquidity, we are also speaking of trade and of our countries' chance to escape from a difficult situation.

The Commission therefore attaches very great importance to this growing awareness of the need for solidarity with third countries. Of equal — and even more immediate — importance in our view is the recognition of the role which the Community has to play on a number of fronts which are listed in three points of the statements made at the conclusion of the European Council in Rome. The first concerns employment and the determination to introduce specific measures to tackle unemployment among young people and women. We are giving this problem very close attention and are currently examining possible applications of the Social Fund and specific measures at national or Community level to back up any action taken.

The second point to which we attach particular importance is the search for alignment. I shall not dwell on this since it has often been discussed by this House. Nevertheless, I would like to state that if alignment was discussed, not with regard to European integration, but with regard to employment and inflation, it is because we do not see it just as a means of achieving the remote objective of harmonization. Alignment can also mean other things: consistency (i.e. not contradicting one another in action taken at national level) and cohesion (i.e. supporting one another in action taken at national level). This means relinquishing some lofty aspirations in return for a powerful reality — the interdependence of the Community. It is to achieve consistency and cohesion that we need to have an increased alignment of our economies, while at the same time, not losing sight of our main objective — a better internal balance within the Community. I should like to speak briefly on a point which we specifically asked to be included in the conclusions of the European Council: the emphasis laid on the financial instruments at the Community's disposal and the central role of investment in the economic recovery. We cannot push consumption much further.

Obviously, we should like to export, but we have to find markets. The third factor — the driving force of our economies — will and must be investment. At least, this is what the Commission believes and, while not forgetting other Community or national action, it feels that it is of fundamental importance. This is why it has sought better coordination of the financial instruments concentrating on coordination of the funds with a view to greater efficiency; this is why it has commenced a critical examination of the development of the financial means which could be used to facilitate investment, either by applying the means which already exist — such as the Regional Fund — by adding new instruments — which is what we have just done by our decision on loans for Euratom — or by working out a new approach in conjunction with

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the European Investment Bank. We are aware that creating the climate for investment is not up to the Community alone — on the contrary, there is a whole range of factors such as national economic development, confidence and national and international financial instruments to be considered. However, we feel it is time we stressed the central role of investment, and we are gratified that the Council has recognized this. As Mr Owen pointed out, we are also gratified at what was said concerning the tripartite conference, which represents the essential collaboration between those who are at the basis of our economic and social activity in working out a strategy in which everyone is involved. This is what is known as a consensus, but it boils down to a readiness to negotiate and decide how unemployment and inflation can be overcome. Individual action, whether by persons, enterprises, trade unions or governments, will not succeed; we are committed to a course of action which is so difficult that if we do not all move in harmony we will fail to achieve this apparently contradictory dual objective of full employment and reduced inflation. It is an extremely difficult task: we are negotiating some tricky ridges and we must all be roped together.

A meeting to review these problems, to examine the results achieved and to decide whether or not we can afford to be more ambitious as regards economic integration, has been fixed for the end of the year. The essential thing today is to achieve the aims which have been mentioned and to see an improvement in our situation this year.

Lastly, I should like to mention the problem of the iron and steel industry. It was at the Commission's request that this issue was included on the agenda of the European Council. Why? Because the Commission feels that the action it is taking in this sector is of capital importance, because it is convinced that this activity is one of the mainstays of the Community's economy because — as the former executive body of the ECSC — it is fully aware of the social problems facing us and its responsibilities in this field, and because it appreciates the importance of the problem and its implications for the Community as a whole. Even though the responsibility at Community level is first and foremost its own, the Commission wanted this problem to be recognized at the European Council so that the action which it is taking would be actively encouraged by the heads of State or government. We are firmly resolved to establish an iron and steel industry which will once again be viable and competitive.

We are resolved to introduce a series of measures to stabilize the market and to establish price levels which will safeguard the survival of the Community iron and steel industry, so as to facilitate the reorganization which is indispensable if we are to achieve competitiveness, and in order to support at social level the action taken. In this connection, I should like to recall

that the use of ECSC funds — especially the loans provided for by the European Coal and Steel Community — should not be limited to enterprises in the iron and steel sector. We have the opportunity of giving Community loans to enterprises outside this sector so that they can set up plants in areas where social problems arise, and we must avail ourselves of this opportunity to the fullest possible extent. The Commission is at present drawing up a strategy along the lines of the one it followed last year, and it wanted this action to receive the backing of the European Council. This backing was promised in the declaration adopted at the close of the Rome summit. That, Mr President, is what I wanted to say on behalf of the Commission concerning the outcome of the European Council. Of course, it is basically only guidelines and intentions which have been expressed on all these matters. The European Council's choice of issues on which it felt Community action was needed is, to my mind, judicious. It is now up to us all to see that this action is taken. In many cases, it is a question only of pursuing action already up and supported by this House. In my opinion, the European Council has made a sound choice of issues and laid down guidelines which will prove extremely useful to us in the future.

(Applause)

President. — I thank Vice-President Ortoli for his statement.

In view of the fact that the President-in-Office of the Council has to take his leave of the House at 1 o'clock, and that it would be inappropriate to continue the debate without him, I propose that our discussion be limited to the speeches by the spokesmen of the political groups.

As there are no objections we shall proceed accordingly.

I would ask the speakers to be as brief as possible so that all the representatives of the groups have the opportunity to speak before 1 o'clock.

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

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, in view of the shortage of time and out of consideration for the British Foreign Minister I will be extremely brief. May I say how glad we are that the British Foreign Minister is going to take part this afternoon in the debate in his own parliament on direct elections to the European Parliament, as he told us at the beginning of his statement. I think this is particularly significant since I know that Mr Owen, as an ardent European, will bring his entire political weight and the weight of his government to bear in the House of Commons so that the deadline which the Heads of State and Government have set themselves for direct elections, i.e. summer 1978, can be met in Great Britain as well as in other countries.

Fellermaier

I might add, Mr President of the Council, that the moment of truth for the Heads of State and Government will come when they have to demonstrate that they can use their authority in their countries to ensure that the people of Europe and the major forces in society will not be disappointed and that we will not have to wait another year and perhaps another after that. We are not making any demands here. We are just saying that it is we who are responsible for ensuring that the Heads of State and Government adhere to their decision.

And now to your remarks. They showed a sense of realism. They also showed in particular that you, Mr President, have resisted the temptation to be over-ambitious. It has frequently been the case in the past that ambitious plans have remained mere plans.

The Socialist Group thanks you for drawing particular attention to three crucial issues for the inner cohesion of the Community in your statement on the outcome of the European Council in Rome. I am referring to the questions of economic growth, inflation and unemployment.

I have already said this in this House in another connection, but I would like to repeat it in the presence of the President of the Council. Even after direct elections, the European Council, the Commission and this Parliament will be judged less by the solemn statements we make, but by whether or not we succeed in effectively combating the scourge of unemployment in the countries of the Community. It appears to me, however — and this is the criticism I should like to level at the President of the Council — that in order to do this the European Council will have to cooperate with the Commission on a much larger scale in developing overall, interrelated measures in the economic field, so that we will not end up trying to deal with one crisis after another as they occur, in the same way as the fire brigade puts out fires.

One moment it is the crisis in shipbuilding, then the crisis in the textiles industry, and now the situation in the European steel market is becoming critical. We know that tens of thousands of jobs in each individual Member State, in the United Kingdom and in this country in which we are meeting, are threatened.

My question both to Mr Owen and Mr Ortoli is this: Was not this steel crisis something we could have foreseen? Could we not see that this development within the steel market was inevitable in view of world competition and the fact that we have quite consciously promoted basic industries in developing countries which must naturally be given marketing opportunities within Europe? Could we not have seen this coming? Must we always tackle problems like an emergency fire service? This applies also to the current proposals by the Commission in its capacity as High Authority by virtue of the ECSC Treaty. Do

the Commission proposals go far enough in the light of what the Heads of State and Government in Rome asked them to draw up?

I am grateful for your announcement that the tripartite conference between governments, employers and trade unions is to be resumed in June of this year. I think it is an essential part of European economic policy that this dialogue be made a permanent institution, so that labour and management and the governments can join in an attempt to make some progress in matters of inflation, unemployment and growth. In this connection we should also consider whether the proposal to reduce working hours, put forward by the European Trade Confederation at its congress in London, should not play a greater and more active role in the public debate.

It should also be pointed out that investment, necessary as it is, must be considered in the light of whether it will lead to jobs being rationalized out of existence or to the creation of new jobs, since investment with public funds — both from the European Community and from the governments of the individual Member States — can only be advocated and defended — and I must make this quite clear on behalf of the Socialist Group — if it results in new jobs. This is essential if public funds, in the widest sense of the word, are to be invested with a view to influencing economic development.

As regards the North-South Dialogue, you made two noteworthy observations. Firstly, you said that the Lomé Convention and the improvement of the Stabex agreement for the improvement of the developing countries' export earnings in raw materials were a model for the world, but that there had been very little response from either the oil-producing countries of the USSR and the rest of eastern Europe. I feel, Mr Owen, that the point you have made here today should be explicitly raised in the negotiations between Comecon and the EEC — which, although still only in the initial stage, should lead to a new and stable relationship between the two parts of Europe — and also in the Helsinki follow-up conference in Belgrade in connection with the basket relating to economic questions.

In order to be fair to the other groups and give them an opportunity of speaking while the British Foreign Minister is still present, let me finish with a personal remark from the Socialist Group to a fellow Socialist from the United Kingdom — to one of the youngest Foreign Ministers in the European Community. For the remaining months of your presidency of the Council, in addition to your youthful idealism and the great political experience you have gathered in your home country, we wish you courage, a sense of realism and good judgment, so that you will be able to say at the end of this British presidency of the Council, 'I have gone beyond the call of duty as Presi-

Fellermaier

dent of the Council of Ministers to bring Europe a little further towards its goal.'

(Applause)

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

Mr Bertrand. — *(NL)* Mr President, I listened with great interest to the statement by the President-in-Office of the Council on the problems discussed by the European Council in Rome. I must say that I am somewhat surprised at how reasonable the Socialist Group was about the fact that Mr Owen cannot remain here for the debate today.

Mr President of the Council, some of your predecessors have also had commitments in their own country, but they were severely criticized when it emerged that they were not staying for the debate in our Parliament. You are a new, young minister. We can be kind and understanding about your having to leave us today. But the fact that you have to leave in order to debate direct elections to the European Parliament in your own Parliament indicates a certain lack of respect for the European Parliament, since you could have begun that debate on European elections tomorrow and thus could have stayed on here today to answer our questions on the major European problems. I should just like to stress briefly, since we are getting the impression more and more that you only devote time to us when it suits you, and that you are all too ready to say, 'I can't make it this time'.

For three years it has been a tradition in the European Parliament for the President of the Council to be present on the Wednesday of our part-session. We only ask him to be present one day per month.

We would be grateful if you would respect this tradition in future. We insist that the Council should put itself at the disposal of the European Parliament for one full day, particularly now that we have such difficult problems to discuss. This is not intended as a criticism. I am just pointing out that Presidents of the Council are apparently being treated in very different ways when they are unable for one reason or another to remain here. I should like to see them all receive the same treatment if they should have to leave prematurely.

I should now like to say how pleased I am at the results achieved by the European Council in Rome. It is perhaps a coincidence that this European Council coincided with the twentieth anniversary of the signing of the Treaty of Rome. For once we can make an exception and do not need to criticize the European Council harshly for its lack of decisions. The Christian-Democrats are pleased at the way in which the European Council in Rome tackled a number of specific problems, thus proving that things are moving in a direction which will enable the European

Council to play its own part in the process of European integration.

We thank the Council for agreeing to let the President of the Council and the President of the Commission to take part in the economic summit in London. We regard this decision as a precedent and hope that, after the recent unsuccessful attempts to have the Community as such represented at the Rambouillet and Puerto Rico talks, this decision has set the pattern for the future, and that we will be able to count on the Community being involved automatically if further initiatives are taken to discuss economic problems at western-world level.

We also thank the Council for finally stating that the current major economic problems, i.e. inflation and unemployment, can only be satisfactorily solved by means of increased cooperation at Community level. We will not readily forget that the European Council has now stressed that Community cooperation is vital if the Community wishes to figure in the world economic system it is hoped to establish, and that the Community must play an important part in this system. I should therefore like to stress what Mr Ortoli said, namely that the concrete proposals for combating inflation must be accompanied by a cut-back on costs, since I do not see how we can logically reduce inflation without also cutting costs in the general economic activities we hope to carry out. I should therefore like to stress that we expect the Commission to make proposals for keeping down costs at the same time as it draws up its proposals for the joint combating of inflation, since this is the only way in which we will really be able to overcome this problem. The European Council has decided to convene a tripartite conference in June. This is at fairly short notice, and there will not, in my view, be sufficient time to prepare this conference adequately. We must not, therefore, expect too much from this tripartite conference. It may well list the achievements since last year and decide what shall be done in the future, in consultation with both sides of industry, so that towards autumn the Commission can make the necessary proposals for a real, serious tripartite conference. In other words, we should not put on a political show and announce that a tripartite conference will be held in the very near future. Anyone involved knows that the time between now and June is too short to prepare the conference sufficiently for any positive results to be achieved. This is not just my personal opinion — Mr Vredeling has already said this publicly.

We must, then, devote particular attention to a genuine Community fight against inflation. We must also, however, endeavour to develop a Community employment programme. I therefore welcome Mr Ortoli's statement to the effect that, when it makes its proposals to get investment in the Community really moving, the Commission will also have to make a

Bertrand

request for the financial instruments if feels are necessary for this investment policy to be implemented promptly. The fact is that, if we talk about investment without knowing how the investment policy is to be put into practice with the aid of Community instruments, I am afraid that the imbalance within the Community will become even greater — that the discrepancies from one country to another will increase still further. We should therefore be grateful if the Commission would tell us as soon as possible how it intends its regional policy to operate after a new Regional Fund has been introduced.

How does it see the role of a new European Social Fund as an instrument for creating jobs during this restructuring? There are problems I should like to emphasize. I cannot go into them further today, since we do not have time to hold an extended debate, but I nevertheless wished to stress these two points briefly before discussing some aspects of the steel crisis.

Mr President, I have been in this Parliament since 1952. I witnessed the entire development of the coal crisis — indeed I even specialized in it and acted as rapporteur.

Well then, we are again faced with the collapse of one of the pillars of Community prosperity. After the coal crisis we have a steel crisis. By virtue of the Paris Treaty, the Commission has greater powers in this matter than the Council, and in discussing steel problems we are naturally talking about restructuring. The French Government has already provided 21 000 million, and the Belgian Government 9 000 million, not to increase employment in the steel industry, but to reduce it. This is the logical consequence of these investments. This restructuring and modernization must therefore be accompanied by new investment to provide new jobs in other sectors.

I cannot just sit back and watch 12 or 13 thousand people being made redundant in the steel industry in Lorraine, without anyone saying what other industries they intend to invest in order to guarantee these men a living in the future. These problems are interrelated, and this is why I feel such concern and urge you not to disregard the social consequences of the restructuring plans for the steel sector, otherwise we will end up in the same sort of troubled situation as we have already experienced so often.

One last word, Mr President and Mr President of the Council. Mr Owen, you are also the Chairman of the Conference of Ministers of Foreign Affairs, which met on Monday and Tuesday. Have you nothing to tell us about this? May not Parliament be told what you discussed on Monday and Tuesday? What is your position on Zaire? What did you say on this matter? Must we get this information from the newspapers despite your presence here today as Chairman of the Conference of Ministers of Foreign Affairs? Surely I can ask you this. Did you discuss the Middle East on

Monday and Tuesday? I would have thought that we, as Members of Parliament, should at least be given the necessary information from the Chairman of a Conference if he is at present in Parliament the day after the Conference. I hope you will not take it amiss, Mr President, but I feel I had to put this question, so as to hear something about what was said regarding the critical situation currently developing in Africa.

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

Mr Johnston. — Mr President, on behalf of the Liberal and Democratic Group, I would welcome Dr Owen. Like Mr Bertrand, I must say that I think the reason for his return is not a very strong one. The plain fact of the matter is that the time of these part-sessions is known for a year in advance and, as Mr Bertrand pointed out, the presence of the President of the Council is only required on one day during that week and I really don't think that that is beyond the wit of parliamentary management to arrange. I think it shows a lack of appreciation of the importance of this Parliament in Westminster, but these things do happen. It is not the first time that it has happened by any means.

However, I hope very much that when he does return he will emphasize to the House of Commons the importance of meeting the May 1978 deadline and indeed that in devising a system whereby the British should send representatives to this Parliament, the moral authority of the British Members would be greatly diminished if they were elected by an unfair and absurd electoral system, which would certainly have the effect of artificially distorting the balance of power in this European Parliament.

Liberals recognize the value of meetings of the European Council. It originally was an *ad hoc* arrangement, but it has clearly met a very real need. The next stage, we think, is probably to integrate it into the formal framework of the Community, a proposal which is likely to be debated at the conference of the Federation of Liberal and Democratic Parties in Rome at the end of the year. We shall be interested in having some indication from the Ministers' replies as to his attitude to this question.

Like his predecessor, Mr Crosland, Dr Owen stressed the need to be realistic — that was touched upon by Mr Bertrand a second ago as well — not to aim too high but not to be satisfied with less than the best and most equitable arrangements that can be achieved. We agree very much with his approach, but would say that one of the essential elements in it, both in our dealings with each other and in evolving common attitudes towards others, concerns political will. For example, I think it is perfectly proper for the British Minister of Agriculture, who was coming in for a little bit of comment during Question-time earlier, to press

Johnston

for particular changes in the common agricultural policy, but to do it in the style and with the overt nationalistic motivation of which one hears more and more disturbing reports, is likely to undermine good relations and damage Community cohesion without leading to any more sympathy for, or understanding of, the British position.

I don't intend to try any more than Mr Fellermaier and Mr Bertrand to comment on the whole range of questions which Dr Owen reported on, but would confine myself in the time available simply to make three short points.

Firstly, Dr Owen spoke at length, and it was right that he should do so, about the North-South Dialogue and the whole relationship with the developing world. We in the Liberal and Democratic Group very much welcome the Minister's insistence that his Socialist colleagues cannot use the language of social democracy at home and deny it abroad. I would say with respect that it is not really the doctrines of Adam Smith but those of protectionism which threaten the hopes of the poorer nations.

I hope that the Council of Ministers in the future, and perhaps they already have done so, will give particular attention to the problems of India, which has by itself a population of more than double that of the whole of the Lomé Convention countries and whose people have recently demonstrated, I think very splendidly, their commitment to the democratic standards by which the Member States of our Community live.

Secondly, the general economic situation self-evidently caused deep concern in Rome. In asking the Commission to prepare an action programme, the European Council laid a very heavy burden upon them but also, I think as both Mr Bertrand and Mr Fellermaier said, emphasized by so doing the indivisibility of the problems we face, even if, perhaps, some of our member countries currently suffer more severely because of rather longer-term factors than it would be possible easily to overcome. I hope very much that this approach will in turn be reflected in the approach to the second stage of the Regional Fund, which, I think, is tremendously important when dealing with structural problems on a geographical basis and also ensuring a rather more equitable distribution of resources. I hope also that it will strengthen those — and I agree very much with what Mr Fellermaier said here — who argue that the problems of regional run-down, the problems of industrial crisis, as in steel and in ship-building, and the factors which cause unemployment and inflation can best be tackled on a Community basis against the development and background of a Community economic policy.

Finally, being realistic — and that was the word which has so often been used already — also requires one to face up to the fact that in certain areas progress has not proceeded at the pace that is both possible and is required, and I hope that the Minister recognizes that for some of us, and certainly for us in the Liberal Group, matters like the failure to agree on JET, the lack of full representation of the Community at the economic summit and the ongoing agricultural dispute are questions which depress those of us who think that the security and prosperity of all the Member countries depend upon the success of our Community.

Personally, I think that the Presidency of the Council is far too short a time for the individual upon whom the responsibility is laid to have a real opportunity to exert influence on the speed of decision and on the style of discussion. However, short as it may be, I hope that Dr Owen's remaining time in the chair will be very successful.

(Applause)

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

Lord Reay. — Mr President, I would like to add my welcome to that which you have already given to Dr Owen on this, his first visit to this Parliament. On the question of his having to leave at 1 o'clock, it is obviously not very satisfactory from the point of view of our discussions, and Mr Bertrand and Mr Russell are quite right as a matter of principle in maintaining pressure on the Council to arrange things so that the President-in-Office can be here for a whole day. I have no doubt that these things can be arranged differently.

However, we would, of course, at the same time wish the important debate which is taking place this afternoon to be attended by Dr Owen. We hope very much indeed that the outcome of that is going to be successful and that the whole matter of direct elections, which is only likely to be held up by what might happen in the United Kingdom, will not be held up but will be able to go forward in the Community as a whole.

I would agree with those who took a favourable attitude to the Rome Summit Meeting. I think it was rather a satisfactory meeting, even if at times it seemed to be taken up with a dispute which, in terms of the length of time it took up, acquired a rather undignified degree of prominence — namely, that over the measure of participation that was to be permitted to President Jenkins. Nevertheless, that matter was in the end resolved.

Lord Ray

There was undoubtedly substantial progress made in the field of relations between the developed and developing countries and improving the Community's diplomatic stance in this field and it was to this matter which Dr Owen devoted such a very large portion of this address. With regard to what he had to say on that, I thought that he spoke in a well-balanced manner: he pointed to the need that exists for more to be done in this field and the need to alleviate the appalling conditions which exist in the developing countries. On the other hand, he emphasized the achievements that have been made by the Community and the industrialized countries, and he deplored some of the unnecessary criticisms and the sometimes excessive readiness to criticize and to express impatience at the progress he has made. And I think he was also right to point to the need for the Soviet Union and other East European countries to assume their responsibilities in this field: they have not contributed in any way comparable to that in which the West has contributed as a whole.

If I may for a moment speak as a member of the Committee on Development and Cooperation, to which I have belonged for 4 years, I was particularly pleased that his recent experience in Africa enabled him to report to this House how much the help which the Community gives to developing countries can be appreciated in countries which are beneficiaries of that aid. He cited the particular case of Botswana. The cause of Botswana beef is one that has been very much taken up in this Parliament. We have had debates on it in this Parliament and also in the parliamentary institutions of the Lomé Convention when we met last year. So I think that this Parliament has also played a role in what the Community has done with respect to that country and others, and it is gratifying that there should be a recognition expressed in this House, not only from members of the Development Committee of the Parliament, but also from the desk of the Council of Ministers.

I would just make a final reference to the remarks he had to make on the unemployment situation, which of course is extremely bad within the Community. The figures are extremely high. It is an appalling situation for school-leavers. All I can really say is that I sincerely hope that the action that he said school-leavers wish for can be realized, action which can alleviate this problem within the Community without reviving ruinous levels of inflation, which may be incurred without even solving the unemployment problem.

Mr President, it would be unfair for me to make any further remarks in view of the time shortage. I conclude by repeating the welcome to Dr Owen and wishing him success in the debate this afternoon in the House of Commons.

(Applause)

President. — I call Mrs Iotti to speak on behalf of the Communist and Allies Group.

Mrs Iotti. — *(I)* Mr President, I should first like to make a general point which has nothing to do with the absence this afternoon of the President-in-Office of the Council, but rather concerns the way in which Parliament has devoted so very little time to such an important and significant debate, having preceded it yesterday with some discussions — for example on raw materials — which I feel could and should have taken place in a more general context. If we want the decisions and debates of our institution to have the political significance which we all, as Members of the Parliament, seek, I consider that we should go beyond purely formal actions, i.e. a binding vote, and above all endeavour to make real contributions by means of an adequate and detailed debate.

So much for the way in which the debate has been handled. As to the substance, Mr President, ladies and gentlemen, we attach great importance to the Rome Summit, and our overall judgement of it is positive, since we feel that it was intended to give a new impetus to European ideas. Furthermore we wholeheartedly welcome the decision to have the European Community participate as such at the London Summit and at the North-South Dialogue. Finally, we understand and approve the statements made this morning by the President-in-Office of the Council as to the significance and the importance of the Community's relations with the developing countries.

I do not wish to add much to what has already been said, partly because I have only a few minutes' speaking time. However, I would like to point out — and I do not think that anyone here took this up — the importance of Mr Owen's statement on the need for economic expansion. In our view, this expansion is not only indispensable but fundamental if we are to achieve positive results.

If, for example, we consider yesterday's debate on raw materials we have to say that, even as regards a factor I feel to be one of the mainstays of the growth of the European economy and its competitiveness at world level — I am referring to our relations with the developing countries — there is perhaps more of the spirit of Adam Smith in this House than a realistic approach to the multi-faceted political struggle of today, or rather to the problems inherent in the development of the modern world.

Another extremely important and positive decision taken at the Rome Summit was to hold another tripartite conference. We often say, ladies and gentlemen, that we want to bring the European ideal home to the people of Europe, but we forget this just as often. I think that 'involving' — to use the current political jargon — our social partners, i.e. the various trade union bodies, in the construction of Europe and in

Iotti

the discussion of the problems concerning the economic and political recovery of Europe, is an all-important and fundamental part of this political development.

Judging from the statements issued, some other positive results emerged from the Rome Summit. These have already been mentioned by Mr Ortoli when he stated that there must be an end to the economic discrepancies between Member States of the Community, and that endeavours should instead be concentrated on eliminating these and on providing vocational training to women and young people, the progress made in economic growth, on the employment front and in the fight against inflation should be assessed before the end of the year in order to appraise the prospects of moving towards economic and monetary union, which is once again becoming a topic for discussion.

However, ladies and gentlemen, despite these positive facts and declarations, we feel that there is very little substance behind the words and that there is no unity in the political determination of the individual countries to face up to these problems and thereby provide a way out of the current recession — and this reflects the crisis affecting the European economy.

In this connection, I consider that current developments in the steel and the textile sectors — as Mr Fellermaier has already pointed out — indicate the need for an agreement as soon as possible. Otherwise we risk being overtaken by events in this field, too.

Lastly, Mr President, I should like to refer to a problem which the European Council of Rome dealt with at some length but which has had little mention in this House. The President-in-Office of the Council quite rightly stressed that the European Council meetings constitute an institutional innovation. My own feeling is that herein lies the weakness of our position, because while it is true that these European Councils are very important by virtue of their composition, it is equally true that they lack the political power to make their decisions binding.

In this context, I believe the question of the direct elections to the European Parliament is fundamentally important as a decisive commitment for the Community. In the United Kingdom and in France there have been new developments which we hope will do much to ensure that the elections to the European Parliament are held next year, not with a view to reducing the national assemblies' powers — which must remain intact — but so that the decisions taken at the summits of the heads of state or government can be ratified in terms which are truly binding thanks to the quality and strength of a Parliament elected by the peoples of Europe.

(Applause)

President. — The debate is closed.

The proceedings will now be suspended until 3 p.m.
The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3.10 p.m.)

President. — The sitting is resumed.

6. *Agenda*

President. — I call Mr Klepsch on a point of order.

Mr Klepsch. — *(D)* Mr President, after consultation with the Conservative and Socialist Groups, I should like on behalf of the Christian-Democratic Group to request a change in the agenda.

I should like to propose that we first deal with items 34 and 35, the joint debate on human rights, since we agreed to hold a limited debate on this subject, and that we then hold the debate on agriculture. We believe that this is the most sensible way of conducting the proceedings, since it means that we will not be imposing any further restrictions on the agriculture debate. We did not agree earlier on how long it is to last and we think that the public would not understand if we were to hold the debate on human rights in this Parliament at just any unspecified time. We therefore request that the agenda be rearranged as proposed.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, it is only to obtain clarification of a point. If the suggestion is complied with, could I know whether it has been taken into account that the Committee on Budgets of Parliament is meeting at 6 o'clock in order, specifically, to discuss an opinion that has come from the Committee on Agriculture on the new proposals of the Commission in connection with farm prices? Obviously, if the meeting of the Committee on Budgets is going to clash with the debate which I understand is going to take place on the Council statement in respect of progress on the farm price review, it will place a severe constriction on those of us on the Committee on Budgets who will be anxious to make a contribution to this debate, to attend. I just wondered whether these new arrangements had taken into account that possible clash, because many of us on the Committee on Budgets would regard the Council's statement and the debate upon it as a matter of some very considerable importance.

President. — I call Mr Houdet.

Mr Houdet, *chairman of the Committee on Agriculture.* — *(F)* Mr President, I am very surprised at the request that has been made. I have been in this Parliament long enough to know that we are always told at the beginning of our part-sessions that the agenda adopted by Parliament's enlarged Bureau is not to be

Houdet

changed. It sometimes happens during the opening sitting that we change the agenda, but always with difficulty. So I do not understand that at the last moment, when we are on the very point of beginning this debate on agricultural policy, after the statement by the President-in-Office of the Council, we are asked to postpone it. This debate has been arranged: it is supposed to last for two hours, the speakers are listed, the Committee on Agriculture met yesterday evening to discuss another matter, which I shall refer to in a moment, and is ready to take part in the debate. I fail to see why the debate on human rights should now precede the debate on agriculture. So I do not agree.

In answer to Lord Bruce, who mentioned that the Committee on Budgets would be meeting, like the Committee on Agriculture yesterday evening, at 6 p.m. today to examine the three regulations which the Commission has put before us with a view to adding them to the price package, I would point out that these three regulations will, in accordance with your decision, be examined either on Thursday or on Friday, but that the Committee on Budgets must meet at 6 o'clock. Therefore, if you begin the agriculture debate at that time, instead of having it finish at 5 o'clock, as was originally agreed, both the Members of the Committee on Budgets and the Members of the Committee on Agriculture invited by the Committee on Budgets will be unable to attend this meeting. I therefore oppose Mr Klepsch's proposal and request that we begin this afternoon's sitting with the debate on agricultural prices.

(Applause from various quarters)

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* No, I must speak on this matter because otherwise you will begin the debate on agricultural prices and I wish to point out that my Group has not yet used up the speaking time to which it is entitled on the statements by the Council and Commission of the European Communities on the meeting of the European Council on 25 and 26 March. Secondly, I note that the President-in-Office of the Council, Mr Tomlinson, is in the Chamber. Thirdly, I note that the Vice-President of the European Commission, who intervened in the debate itself, is present, and I would point out on behalf of my Group that Lord Ardwick was down to speak this morning. I must formally insist, Mr President, that we adhere to the list of speakers and that you allow Lord Ardwick to make use of the agreed speaking time. Then, of course, we must settle this procedural dispute, and on this point I should just like to say on behalf of my Group that this Parliament appears to consist of nothing but the 'green front' and that the European Parliament no longer deals with any other questions. But we consider the issue of human rights

to be so important that we shall not be prepared to start a debate on the subject in the late evening, and if this is to be the case I warn the House that my Group will make use of every procedural means to postpone this debate, if necessary, until another time, e.g. tomorrow.

President. — Mr Fellermaier, I do not understand exactly which debate you want postponed.

Mr Fellermaier. — *(D)* Mr President, I did not propose that we postpone the debate to another day. I simply said that, if the major debate on human rights, to which the Bureau agreed to allocate sufficient time during the day, does not begin until some time in the evening, I shall make use of every procedural means, including a request for a quorum to be established.

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, in addition to the reasons already put forward by Lord Bruce, the Committee on Budgets will of course find it more difficult to adopt an opinion since the question of VAT, on which the committee has yet to submit a motion for a resolution, may come up for discussion at the same time. We have arranged our timetables in accordance with the originally planned agenda and you will completely upset everything if you now substantially change it in the way proposed. I fully understand Mr Fellermaier's position, but you must also consider that it is impossible to arrange one's timetable if one is constantly exposed to such changes. The alternative is, Mr President, that the House must do without the opinion of the Committee on Budgets on the Commission's new price proposals.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* I should like to clarify a misunderstanding. Mr Lange has misunderstood my request. I simply wanted to invert the order of two items, both of which come before Mr Notenboom's report. This makes absolutely no difference to the time for dealing with the Notenboom report. It is simply that he cannot read the agenda.

President. — I therefore have a proposal to change the agenda so that this afternoon's sitting would begin with the debate on human rights, which would be followed by the debate on agricultural prices.

Before putting the matter to the vote, which it is my duty to do, I call Mr Gundelach, who asked to speak.

Mr Gundelach, *Vice-President of the Commission.* — Mr President, naturally the Commission is, as always, in the hands of the House and must follow the procedural decisions which the House takes. I must, however, Mr President, on behalf of the Commission — without, in saying that, in any way allotting more or less importance to this or that subject — make it

Gundelach

quite clear that it does make life more difficult for us, and, I think, for the House, if I may, with all due respect, be allowed to say so, if an established and agreed order of the day is constantly being changed. I must Mr President, with all due respect to the House protest against this change. Naturally we will abide with whatever decision the House takes, but I want this protest to be heard, because I think orderly business would mean that we should keep to what is decided on the order paper.

(Applause from the centre and right)

President. — Thank you, Mr Gundelach, I think that what you said makes a lot of sense.

I put to the vote the proposal that the debates on items 34 and 35 of the agenda be taken before the debate on agricultural prices.

The proposal is rejected. We shall therefore continue with the original agenda.

7. Procedural motion

President. — I call Mr Fellermaier for a procedural motion.

Mr Fellermaier. — *(D)* Mr President, I wish to state formally that the debate on item 51 is not closed. The Socialist Group entered the names of its speakers in time. I repeat that the President-in-Office of the Council and the President of the Commission are both present in the House. I must formally request you to allow Lord Ardwick to continue the debate on the statements by the Council and Commission on the Rome Summit Conference. Lord Ardwick has specific questions to put on behalf of my Group to the President-in-Office of the Council and the President of the Commission. I cannot see why a debate is declared closed simply because there has been a lunch break. I would ask you very politely, if I may, to conduct proceedings so that a debate is not closed until the speakers listed have spoken. Besides, one is really entitled to expect the representatives of the two other institutions, namely the Council and the Commission, to answer specific questions arising from this debate. What sort of Parliament is this, Mr President, where we simply listen to statements by the Council and Commission in the morning and receive no answers to our questions at the end. To quote only one example, I asked the President of the Council perfectly specific questions on the steel crisis. We must really be able to expect the two executive organs to provide answers. This debate is simply not closed.

Mr Yeats. — Mr President, I do not know whether Mr Fellermaier was here at 12.30 this afternoon, but my memory of the situation, which I am sure also is yours, Mr President, is that at 12.30 you, Sir, suggested that the debate to which Mr Fellermaier refers should be concluded after the representatives for the groups

had spoken — the immediate spokesmen of the groups — and that at 1 o'clock the debate should be ended. You asked, Mr President, whether there were any objections. There were no objections from Mr Fellermaier, nor from his group, nor from any other group. You thereupon, Mr President, said that that was decided, and that was the end of the matter. I would put it to you, Mr President, with respect, that no further vote or decision can be taken once the House has already decided on a matter.

(Applause from certain benches)

President. — I call Lord Ardwick.

Lord Ardwick. — May I say that Mr Yeats's understanding of what was happening was not at all clear to me. As I understood the message as it came over the translation, it sounded as though Dr Owen was able to stay until 3 o'clock and that the debate would go on until then. When the debate was adjourned, everybody assumed that it would be resumed at 3 o'clock at the place where it had left off. Why we are not continuing with that procedure I really do not understand. I do not know whether it is a matter of impatience with the European Council, which has, at last, reached a decision which we can seriously debate.

President. — Your President must evidently learn not to pay any attention to requests when they are not formally tabled in Parliament.

In fact, in order to comply with the wish expressed by some groups that the debate should be curtailed so that Dr Owen could speak before he left, I laid the proposal before Parliament that a representative of each group should be allowed to speak on this subject until 1 p.m., at which time I therefore declared the debate closed.

Probably, if this request had been formally tabled on the floor of the House everything would have been much clearer. In fact, this afternoon a request was made first of all to change the agenda so that the human rights debate would come first, and then there was a request to continue a debate which was considered closed.

It is obvious that, if we continue to have a succession of procedural motions of this kind, some of which are in conflict with what was previously requested jointly by the political groups, I cannot guarantee the smooth conduct of proceedings in this House.

I call Mr Galluzzi.

Mr Galluzzi. — *(I)* Mr President, your version of events is entirely accurate.

It is indeed true that you proposed to us that we should ratify the agreement reached between some political groups to limit the debate to 30 minutes. Therefore, by promising to keep their speeches short, Members imposed a limit on themselves.

Galluzzi

I believe that this decision cannot and must not be changed; in the first place because, as you have rightly pointed out, fixed points of reference are essential for Parliament's proceedings, since otherwise we no longer know where to start and where to stop. Secondly, with specific reference to your proposal, it was adopted by Parliament, which agreed to reduce the length of speeches to allow all the group representatives to express their points of view.

To change this decision would, quite apart from introducing what, in my opinion, would be a dangerous procedural precedent, be tantamount to applying double standards to Members who speak. And this must be avoided at all costs.

On the contrary, Mr President, I feel that, as was stated this morning, before we go on to the other item on the agenda, this morning's debate must be concluded, once and for all, by the representatives of the Council and Commission.

President. — Thank you very much for supporting my view, but I would point out that you are putting forward a third proposal, namely that we should invite only the representatives of the Council and Commission to speak without, however, continuing the debate.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, in a dispute we must turn to the Rules of Procedure, which no-one in this House will be able to twist. In Rule 31 we read:

The names of Members who ask leave to speak shall be entered in the list of speakers in the order in which their requests are received.

I note that the name of Lord Ardwick, who is a member of my Group was entered in good time in the list of speakers. Rule 31 goes on:

On a proposal from the President, Parliament may decide to limit speaking time.

The limitation of speaking time means that Parliament is free at any time to decide on 30 minutes, 60 minutes or any other time. No such decision was taken. We have not yet received a single answer to specific questions which have been put to both the Council and the Commission. I can only repeat: what sort of parliamentary procedure is that when specific questions have been addressed to both institutions during a debate, representatives of both institutions are present in the House, and yet they must sit there mutely because they are not given a chance to answer these specific questions by Members.

President. — What you say is correct, Mr Fellermaier, except for one point: the decision to which you refer was not taken by me but by Parliament, to whom I put a proposal to that effect on the instigation and with the agreement of the group chairmen. Parli-

ment then decided that the debate was to be closed at 1 p.m.

In fact you are therefore requesting, Mr Fellermaier, that we reopen the debate on the Council and Commission statements, which Parliament has formally decided to close.

I call Mr Yeats.

Mr Yeats. — With respect, Mr President, I would suggest that you have no power to do this. Under Rule 8 (2), the President has power, amongst other things, to close debates. Under Rule 8, Mr President, at 1 o'clock today you closed this debate. The debate is therefore closed. It has finished. Neither you nor we, nor anybody else in the world, has the power to renew it again.

(Applause from certain benches on the right)

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, it seems to me that we are in danger of making fools of ourselves; we are spending more time discussing our procedure than we are in taking decisions. I wonder if I could ask you to use the flexibility, which I am sure is not only available to a President of this Assembly, but which is one of the finest attributes of your nation, to allow us to continue very briefly with the debate, which, whatever the rights and wrongs of it, most Members of this Assembly did not understand was completed this morning. If we can briefly finish that debate and get on with the next thing, perhaps we could save ourselves an awful lot of aggravation and a considerable amount of time.

President. — Mr Yeats has rightly pointed out that at 1 p.m. I formally closed the debate. When we resumed the sitting this afternoon, we discussed whether to begin with the debate on agricultural prices or with the debate on human rights, and decided to proceed directly to the debate on agricultural prices.

I call Mr Bertrand.

Mr A. Bertrand. — (NL) Mr President, I must support your position. We decided this morning to hold a debate on the statement on the European Council until 1 p.m., after which it would be closed. I see no reason to go back on that decision. The President-in-Office of the Council is not present, and I certainly refuse to take part in a debate when the President of the Council is not here. He should have more respect for Parliament. So much for the first point.

(Applause from the centre and right)

My second remark is to urge you for heaven's sake to get on now with the original agenda.

(Applause from the centre and right)

A. Bertrand

President. — It is therefore agreed that the next item to be dealt with concerns agricultural prices.

8. *Agricultural prices*

President. — The next item is therefore the debate on agricultural prices.

I have been informed that the President-in-Office of the Council will be absent from the Chamber for a short while.

The proceedings will be suspended for a few minutes so that the President of the Council can open the debate on this subject.

The House will rise.

(The sitting was suspended at 3.45 p.m. and resumed at 3.50 p.m.)

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council. — Mr President, I am glad to have this chance to report to the Parliament on the meeting of the Council of Agricultural Ministers which took place on 25 to 29 March to consider the Commission's proposals for Community agricultural prices in 1977/1978. I realize the very keen interest which the Parliament has taken in this important subject and I would like to begin by expressing on behalf of the Council appreciation for the fact that you held a special plenary sitting on 22-23 March to consider the Commission's proposals. As always, your debate helped to highlight the issues facing the Council in the discussion that subsequently took place.

The Council met for four days. After two days, during which the presidency undertook detailed bilateral contacts, the presidency presented a compromise package which, as is often the case, did not meet with the approval of other delegations. Thereafter the Agricultural Commissioner tabled a compromise on his own initiative. This was acceptable to eight Member States providing that it was left wholly unchanged. The United Kingdom delegation were unable to accept and instead suggested further modifications to the package. The eight other delegations were not, however, prepared to see any alterations to that package and the Council decided to resume its discussions next week in Luxembourg.

The presidency shared the general disappointment that the very long and arduous discussions did not result in a settlement. With a little detachment it is possible to suggest, however, that the differences and difficulties should not be overstated. As we all know, it is never easy to reach agreement on a subject such as this, which in one way or another is so important to each Member State, and this is by no means the first time that negotiations have continued into April. Moreover, it was always clear that there would be parti-

cular difficulties in reaching an early settlement this year, bearing in mind that the new Commission naturally required time to put forward its proposals. I prefer therefore to take a more positive view. There has in fact been a good deal of progress and the gap to be bridged is not very great. It goes without saying that all delegations are approaching the next Council meeting determined to secure a successful outcome.

If I can recapitulate, eight Member States were willing to agree on common price increases, albeit different ones from those originally proposed by the Commission. For the most part these rises would have been only slightly greater than those suggested by the Commission. But they would have been substantially greater than those proposed in the dairy sector. This last point is significant, as at the end of the day the discussions centred around the Community butter subsidy, where there was general agreement to the principle, but it was not possible to reconcile differences over the amount of the subsidy.

Of course, Mr President, my position here today as President of the Council makes it inappropriate for me to lay stress on the United Kingdom's position, but I think Parliament would nevertheless wish me to refer briefly to the statements that have been made by British ministers in the House of Commons. Their view is that the common price increases which the other Member States were prepared to accept are not justified, particularly in the case of milk. They consider, therefore, that if the Council wishes to adopt these higher prices, some at least of the adverse effects on food prices in the United Kingdom should be offset, bearing in mind also the impact of the proposed devaluation of the green pound and the two transitional steps that remain to be taken in the United Kingdom under the Treaty of Accession. With this in mind, the United Kingdom suggested to the Council a butter subsidy which, they argued, would also have helped to dispose of the Community's butter surplus. There was a wide measure of agreement within the Council on the principle of such a subsidy to be financed by the Community's farm fund. The essential difference lay in the level of the subsidy and it was this point that the Council were unable to agree upon last month.

Mr President, I hope that this brief account makes the position clear, and demonstrates that the differences within the Council are not as great and are not as fundamental as some honourable Members may perhaps have supposed. I remain optimistic that it will be possible for these differences to be resolved next week. I will not presume to anticipate today which direction the solution may come from. That will clearly depend upon the approach taken by each Member State and by the Commission. What I can say, however, is that the presidency will seek to play its part in arriving at a satisfactory settlement, which,

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given a measure of patience and goodwill from all concerned, I believe to be within our grasp.

President. — I call Mr Fellermaier on a point of order.

Mr Fellermaier. — *(D)* Mr President, I should like to make the following statement on behalf of my Group. Although his name was entered in the list of speakers, a member of my Group was prevented from exercising his elementary right to speak here in the European Parliament on item No 51. This also meant that the President-in-Office of the Council was similarly prevented from making the necessary statement to Members of Parliament even though, as he told me himself, he was present in the House at exactly 3 p.m. in order to give the replies which were requested this morning by group spokesmen. As a protest, therefore, my Group will not take part in this debate on agricultural prices and will leave the House.

(Mixed reactions)

We respect the dialogue with the President of the Council and wanted a dialogue not a monologue. Mr Laban, as deputy chairman of the Committee on Agriculture, will be the only one to remain. At the same time we request that the Bureau meet tomorrow morning to discuss this incident.

President. — I call Mr Bertrand.

Mr A. Bertrand. — *(NL)* Mr President, on behalf of the Christian-Democratic Group I wish to protest most strongly against this disloyal attitude on the part of the chairman of the Socialist Group towards the President of Parliament.

(Applause from the centre and right)

This is an example of disloyal behaviour unparalleled in the history of this House. Mr Fellermaier came to me personally this morning and asked me to agree that there should be no debate on the statement by the President-in-Office of the Council. And it was I who asked that the group chairmen should indeed be given a chance to make a statement. Then, Mr President, you proposed, with Mr Fellermaier in agreement, that we should close the debate on Dr Owen's statement at 1 p.m., and that debate is therefore now over. I do not think it is fair to return to this matter. I wish to protest.

(Applause from the centre and right)

President. — After this incident I should like to state that the Socialist Group is of course free not to take part in the debate. Its reasons for doing so are, in my view, fundamentally wrong and I feel that they create a very difficult atmosphere in this Parliament. I must state publicly that, going against my personal opinion, as I considered it advisable to allow a longer time for the statements by the Council and Commission on the European Council meeting held in Rome, I

proposed this morning that the debate be closed at 1 p.m. I did so at the request of some group chairmen, who certainly included Mr Fellermaier and Mr Bertrand.

Having said this, I note the Socialist Group's attitude. We shall continue our debate on agricultural prices.

I call Mrs Ewing on a point of order.

Mrs Ewing. — Without knowing all the ins and outs of what has just happened, could I just make the simple observation that all the Socialists have not left. There is something wrong with what was just said.

(Laughter)

President. — I would ask you not continue in this vein.

I call Mr Gundelach, whose statement will surely improve the atmosphere in the House. You have a heavy responsibility, Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Thank you Mr President. You are not making my task on a difficult subject easier, but I shall try. The President of the Council has given an account of the proceedings of the last meeting of the Agricultural Council with which I can agree, and I shall therefore not take the time of the House in repeating what he has already stated. I think however, it is worth-while recalling at this debate certain basic elements of this situation as it exists at this moment, before the Council of Ministers meets again to deal with this subject of agricultural prices and related matters for the coming harvesting year.

When I first introduced to this House the original Commission proposals, I made it clear that we had found it extremely difficult to formulate these proposals, because we had to operate within a series of constraints or we had to deal with a number of problems which were pulling in different directions. On the one hand, in the agricultural policy, we were confronted with a serious situation of structural surpluses of certain commodities, in particular dairy products but also in the field of sugar. Structural surpluses are surpluses which are not just fluctuating cyclically, which is a normal phenomenon in an agricultural policy, the purpose of which is to stabilize prices at a reasonable level, but surpluses which are continuing to grow because there is a fundamental difference between the production trend and the consumption trend. We furthermore had to face the situation that there were strong inflationary tendencies still operating in our economies and that practically all the governments of our Member States were trying to take effective measures to break this inflationary tendency and also to bring about a situation of better employment. These policies therefore also had to be taken into account in establishing proposals for agricultural prices. I have underlined quite clearly that I

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do not believe that inflation has cropped up in our societies due to developments in agriculture. That is definitely not the case. It is equally clear that agriculture has its role to play in an anti-inflationary policy. The common agricultural policy has its specific aspects but it cannot be seen in total isolation from the overall economy.

We have consumer interests which we have to take into account, that is part of the fundamental rules of the Treaty, and that is part of the inflationary argumentation to which I have just referred. We further had to take into account that economic development in our Member States has been different. Rates of inflation have been different, exchange rates have moved in different directions, and not always in accordance with the differences in rates of inflation. The question of monetary compensatory amounts has consequently become a more burdensome problem for the common agricultural policy than ever before, both from the budget point of view, and also from the point of view of distortion of trade, and the latter is one which is weighing more heavily on my mind than anything else.

But on the other hand one also has to take into account the fact that inflation also means increases in costs, and thereby increases in costs for the agricultural producers. And the Treaty lays down that we should try to establish guaranteed prices at a level which is reasonable from the point of view of an efficient producer. This is enshrined in the so-called objective method, which is not so terribly easy to handle — as I have previously stated — in a European economy which is so diversified as at the present, but the idea nevertheless remains as an obligation to the farmers. It has become more difficult since these cost increases have been quite different in different countries, and because in some cases they could be met by devaluations of green currencies, which was not the case in other countries who have either revalued or stayed with the common agricultural prices.

Mr President, I am recalling all this briefly because, looking at all that, it should not be a great surprise that it has been difficult to come to agreed views.

That was indeed true of the discussions in this Parliament some weeks ago at a special session, for which I, like the President-in-Office of the Council, was profoundly grateful to the House for having held. That debate demonstrated how difficult it was to come to a consensus, given these various contradictory elements.

But, Mr President, the point I am now going to make is that despite all these difficulties, it was nevertheless possible, towards the end of the meeting of the Council to obtain agreement by eight Member States on the basis of a compromise proposal I put forward as Commissioner for Agriculture. The Commission

subsequently approved my actions and this paper is therefore no longer a working paper but an expression of Commission policy. Indeed you have before you certain elements of this proposal, namely the elements which had not previously been discussed in Parliament.

Despite the difficulties to which I have referred, it was possible, without straying too far away from the line we considered to be the right one, to achieve a large measure of agreement — namely agreement by eight Member States — to a complete compromise proposal; and, in fact, agreement also, when you analyse the statements, by the ninth country, provided a solution could be found, in particular, to the interrelated subjects of devaluation of the green pound and butter subsidies to take care of certain problems of food prices — in particular butter prices — but, as we have heard, food prices in general in the United Kingdom. Subject to solution of that problem, the rest of the package was also basically acceptable to the ninth Member State. This means that when the Council resumes its work on Monday, it can do so on the basis of what will then be a formal Commission proposal which deals with the majority of the aspects of next year's price package, and can concentrate their endeavours on finding solutions for the remaining issue.

I think, Mr President, I owe it to the House to say a few words about the contents of this compromise proposal which I put forward. It does include certain increases in prices beyond what we originally proposed. In general it means an increase in the proposed prices of the order of 0.5 % but of 1 % for pigmeat and certain bread grains in order to establish a better balance within the hierarchy. And it means bringing forward to the beginning of the harvesting year — which would have been 1 April if agreement had been reached, and is now hopefully 1 May — the 3 1/2 % increase for milk products, instead of holding it over until September. But on the condition that the Council would accept all the main elements of the so-called action programme for milk, including the co-responsibility levy, starting at a lower level than we had previously foreseen, namely 1 1/2 % instead of 2 1/2 %, but otherwise with all the elements decided now. Proposals at a higher level than previously provided for may be decided upon later.

Further, Mr President, in order to deal with a number of specific issues, there are certain fairly far-reaching proposals in regard to special aid to certain Member States. The first that must be mentioned is the proposal in the compromise package for the introduction of a butter subsidy — 100 % EAGGF financed — to the United Kingdom for a period of 12 months. The size of the proposed butter subsidy — 30 units of account per 100 kilogrammes until the end of this year and 25 units of account for the first 3 months of 1978 — would in actual fact mean that, irrespective of

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the increase in butter prices in units of account just referred to, irrespective of increases in prices for butter due to the Accession Treaty, irrespective of, hopefully, some devaluation of the green pound, the butter price in the United Kingdom would be kept for the remaining part of this year at its present level — no increase. In actual fact the figures are so constituted that it will be slightly below the present prices for a while, then at the level of the present prices for the remaining part of the year, and then rise somewhat in the first three months of 1978, but not terribly much. This, Mr President, is a very far-reaching proposal and without precedent in the history of the Community.

I think, therefore Mr President, that it is justified to say that the proposals we have made remain prudent in regard to the level of price increases. The average of the old price increases was of an order of magnitude of 3 %, and it is now slightly less than 4 %. We have taken into account the special problems which exist in the United Kingdom, particularly in regard to butter, and introduced a proposal which removes that problem basically for a year. I think it must be recognized that we have gone very far to meet consumer and other problems which, admittedly face the United Kingdom in this area at the present moment.

I shall not be so hypocritical as not to state that a butter subsidy to the United Kingdom would also be in the interests of the Community as a whole. I think it would, otherwise I would not have felt justified in putting it forward. If it were only a national gift of this order of magnitude, it would not be in accordance with Community solidarity. The fact of the matter is that the United Kingdom is one of, if not the most important part of our butter market. A collapse of this market due to too steep price increases, which would have been the cumulative result of price increases in units of account, the accession price increases and the effects of a devaluation of the green pound could have led to a very significant price increase which might have ruined the butter market for dairy producers in all other European countries. In putting forward this far-reaching proposal for butter subsidies for the United Kingdom, we are therefore not only taking into account — which we are — genuine problems existing in the United Kingdom, but also problems for the dairy industry in Europe as a whole.

But Mr President, I do not believe that it would be fair, or, from the point of view of principle, right, for the Community to go further than what has here been suggested by way of the size of the subsidy, because with 100 % EAGGF contribution, to lower the price significantly below the existing market price in the United Kingdom would set a precedent for the common agricultural policy which might turn out to be ruinous.

I therefore think that the figure which we have put forward is not haphazard or just taken out of the blue

— it has a certain meaning, and a meaning which I do not think one can depart from. That doesn't mean that the figure necessarily is correct down to the last decimal point. It is the order of magnitude I am talking about, and the principle of not subsidizing below the level of actual prices. One could perhaps modulate these subsidies over time and apply them in a different way. We have done so to a certain extent by lowering the subsidy for the last three months of the period in question, in order to ease into a situation of a more normal nature. This might be done in a more pronounced manner, with the result that the subsidy might be slightly higher at the beginning of the period. I am not addressing myself to the extent of this modulation; I am addressing myself to the principle. For the period in question I do not believe that it will be possible, either from the point of view of other Member States or from the point of view of the Commission, to depart from this type of principle, or from this type of order of magnitude, which in themselves are very far-reaching.

Mr President we have not limited ourselves to dealing with specific problems in one Member State. We have also, and to a large extent following the advice of this Parliament, taken up a number of issues in regard to the redevelopment of agriculture in the Mediterranean area, notably Italy, but also in certain respects, in France.

We have proposed a number of measures in regard to sugar, calves, durum wheat, and other measures which go in this direction. There are far-reaching measures, for instance in sugar, including the continuation of payment for another year of high-level aid — this is financed by Italy itself but the consequence is borne by the Community — for 1.4 million tonnes of sugar. This is more than was allowed to be subsidized at the high level of 9.4 u.a. last year. But, without going into detail, I can assure you that in actual fact it will not lead to higher Italian production compared to last year; production is actually forecast to be 100 000 tonnes less. A subsidy of this order of magnitude is necessary to maintain the development of the sugar industry in Italy which started later than other European countries. For this reason they were given a lower aid quota some years back, and therefore there is a certain rectification in this measure which I think is justified, even if it is difficult to do in a period where we are heading for sugar surpluses.

The continued and increased aid to calf production in Italy is motivated by the desire to help Italy to restore its beef production for meat consumption — not for dairy consumption, but meat consumption. It will continue for another year with a higher figure. If one looks at the trade statistics of Italy one will see that, despite this subsidy, Italy is still an excessive importer of beef from other parts of the Community. It is therefore not without justification that special aid is given

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in this area. The same applies to durum wheat, where the premium is given both in Italy and in France.

Mr President, in one area the picture remains somewhat bleak, and that is in regard to dismantling or bringing under control the animal called monetary compensatory amounts. I have once again in my statement given high priority to this subject, which is also given high priority by this Parliament. Every time one tries to come to grips with this animal, if one tries to do it in a general manner, one is told one should try to do it in a concrete, pragmatic manner; and when one tries to do it in a concrete, pragmatic manner, one is told one should do it in a general manner. This has happened this time again. The United Kingdom, for reasons of internal economic policy, have been very reticent in going very far in devaluing the green pound; Germany, for other reasons of their own, have been very reticent in going very far in the opposite direction with the German mark. That has left us with an undecided issue in regard to the United Kingdom, with some moderate progress in regard to Germany, who have accepted a revaluation of 1.8%, and we hope that a reasonable settlement can also be found in regard to the United Kingdom. As far as other devaluing countries are concerned, the situation is different. Parliament has supported the demands from Italy and Ireland for a fairly far-reaching devaluation of their green currencies. On this point the Council has taken a decision. The green lira has been devalued as from 1 April by 8 percentage points and the green Irish pound by 7 percentage points. As a matter of consequence the French franc has been devalued by 3% and subsequently a devaluation in Denmark of 3% has not led to the reduction of the green lira, in other words the Danish kroner has been devalued in agriculture by 3%.

Mr President, I think I have touched upon all the main aspects of the compromise proposals which the Commission has put forward and which, I repeat, will be the cornerstone, the basis on which the Council has to resume its work on Monday. Eight Member States have declared that they stand, morally and politically, by this proposal. But within this proposal and on the basis of this proposal, it is hoped that we can find a solution to the one outstanding problem, without wrecking the agreement which has already been achieved, and bearing in mind the rather far-reaching concessions we have already given the particular Member State which last time was not in a position to accept the overall package. I think I would allow myself to go along with the President-in-Office of the Council in expressing a certain optimism. It was my feeling towards the end of this long marathon session that, while some confusion existed — which is always the case at late-night sessions — the differences became smaller as the hours went by. In the end the differences were maybe not all that great and I think, therefore, there is reason to hope that with good will — and good will must also be shown by the

United Kingdom — a solution can be found. In conclusion, I must make it quite clear that if a solution is not found, we are in dire difficulties. It was only with the greatest difficulty and by asking for a vote — even then one Member State voted against, and that was not the United Kingdom — that we had the marketing year for dairy products and meat prolonged for the month of April, until the Council could re-examine the dossier. If the Council fails to agree on the package — with slight modifications which cannot be all that big — at the beginning of next week, I foresee a possibility where there will not be a vote in the Council for prolonging the marketing year for dairy products and meat on 1 May, in which case we shall not have common prices on these products. There can then be no monetary compensatory amounts, because they must be based on prices; there can then be no export restitutions; there can be no import levies. We shall be in a howling mess.

And ladies and gentlemen, I must say that this is not a trivial matter confined to the agricultural field. It would ring the doom of the Community. With the present protectionist pressures which are building up in each of our Member States and outside our Community, who will believe that, if we return to nationalist attitudes in agricultural policy, it will stop at agricultural policy — however bad that would be in itself by way of economic and social setbacks? No, it will go further, into the industrial field, and it will break down the basis on which we are negotiating economic problems with the rest of the world. All the beautiful words we have spoken this morning about our solidarity, our contribution to be made to the North-South Dialogue, will be gone with the wind. It is not a trivial matter of some dispute about some disagreeable agricultural problems: it is part of the foundation of this Community, and if you pull that away the building comes down. There will be no North-South Dialogue for you to participate in and to discuss, because there will be no effective working Community. It is as serious as that. It is in that light, because it was so serious, that the Commission felt it had to make proposals which departed somewhat from what it had originally argued as being sound economics. Faced with a situation where the Community was at stake, certain opinions would have to yield in order to make a compromise possible. It was in that spirit that eight of our Member States, without any satisfaction but with a great deal of reluctance accepted that package, but in the terms — take it or leave it! Because it meant a sacrifice to each one of them. And I say it meant a sacrifice to the Community, to the Commission, which feels that it will be so much the more difficult hereafter to deal with a surplus situation in the dairy field, in the sugar field. It will necessitate an even greater endeavour for structural reform to deal with these subjects in the future. But it is worth paying that price to prevent one of the pillars of our Community from tumbling.

Gundelach

I am not saying that in order to show that there is nothing to discuss about the common agricultural policy in the future. I have stated previously that it has to be adjusted to new economic realities, but it is not going to be adjusted in a constructive manner if it first has to be torn down with the consequence of creating chaos and social disorder in our Community. It can only be done by way of evolution.

About the relationship to the consumers, I would like to finish by saying that naturally, just as the agricultural producer associations are striving to get the best possible prices, the consumer wants to have the lowest possible prices. It is the Community institutions' duty to try and weigh these two considerations and arrive at a solution. This time, I think we have, if anything, even with the compromise proposal of the Commission, erred in favour of the consumer and against the producer, who has nevertheless had to bear a not inconsiderable increase in his costs. I think that is justified in the circumstances I have described. It would be wrong for the consumers to insist that they are being given a bad deal, because they are not. They cannot expect to have security of supply, as they have under the common agricultural policy, to avoid the violently fluctuating prices on world markets, without paying a certain price. If we are not willing to pay our efficient farmers — I am speaking about the efficient farmers now — reasonable prices, production will eventually decline and cease — and, ladies and gentlemen, there is not, as some seem to believe, an abundance of foodstuffs in the world. As regards foodstuffs, we are living in a world of scarcity; not in a world of low foodstuff prices, but in a world where foodstuff prices are also going up, even if it often is erratically, and where the political tendency in other parts of the world is to introduce stabilizing influences on foodstuff prices not dissimilar to those we have in the Community. There is therefore no alternative supply of cheap foodstuffs outside the Community. Those who still believe that had better correct their views, because they are no longer founded on reality.

Mr President, it would, as I have said, be a matter of great concern if the Council did not come to an agreement next week. I hope they will. They believe they will. But it can only be achieved if the kind of solidarity which has been demonstrated by many so far is demonstrated by all on Monday.

(Applause)

President. — I call Mr De Koning on behalf of the Christian-Democratic Group.

Mr De Koning. — *(NL)* Mr President, it is a pity that Mr Laban is not taking part in this debate today since his contribution would have been extremely valuable in view of his extensive personal knowledge of the subject.

It is also a pity because it means that we cannot hear about the relations within the Socialist Group. That

might have been interesting too. Mr Fellermaier undoubtedly had the relations within his Group clearly in mind when he was looking for a reason not to take part in this debate.

I was not satisfied with the statement by the President of the Council. It had only two redeeming features. Firstly, the President of the Council shares our disappointment at the fact that the meeting did not result in a settlement. Well, that's about the least we could have expected. The second redeeming feature is the statement that the gap to be bridged is not very great. But one is entitled to ask why it was not possible to bridge this small gap after a meeting lasting four days.

Lengthy meetings of the Council of Ministers of Agriculture such as the one at the end of March are not unusual. Nor is it unusual that the Council fails to reach definite conclusions at its first meeting. What *is* unusual is that at this extremely long meeting of the Council all the elements necessary for reaching a compromise were present, that eight of the Member States agreed on this compromise, and that one Member State made it impossible for agreement to be reached. That is unusual and reflects the gravity of the situation.

There is no need for me to go into the compromise itself, as Mr Gundelach has given an excellent account of it both yesterday evening in the Committee on Agriculture and this afternoon in the plenary assembly. Unfortunately, however, his account was, in my view, marred slightly by the fact that he repeatedly stated that the Commission's proposals were partly, if not chiefly, inspired by an anti-inflationary policy. The farmers in Europe have for many years been doing their bit to combat inflation. I should also like to point out that the increase in prices for agricultural products has lagged considerably behind the price increase for foodstuffs and the general increase in prices. Mr Gundelach must realize that it is extremely irritating for the agricultural sector in Europe to see the impression being created, as a result of the price proposals continually being presented in this light, that it is the farmers in particular who should contribute to this anti-inflation policy. They have already done so in the past and will no doubt continue to do so in the future.

I am telling you nothing new when I say that the European Parliament would have liked to have gone further than the proposed compromise on certain points. It became quite clear at our previous meeting that the European Parliament was hoping for a price increase of at least 5% and it is only as a result of a technical hitch that this viewpoint is not stated in so many words in Parliament's report. It is clear that the European Parliament would have liked to have gone further with the reduction of monetary compensatory amounts, particularly with respect to the United

De Koning

Kingdom, than appears to have been agreed in this compromise. Italy, Ireland and Denmark have shown an excellent example, but one which the United Kingdom unfortunately does not wish to follow. A 4% reduction in the monetary compensatory amounts is barely a tenth of the actual amount, i.e. approximately 35%, and the Commission's original proposal to reduce this by a fifth, i.e. 8%, was therefore, in our view, completely necessary and realistic.

I feel I must point out once more that it is quite impossible and unthinkable for Europe to go on paying a general consumer subsidy of approximately 1 000 million u.a. per year to the United Kingdom in the form of monetary compensatory amounts and butter subsidies if a sum of this magnitude fails to have or is unable to have any useful effect on the economy of the United Kingdom — if it does nothing to produce a substantial improvement in the economy of that country. We indiscriminately put a considerable amount each year into the shopping basket of every housewife in the United Kingdom, regardless of whether she is a duchess or a working woman.

I should also like to ask Mr Gundelach once more what the Commission expects to be the fate of its proposals to discontinue the system of monetary compensatory amounts automatically. This proposal is still awaiting discussion. Does the Commission indeed intend to submit it to the Council again for serious consideration? As I said before, the European Parliament is prepared to go further on certain important matters than the compromise on which most members of the Council of Ministers apparently agree. I am pleased, however, that the Council of Ministers is nevertheless moving in the direction indicated by the European Parliament. I am particularly grateful for the attitude of Mr Gundelach who, following our debate at the end of March, is also acting upon our recommendations in his new proposals. This is important for European agriculture as a whole. It is particularly important for dairy farming that the milk price be increased as soon as possible and that the co-responsibility levy be lowered. Mr Gundelach said, as did the representative of the Council, that eight of the nine members of the Council agree to the compromise in its present form and that one Member State opposed it. By virtue of the wretched decision made in Luxembourg a few years ago this one Member State can claim that vital interests are at stake and thus veto a Community decision.

First of all, however, it is doubtful whether a vital interest of the United Kingdom is really at stake. We all know that in the post-war years the United Kingdom used to buy food wherever it was cheapest and kept the incomes of its own farmers up to a

certain level by means of deficiency payments. This policy was not without its risks, as Mr Gundelach rightly pointed out. The most recent events involving price increases for cereals and sugar clearly demonstrate these risks. But quite apart from this, the traditional policy is no longer possible since the United Kingdom has chosen to accede to the common market in full awareness of what that entails. On accession, the United Kingdom consciously opted, by virtue of renegotiations and a referendum, for a different policy, the policy laid down in Article 39 of the Treaty of Rome, whereby the prices of agricultural products take account of both consumer interests and producer interests, and whereby the need to assure food supplies is central.

If one has adopted the policy explicitly described in Article 39 one must, in the opinion of my group, also accept its consequences.

The second conclusion is that we are again witnessing the dire consequences of the Luxembourg agreement, the dire consequences of the right of veto, whereby each Member State can block a Community decision. The application of this agreement brings the Community decision-making process down to the level of mere inter-governmental consultation in which no obligations are involved and in which each country can, with impunity, look after its own interests and those alone.

It is clear from the discussion in the Council of Ministers of Agriculture that the United Kingdom has in fact given priority to its own national interests, thereby making a Community decision impossible. The Christian-Democratic Group feels it must strongly condemn this approach. Attitudes of this kind can only lead to the disintegration, rather than to the construction of the Community.

The Christian-Democratic Group in this European Parliament considers that a completely different attitude to the process of European integration is required.

We feel that the interest of Europe as a whole must take precedence over the interests of the individual Member States. Much as we are concerned with the interests of individual Member States, in the final analysis the interests of these Member States must not be allowed to outweigh the interests of the Community. Much as we are obliged to consider short-term interests, our ultimate concern must be with long-term interests.

So far, the United Kingdom delegate in the Council of Minister of Agriculture has taken insufficient account of the interests of the Community as a whole or of the long-term interests of the Common Agricultural Policy. I repeat we feel it our duty to condemn this attitude.

De Koning

And now a few remarks on the system of monetary compensatory amounts. Now that these amounts have risen to astronomic heights and the present willingness to eliminate them is minimal, at least on the part of the United Kingdom, it is increasingly objectionable to have the agricultural budget bear the burden of this system, since it gives a false impression of the costs of the agricultural policy, thus stiffening public opposition to this policy still further. Now that it has become clear that this matter cannot be dealt with adequately under the Common Agricultural Policy — and I think this emerged clearly enough from the recent negotiations — I think it is primarily the Ministers of Finance who should deal with the problem of monetary compensatory amounts. The Ministers of Finance may perhaps find it easier than the Ministers of Agriculture to solve the problems by means of financial agreements between the United Kingdom and the other Member States of the Community.

Mr President, I assume that the Kofoed report on the Commission's amended proposals will be tabled tomorrow and I will therefore not say a great deal on it today. I will say, however, that I admire not only Mr Gundelach for his willingness to draw up new compromise proposals, but also Mr Kofoed, who has accepted the necessity of a compromise in the current situation and has with characteristic lack of bias made clear in his report, without mincing words, that it is shameful that a compromise of this kind should have to be proposed at this time.

I will not go into the details of the Commission's amended proposals, nor can I do so, since we will not be dealing with this matter until tomorrow. The details, are really unimportant, even though the amended proposals will cost a very great deal of money. They are unimportant in comparison with the situation which arose in the Council of Ministers of Agriculture at the end of last month.

Eight of the Member States appear prepared to accept these further-reading amended proposals, and this increases still further the responsibility of the United Kingdom delegation at next week's Council meeting, since if these proposals are not accepted, there is a threat of more than the agricultural crisis to which Mr Gundelach clearly drew attention. There is also a danger of an institutional crisis. There is a threat of an agricultural crisis, since failure to reach agreement would endanger the functioning of the agricultural market. It would also, however, demonstrate the bankruptcy of the Community decision-making procedures as they are currently operating.

In the light of the two-fold crisis threatening us, my group is prepared to adopt the amended proposals of the Commission and consequently the Kofoed report too, which approves these proposals. We are prepared to do this not because we are happy with all these

proposals, not because we admire each of these amended proposals which the Commission has been obliged to draw up following last month's talks, but because we wish to avoid more serious consequences.

Mr President, my Group sets great store by an efficient and socially responsible agricultural policy as an important element in the construction of a united Europe.

I hope that all the members of the Council of Ministers of Agriculture will keep the same aim in view as my group and be able to reach agreement on the basis of these proposals next week.

(Applause)

President. — We have to keep the debate within fairly strict limits.

After the statements by the Council and Commission, speaking time will be restricted, in accordance with the Rules of Procedure, to 5 minutes for the chairman of the committee responsible and to a total of 15 minutes for the rest of the House.

If we do not strictly limit the time spent on this debate, we may well not complete the agenda this evening.

May I therefore ask you to be as brief as possible.

I call Mr Kofoed to speak on behalf of the Liberal and Democratic Group.

Mr Kofoed. — *(DK)* Mr President, I should like to say first of all that I agree with Mr De Koning, who made several interesting observations, and in consequence my contribution can be fairly brief. In this way I can help to make the debate a little shorter, since generally speaking, I was going to make the same observations as Mr De Koning.

I also share Mr De Koning's regret that we shall not be hearing Mr Laban speak. It really grieves us that, for reasons which have nothing whatsoever to do with this debate, the chairman of the Socialist Group should create a situation whereby Mr Laban is prevented from making a positive contribution to this debate on a subject in which he is an acknowledged expert.

(Applause)

I should also like to thank the President-in-Office of the Council for his remarks, and Mr Gundelach for the viewpoints he put forward. We should probably devote most attention to the remarks made by the President of the Council, I share Mr De Koning's surprise: I too am surprised that the President of the Council should say that the gap to be bridged was very small. If we have been informed correctly, namely that the disagreement was only over a matter of between 15 and 30 million u.a., it is really surprising that it was not possible to reach a compromise.

Kofoed

I also strongly deplore the fact that the President of the Council of Ministers of Agriculture, the British Minister of Agriculture, Mr Silkin, who, when he came into office was polite enough to tell Parliament how he thought the European agricultural policy should be conducted, cannot find time to be present here today. I think this is extremely unfortunate — and I believe many people share my view — since I get the impression from the newspapers that the President of the Council of Ministers of Agriculture is particularly responsible for the failure to reach a compromise. We may be wrong, but for this very reason it would have been sensible if Mr Silkin had attended this Assembly in person.

(Applause)

I regret having speak like this but I nevertheless feel that I am right in doing so, since the agricultural policy was really at stake, as Mr Gundelach pointed out. If we see that eight countries accepted a compromise, while one country was unable to accept it — and the country currently holding the presidency into the bargain — we must conclude that these eight countries felt a sense of responsibility with respect to the principles of the agricultural policy and therefore probably went to greater lengths than they really should have done because the alternative was no agricultural policy.

In assessing the compromise, I must say that there are certain aspects we strongly deplore — for example, the fact that the monetary compensatory amounts are being used to provide consumer subsidies. This was never the purpose of monetary compensatory amounts and it will lead to difficulties for both the agricultural policy and the consumers in the coming years. I should like to take the proposed compromise regarding the butter subsidy, which Mr Gundelach mentioned, as an example. I accept the idea of a butter subsidy on the grounds that it is for the good of the market. It is useful to clear the market, to exhaust stocks. But I should like to ask how in the world, if these butter subsidy regulations lead to lower prices for butter on the English market in addition to 16-20 % inflation and in addition to monetary compensatory amounts — how in the world one can expect to achieve normal conditions for trade in butter on the British market? If such an unrealistically low price is maintained it will be practically impossible to establish normal conditions in this sector of the market within the next five or six years.

It is consequences such as this which should also be taken into consideration in connection with the compromise proposal. I should like to sound a warning. Since we are unfortunately forced to accept these short-sighted solutions, we must bear in mind very clearly that they will lead to almost insuperable problems in the long term. However, so much is in

the balance in the current situation in Europe that if the alternative is no agricultural policy — and I agree with Mr Gundelach that this probably is the alternative — we must accept this compromise, since I am sure the Assembly can imagine perfectly well what the consequences will be if the agricultural policy breaks down. The consequences will be national subsidy measures within agriculture which will rub off onto industry as a whole. It is vitally important, therefore, that we bear this in mind when evaluating the recent price negotiations.

One final point which Mr De Koning made and which I would like to stress is the question of whether the right of veto can be maintained in a parliamentary gathering such as the European Council. If there had been no right of veto, the negotiations on agricultural prices would not have broken down — it would not have been possible for a country to bring such harsh pressure to bear in the agricultural negotiations as it clearly did in the most recent meetings. I do not think that a right of veto is an advantage to a democratic Europe if it is used in this way.

I should like to finish my remarks, Mr President, by saying that I hope the optimism of Mr Gundelach and the President of the Council, is well-founded. The British presidency has a great responsibility to live up to the optimism expressed here today. We would not like to see another compromise rejected, as I do not think all the countries of Europe are prepared to accept the consequences.

(Applause)

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

Mr Hunault. — *(F)* Mr President, ladies and gentlemen, like the two previous speakers I also note a number of empty seats, a fact which I can only deplore.

The major debate on agricultural prices took place in this House on 22 and 23 March, when the representatives of the Group of European Progressive Democrats made their views on the problems raised known to the Committee on Agriculture and tabled several amendments. A number of these had received a favourable reception when they were presented in committee and had been incorporated into the text of the Kofoed report. We therefore ended up voting in favour of this report in a mood of resignation rather than enthusiasm since the document in question urged the Commission and the Council not to sacrifice the legitimate interests of the Community's agricultural producers.

This being the case, how can we fail to hide our disappointment? Even after a five-day marathon the nine ministers could reach no agreement on agricultural prices, even though, a few days before, the members of this Parliament had agreed by an overwhelming

Hunault

majority to a realistic solution accepted by all the Member States except one. Yet this agreement worked strongly to the advantage of the United Kingdom, inasmuch as it already provided for an exceptional subsidy for the consumption of butter in that country. This in itself was an infringement of the rules of the Common Agricultural Policy.

A very slight dismantling of the compensatory monetary amounts was accepted despite the fact that the plummeting pound represents a heavy burden upon the Community budget.

Without bringing up the question of responsibilities — and it is clear to us where these lie — I should like to say that it is the consequences of this setback which worries us. The producers of our regions are increasingly apprehensive after the failure of the Brussels meeting. They were expecting a new price structure for the 1 April and they are left with the prices of the previous season, the only change being the devaluation of the green franc. For example, meat virtually represents a net loss, since the guide price did not go up as much as was expected. The delay is just as embarrassing in the case of milk. The regional inter-trade committees hardly dare to meet. They have no working basis and have no idea as to the amount of the co-responsibility levy which has been envisaged and which the Group of European Progressive Democrats opposes. There still remains the problem of encouraging the reorganization of meat production, since nothing has yet been decided and it would be very risky for farmers to start investing.

It is all the more irritating as we are fully aware of what is at present lacking in the Common Agricultural Policy, that is, a specific will capable of mobilizing farmers and teaching them management techniques which would make them better prepared to face up to competition. We must today overcome this setback. All of us here understand the anxiety in certain quarters. There is a serious risk of agricultural Europe reaching a deadlock. What is more serious, Mr President, is that the President-in-Office of the Council has clearly not played the game. He delayed the agreement and then made it impossible. This is the first time that the presidency has failed in its duty. We hope it will be the last. We therefore appeal to the President-in-Office of the Council to rise above manner-minded attitudes, however great the pressure exerted by these, to carry out his duty and assume his great responsibilities in the true interests of the Community which are ultimately also those of his own country. The farmers, quite understandably, would like to know where they stand and are still counting on you, Mr President-in-Office: you have no right to let them down.

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

Mr Howell. — Mr President, it is my very painful duty on behalf of the Conservative Group to criticize a British Minister for his appalling behaviour as President of the Council of Agricultural Ministers. He has embarrassed and humiliated the British Members of this House and he has done no credit whatsoever to his country. We find it totally inexplicable: his methods are nothing less than blackmail. I would like to express our sincere appreciation of the tolerance and understanding of Commissioner Gundelach.

(Cries of 'Hear, hear!' from the European Conservative Group benches)

He has a very formidable task, and it has been made all the more difficult by the behaviour of Mr Silkin. I would like to ask two or three questions.

The first one is why Mr Silkin has not had the courage to come here and face this Parliament today. I do not believe there is any good reason why he should not be here. I phoned Sir Henry Plumb this morning and I discovered that at Mr Silkin's request he, Mr Silkin, is meeting Sir Henry Plumb at 5.30 this afternoon and that this meeting had been brought forward, as it was originally intended that it should take place tomorrow. It seems to me that either Mr Silkin is ashamed of his performance and is afraid to face this Parliament or he is being deliberately downright rude to the European Parliament.

What is he trying to do? Again I do not believe there is any satisfactory explanation as to what his aims are. We have heard from Commissioner Gundelach that he is constantly changing his position, that it is almost impossible to find a meeting-point because the Commission does not know what he is trying to extract. One thing we do know is that the Commission has fallen over backwards to be generous as far as the butter subsidy is concerned. Nobody could say otherwise.

I would like to quote again Sir Henry Plumb. This is what he has said:

If the Minister wishes to moderate the effect of such price-increases on the British housewife, then he should take the fullest advantage of the Commission's proposals for subsidizing butter. They represent an advance over what he could have secured last October, and if he fails now to take advantage of the recommendation, then the hypocrisy of the government's position will be all the more exposed.

Surely that is an indictment of the action of the Minister!

I asked the President-in-Office this morning what constructive proposals had been put forward, and he gave me a very pathetic and poor reply. I repeat this question now, because he is now taking the place of the President of the Council of Agricultural Ministers. He is shaking his head, but I don't know why he is shaking his head. Surely the Minister here is representing Mr silkin.

Howell

The consequences of the action of the President of the Council of Agricultural Ministers is already very serious. It has delayed the price-increases by a month. We have been told of the gravity of the situation if an agreement is not reached next week. As far as British producers are concerned, their costs have risen by 20 % and somehow they must be recouped to some extent. But it is not just for the producer that I am concerned — it is for the consumer also, because we need an adequate supply of food, and certainly in Britain our production is falling off and falling rapidly. In fact it has fallen to the extent of 19 % over the last two years. This is an extremely grave matter for consumers as well as producers.

Surely the thing which Britain and all of us need in this Community is general good will, and it is in this field that so much damage has been done to our country and to the ideals of the Community by the procedures adopted by the President of the Council of Agricultural Ministers. I feel that he should make amends by ensuring that an agreement is reached at the earliest possible time without any further aggravation.

I would like to conclude my remarks by saying once again that in all this we in the European Conservative Group have the greatest sympathy for Commissioner Gundelach and the greatest admiration for his efforts to reach agreement, and we can assure him of our fullest support.

(Applause)

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, after what the Chairman of my Group has said it is obviously impossible for me to take the floor today as spokesman for the Socialist Group. I regret this, but am nevertheless here of my own free will and wish to speak in a purely personal capacity.

We Socialists in the Netherlands call ourselves 'democratic Socialists', and it is not for nothing that we give prominence to the word 'democratic', since we wish to show thereby that we aim to express our ideas and our view of society completely democratically, by force of conviction in a fully-fledged parliament. It has been said that this afternoon's incident, about which I intend to say nothing, has nothing whatsoever to do with me. This is correct. I think that if any group has an internal problem to deal with, it has every right to make use of any possibilities offered by the Rules of Procedure in trying to reach a decision. When the vote is held if you are a good democrat you have to submit to the majority decision. This also means that, in my view, if members walk out of their parliament, they are thereby undermining parliamentary democracy. I do not wish to have any part in such a process,

and this is why I am speaking here in a personal capacity.

(Applause)

I should like to thank the President-in-Office of the Council, and, in particular, Mr Gundelach, for their statements. I also go along with what Mr Kofoed said, i.e. that he regrets that the President of the Council of Ministers of Agriculture is not present in person, in this grave situation, to report to Parliament on the state of affairs in the Council.

As well all know, we are faced with exceptionally difficult problems this year. All the countries have unemployment problems. We must take measures to reduce inflation. We must also reduce milk surpluses. We must do something about the monetary compensatory amounts, as they are threatening to get out of hand. We must prevent farmers' incomes falling, and at the same time we must take steps to ensure that consumer prices do not rise excessively.

The situation, then, is a difficult one, as was evident from, among other things, the fact that this Parliament's attitude to the package of proposals, particularly regarding the crucial issue of the average general price increases, was not distinguished by any great degree of clarity either. Parliament has not issued an opinion which will get the Council and Commission out of their difficulties.

However, Parliament was under great pressure and I was confident that the Council would reach a decision in spite of everything. I greatly deplore the fact that this was not the case after such long sessions. The President-in-Office of the Council rightly observed that the differences of opinion are small, and I find this even more disheartening. There is talk of a compromise. All nine Member States are in agreement on many points, but they have been unable to agree on two matters which I should like to return to briefly in a few moments.

Mr President, we will have to adopt the compromise as it now stands. I go along with what other speakers have said on this point. This does not by any means signify, however, that I am particularly happy with this compromise, nor, I think, is the Commissioner, but as the Commission said yesterday, this was the best we could get. I also feel that a number of measures do not even make sound economic sense, indeed, they will even be harmful. But there is no other choice left open to us. It has been said, and rightly in my view, that the crucial issue so far has been the question of the butter subsidy to the United Kingdom and the reduction of the monetary compensatory amounts. As far as the butter subsidy is concerned, I go along with what Mr Gundelach has said.

Laban

It is now possible that the butter price, in spite of price increases in the United Kingdom, will be kept at the same level for this year and will rise only very slightly next year. Moreover, the Commissioner failed to mention that by virtue of the renegotiations special provisions for the import of New Zealand butter have also remained in force. I will not go into the general effect of the negative monetary compensatory amounts, but everyone knows that these too will lead to reduced consumer prices in certain cases.

I do not intend to be too hard on the United Kingdom. Other countries have also been awkward in the past and held up decisions for a considerable time. We also know that the United Kingdom is in a particularly difficult economic and political situation.

I would like to point out, however, that other countries too are faced with serious political and economic difficulties. These countries have played their part in reaching a compromise, and it is now a question of give and take. What worries me is that these measures will widen the gap between British and European agriculture still further, and this will hardly improve matters.

The fact remains that the United Kingdom decided to accede to the Community, and that a referendum was held following renegotiations and I think there comes a time when one must accept the consequences of this decision. When Mr Callaghan says to members of his party, albeit in connection with direct elections 'It is time we grew up. We are in the EEC and we are going to stay in it. Let us finally face the facts', his words must, I think, be seen as applying to European politics as a whole.

I have little more to say. It is a fact that the Council and the Commission's proposal regarding butter subsidies is very generous and accommodating to the United Kingdom. Considerable facilities have also been granted to the United Kingdom in connection with the reduction of the monetary compensatory amounts.

I hope that the statement by the President-in-Office of the Council to the effect that there is every chance of a solution being found and that we do not need to be too pessimistic, will turn out to have been accurate.

If not, the European agricultural policy is in danger of collapsing. We fully agree that the great improvements in the European agricultural policy cannot be introduced overnight. But if there is no decision, agriculture will be in difficulties and the rest of the Economic Community will also disintegrate as a consequence. This would benefit nobody. I therefore hope that it will indeed be possible to reach a decision next week.

(Applause)

President. — I call Mr Bourdellès.

Mr Bourdellès. — *(F)* Mr President, ladies and gentlemen, I feel that we have sufficiently discussed the fundamental problem relating to agricultural prices in this House and in the Committee on Agriculture. Since I agree with the statements just made by Commissioner Gundelach, I shall simply express my regrets that the twentieth anniversary of the signing of the Treaty of Rome has been marred by a melancholy event: the failure of the now traditional marathon meeting on agricultural prices. We knew that the negotiations would be difficult, given the complexity of the issues. It is not the first time that in the fixing of agricultural prices there has been a clash of interests among the different Member States of the Community. Nor is it the first time that one of the partners has advanced its pawn as far as possible. In 1965, I personally deplored the fact that France had sparked off a major crisis by pursuing the 'empty chair' policy.

However, it is the first time that a President-in-Office of the Council whose role is precisely to find a compromise, has proceeded in such a negative manner. This attitude is reflected in the opposition to exports of subsidized butter to the USSR shown by the President of the Commission, who is also British.

Just as the Commission has no right to take discriminatory action in the field of exports, the Council had no right to jeopardize the existence of the agricultural Community and, in so doing, of the Community as such, for the Common Agricultural Policy constitutes the link between public opinion in our countries and the European idea.

It is a great mistake to believe that the Council of Ministers of the Nine can be compared to any diplomatic conference. The Nine are bound by an irrevocable pact of union which has been ratified in the United Kingdom by a referendum which finally put an end to a controversy which had lasted all too long. Last month in Brussels, Europe functioned smoothly, but as a Europe of Eight. The unfortunate thing, and I regret to have to say this, is that there are nine Member States. Eight partners accepted the compromise which we owe, it must be stressed, to the Commission and to Mr Gundelach in particular, and not to the presidency as should have been the case. The cohesion of these eight partners constitutes grounds for optimism and should permit a successful outcome of next week's meeting in Luxembourg.

Incidentally, the uncompromising attitude of the British delegation was also responsible for placing the fishermen of our countries, especially fishermen in Brittany, in an extremely precarious situation just when the new 200-mile Community limit came into force.

Bourdellès

Returning to agriculture, important concessions have been made in relation to the Commission's original positions and these should lead to the agreement we all hope for. We greet this compromise unenthusiastically but we accept it for the common good. It meets most of our requirements relating to the chasing-out of the compensatory amounts, to milk, wheat for bread making, sugar and isoglucose.

We are worried not only by the delay in fixing the agricultural prices, but also — and above all — by the blow this represents to the Community spirit. On behalf of all the farmers in Europe who are eagerly awaiting decisions which are so important to their future, I therefore urge the Council to do its utmost of the forthcoming meeting to erase the bad impression made by the March failure. Otherwise each individual Member State could well revert to national measures which, in the long run, could lead to a rebirth of nationally oriented agricultural policies. This is a real risk for there are now as many prices as there are countries thanks to these latter-day customs duties, the monetary compensatory amounts. This situation represents a very serious threat to the fundamental principle of the European agricultural community, that is, the fixing of common prices and the preference given to Community produce. Unlike the Council, the European Parliament has not held up the procedure since, despite some slight differences of opinion, it nevertheless managed to reach a compromise.

As a Liberal, I feel this compromise is not satisfactory, but it does at least have the merit of being one.

We hope that 1977 will not turn out to be the fourth consecutive year of stagnation with regard to agricultural incomes. Let us avoid further delays which would only accentuate the loss of income which the Community's farmers have put up with for almost a month. Lastly, let us avoid jeopardizing this Common Agricultural Policy which has ensured normal supplies to European consumers in difficult times.

(Applause)

IN THE CHAIR : MR DESCHAMPS

Vice-President

President. — I call Mr Yeats.

Mr Yeats. — Mr President, it is an unfortunate sign of the times that we have to hold this debate here today. It is clear that the Council of Ministers has failed in one of its most fundamental duties under the Treaty of Rome. All that has been achieved until now, in the building of Europe, has been placed in some jeopardy. The show-piece of the Common Market, the one common policy that could be said to exist, has been rocked to its foundations. The common agricul-

tural policy is in serious danger of collapsing, and I think what Mr Gundelach has said to us today shows the truth of this bare statement.

Unfortunately, the attack on the very foundations of the common agricultural policy has been premeditated, and furthermore, I'm afraid that there is no reason to believe that there will be any reduction in the sustained attack that is now under way. I am referring, of course, to the extraordinary behaviour of the representatives of the United Kingdom government in the Council of Ministers, and particularly those responsible for agriculture. Whatever doubts may have existed in the past concerning the sincerity of the present British government's attitude to the European Community, have now been clearly eliminated. In the light of these cold facts of what has been happening, those Member States who remain committed to the Community and its established policies, will, I'm afraid, have to decide what action is to be taken, to preserve and advance the European Community.

We know that these Council discussions on agricultural prices are always difficult and prolonged. We know that they seldom fail to produce the traditional, late-night session and the ultimate compromise agreement, but never, in the history of the Community, have we witnessed such a blatant abuse of the decision-making process by the government of one Member State in pursuit of their own destructive policies and selfish national interests. It is clear that the full responsibility for the failure of the agricultural price negotiations to date lies with the British negotiators, and it is also clear that the options open to the Community are becoming steadily fewer. Unless there is a dramatic change in the attitude of the British government, the choice may well become very limited. One feels that either they must play the game, or else they can leave the field.

If we look at the history of British membership of the Community, it is easy to see why the present crisis has arisen. Some, in Britain, have tended to be reluctant Europeans; a strong minority, many of them extreme in their hostility, have continuously been creating problems. To placate them, we had to go through the farce of re-negotiation. That did not satisfy them. Nor indeed did the positive reply of the national referendum. In the debate on monetary compensatory amounts last October, my colleague, Mr Cointat, had this to say :

When a currency is ailing the only doctor is the government concerned, but it is the Community which foots the hospital bill. If the doctor is inefficient, should Europe bear the whole cost? Certainly not.

What Mr Cointat said then, is more strikingly relevant today with regard to the United Kingdom generally. The United Kingdom is ailing. The government is surely inadequate in its treatment, yet the European Community has made one concession after another.

Yeats

Community funds have been poured in : and what has the United Kingdom government, now holding the Presidency of the Council, done in return? They have treated the Community — and one regrets to have to say it — they have treated the Community with arrogance and indolence, culminating in their blocking agreement on agricultural prices.

Now we can ask, what has happened to the celebrated British tradition of fair-play? It would seem that it no longer exists as regards negotiations with our partners in the European Community. I wonder did Mr Silkin, the President of the Agricultural Council, really feel proud when he returned to the House of Commons to a hero's welcome from his party colleagues. If he did, it was a sad day for Europe, and a much sadder one for the United Kingdom. But whether, in fact, Mr Silkin felt proud must be called into question by his careful absence today. It must be called into question still more by the hurried exit from these proceedings of the greater part of the Socialist group. Those who have a cause that they feel they can defend stay and defend it. Those who fear that they are faced with the indefensible make tracks out of the hall.

(Cries of 'Hear!, hear!')

Now this official on-slaught by the British government on the common agricultural policy must cease. If they want changes then there is a reasonable and an acceptable way of doing it. The British Presidency has one last opportunity to redeem itself when the Council re-convenes on 25 April in Luxembourg. The British government must then show their maturity, their sincerity towards the European Community of which they are a member. If a decision is not reached at the next meeting, as a result of the United Kingdom's attitude, then — and one must regret to say it — it would surely be necessary to consider the whole problem of their membership of the Community.

One would deeply regret should such a situation arise. Surely, a Europe without Great Britain would be a truncated Europe. But what alternative would there be? The United Kingdom, on joining the European Community, accepted the common agricultural policy. Once in, they tried to destroy it. Or at least to change it beyond all recognition. I think that, with all our varied shades of opinion on agricultural matters, we can all accept, that, of course, an improvement is possible. But there can be no conceivable justification for an attempt to destroy the common agricultural policy made by a country that, on joining, accepted in the most solemn form the basic principles of the Community's agricultural policy. And that, unfortunately, is what we have seen taking place in recent weeks.

We must leave the President of the Council of agricultural ministers under no illusions. We regret, I am

sure all of us, that, for whatever reason, he is not here today. Mr Tomlinson has suggested to us that he does not represent him. I don't know why he does not, if he is the President-in-Office, but I assume that he speaks to him. So perhaps he will make him understand beyond any doubt that his attitude, quite simply and bluntly, is not compatible with loyal membership of the Community.

(Applause)

President. — I call Mr Lemoine.

Mr Lemoine. — *(F)* Once again, Mr President, the problem of agricultural prices is on our agenda. Today is 20 April, and everything should have been settled by the first of the month.

This is the first time, I think, that we have not achieved by this date one of those shaky compromise solutions which the Ministers work out each year — inevitably at the expense of the farm workers in the Community, especially the poorest among them. The difficulties which the agricultural sector underwent in 1976 — the drought in particular — and the insight which these difficulties gave into the actual conditions on the majority of small private farms, together with the Commission's official figures of a 12% increase in agricultural production costs and lower agricultural incomes over the past three years, could well have led one or two naive spirits to expect the Commission and the Council to do the reasonable thing and fix prices at a level consistent with actual production costs. Nothing of the kind — and this is no surprise to the Communists. These proposed prices bear absolutely no relation to actual costs or market equilibrium and have only served, once again, to stir up the united opposition of the whole farming profession. Even so, no agreement has yet been reached and most of Europe's farmers will have to wait for some time yet before they get any price adjustments. And even when these adjustments are decided, they will not cover the increased costs which the farmers have incurred and are still incurring.

This is a prime example of the all-embracing crisis which the Community and its Common Agricultural Policy are going through. It is obvious, in fact, that since the onset of the monetary crisis the Common Market has been coming up with hare-brained ideas which are less and less tolerable. How can you expect farmers not to react when the compensatory amount scheme taxes exports and subsidizes imports and consequently increases the disparities between the Member States by encouraging those with a strong currency to export? And what about the taxpayers who contribute to the EAGGF and subsidize British food imports to the tune of 38%, for example? Have they no grounds for protest?

Lemoine

Is it any wonder that farmers, and all those in the agricultural sector, are beginning to have doubts about the Common Market, how it works and where it is going? Every day more of them wake up to reality, and can hardly fail to be angry. The Ministers and the Commission will have to realize this. Our farm workers are not going to be sacrificed on the altar of the Common Market. They would have to be blind not to see that the breakdown in talks on agricultural prices has occurred at the same time as the Americans have gained new concessions for their exports to Europe without having to reciprocate. Is it not true that the Common Market has lowered all the barriers against American imports, to the extent that some products — vegetable fats, for example — have unrestricted entry, while the United States has slapped stiff surcharges and quota restrictions on certain imports?

The result of this unilateral policy, which our governments accept, is the enormous trade gap between the Community and the United States.

This rose from 9 000 million francs in 1971 to 25 000 million francs in 1976. One gets the impression that this postponement of a decision on prices indicates a coalition of interests of the large multinational concerns, urged on by the Americans, to the detriment of European agriculture and especially French agriculture. Food-importing countries like Germany and the United Kingdom are working together to open up the market to cheap agricultural produce from the United States or from countries with a lower standard of living, like the Latin American or Mediterranean countries. This is simply a further example of the desire of certain Member States to alter the fundamental principles of the Common Agricultural Policy, namely, uniform level of prices, Community preferences, financial solidarity. This is the greatest threat to agriculture throughout the Community, but especially to French agriculture.

I want to close by saying that if we look at the increased production costs there is no way we can refuse to raise agricultural prices. Farmers must not see their incomes fall for the fourth year running. However, to avoid penalizing the consumer, emergency measures to offset increased producer prices will have to be taken at national level by cutting VAT and tackling the problem of production costs, particularly by curbing the profits of the large companies which supply fertilizers, machinery, fuel, feedingstuff, plant additives and so on.

That is all I have to say on this problem which will have to be properly solved one day, for the sake both of our farmers and of our countries.

President. — Before calling the next speaker, I would point out to Parliament that Mr Laban has informed me that his reason for leaving the Chamber

is that, as vice-chairman of the Committee on Agriculture, he has had to meet a Greek delegation.

I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I am speaking solely for myself here, not because I disagree with the eloquent spokesmen for the Liberal Group, Mr Kofoed and Mr Bourdellès, but because I feel there are one or two points which have to be made clearly and unequivocally. Today's debate is not the usual debate on agricultural prices, where national and local agricultural interests deriving from particular geographical and historical situations come into conflict. Today's debate concerns the survival and development of the Community.

Jean Monnet was right when he said that setting up the institutions would mean ensuring that the centrifugal forces were countered by the creation and development of centripetal forces on a continuous basis. This centripetal effect, which stems from the constant and consistent unifying power of the Community, is once again evidence that the Commission has functioned properly.

I wish to offer my warm congratulations to Mr Gundelach who has allied action with words in performing to the full his duty in the higher interests of the Community. However — although I have no wish to indulge in polemics, which is something I abhor — I must agree that we cannot say the same for the Council of Ministers. My own experience is that the Council has always reacted to the Commission's proposals by attempting to find a compromise solution to which everyone would be able to agree and which would thus merit everyone's confidence. This did not happen in this case. Any expression of regret on our part does not mean that we want to put one of the Member States in the dock. I belong to a party which made the United Kingdom's entry into the Community a basic feature of its policy in recent years. Let me therefore repeat to this great free and democratic nation the words which the poet Catullus used when addressing the woman he loved: *nec tecum nec sine te vivere possum*. Mr Tomlinson should know that the desire of the whole Community is that it should not have to feel about the United Kingdom that it can live neither with nor without that country.

The present problem is not whether the United Kingdom is going to carry on like this, but whether the Community can survive such crises. I entirely agree with what Mr Gundelach said: if we return to nationalist attitudes in agricultural policy, this will not only ring the knell of Community agriculture but will go much further and possibly even threaten the very existence of the Community.

I am also amazed that after the failure of the agriculture marathon the responsible minister has not come to this House.

Cifarelli

We have been given optimistic assurances. So be it: where there's life there's hope. In my opinion, the pessimism of reason should be met with the optimism of faith. We European federalists try to have the optimism of faith even when the facts, and therefore cold logic, ought to make us pessimistic. Having said this, I should like to emphasize that there are three major features in this situation. The first is that we have to tackle and eliminate, root and hunch, the negative and corrupting effects of the monetary compensatory amounts. These amounts were supposed to facilitate the free movement of goods and the unity of prices within the Community, but — to echo Mr Bourdellès' apt phrase — they have become latter-day customs duties, with the result that there is a different price, a different situation and a different problem for every country. We have to abolish the compensatory amounts, or at least get back to the situation whereby they are only a temporary measure and not the basis of an agricultural policy. I know that we all agree on this, but it is our duty as Members of this House to show the general public that we believe it and to isolate those who do not share this conviction.

Another point I wish to stress is that agriculture has very little effect on inflation. Just think of the tremendous problems that Italy is experiencing as a result of the index-linking of labour costs and you will see that this is primarily an industrial problem, unconnected with agriculture. On the other hand, any intervention in support of farmers must take account of their demands by a review of prices, stimulation of production, and elimination of shortages. I am Italian and so — if my doctor lets me — I eat a lot of pasta. In spite of what other people in Europe may say — and I am afraid I cannot agree with them — pasta should be made from durum wheat. A few years ago, in 1973 and 1974, when there was an attempt to keep down the price of durum wheat in Italy and thus to introduce quantities of this product into the market, it became obvious that not only the Italians were after durum wheat on the producers' markets.

Furthermore, the Third World is gaining in importance, not only as its population grows but also as its standard of living improves. The danger of shortages is therefore always with us, and Mr Gundelach was right in saying that we must not discourage those who are willing and able to produce. I do not agree with Mr Lemoine who wishes to solve the problem by ritual incantations. No solution is offered by his tirade against monopolies, the multinationals and the United States. I envy those who can solve our agricultural problems in this way. There is no doubt that we have to avoid mistakes and keep agricultural production costs in mind — but the problem is far more complex than that.

However, let me say to Mr Gundelach that, given the complexity of the problem, we have to make sure that

the fundamental cause of this imbalance in production is not to be found in prices, like those of milk and butter, which only encourage stockpiling. This system of stockpiling is wrong and we ought to be ready to criticize it constructively, even to prune it drastically, if we want to put an end to a situation which is bringing woeful consequences.

I want to make one final point. The Community has sometimes had to deal with problems which are the result of the special needs of one or other of the Member States. In the case of Italy, this special need was to ensure the protection of olive-growing so that ancient olive groves would not be ploughed over, their workers dispersed to urban shanty towns and a void created in an agricultural sector which deserved to be protected. Other special needs were expressed in France and by other Member States. But this is not the problem here. What has to be condemned is distortion by contrived production or consumer protection, distortion which is caused by political motives, contrary to the very rules of the Common Market, by means of the perverse operation of the compensatory amounts. This is what we take exception to, and I should like Mr Gundelach to respond to the congratulations and the energetic support he is receiving from my Group by giving us a report on what has been done. I am referring here, for example, to certain structural directives which should not be left unimplemented if we want to avoid the consequences of inflation which undermines the relevance of the Community's forward-looking measures in the agricultural sector. I am also referring to the study of a scheme for income supplements, since it is from our British colleagues, for example, that we are hoping to have a rational and useful contribution to the development of a scheme to supplement agricultural incomes. This scheme can possibly replace the prices set-up with all its ineradicable drawbacks.

These suggestions may seem obvious, but I wanted to make them in order to give some substantial backing to the feeling of optimism which I should like to feel — and indeed hope — is based on facts and not simply on hopeful anticipation.

(Applause)

President. — I call Mr Corrie.

Mr Corrie. — Mr President, I firstly must pay tribute to Commissioner Gundelach and the tremendous work that he does. He has been untiring in his efforts to try and get an agreement amongst the nine countries, and he has gone to extreme lengths to get agreement with the British Minister, to the detriment of other countries. We in this House must admire the way in which he has tackled this problem. His statement was rather in contrast, I am sorry to say, to the statement by the President-in-Office of the Council who, I felt, was almost apologizing for what he had to

Corrie

say this afternoon. I was rather startled by his statement that he was not here representing the President of the Council of Agricultural Ministers in his ministerial capacity because if he isn't, then who on earth is? It is sad that in this year, when we in Britain hold the Presidency of Council, at the same time we appear to be trying to destroy the system.

The walkout of the Socialist Group this afternoon shows their lack of interest in continued agricultural prosperity in the Community and fair prices for the consumer. They must have been glad of the excuse to find a difference with the chair, and I would congratulate the President for the stand that he took at that moment. Rules are made to be kept, to be adhered to, not to be twisted and changed. It was sad to see the fairminded Members of that group having to go out with them. One can only admire Mr Laban for the stance that he took in remaining for part of this debate, showing that he puts people before politics.

(Applause)

The compromise worked out by Commissioner Gundelach was absolutely fair; in fact it was more than fair to the British housewife. The British Minister has been given far-reaching concessions; he has turned down proposals which would have given British housewives tremendous advantages over the housewives of the other eight countries. He is now denying these housewives the very things that he was fighting for. One wonders if he is out to destroy not only the CAP but the whole concept of the European Community. It is a sad day for Europe, Mr President, and it is a sad day for Britain. I say all this in sadness rather than anger. How can we expect the eight other countries to help Britain in the tremendous troubles that she is in just now, if we treat them in this way? How can we get fair fishing limits for our fishermen round our coasts if we grab all the benefits in agriculture?

The British Minister who is President of the Council is being nationalistic and narrow-minded in his thinking. It almost makes one ashamed to be British. We in this House are Europeans, we are not nationalists. The Minister does not seem to understand the problems of the agricultural industry and if he is not careful he will destroy this whole Community if he carries on like this. Farmers are suffering at the moment. They have been offered price rises of roughly 14% against cost rises of over 20%. They are carrying in their own way part of the burden of inflation.

Large efficient units are being penalized just the same as the smaller farmer. It will go totally against the intention of structural changes if we go on in this way, because if large farmers — and I admit I am a large farmer myself — cannot get the income we require by getting the correct price for our goods, then we will

simply increase the number of cows we have and produce more milk to get more income and so, in fact, increase the very problem that we are trying to set out to solve.

So no increase means just as big a problem as an increase. The British Minister is taking short term measures in trying to protect the consumer, but he does not seem to realize that the problem gets bigger and bigger as the years go by. If one gives a subsidy this year and the price goes on rising, one will have to give an even bigger subsidy next year to keep it in line yet again.

Inflation in Britain has risen by 16% because of the other problems throughout the world. We cannot blame the Community in any way for this. The fact is that raw materials coming in from abroad for feed, for fertilizers, for our implements from third countries and developing countries have shot up in cost. This is the reason why our costs are rising in agriculture. It has nothing to do with the CAP. Someone has to pay at the end of the day, either the housewife or the taxpayer, and if Britain insists on the narrow-minded, self-seeking, selfish path which she is heading on just now, the British Minister will certainly destroy the Community. The consumer is the person who will suffer in the end. We will simply get wholesale slaughtering as farmers cut down on breeding stock for beef and for milk and then will come shortages and high prices, the very thing that this Minister is trying to avoid. Farming is a five-year cycle, not a short term industry, and he should remember that. We are in a very grave situation, as the Commissioner has said. We must get an agreement as soon as possible and we, in my group, will do everything to help make progress along that path.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach *Vice-President of the Commission.* — Mr President, I shall make a few comments in regard to the remarks which have been made concerning my contribution this afternoon.

I appreciate very much the seriousness of the debate which has taken place. I appreciate the fact that it has been understood in this House that we are faced with a situation which is full of grave risks — not only for agriculture but for the Community — and it has run like a red thread through the debate that a decision must now be achieved in the Council of Ministers. This is for me the essence of the debate this afternoon: that it is essential for the Community — not only in the field of agriculture, however important that is for the agricultural producers and for the consumers, but for the coherence of the Community and its place in the world — that this key decision is made and that the build-up to the decision is properly used.

Gundelach

I am grateful for the support which has been expressed for the endeavours the Commission has undertaken to create the basis for a solution. I know full well that that support has been given mostly for the sake of the over-riding interests which are at stake, more than out of enthusiasm for the contents of the proposals. I would in many ways agree with Mr Bourdellès who said that the greatest merit of that compromise proposal is its existence. And that it is accepted by eight Member States and, subject to one point, by the ninth as well — I think that should not be completely forgotten.

Mr President, there are only a few points I will touch upon in the comments which have been made in regard to my statement. The question of anti-inflation policy in agricultural prices has come up again. I want to make it clear — if I failed to make it clear in my first intervention — that I am not advancing the view that agriculture is responsible for inflation. I am not, because it is manifestly not. On the contrary, agriculture has often been one of the victims of inflation. I was only stating that in fixing our agricultural prices we must see agriculture as part of an overall economic policy. I do not think, with the prices which are now suggested and with the effects of devaluations which are being carried out in a number of European countries, that the farmers are penalized as the honourable Member representing the Communist Group tried to indicate. He had a tough time, by the way, in demanding at the same time the highest possible price increases for the producer and the greatest possible recognition of the interests of the consumer. And naturally he failed in that endeavour and then he turned immediately to the good old gimmick of saying the whole thing is due to the United States. It really is becoming laughable and it is this kind of debate which I fear will be the order of the day if we cannot take serious decisions in the Council. I would say this to him: there are no new incentives to exports from the United States to Europe; there is no levelling off of the protection against imports from third countries into the Community. Naturally we have a problem of trying to increase our agricultural exports. Agriculture is one of our assets in Europe. And it is becoming an increasingly important asset in a world where in raw materials it is nature-given things that count. That is one of the reasons why I am so insistent. And I say this to Mrs Ewing — that I will not sit in this chair and participate in the dismantling of the common agricultural policy — I will not.

(Applause)

It is not a matter of dogma. It is because that agricultural policy is what is preserving and securing the proper exploitation of one of the few basic raw materials, basic nature-given assets we have in Europe. I am sure they should also be used for increasing exports and creating a better balance between exports

and imports. Here I am in agreement with the honourable Member from the Communist Group that the problem must be dealt with on the basis of realistic premises and not on the basis of two opposite views — the highest possible prices and the highest possible exports in world markets. This obviously is not realistic.

The MCAs have been referred to and I think I have spoken enough about this subject. I consider that to be one of the most important problems to deal with. I will answer Mr De Koning's specific question to me: what is the fate of the Commission's proposal for a general automatic system to deal with this problem? This proposal stays on the table and we are trying to get the Council to take it seriously and move it forward. I said in my introductory remarks that my experiences during this price review indicate that this subject cannot be dealt with satisfactorily in a so-called pragmatic, step-by-step manner. It obviously has to be done in a more regular manner. That is not to belittle what we have been able to do, but quite obviously it has to be done in a more far-reaching manner.

I agree with those who have expressed concern about the self-perpetuating character of certain subsidization projects contained in my compromise proposals, be it for butter consumption, or be it for production in other parts of the Community. It is a danger to introduce too many schemes of that nature. On the other hand, it can, in given circumstances, be a lesser evil than the policy as a whole falling apart. And furthermore, there may be certain justifications, also of an economic nature, for measures of this kind. As I stated earlier, it is true that the agglomeration of price increases in the United Kingdom in butter due to three different factors, if nothing had been done, would have led to a rather staggering increase in United Kingdom butter prices in the neighbourhood of 30-40 %, which quite obviously would not have been in the interests of the Community as such.

Likewise, there is a case for doing something to help to restore agricultural production in Italy.

But I agree with those, and in particular with the rapporteur of the Committee on Agriculture, Mr Kofoed, who say that one must be extremely careful that these schemes do not become self-perpetuating; that we do not build a common agricultural policy based on subsidization, forgetting that subsidies are paid by the same people who otherwise would pay by way of prices — namely by the taxpayer. To me it is sometimes as if people believe that what is paid out of the EAGGF — out of the pocket — is not paid by anybody, is manna from heaven. No it is not — it is paid by the taxpayer in the last resort, and, therefore, basically by the same people who otherwise would have had to pay the price; it is not quite the same, but basically it is true.

Gundelach

Mr President, I should like to end by making a few remarks about Mr Kofoed's report. To do so may be slightly out of order, since it is not yet formally under discussion, but due to the necessity of going on another Odyssey in Europe to speak to the agricultural ministers in preparation for the Agricultural Council on Monday, I shall not be here when this report is formally submitted for adoption, and I would like to make it clear that this report in regard to the three specific new proposals must come before Parliament because they have not been subject to an opinion from Parliament, as was the case with prices, where I think our proposals are inside the range of the opinion we received from Parliament. But on these three particular points an opinion is needed from Parliament. I would like to say that I accept the rapporteur's report as it stands. I would only make a comment in regard to paragraph 2, where he refers to the proposals for subsidies about which I have just spoken, and indicates that they have been introduced for political reasons — and that is true — but that they have no economic justification. I think that this is possibly going slightly too far, for the reasons I have indicated. They do have some valid economic justification as well. Later in the report, it is indicated that derogations should not be prolonged beyond the period of 12 months. I agree with that notion, but, as I said in the Committee on Agriculture last night, we must beware. We must, for instance in regard to British butter prices, see that there might be a situation next year where there again will be a big drop and one therefore will be faced with some kind of phasing-out operation. That was the reason why I, in my earlier comments, spoke about maybe modulating our present proposals slightly differently in order to secure a phasing-out and thereby a higher guarantee that this would be something of a temporary nature and not of a permanent nature.

Be that as it may, Mr President, what I want to retain, and think I can retain from this debate, is a clear indication from the European Parliament that a decision must now be taken on the basis that has been put together, however imperfectly. A decision must be taken on that basis, for the sake of Europe. And for this I am very grateful to the House.

(Applause)

President. — I call Mr Tomlinson.

Mr Tomlinson, *President-in-Office of the Council.* — Mr President, can I say at the outset how much I welcome Commissioner Gundelach's approach and his agreement with the report that I made on behalf of the Council of Ministers, and the spirit in which he made his own report.

Can I first of all say to Mr de Koning that when he said I spoke of a very small gap, and equally to Mr Kofoed, when he used the same words — very small gap — and to Mr Laban, because by the time we got to him, he had then interpreted it as an infinitesimal gap that none of those things were in fact said by me here in my opening remarks. What I did say was that there was a danger in exaggerating the extent of the differences, and that I made quite clear when I said to him — and I quote again my words for fear that they were perhaps more generally misunderstood — 'that the differences and difficulties should not be overstated' and I further went on to say that they were not as great as had in fact been suggested by some people.

Can I, having cleared that, come to Mr de Koning and say to him that when he criticizes the thousand million units of account which goes in MCAs and butter subsidies, at the same time he must remember that twice as much as that amount appeared in the EAGGF budget — some 2 000 million units of account — on financing in the milk sector surpluses. And that he really must get that figure into that type of perspective. He asked me quite specifically: is there a vital United Kingdom interest? And if I may speak as a United Kingdom minister, I will answer to him quite clearly: yes, there is. There are two transitional steps to be taken — a suggested green pound devaluation and the common price increases. Against the background of an additional 4%, which is what that would add up to, in the increase in the food price index in a year when the primary responsibility of the United Kingdom Government has got to be to maintain the battle against inflation — a battle which is not only in the United Kingdom's interest; it is in the whole of Europe's interest that that battle is sustained and won — I must say to him quite clearly that, against that background: yes, there is a vital United Kingdom interest.

Now Mr Kofoed said that the MCA subsidy was good for consumers. Now none of us, when making that kind of remark, Mr President, should forget that when MCAs subsidize, for example, United Kingdom food prices or food prices elsewhere in the Community, they also work in the interests of the food exporters in making their food competitive in the United Kingdom market, or whichever market it happens to be, and in maintaining and even encouraging consumption.

The alleged cost of monetary compensation amounts has to be seen against the cost that would otherwise arise from even greater surpluses. And I might say to this House, Mr President, that I don't think they need to be reminded that there is no merit in reducing the cost of MCA's, only to increase the cost of storage of surpluses and the cost of intervention.

Tomlinson

Now, if I may, Mr President turn to the remarks of Mr Hunault, who asked if the Presidency could have done more. May I say to him quite clearly that I cannot in any way accept the criticism he made of the Presidency when he asked that question. The President of the Agriculture Council did all that he could over four days and nights to secure agreement, but this can only be achieved if a solution can be found which is acceptable to all delegations. On this occasion, as I explained in my opening report, this was not possible. The Presidency remained ready to continue the meeting as long as necessary, but the majority of delegations thought that the time had come too pause for reflection. In any case, Mr President, as I said earlier, we must keep this matter in some kind of proportion. The meeting from 25 to 29 March was only the second occasion that the Council had had for a substantive discussion on a very complicated set of proposals, and as I have said, this is by no means the first time that discussions of this sort have run on into April.

Mr President if I may turn to the speech of Mr Howell who seemed to be somewhat bemused, as did one or two other Members of this House, when I vigorously denied, by nodding my head sideways, that I don't come here as Mr Silkin's representative. Mr Howell, and I'm sure most Members of this House, already know, but for those who don't, perhaps I can explain that the Presidency is, of course, indivisible. I come here as Presidency, not representing any particular minister in any particular manifestation of the Presidency. Mr Howell should know quite clearly that I come here speaking on behalf of the Presidency, not on behalf of any particular person who happens to take the chair of the Council of Ministers in any of its particular manifestations. It is a matter for the Presidency and for them alone, to decide who comes to this Parliament to speak on their behalf, and it is not within the competence of this House to be criticizing that judgement. Commissioner Gundelach, I might say to Mr Howell however, is meeting Mr Silkin tomorrow. Their meeting will be taking place, and obviously we welcome this early opportunity for Mr Silkin to have discussions with Commissioner Gundelach. I might say that after the long discussion of Mr Silkin's daily diary for today, I hope that when he has his discussion with my constituent, Sir Henry Plumb they find it mutually beneficial, but it really has very little relevance to the report that I was giving here today.

To Mr Laban, I would say that I welcome his contribution, I think it was a very interesting contribution, of which I take note. I fully understand his concluding remarks about the seriousness of the agricultural problem to which he refers. I repeat, as I said in my earlier statement, that I remain optimistic that it will be possible for these differences — differences which

I have already tried to explain the scope and the magnitude of — to be resolved next week.

I obviously listened to what Mr Bourdellès had to say. The problems of the fishermen of Brittany did not in any way arise from my report and I am not convinced that they were a substantial part, if a part at all, of the discussion in the Agricultural Council. I note what he said about them, however, as I do for the rest of his remarks, but there was no specific question which invited my observations.

Mr President, may I say to Mr Yeats that his allegations about the conduct of the United Kingdom Presidency and of the United Kingdom government were as outrageous as his language was intemperate, and I believe that he does neither credit to himself nor to this Parliament, to conduct himself in such outrageously exaggerated language. It would be quite easy for me, Mr President, to recount in equally intemperate language . . .

(Loud protests)

Mr President I have plenty of time, and if our Members want to pursue the debate I am perfectly ready to listen to them as I did before in total silence, but Mr President I may say it does nothing for the conduct of this House when exaggerated and intemperate language is used, for example, for any Member of this house to talk about an inadequate government, about arrogance and indolence of a particular Member State of the Community, to use words like their own destructive policies, their blatant self interest, their blatant abuse, to cast doubts on the sincerity of the United Kingdom government; those are outrageous and exaggerated remarks, which render the content of what he might otherwise have been saying something on which I will not comment, because of the terms in which it was rendered.

(Loud protests)

But to anyone, like Senator Yeats, who might have been suggesting that the United Kingdom government are seeking to wreck the common agricultural policy — again a part of the intemperance of his speech — may I say to those people who think similarly, that the principles and objectives of the common agricultural policy are laid down quite clearly in Articles 38-47 of the Treaty, and the United Kingdom government, I am sure, as well as the Presidency and every other member of the Community, recognizes that that Treaty cannot be altered without the agreement of all the Member States.

Some Member governments, Mr President, have made clear their dissatisfaction with various aspects of the workings of the common agricultural policy, but that is not the same thing as questioning the very existence of that policy. May I say Mr President, that speaking as a United Kingdom minister, I can say that the British government would like to see the common agricultural policy improved to produce a

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better balance between the producer and the consumer interests. This means, *inter alia*, the elimination of structural surpluses, which are both costly and wasteful, but in saying that, I equally say to this House, that the government is clearly aware of its Treaty obligations and is clearly aware of the procedures by which policies in a dynamic Community, not a static organization, will need to be changed.

(Protests)

Now, Mr President, if I may turn to the speech of Mr Lemoine, I note obviously all that he said, but like Commissioner Gundelach, I cannot agree with most of his remarks. To Mr Cifarelli who unfortunately I don't see here with us, although he made a fairly detailed contribution to this debate, can I say again that by asking the kind of exaggerated, rhetorical question, like: can the Community survive? will Britain leave the Community?, he is in fact polarizing unnecessarily the level of conflict that exists within the Community. We are in the United Kingdom, if I may once again speak as a United Kingdom minister...

(Protests)

... members of the Community. Many of us, including myself, fought for years for that to be the case and it was a decision, Mr President, that was reaffirmed in a referendum and I can confirm to Mr Cifarelli what I said to Mr Yeats about the United Kingdom government's position in relation to the common agricultural policy.

To his specific question about the abolition of monetary compensatory amounts, may I say to Mr Cifarelli, that the inevitable consequence of an era of floating exchange rates is that we have a system of MCA's. Indeed without them, there would be no system of common prices whatsoever, and that was the system that he was seeking to defend in his speech.

Again to Mr Corrie: to talk about the destruction of the CAP, the destruction of Europe, is to unnecessarily focus attention upon a problem that doesn't exist.

(Loud protests)

We are not talking of problems of that order of magnitude and I can say to Mr Corrie that, while I fully understand, Mr President, partisan, political party points, I say to him that his efforts to produce this invisible export from the United Kingdom was one which the United Kingdom can manage without, and was certainly of no benefit to the debate at all.

Mr President, may I in conclusion say to this House that there is a massive danger of people here over-exaggerating differences. There are differences, nobody pretends otherwise, but the differences and the way I described them in my report on behalf of the Council — a report which Commissioner Gundelach said he could agree with — put them in the correct perspec-

tive. May I in the nicest possible way, Mr President, point out and remind this House that failure to agree on what ought to be the agricultural policy for the ensuing year was not the exclusive prerogative of the Council. I seem to recall that when this House had the opportunity of debating the same issue, the same difficulties emerged in this House. It was not the exclusive prerogative of the Council to fail to come to unanimity at their first attempt in discussing it. There are differences Mr President, but they are not such great differences, against the totality of the package. I welcome the approach of Commissioner Gundelach and, like him, as I have already said to this House, remain optimistic that it will be possible for these differences to be resolved next week. But these difficulties will be more readily resolved next week if people get a sense of proportion in their description of the situation and the attitudes of the Presidency and Member States of the Community.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I don't think that there is any point in my answering Mr Tomlinson in kind. He has however accused me of using intemperate language — I think he used some other adjectives as well. Those who know me in this Parliament, I think, will possibly accept that I am not, on the whole, given to the use of intemperate language. I think the position is a simple one.

If there is no agreement on the annual price proposals, then there is no common agricultural policy. We have the collapse that Mr Gundelach envisaged for us this afternoon. The position is as simple as that.

We have the simple position that eight Member Countries agreed on the package, a number of them with very grave reservations, a number of them, in agreeing, making considerable national sacrifices. One country refused; one country defied the united forces of the other eight. This even after the giving of enormous concessions to the United Kingdom.

Mr Tomlinson says, in what I can only describe as a rather eccentric phrase, that, after all, a thousand million units of account isn't that much. A thousand million units of account, which, even at his own estimate, are what is being paid by us in the Community to subsidise the British consumer, to give him the cheap food which he is so anxious to preserve. This thousand million units of account is double the entire appropriations for the regional policy in this year — double. This is what is not enough for Mr Tomlinson. It is not enough for him. He defies the other eight Members. He says: no, we want more. In describing this situation in simple terms, that may be intemperate language. If so, I can only say I stand by it.

(Loud applause)

President. — The debate is closed.

9. *Tabling of motions for resolutions*

President. — I have received from Mr Fellermaier, on behalf of the Socialist Group, Mr Notenboom, on behalf of the Christian-Democratic Group, and Mr Bangemann, on behalf of the Liberal and Democratic Group, a motion for a resolution, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the problems in the Community's iron and steel industry (Doc. 61/77).

I shall consult Parliament on the urgency of this document tomorrow morning.

Further, I have received from Mr Fellermaier and Mr Sieglerschmidt, on behalf of the Socialist Group, a motion for a resolution on the protection of human rights (Doc. 60/77) and from Mr A. Bertrand, on behalf of the Christian-Democratic Group, Mr Bangemann, on behalf of the Liberal and Democratic Group, Mr Rivierez, on behalf of the Group of European Progressive Democrats, and Lord Reay, on behalf of the European Conservative Group, a motion for a resolution on the protection of human rights throughout the world (Doc. 62/77).

10. *Agenda*

President. — I call Mr Fellermaier on a point of order.

Mr Fellermaier. — *(D)* Mr President, now that the Vice-President of the Commission, Mr Ortoli, is here, we should like to be told at what time the debate on the steel industry can be held tomorrow, so that both the Commission and the groups have time to prepare for it. If possible, there should also be a time-limit, since tomorrow's debate will doubtless be an initial sounding of opinion on the basis of the motion for a resolution tabled by the three groups. I should be grateful if Parliament would agree on the matter now and also if the Commission could give us definite information as to which Commissioner will be here tomorrow to answer the questions on which the motion for a resolution by the three groups is based, and at what time he will be here.

President. — I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — *(F)* I note what Mr Fellermaier has just said and confirm of course that the Commission is prepared to discuss the motion submitted, with request for urgent procedure, by the three groups. However, since the debate concerns the iron and steel industry, Mr Davignon will have to be present, and I suspect that the afternoon would suit him better. I am naturally prepared to get in touch with him, but I have not had a chance to ask him yet and would like to be able to telephone him to make sure that he can attend, since we are

currently engaged, as you know, in high-level talks with the United States, and if he can attend, at what time. Therefore, Mr President, I think it will be preferable to return to this question in a few minutes.

On the other hand, now that I have the floor, I should like to take this opportunity of asking you what debates you intend to hold this afternoon and evening. It so happens that I myself came here to speak today, but, for the same reasons as apply to Mr Davignon, I simply have to be in Brussels tomorrow morning and afternoon, and therefore I cannot see how I can be here to present my report unless the debate on it is held this evening. It seems to me, therefore, that the choice boils down to discussing my report either this evening or at the next part-session. And so I ask Parliament for its indulgence while pointing out that we have obligations over which we have no control.

President. — I call Mr Bertrand.

Mr A. Bertrand. — *(NL)* Mr President, the debate on human rights, for which there are about ten Members down to speak, will undoubtedly take one and a half to two hours. I should therefore like to propose that we then bring today's proceedings to an end. If I am not mistaken, Mr Ortoli agrees to present his report on the economic situation at the May part-session and does not insist on doing so this week. Mr Notenboom agrees to his report being dealt with as the first item on the agenda tomorrow morning, not this evening. I should therefore like to ask whether Parliament now agrees to the proposal that we should close today's proceedings after the debate on human rights and begin tomorrow morning with the Notenboom report, the Seefeld report and the oral question by Mr Hamilton, and then deal with the rest of tomorrow's agenda. We can also vote tomorrow morning on the urgency of the motion for a resolution on the situation in the iron and steel industry.

And Mr Ortoli can let us know tomorrow at what time Mr Davignon can be present. Then, if you like, we can hold the debate on this motion tomorrow afternoon if Mr Davignon is here. I think that this is an arrangement to which the House will be able to agree. In this way we can get down to some serious work.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, four of the five items remaining on the agenda are down for answer by me. I have with me some officials from the Commission to help. I shan't be able to be here tomorrow morning, having been here since Monday at 5 o'clock. I am just wondering, like Mr Ortoli, if the items which can't be taken this evening — and I can stay here quite late — could be held over to the May part-session as well.

President. — It is thus agreed that we shall deal with the question of the adoption of urgent procedure for the motion on the iron and steel industry tomorrow morning and that President Ortoli will let us know at what time Commissioner Davignon will be able to attend tomorrow.

With regard to President Ortoli's statement on the economic situation, in view of the late hour and the fact that Mr Ortoli will not be able to attend tomorrow, I propose to Parliament that it be postponed to the next part-session.

Since there are no objections, that is agreed.

Lastly, with regard to Mr Notenboom's report on the sixth directive on the harmonization of turnover taxes, Mr Bertrand has requested that it be dealt with at tomorrow morning's sitting.

Are there any objections?

I call Mr Burke.

Mr Burke. — There is a difference between the Value Added Tax item and the two shipping and piracy items, in that the time schedule of the introduction of own resources will be put out of line if the Parliament isn't given the opportunity at this session of giving its opinion on VAT. Therefore I would suggest, for the consideration of Parliament, that immediately after Human Rights we take the VAT item. I would prefer to stay here as late as possible tonight to get this out of the way. This must be done, I would suggest to the Parliament, this evening, in order to keep to the time schedule laid out for consultation with the Council.

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council. — Mr President, can I support Commissioner Burke. The Presidency takes precisely the same view, and they too are prepared to stay after the discussion on Human Rights for this item to be cleared tonight.

President. — I call Mr Bertrand.

Mr A. Bertrand. — (NL) Mr President, I think that we must comply with Commissioner Burke's request. I should therefore like to propose that, no matter how long it takes, we deal with the Notenboom report and the Seefeld report this evening. Otherwise we shall get into difficulties. Mr Ortoli's statement is thus postponed until May; we all agree to this. And the reports by Mr Notenboom and Mr Seefeld can be dealt with this evening after the debate on human rights. In this way we can comply with Mr Burke's wishes and solve the problem.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — I am quite prepared to agree to that proposition in so far as my

agreement is desirable, but I would suggest through you to Mr Bertrand that the final item from Mr Hamilton on piracy on the high seas should also be included. It will be a short item. Otherwise it could be remitted to May.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, in view of what Mr Burke and Mr Tomlinson have just said and of the difficult time factor, there is only *one* logical solution, and that is to postpone the whole debate on human rights until May, unless it is certain that the President of the Council will be able to attend at 10 o'clock tomorrow morning, since I think that it is not in Parliament's interest that such an important aspect of external policy be rushed through at the double. On the contrary, Parliament, the Council and the Commission need time for it. Thus the only question is whether the Council representative will be able to attend tomorrow morning for the debate on human rights, since otherwise we cannot hold it because we must know what the Council's attitude will be. In this way we should be able to finish dealing this evening with everything concerning the Commission and would arrive at a solution which would be in the interest of the entire Parliament and the institutions involved. I would therefore request that the President-in-Office of the Council be asked now.

(Applause from various quarters)

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council. — Mr President, obliging as I would like to be on this, I cannot unfortunately be here tomorrow morning. I will be remaining here overnight, so I can stay here as long as possible tonight, but I must catch a plane at 7.55 tomorrow morning to be back in the United Kingdom during the course of tomorrow morning. It will be quite impossible for me to come tomorrow.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I should like to second Mr Fellermaier's proposal. The destiny of our Community is so closely bound up with the question of human rights that it should not now simply be rushed through under this pressure of time. The purpose would be better served if it were possible to hold a debate either tomorrow or in May — but then definitely in the morning and not at such an hour as this — with appropriate preparation and in the presence of the Commission and Council. I would therefore support this proposal.

President. — We are therefore faced with the alternative of either holding the debate on human rights this evening, with Mr Tomlinson present, or postponing it to the next part-session.

I call Mr Bertrand.

Mr A. Bertrand. — *(NL)* Mr President, I agree in a spirit of constructive cooperation, since we have already had enough problems with the agenda today. I hope it is the last time, but I agree because motions for resolutions on human rights have been tabled. They can be referred to the Political Affairs Committee if we postpone the debate on human rights. I agree to postponing the debate until the May part-session. By that time the Political Affairs Committee will have been able to prepare a motion for a resolution to be tabled at the end of the debate on human rights. However, I should like to ask you, Mr President, whether we cannot have an immediate vote on the urgency of the motion for a resolution on the situation in the iron and steel industry so that Mr Davignon can be notified and asked to be here tomorrow afternoon.

President. — I call Mr Spicer.

Mr Spicer. — Mr President, I and my group fully support Mr Bertrand and the others who have spoken in favour of postponement. There is no doubt this is a vitally important subject and I have the feeling that tonight we would not be doing justice to it. We would be rushing through it. The speeches would not be perhaps as well considered as they might be, and certainly the attendance does not lend the weight to the discussion that it should have. It is vitally important. I would certainly support a postponement until May.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, I formally withdraw the oral question (Doc. 22/77) and announce that my Group will table it again at the May part-session.

President. — Mr Fellermaier's oral question on the protection of human rights (Doc. 22/77) is thus withdrawn.

I call Mr Scelba.

Mr Scelba. — *(I)* Mr Bertrand has made a proposal which I find very practical.

We all agree that it is impossible to hold a thorough debate this evening on such an important subject. However, it has been proposed that Mr Bertrand's question, like Mr Fellermaier's, be referred to the Political Affairs Committee so that it can examine the problem in the meantime, and that in May Parliament hold a debate on a resolution drawn up by the same committee. Mr Fellermaier, on the other hand, is

requesting the straightforward postponement of the debate until May.

We should like the Political Affairs Committee to be able to examine this problem before May and present concrete proposals, and to this end I support Mr Bertrand's proposal.

President. — I must point out that, pursuant to Rule 25 of the Rules of Procedure, the motions for resolutions whose submission I announced a short time ago must be referred to the committee responsible. However, it seems to me that matters have finally arranged themselves nicely, since these two questions can also be referred to the Political Affairs Committee, which will report to Parliament.

Are there any objections?

I call Mr Prescott.

Mr Prescott. — Mr President there is a distinctive and important difference between the two proposals before us. We as a House can either defer the debate until May with the resolutions that have been put before the House or we have the procedures of referring the matter to the committee. If we refer it to the committee — as I understand it — then the committee itself must make a decision about whether it has sufficient time to produce a resolution in time for May. We cannot condition the arguments of the Political Affairs Committee, which already has a full programme at the moment, by asking them to provide a report or a resolution in time for the next meeting in May. We either do one or the other. The proposal by my colleague here is for our resolutions to go to the committee. Alternatively, we can simply defer this debate. But it must be one or the other; I do not think we can try to do both.

President. — I call Mr Bertrand.

Mr A. Bertrand. — *(NL)* Mr President, there is no question of referring the oral question to the Political Affairs Committee. Motions for resolutions have indeed been submitted to the Bureau with a view to ending the debate on human rights with the adoption of a resolution. I propose that these motions for resolutions be referred to the Political Affairs Committee for closer examination. Then a debate can be held afterwards on the basis of a text drawn up by the Political Affairs Committee. That is the correct procedure, Mr Prescott, but there is no question of referring the oral question to the Political Affairs Committee. Can we not settle this matter calmly so as to conduct our proceedings responsibly? I therefore ask Mr Prescott to accept our proposal.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, as a rule I do not raise points of order since I rely on the wisdom of the President and his advisers. But as I see it, it is already

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clear that the two questions and the motions for resolutions are quite different things.

It is perfectly clear that the motions for resolutions must be referred to the Political Affairs Committee, but we cannot in this sitting fix the date of the debate in that committee. Therefore, together with my colleagues, Mr President, I am in favour of postponing the oral questions until the May part-session. Then we can have the appropriate debates, but if we do that it is simply a question of postponing the questions. The motions for resolutions follow their own course through the Political Affairs Committee, and it is not up to us to deal with them.

President. — I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — (D) Mr President, ladies and gentlemen, in the first place I feel that we must make sure that Parliament will express its opinion in May — to put it bluntly, before Belgrade. That is my first point. The second point is that I would have no fundamental objections to proceeding as suggested, but I feel that the Political Affairs Committee should not begin to deal with the two motions for resolutions before us until the President of the Council has officially answered both of them. The Political Affairs Committee should only decide on the matter when it knows the Council's answers, which I think in this case are a particularly important factor in the opinion-forming process, even within the Political Affairs Committee.

President. — I consult Parliament on the proposal by Mr Bertrand that his oral question on the protection of human rights (Doc. 23/77) be postponed to the May part-session.

Are there any objections?

That is agreed.

As for the aforementioned motions for resolutions, they are referred, pursuant to the Rules of Procedure, to the Political Affairs Committee, which will draw up a report.

I think that this point has been settled. However, Mr Bertrand, you have requested that the urgency of the motion for a resolution on the situation in the iron and steel industry be discussed this evening. I cannot put the matter to the vote this evening because the Rules of Procedure lay down that it should be done at the next sitting. I shall therefore do so tomorrow morning. In the meantime Mr Ortoli will tell us at what time Commissioner Davignon will be able to be here to reply to the House.

11. Sixth directive on VAT

President. — The next item is the report drawn up by Mr Notenboom (Doc. 58/77), on behalf of the Committee on Budgets, on the

adoption by the Council of the European Communities of the draft sixth directive on VAT.

I call Mr Notenboom.

Mr Notenboom, rapporteur. — (NL) Mr President, the agreement in the Council of Ministers on the sixth directive on turnover taxes in an event of great importance and I welcome it. However, I and the whole of the Committee on Budgets which I represent also have mixed feelings about it. To explain this, let me remind you that the aims, the objectives of this sixth directive are twofold. They are firstly, to obtain a common basis of assessment for VAT which will allow the Community's own funds to be fixed at a suitable level, so that with the agricultural levies and import duties our European budget can be wholly financed from own resources, and secondly, to achieve a considerable degree of harmonization in indirect taxation, which is also of great importance for the common market, for the further integration of the EEC and for the elimination of the administrative paraphernalia at frontiers which is such an inconvenience for our citizens and such a hindrance to the unity of Europe.

In 1974, that is three years ago, when this Parliament delivered an opinion on the sixth directive, we worked hard to present a good opinion. This was difficult politically, but even more so from the technical point of view. We put forward some 35 amendments, more than 20 of which the European Commission, to our great satisfaction, agreed to include in its revised proposal to the Council. After that, for nearly three years, i.e. until recently, the Council did not get much further, because the will to reach agreement was lacking. For years the Council of Ministers unfortunately did nothing at all. Years went by without the Council having any meetings of note on this question. 1975 arrived without there being any progress towards a common basis of assessment for VAT — a VAT of which a maximum of 1 % was to be put towards financing our European budget. And it began to look as if 1978 too, the year in which the Community was finally to start being financed completely from its own resources, would come and go without this common basis for the assessment of VAT being achieved. In the meantime this Parliament submitted various resolutions urging the Council to take action. The resolutions relating to the budgets stated on several occasions that unless there was this uniform basis of assessment Parliament would perhaps reject the 1978 budget. In the national parliaments too, resolutions were passed urging the members of the Council of Ministers, as members of their respective governments, to get on with this important task.

Thanks to all this pressure that has been put on the Council — by the Commission as well — to get it to implement its own decisions in connection with the

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second directive some progress began to be made around the middle of last year.

I hope it will not be taken amiss if I as rapporteur take this opportunity of saying a few words of thanks for the great part played by the Netherlands presidency in getting things moving again. The Commission naturally also did its best. At the end of March this year substantial agreement was reached in the Council on a text of which we received a copy. At an earlier stage, when we were still worrying about whether any agreement would be reached, your predecessor, Mr Spenale, called on behalf of this Parliament for consultations with the Council. We are now faced with the question of whether we really want this conciliation procedure before the President-in-Office of the Council finally brings down his gavel to adopt this text. We should be grateful that the Council was willing to provide us with the text before taking a final decision, and I should like to take this opportunity of expressing our appreciation.

Now we are faced with a very difficult choice; nonetheless we have reached a clear conclusion by an overwhelming majority. Those who are worried about the progress of tax harmonization, those in this Parliament and in Europe who are concerned with fiscal matters, will be disappointed that it is not possible to go through the text again thoroughly and examine it on its fiscal merits. That would, in fact, be a very time-consuming business. In 1973 and 1974 the Committee on Budgets and the sub-committee on Tax Harmonization devoted 13 meetings to this, 9 of which dealt exclusively with this subject. This was a difficult problem, especially the technical aspects, because of a large number of details such as are to be expected with a value-added tax.

A thorough examination would be very valuable, since a great deal depends on the tax being operated fairly, in view of the complex administrative burdens that we impose on taxpayers. And taxpayers here means undertakings, including very small ones. We would investigate how far Parliament's proposals, which were adopted by the Commission, proved acceptable to the Council as well. We could do all that, and if we did we should discover a lot of distressing things. We should discover that unfortunately, by giving priority to the own resources aspect the Council has neglected fiscal harmonization.

I am fairly certain that the present text, although I have not yet been able to study it in every detail — contains elements that are not included in the Commission's proposal and which could lead to distortions of competition. Partly in view of the late hour, I shall refrain from listing the points that we find regrettable in the text. Fortunately the question of own resources, which we have been so insistent about in this Parliament, has been given priority treatment, albeit at the expense of much of what we would have liked to see in the fiscal domain.

I hope that the Commission will lose no time in giving consideration to the introduction of a seventh directive which will go further to meet the pressing need for definite progress to be made, following the second directive, towards achieving a good, neutral basis of assessment. But we do not wish to press this point. If we did it would mean that an enormous amount of time would be lost, and moreover it could possibly upset once again the agreement in the Council which was obviously very difficult to achieve. And then we should be further than ever from a solution. That is why the Committee on Budgets in its deliberations, certain aspects of which I have pointed out to you, made a clear choice in favour of the principle of own resources which, as far as we are concerned, must have priority, and decided to forgo consultations on the substance.

It will be difficult enough to ensure that by 1 January 1978 legislation has been adapted sufficiently in at least three Member States for the system to operate on the basis of the new directive — and that is a precondition for the introduction of the uniform basis of assessment on which the Community's own resources are to be calculated. Hard-headed realists are afraid that this is perhaps simply not possible, but let us put caution aside for a moment and express our ardent wish that in the year in which we hope direct elections to this Parliament will be held progress will also be made in the question of the budgetary powers of this Parliament, which must acquire a greater share in the budgetary authority, which comprises Council and Parliament. That could be of such importance for Europe in 1978 that the imperfections and shortcomings we have noted will pale into insignificance.

There is one other problem, since it is precisely the omissions in this directive that will still allow the Member States to deviate in one important respect from the final form of the system, and calculations will still have to be made in order to arrive at a fair flow of funds to the European budget. That will be difficult enough, because the Financial Regulation will have to be revised or a special new Financial Regulation drawn up. We hope that the Commission and the Council will get down to this without delay, and that if it appears necessary and desirable, this Parliament will also be able to give further consideration to the matter. For all these reasons, and also because the Commission and the Council still need time to revise the Financial Regulation, the Committee on Budgets proposes to forgo the conciliation procedure and to note, albeit with mixed feelings, that the Council has in fact reached agreement.

And now just a few words on the text we are submitting to Parliament. In paragraph 1 of the motion for a resolution it is proposed that note should be taken of the Council's having reached agreement on the text. It

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could be that the translations of the Dutch expression 'goedkeuring door de Raad' (... the Council has adopted...) are open to misunderstanding, for the sixth directive has in fact not yet been adopted. There is merely agreement on the substance of the text and the Council wants to give us an opportunity for consultation. I should therefore like to suggest that the term 'goedkeuring door de Raad' could be better expressed by the words 'dat de Raad overeenstemmig heeft bereikt', in English 'has reached agreement', in German 'hat sich geeinigt auf einem Text'. I have given a few examples to make it clear what is meant here. No decision has been taken, but agreement has been reached on the text. That is what paragraph 1 is about.

In paragraph 2 of the motion the Committee on Budgets states once again that the financial autonomy of the Community from 1 January 1978 must be given the highest priority, and paragraph 3 suggests that we could now decide not to request the opening of a conciliation procedure.

Paragraph 4 points out once again that the direct collection of all budgetary resources will now be possible. Closer agreement is necessary between the Council and Parliament in order to lay down exactly how the percentage of VAT is to be fixed.

Paragraph 5 contains the expectation that the Council will be able by the summer, by means of an amendment to the Financial Regulation, to lay down the implementing regulations, if necessary after consulting Parliament, and in paragraph 6 we deplore the many shortcomings in the text from the fiscal point of view and the fact that the Council has unfortunately rejected so many of Parliament's proposed amendments, which the Commission had adopted. Paragraph 7 finally contains the traditional closing formula.

I sincerely hope that Parliament is aware of the importance of the motion for a resolution from the Committee on Budgets and that it will adopt this resolution this evening.

(Applause)

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

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, may I express the full support of the Liberal and Democratic Group for this motion for a resolution which Mr Notenboom has presented with such clarity on behalf of the Committee on Budgets?

Our Group attaches great importance to the Council's adoption of this sixth directive on a common system of value added tax. As Mr Notenboom made clear, this is not a formal and complete adoption but agreement by the Council on the draft of this sixth directive.

Work on this began in July last year under the Netherlands presidency and has progressed extremely well. It was then that we commenced a wide-ranging debate on harmonization of taxes within the Community and on that occasion we expressed our first reservation concerning this sixth directive. Honourable Members will recall that we tabled a motion for a resolution which the House adopted.

The situation now is that the Council has interrupted the talks which the experts have spent far too long over and has managed to adopt this text as a common guideline. It has now been sent to Parliament with a view to the conciliation procedure which is required, as we all know, when decisions having important budgeting implications are to be taken.

We now have to make up our minds to accept one of two alternatives. The first is to accept the text as drawn up by the Council, so that the latter can formally adopt it and the national parliaments can start their ratification procedures without delay. The other route is to examine the text as it is now, after the Ministers have finished with it, and if we do that we shall see that it is quite different from the draft directive which we considered previously, in that most of the amendments which we suggested on that occasion have not been incorporated. But if we choose the second alternative, we run the grave risk of jeopardizing the deadline which has been set for the Community's financial independence. In this context it is vital for the directive to come into force at the beginning of 1978, so that the Community's own resources can be expanded to include a certain percentage of the VAT revenue.

I am not going to drag up all the old arguments here, but I merely wish to say that any federation or confederation depends on its own resources for its existence, authority and the chance of forging its own destiny.

If these are the two alternatives before us, it is clear that our margin of choice is very limited. Consequently, we feel that Parliament's political duty is to forgo the conciliation procedure and to express a favourable opinion on this sixth directive which the Council has agreed upon. However, the Council must clearly not interpret our approval as an expression of full agreement with all that this draft directive entails. We are giving our approval merely to avoid delays. Were we to have the chance, or if we had had the chance, of looking carefully at this directive, we should see that the Member States are allowed significant derogations as regards complete harmonization, and that these regulations will be applied over at least five fiscal years. May we quote here the following words from the preamble of the text which was adopted:

Cifarelli

'Whereas account should be taken of the objective of abolishing the imposition of tax on importation and the remission of tax on exportation in trade between Member States, and the common system of turnover taxes, should be made impartial as regards the origin of goods and services so that a common market permitting fair competition and resembling a real internal market may be created at the planned time.

This just shows how far we are from achieving the desirable aim which figured in the preamble of the draft directive. There is an old French proverb which runs, *en politique, gouverner c'est choisir*. It is not our job to govern, Mr President, but we have to choose between two alternatives. Either we opt for a delay for which we do not wish to be held responsible, or else we choose the course of agreement so that the system can be introduced as planned on 1 January 1978.

The Liberal and Democratic Group will vote for this motion for a resolution, as it is our earnest desire that the Community institutions should devote all their attention and efforts towards achieving a uniform basis of assessment for VAT, which should then be dealt with in a seventh directive.

(Applause)

IN THE CHAIR : MR DESCHAMPS

Vice-President

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

Mr Yeats. — I should like to start, Mr President, by thanking Mr Notenboom for showing us yet again the extraordinary assiduity with which he does his work and his amazing knowledge of taxation matters. I think that we must all of us regret the rushed nature of this debate. The delays have resulted in the situation that we are forced to push this complicated matter through in this way without adequate time for consideration and that we are forced — I agree that we are forced — therefore to forego the conciliation procedure. However, I certainly can with pleasure support this report and the motion for a resolution on behalf of my group. We in this group welcome very much — as I think all of us do — the recent adoption or, to quote Mr Notenboom, agreement of the Sixth Directive on VAT by the Council of Ministers, and we consider, as I have said, that under the circumstances we can forego the opening of the conciliation procedure.

We now consider it vitally important that this directive be implemented without any further delay, and our concern lies in seeing that the implementation mechanism is got under way during the next six weeks. The time available is very short. The Commission has to draw up the preliminary draft budget so

that Parliament can begin its appreciation of it. If this budget is to take account of the Sixth Directive, then it is a matter of extreme urgency that the implementing mechanism be finished within weeks. For example, the Financial Regulation on VAT has still to be adopted. It is with this situation in mind that, as I have said, we do not wish to delay matters by opening the conciliation procedure, and therefore we can support in this respect the motion for a resolution.

We welcome the decision of the Council to adopt the Sixth Directive. As I have already mentioned, it is not the ideal situation that has been achieved, and much still remains to be done. However, we have reached a decisive stage in the evolution of the Community. From 1978 onwards, the Community will have financial autonomy. Reliance on Member States' contributions will be eliminated. The Community will have a stable flow of revenue related to the flow of goods and services in all Member States. Of course this does not mean that the Community will have unlimited financial resources to spend as it likes. In practice we are not likely, I imagine, to see any major change in the Community's revenues as a result of the implementing of the Sixth Directive on VAT. But it does represent a major change in the responsibilities of the budgetary authority and particularly of our European Parliament. In the past, Parliament has had a tendency to demand expenditure without, perhaps, always having to worry too much about where the money was going to come from. We said it would come from national contributions. That situation will no longer continue. In future, Mr President, every time Parliament proposes an increase in expenditure, it cannot be met out of import and agricultural levies; it will have to assume direct responsibility for increasing the level of taxation through VAT in all Member States. This is a welcome development, and, indeed, it is a just one. If the European Parliament wishes to be granted more powers, then it must be prepared fully to assume the responsibilities that accompany these powers. I feel that Parliament will have no hesitation in accepting these responsibilities. There is, of course, as Mr Cifarelli has pointed out to us recently, the question of the harmonization of rates, and really no satisfactory situation with regard to VAT can be brought about without a harmonization of rates. As we know, they vary enormously from place to place throughout the Community. For example, certain items are taxed at a VAT rate of 40 % in Ireland and yet, next door in Northern Ireland, or adjacent in the United Kingdom, the same items are taxed at a rate of 12 %. There is an enormous difference. You have similar differences between, shall we say, France and Belgium, between Germany and Italy. It is this type of difference which makes nonsense of the very existence of what we describe as a common market. It is this kind of difference which has resulted in the extraordinary fact that 20 years after the signing

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of the Treaty of Rome there are more customs officers in the common market than there were when it all began. We shall never have a true common market until we have harmonized the rate of VAT as well as the basis. It may be difficult — it will be difficult — but that is no reason for not endeavouring at least gradually to reach a position where you will ultimately have complete equality of VAT rates in all the countries.

So, in conclusion, Mr President, I repeat my group's support for the motion for a resolution. It is an important step in attaining 'own resources' for the Community and is one step closer — not perhaps very close but nonetheless a bit closer to tax harmonization. I hope that future progress will now be speeded up as a result of what has been achieved.

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

Mr Spinelli. — (*I*) Mr President, we can probably look on this directive which the Council is about to adopt as a prime example of the disgraceful method by which decisions of a legislative nature are taken in the Community.

I hope that the elected Parliament will think about this problem. However, this is the procedure we have at the moment, and these are the lengths of time customary for reaching decisions of this magnitude. In these circumstances I feel that it is the duty of Parliament and of all the groups here to make an effort towards bringing about the Community's financial independence as quickly as possible, so that budgetary problems can then be tackled in a different and more effective fashion.

The conciliation procedure would cause further delays and probably postpone indefinitely any decision on this matter. Bearing in mind that this has been said, and that Parliament's condemnation of the shortcomings of this directive has been stressed, the Communist and Allies Group will vote in favour of the motion for a resolution.

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

Mr Notenboom. — (*NL*) Mr President, the Christian-Democratic Group has asked me to state in a few words that it fully supports the directive and what most speakers, including the rapporteur, have said. My Group does not wish to impose any further on Parliament's time but none the less wishes to stress the importance of this fact. Our Group thus thoroughly agrees with the procedure adopted by the Committee on Budgets and with the proposal contained in the motion for a resolution.

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I wanted only briefly on behalf of the Conservative Group to join in the welcome which has been given generally to Mr Notenboom's admirable and brief report. We consider that Parliament should have control of its share of the Community's own resources. We think it important to launch the newly directly elected Parliament as a body responsible in the taxation field. We accept the need to work towards the harmonization of rates of value-added tax and also the underlying principle of the tax, although it has to be recognized that these are inevitably longer-term objectives. But in general we certainly welcome the Sixth Directive and Mr Notenboom's report, and I wanted to speak really in order to emphasize once again that the use of the zero rate in value-added tax is a perfectly legitimate device and it does not in any way reduce the size of the contributions of national economies where the zero rate is applied. This is a point of particular importance in the United Kingdom because of our long traditions in regard to taxation of foodstuffs, and when this matter was extensively examined in the sub-committee of the Committee on Budgets, of which at that time I had the honour to be a member, I think it was understood by colleagues and by the Commission that the existence of the zero rate in the British system of application of value-added tax is not in any way a means by which the British contribution is reduced. Calculations have to be adjusted inevitably to take note of the fact that there is a zero rate, but these calculations are easy and practical and would, of course, have to be made.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, first of all I would like to thank the Parliament, most sincerely, for the efficient and constructive help it has given towards the adoption of this Sixth Draft Directive. You already know how much the Commission values the remarks and observations made by the European Parliament on its original proposals. This was reflected, as mentioned by Mr Notenboom, in the acceptance of so many of the amendments made by Parliament. You also know that it has taken heed of and incorporated, the majority into the modified directive which it sent on to the Council. Unfortunately, the Parliament is also aware of the many difficulties which the Commission encountered during its negotiations on this directive, and, despite our intense and constant efforts, it must be admitted that this final compromise text proposed by the Council differs at times from our original proposals. In effect, as a result of the political difficulties faced by certain Member States in this whole area, the 'own-resources' aspect is much ahead of the harmonization of taxation in general. This is the reason that certain derogations

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had to be introduced in the compromise text, but, on the other hand, one must realize that the adoption of this directive means that the Community, as from 1 January next year, will be in a position to go ahead and start work on the whole aspect of its own resources. This represents a political consideration which is important to the Commission as it is to the European Parliament. It is for this reason that I am grateful to the Parliament for considering renouncing the consultation procedure in this field so that this text can be adopted by the Council of Ministers in as short a time as possible. This would allow the Member States to incorporate in their national legislation the necessary measures which result from the adoption of this directive by the Council. It is clear that there still remain many difficulties to overcome in order to achieve complete harmonization of this system of taxation. The Commission, for its part, promises to do its best to ensure that this harmonization is completed in the shortest time possible and hopes that it can once more rely, as in the past, on Parliament to support its efforts. I am indeed grateful, Mr President, for the acceptance of this by Parliament.

(Applause)

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

The resolution is adopted.¹

12. *Sea transport problems in the Community*

President. — The next item is the interim report (Doc. 5/77) drawn up by Mr Seefeld, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on sea transport problems in the Community.

I call Mr Seefeld.

Mr Seefeld, rapporteur (D) Mr President, ladies and gentlemen, in presenting to the House today a further report, on behalf of the Committee responsible for transport questions, on the problems of sea transport in the Community, I do so in much more favourable circumstances than last time. The great majority of those concerned are now convinced that not only is the time ripe for Community action in the field of sea transport, but that such action is even urgently necessary to ward off the immediate dangers threatening Community shipping. The Council of Ministers decided last December to work out a Community consultation procedure and instructed the Commission to investigate certain social and labour aspects of sea transport. This meant that sea transport policy has been brought into the field of Community activity, and we are no longer talking about whether but simply about how a common sea transport policy is to be developed.

Ladies and gentlemen, although certain practical steps have thus been decided on in Brussels, the report now before you is an own-initiative report from the Committee responsible for transport questions. The main aim of this initiative is firstly to call on the Council and the Commission to take action and, secondly, to provide a general stocktaking of the problems in the field of sea transport as a basis for further discussion inside and outside Parliament.

Although it is in the nature of a definitive report, we have called this an interim report because we thus — with the President's permission — reserve the right to follow it up with a second report in quick succession if the Commission should submit to the Council proposals or a memorandum on questions of sea transport, or if the Council should take further steps on its own initiative. Under the provisions of Article 84, Parliament does not necessarily need to be consulted on this, and it could therefore be an advantage if we can quickly submit a further interim report or a final report on our own initiative without any procedural delays.

Now, ladies and gentlemen, I do not wish to waste the speaking time allotted to me as rapporteur by giving a further résumé of the report here. The printed text has been available for some weeks now and I hope you have had a chance of taking a look at it. I should just like to take up a few questions of procedure and tactics which seem to me to be of particular importance and about which we must on no account allow there to be any misunderstanding, and in doing so I may perhaps also mention a number of contributions to the discussion that have come recently — in fact partly already on the basis of our report — from members of the public and from interested parties.

On the question of procedure and tactics I should like to say that we are at the stage of sizing up the problems and that the present report should not be regarded as a complete action programme. We have tried to deal with the whole field of international sea transport policy and to sketch out all the problems where we think Community action could lead to an improvement in the present situation. In any case, however, there is a need for investigations by the Commission, public discussion, hearing the opinions of parties concerned and much more besides before the Community takes any action. Our last debate on this subject in this House was caricatured in a German transport journal as the European shipping policy that failed to get off the slip. Mr President, what we are initiating here today is far from a launching, we are not even laying the keel of the shipping policy, we are merely holding preliminary discussions on the broad outline of the construction drawings that the Commission now has to prepare.

¹ OJ C 118 of 16. 5. 1977.

Seefeld

The second point I should like to bring out is this: we are well aware that one should not ask for too much at once, nor is there any hope of being able to set up a complete common European sea transport policy in the near future. We shall have to lay down priorities and begin pragmatically with the most urgent problems. On the other hand, however, we also think it is no use drifting from one crisis to another and building up the common policy only with emergency measures, defensive reactions to measures taken by others and isolated measures of limited scope.

To come back once again to the image I used just now: if we wish to avoid unpleasant surprises at the launching, then we must have the drawings for a seaworthy ship, even if, as we are now recommending, construction is to be started section by section. In the motion for a resolution, Mr President, we have expressed this in point 4, which calls, and I quote:

"for the Commission to be given a comprehensive mandate . . . so that it may establish the basis for a coherent common sea transport policy and on this basis propose the priorities for a Community project in the most urgent cases".

Finally there is a third point underlying this report with regard to tactics and procedure. This is that, in taking joint action against third countries with a view to protecting the interests of Community shipping, our position will be all the stronger for first creating greater internal solidarity. Only recently, attention was drawn in this House to the fact that we can best combat discriminatory practices by countries with flags of convenience, developing countries and also, in particular, by state-trading countries, about which West European shipowners are complaining, if we have first clarified the situation among ourselves.

Mr President, ladies and gentlemen, time is getting on and I should not like to burden you or myself with any further lengthy comments. I hope you have had an opportunity of examining thoroughly what the Committee — I am happy to say — is this time unanimous in proposing to you.

To finish with, then, just a few remarks on other contributions to the discussion. Since the publication of the report we have in general already received a great deal of support from the parties concerned. At any rate much more support than criticism, and the criticism is all constructive. We have attempted to have contacts with a broad spectrum of those interested in the problems of sea transport, and we have had discussions with those concerned and asked them for their advice. I can tell you here that this report, which I have the honour to present to you, has been drawn up in close collaboration with the Commission, as well as with the European shipowners associations and other experts.

All in all, I should like to close by repeating what has become clearer and clearer in the past few months, namely that the need for Community action in the field of sea transport policy is no longer in doubt. For the time being, Mr President, ladies and gentlemen, I should like to leave it at that and ask you most sincerely to approve the report and the motion for a resolution.

I do so not only on my own behalf, but more particularly also on behalf of the committee concerned.

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

Mr Müller-Hermann. — *(D)* Mr President, the Christian-Democratic Group supports the principles behind this very sound and knowledgeable report, and I should like to congratulate the rapporteur on his work. We agree with the report that the famous Article 84 (2) must now be implemented in some form or other. We cannot get round the fact that, particularly now that three more seafaring nations have been admitted into the Community, the Community institutions including the Commission — must begin to take action in the field of shipping. In addition, there are a series of foreign trade problems which cannot be solved unless the Community agrees on a joint attitude. The report stresses what we also wish to stress, namely the common basic principles of the Treaty, which must also be applied in the field of shipping. I wish in particular to emphasize just two of these: the basic free-market structure of shipping and the principle of non-discrimination.

I think that if we look at the hard facts of world shipping we cannot help recognizing that the great powers, and some at least of the so-called developing countries as well, are aiming at a total reorganization of shipping on strongly protectionist and interventionist lines, and here we as a Community must, to protect our own interests too, develop the necessary measures to counter this.

The third factor I should like to stress here is the Community's openness to the world. That, however also means that wherever the Community institutions take action on shipping policy it is necessary to ensure that the shipping companies in our Community are also able to hold their own successfully in worldwide competition. It would be wrong to draft regulations — even where the Community's so called internal trade is concerned — that would hinder or restrict the worldwide involvement of the shipping industry. Now the rapporteur, and presumably the committee as well want to give the Commission a comprehensive mandate. I am grateful to the rapporteur for having himself emphasized that this comprehensive mandate should be used in a suitable fashion

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— which means, I think, in a way that takes due account of the situation. I say that not least because our experience of the common transport policy does not exactly give much cause for optimism. It is not in fact a question of giving the Commission powers for their own sake, but rather — and I hope that the Commission itself will agree with me in this — of its taking action and being able to do so with the consent of the Council in those fields on which the efforts of the Community must currently be concentrated in the interests of our shipping industry.

And in this context I should like once again to list three points here. Firstly there is now a really urgent need for a joint Community position on the problems waiting to be solved at the law of the Sea Conference. Things really have not been going too well there, and I think that a joint Community position must be achieved on this point, for the sake of the shipping companies too, so that we can also play our part in helping to maintain the freedom of shipping on the seas of the world.

Secondly, we urgently need a joint position on the negotiation of trade agreements and our attitude to developing countries.

The problem of flag discrimination is of concern for all the seafaring nations in the Community, and I think we must make an effort to achieve a joint position on the so-called UNCTAD Code of conduct. Some of the Member States have indeed agreed to this sharing of cargoes, particularly with regard to the developing countries. But not the United Kingdom and Denmark. I hear from shipping circles that basically favourable results have been obtained everywhere with a cargo distribution of 40 % for each trading partner and 20 % for third countries. It is in any case better to come to some such arrangement instead of the continuing proliferation of flag discrimination or a division of cargoes such as is practised between the state-trading countries and some of the developing countries, where cargoes are divided 50—50.

I should thus appreciate it if more attention were given to this question in the Commission and the Council and an attempt were made to arrive at a joint position on the part of the Member States.

The third point on which a joint position seems to be most urgently needed is the attitude towards the practices of the state-trading countries. The Comecon states, and particularly the Soviet Union, control practically 100 % of their exports and imports and pursue a thoroughly purposeful policy of under-pricing. The particularly painful fact that we have to realize here is thus that the principle of reciprocity is not operating in this case. We are open to an involvement by the state-trading countries, including the Soviet Union, who buy up shipping companies in the West and run shipping lines — and not only shipping lines but forwarding agencies as well, with a particular cargo

and management policy — without the corresponding companies from the Community having any chance of developing their own economic activity in the state trading countries except under the patronage and control of the organs of the state.

It is clearly urgently necessary here for the negotiations, which are held partly at national level and will one day also be conducted by the Commission and the Community, to be based on a common underlying attitude towards the practices of the state-trading countries. I think that only if we show political commitment here will we have any chance at all of achieving anything to help Community companies in this field. The last point I should like to raise is the mention in the report of the close intermeshing of the problems of sea transport and shipbuilding. The shipbuilding industry is indeed one of our major headaches in the Community. We debated this, here recently in connection with Mr Prescott's report. The subject is going to remain topical for a good while, for we all know that there is surplus capacity in the shipyards of the world and perhaps — probably even — in our Community. We are faced with an extremely ruthless underpricing policy, particularly on the part of the Japanese, and it would be interesting to know what progress has been made so far in the discussions on this between the Community and Japan. We have now developed our own guidelines for the operation of shipbuilding subsidies, and these guidelines are clearly necessary if we are to avoid unfair price-cutting competition between Community shipyards in the battle to win orders. To this extent these guidelines are no doubt quite right, and I should like also to stress what was noted in the report, i.e. that even in the present difficult situation we should leave shipowners the freedom to order their ships where they can get them on good terms, for otherwise we shall force Community shipowners to found subsidiaries which will then by devious means place their orders where the most favourable terms are offered.

Nonetheless, I think we must consider — and this is a very specific request to the Commission as well — how to find a way, in these lean years for the shipbuilding industry which must be expected to last until the early eighties, of encouraging Community shipowners to bring forward orders for ships which would normally not be placed until the early eighties, because basically there is a continuing growth trend in world trade. We have only temporarily got surplus capacity — and this applies not only in shipyards but also in ships, especially tankers — and this is what is weighing on the employment situation.

I myself, however, am thoroughly optimistic and believe we can assume there will once again be better conditions in the early eighties with regard to employment and the utilization of capacity in shipyards too; we are just going through a number of lean years at

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the moment, with jobs at risk and the danger of firms going out of business. Therefore I think we should make an attempt, without engaging in competitive price-cutting or competitive subsidies for exports, to encourage Community shipowners to bring forward their orders for ships to get us over these lean years. Looking in this direction, I think that for a transitional period the interest subsidy plan should also be relaxed somewhat in order to give a real incentive for shipowners to feel that it is worthwhile committing oneself now and exploiting a good opportunity. I should thus be grateful if the Commissioner who is here today would say something about whether the Commission is prepared to look into this proposal, which it seems to me would benefit not only Community shipowners, but also Community shipbuilders and, not least, the steel industry on whose situation we are also going to have a debate this week.

To sum up, I should like to repeat that my Group is prepared to support the motion for a resolution and make its contribution to seeing that the Commission can deal as quickly as possible with this matter, having regard to the main points and reservations that I have mentioned.

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I don't wish to detain the House very long on this matter. I have spent some time since being a Member of this House debating matters of particular concern to shipping, shipbuilding and other related maritime issues. That perhaps is understandable, since my own union is the National Union of Seamen and my own history includes ten years as a seafarer before I came into professional politics.

I welcome the report by my comrade, Horst Seefeld, whose name was known to me before I came into the European arena, primarily for the report that was produced some years ago, and which, but for an unfortunate incident which we hope will not be repeated tonight, should have been passed some while ago. I hope it will be tonight accepted by the House.

It is very important that the report is accepted. It is one of the most comprehensive reports I have seen produced by this Parliament. It is much to the credit of my comrade. I see that he is perhaps slightly embarrassed, but I do not say that out of politeness or friendliness. The report itself stands on its own record.

I am bound to say to him that I don't agree with every single detail in it, and in fact perhaps I could indicate one or two of the disagreements I have got with it, ones we have expressed ourselves in discussion. Nevertheless, it is a very comprehensive report, it has come at the right time, even though somewhat delayed, because shipping problems and shipbuilding problems and the matter of the sharing of trade are increasingly very important political issues which have

to be determined on a continental scale, and particularly, in this connection, on a European scale. To that extent it is very apt that we are discussing that this evening. I wanted to put on record my support for the report and indicate perhaps my own particular views about one or two points in it.

Indeed the two reports that we have produced — this, and the one that was produced by myself and debated by this Parliament and accepted in Luxembourg two or three months ago very much the work of Mr Seefeld. Indeed, in that report we emphasized the interdependence between the various sections in this industry — the shipbuilding on the one hand, the shipping transport on the other, the international problems of trade and the conflict of the Comecon countries. All these are contained in this report, as indeed they were contained in the Economic Committee's report that arose out of the Bangemann resolution. To that extent we were not so positive in producing a resolution, because we felt, and the House accepted, that the controversial matters involved in this required further discussion before we could come to a positive attitude.

I personally have definite views of what we should do, but I do feel that these things are so fluid at the present time that considerably more discussion is needed. Therefore, we recommended that possibly all representing groups could be brought together in a kind of European conference. Russia has called for a conference on transport, environment and other matters. There are increasing calls for us to get agreement both with the United Nations, through the UNCTAD Conference, and the United Nations Conference on the Law of the Sea. There is an ever-increasing demand that we get an agreement on a global scale, and in that context we need to understand what is the European position. The European position is important on the world scale, because the great majority of shipowners and maritime-based industries are concentrated here in Europe. Therefore it is important that this House begins with the Commission to look in considerable detail at the possibility of advancing a transport policy as advocated by my comrade in this report.

When the Socialist Group, for example, went to Ireland, which we discussed last time, we found that there too, the unions were concerned. So were people in Britain — the sea-crossing to Wales was the connection with Ireland in this particular case. They were concerned about the maintenance of their transport and looking to get some assistance in an overall transport policy to maintain shipping links with very important areas. I know the Commissioner has been very responsive in his approach to this and has seen a member of my trade union — a national official Mr Brown — even today, to discuss these very matters. Therefore we welcome all advance towards that.

Prescott

Perhaps I can come quickly, in view of the time, to two or three points where I would indicate some concern and a little disagreement. For example, certainly we need to get some agreement, as called for by both speakers, on the code of conduct in the line conferences. But frankly I do not think you will get overall agreement without giving some agreement on how you share the traffic. This report talks about leaving out the formulas that were based on tonnage. If you leave out that formula, you will not get agreement, because all these countries could have joined the line conferences if they wished. But it was not satisfactory, because the share-out of traffic on the basis of rules that apply within the line conferences discriminates very much against them. And they are not getting an adequate share of traffic that is derived from their countries in the desire to industrialize their economies. So I must point out that I feel that we will certainly have to get a common attitude.

I think the countries like Germany and France, who signed that convention, while not ratifying it, did at least say to the Third World: we do want to assist you, whereas my country took what is quite normal in shipping affairs — a most reactionary attitude, which unfortunately may even now be reflected by my own government at this stage. They were reflecting powerful interests in my own country. But it is not in the interest of Europe to maintain simply the European interest in the shipping industry. I think we have to look very closely at the recommendations involved.

The second aspect I would point out is to abolish cabotage on certain trades having certain preferences for certain ships. I understand the point and I think if you wish to harmonize these matters, that is something you have to take into account. But a little bit of warning, as I understand some of the problems in that area, particularly in the Channel. In those areas you can find shipowners who will bring ships in for the summer when there are lots of people wanting to flood to the continent — and now, I might add, since we have come in, more wanting to come back to buy our goods for one reason and another — but in the winter they do not want to provide that service. They go somewhere else. And the importance to Britain is the maintenance of a regular passenger service by ships across the Channel. It is important for jobs. It is important for the maintenance of economies in that area and the regular flow of traffic. That is a considerable point that has to be borne in mind when you open it to what you may call free availability to everybody.

So the final point that I want to make is that I notice that, whilst this isn't in the resolution, the report is sceptical about whether you can develop Community preferences in ship-building. I think we will have to do that, and the announcement by the Commissioner that we may have some kind of import controls on steel — admittedly for dumped steel perhaps, but

nevertheless control of free flow of trade — is one recognition of the reality on the one hand of maintaining the economic viability of certain industries, whilst on the other attempting to maintain what is considered to be some fair philosophy in this field between the competing groups.

And I finish on this point, which I think is absolutely important. The report refers to harmonizing conditions — harmonizing cost factors, so that they can compete. I am not so wedded to the philosophy of competition; we have had discussions about that time and time again. But I must say that I find it somewhat difficult to accept that if you can harmonize about conditions, if you can harmonize about hours, about food and safety on ships, which are money, you must recognize that wages are an essential component part of that. The reason that we have the *Globtik* tankers, which we will be coming on to later, and the flags of convenience developments that we have talked about — and indeed in Britain there was another example only yesterday in the Mersey, where a ship was held up because it had run out of food and the 20 Korean crew were owed £ 60 000 in back wages, and the only people fighting for them is the union. The only way you can prevent that wage exploitation is by getting some kind of harmonization in it, and I quote from the *Economist* of 12 March, in connection with this matter. They said that the seamen's unions are naturally most concerned about pay rates. This does not get much sympathy from those who believe in unlimited free trade and the rights of manufacturing multinationals to set up wherever wage rates are low. I don't seek to infer from that that my comrade necessarily supports these ships which go to Panama. Liberia and other flags of convenience areas. Indeed he makes it clear in the report that he condemns it. But I would say to him that, within the context of the European shipping states, the flag of convenience fleet in Europe is the British fleet, because the wages there are the lowest of all in the area. And if you allow the companies to pick up what areas they wish to go to within the European arena, then they may flood to Britain, if we prevent them going to Somaliland, Cyprus and Panama. They will flood to Britain. Now that may be all right for the jobs, but I would point out to you that the German unions and others will begin to complain that it is the cheap labour rates that attract the ships. As the *'Economist'* made clear, governments will have to intervene increasingly in negotiations about trade and shipping, and I welcome the report itself. But I think a further conference, as recommended in my report, would be an essential step towards harmonizing some of the great difficulties involved in this.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, my first concern must be to offer to Parliament and in particular to the Regional Policy and Transport

Burke

Committee and Mr Seefeld himself the Commission's warmest thanks for this major resolution and report on shipping.

The issues raised by this report cover in a remarkably complete and comprehensive way the whole range of shipping affairs at Community level. They will be of considerable stimulus to the Community interest in, and insight into, shipping. We are impressed by the effort which Mr Seefeld and his collaborators have put into this exercise. In the case of Mr Seefeld himself, we are very much aware of his dogged persistence over the years in developing this theme. I would like to agree with Mr Prescott and other speakers in congratulating him on his work. To that effort this report and resolution are a coda, but at the same time I am sure an overture to the further pursuit of this theme within the Community.

When considering the report and resolution, the Commission will naturally be obliged to operate a choice among the very many possibilities of Community action which are evoked, a choice of those items which are both urgent and offer a reasonable chance of being handled successfully at Community level. This choice is made necessary by the fact, among others, that the Commission has so far been able to spare only limited staffing resources for dealing with shipping. In any case I do not think it possible, in practice at least, at the present stage, to develop a comprehensive global policy for shipping dealing with a whole range of problems at once. I think that we have to create the policy mosaic, stone by stone.

It may be of interest, Mr President, if I sketch out briefly the range of shipping problems which are currently engaging the attention of the Commission and the Member States. I should welcome indeed a further opportunity of discussing this, either here in plenary session or indeed privately with interested Members.

I should make it clear that attention is currently being directed primarily at the problems which our fleets face because of the policies of other countries rather than at the internal relationships between our own fleets within the Community. This is both because these external problems seem more urgent and because there seems a better chance of arriving at Community level action in respect of them.

To take, then, the external problems first, and to begin with the problem which many feel, rightly or wrongly, is currently the most important of all: the problem of the attitude to be taken by the Community to the United Nations Convention on a code of conduct for line conferences. Here the Council of Ministers declared last November that a common approach to the problem needed to be found. The Commission's services are playing an active part in the search for a viable, common approach, and they have just presented to the Transport Questions

Working Group of the Council a working paper which, I hope, will make a constructive contribution to bringing together in a common approach the still significantly divergent positions which exist among the Member States in this matter.

Perhaps the next major problem which should be mentioned, and has already been mentioned by speakers here this evening, is that of competition from Eastern-bloc shipping. Here there are in fact a number of separate problems, for example the charging of low freight-rates in liner crosstrades, and the excessively large share of the traffic which Eastern-bloc fleets usually secure in their own trade with our countries. Here it is generally accepted that the problems are serious and perhaps getting more serious. But the Community has not yet been able to decide on specific action, and this for a number of reasons, I think. First, some Member States are less affected than others and see less need for Community action at Community level. Second, a cautious approach is indicated by the fact that shipping relations with these countries form only one part of the whole interrelated complex of our dealings with them. Third, any effective action in the field of shipping might have to be based on detailed legal provisions, which it would take time to work out effectively and extensively. Nevertheless, this problem is not going to go away in the short or medium term, and the Commission will certainly continue to explore with Member States all possibilities for Community action.

May I mention briefly a number of other topics of current interest in the field of external shipping relations? The Council decided last November to set up an institutionalized consultation procedure between the Commission and the Member States to provide for regular discussion both of matters arising in other international organizations such as IMCO or the UNCTAD Shipping Committee and of bilateral shipping relationships between Member States and third countries. The Council should be able to approve shortly the formal decision setting up this procedure. This decision will in fact be made under the Treaty Article 84 (2), so the honourable Members, and Mr Müller-Hermann in particular, will see that this is already being brought into use.

The Transport Questions Working Group of the Council has very recently turned its attention to the important questions of substandard ships and ships under flags of convenience. I stress that these are not necessarily the same thing. By no means all flags-of-convenience ships are substandard and not all substandard ships fly flags of convenience. In the case of substandard ships, I hope that it will be possible to agree on measures for their control in our own ports. As for the flag-of-convenience phenomenon, I think that we need to consider very carefully what its advantages and disadvantages are for our economies before taking any hasty steps in relation to it.

Burke

Finally, a word about the United States' shipping policy. It is no secret that our fleets have suffered over the years from the American authorities' attitude to line conferences and their reservation of coastal shipping to American flagships. More recently, there have been proposals to reserve to United-States-flag tankers a substantial proportion of American oil imports. The Commission has not yet begun to tackle these particular problems, but I think the time may have come for it to consider whether there is an appropriate contribution for it to make.

Less attention has so far been paid within the Community to the other aspect of shipping affairs which I mentioned just now — the relationship between our own fleets. Some Member States see a pressing need for action here with a view to harmonizing conditions of competition between the fleets, and I note that there is a reservation by Mr Prescott on harmonization, which I take into account. Other Member States are naturally less enthusiastic about all this. Action here might involve a major programme of examination of the situation of the Member States' shipping industries in respect of social conditions, state aids, tax arrangements, freedom to provide services, etc., and the making by the Commission of appropriate proposals. So far the only item on which detailed work is in progress here is an examination by the Commission of the question of mutual recognition between the Member States of seamen's certificates.

I hope honourable Members will agree from all this that the Community is already engaged on some important items of work in the shipping field. There is, of course, much more that could be done given the right amount of resources and, may I stress, given political will. At all events, I can assure the Parliament that from now on the Seefeld report and resolution will be an indispensable inspiration and guide to the Commission as it carries its work forward.

May I make two precise points on matters raised during the debate? Mr Müller-Hermann suggested that shipbuilders might bring forward their orders. I would be hesitant in regard to this matter, because this procedure might prolong difficulties of the shipping industry by increasing supply while not making a permanent contribution to the well-being of shipyards.

To Mr Prescott's point about Community preference of shipowners to order from our own yards. Again we need to be very cautious here. There is a danger of causing problems for the shipping industry while trying, as I say, to save shipbuilding.

I would reiterate our gratitude to Mr Seefeld and his collaborators and I would thank Mr Prescott for his personal references to my interest in a particular problem he brought to my attention.

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

The resolution is adopted.¹

13. *Oral question with debate: Piracy on the high seas and EEC transport policy*

President. — The next item is the Oral question with debate (Doc. 24/77), put by Mr Hamilton, Mr Brown, Mr Patijn, Mr Giraud, Mr Knud Nielsen, Mr Espersen, Mr Ellis, Mr Frankie Hansen and Mr Seefeld to the Commission, on piracy on the high seas and EEC transport policy:

What is the Commission's view on the recent disgraceful episode concerning the employment of a pirate crew in an act of piracy on boarding the ship *Globtik Venus*?

Does the Commission agree that the seamen's unions concerned have behaved properly in 'Blacking' the vessel?

Will the Commission take all possible steps to prevent this ship, and others behaving in the same manner, from plying in and between EEC ports?

What steps does the Commission intend to take to ensure that all ships engaged in European trade either directly or indirectly employ trade union labour at properly negotiated rates of pay and working conditions?

Does the Commission agree that this disgraceful incident in maritime history underlines the urgency of the need to formulate and implement a common transport policy and code of practice with particular reference to sea-going traffic?

I call Mr Hamilton.

Mr Hamilton. — Mr President, in view of the lateness of the hour and the fact that the last debate has covered a large part of the ground I had intended to cover, I will try and keep my remarks as brief as I can, though I am bound to say that the particular incident that I have in mind underlines the urgency with which the Commission should be, and I am sure are, dealing with this problem. The *Globtik Venus* episode is surely one of the most disgraceful episodes in recent maritime history, and when we read, as in our British newspapers, that the gentleman who owns this vessel has recently sold his pad in London for about 3 1/2 million pounds to an Arab sheik, it just makes our blood boil. The money that bought that house for that man was bought with blood. That money was obtained by exploiting foreign workers of one kind or another, sometimes British workers too.

Reference has been made in the course of the earlier debate to the evils of ships flying flags of convenience. I needn't dwell on that subject, because it has been dealt with by my friend, Mr Prescott, and Mr Seefeld both in their speeches today and in their reports on these matters previously. I think it is self-evident that,

¹ OJ C 118 of 16. 5. 1977.

Hamilton

in view of the increase in this kind of traffic, individual national trade unions and indeed international trade unions and national states of themselves simply cannot tackle the problem; that is why it has got to be dealt with on a European scale by the Community and on an international scale either by the United Nations or by the ILO or both. Mr Seefeld and my honourable friend Mr Prescott, in their reports, made certain proposals which I will not repeat. I think it was Mr Prescott's report which emphasized the need — and I think he made reference to it this evening — to harmonize wages upwards in the Community, which would be some contribution to the argument.

But I want to refer again specifically to a problem that was referred to by my friend, Mr Prescott, in this debate and in the earlier ones — namely, the ILO conventions in these matters. Mr Prescott in his report has pointed out that most EEC members had ratified fewer than half of the 22 valid ILO conventions. I think the best record is France, which has ratified 21, while the UK has ratified only 11, and Western Germany 10. But there has been little effort to implement these conventions and I was interested when Mr Burke, the Commissioner, said that in the nature of things we had to engage in a step-by-step approach to this matter and I want to take that point up with specific reference to these ILO conventions. When I and my colleagues tabled this oral question, with debate, it got some publicity, and I received a communication from the General Council of British Shipping dated 7 April, from which I quote:

In connection with the question on the concept that all ships engaged in European trade should employ trade union labour, properly negotiated rates of pay and working conditions. GCBS (the General Council of British Shipping) would draw attention to the following points:

1. The newly-adopted ILO Merchant Shipping Minimum Standards convention of 1976 requires contracting states *inter alia* to ensure that ship-board conditions of employment and living conditions are covered by effective national laws or regulations or binding decisions of competent national courts or collective agreements between ship-owners or their organizations and seafarers' organizations constituted in accordance with the substantive provisions of ILO Conventions No 87, 'Freedom of Association and Protection of the Right to Organize' (1948) and No 98, 'The Right to Organize and Collective Bargaining' (1949).

This communication went on to say that the GCBS and the UK unions had expressed their 'strong view that the Minimum Standards Convention should be ratified by governments as swiftly and widely as possible so as to ensure its early entry into force.' And I have asked the Commissioner whether he has got information or if not whether he can provide it, as to how many of the existing nine Member States have ratified and are implementing that particular ILO convention.

I want to say in conclusion — my remarks have been obviously truncated for reasons that I have already announced — that the *Globtik Venus* incident might be a very good example of how good can come out of evil. It was a very unsavoury episode but if it acts as a catalyst for inciting or encouraging further Community action, in implementing or seeking to implement Community policies, to attack this evil on a Community cooperative level, then it would have done some good. As it is, if these ships are allowed to ply within and between Community ports we will be condoning piracy, and I do not apologize for using language which has sometimes been criticized as extravagant. I might say that when I talked, as I have today, with National Union of Seamen representatives from Britain, they did not accuse me of using extravagant language. On the contrary the National Union of Seaman themselves have used equally strong language to deal with this matter. And if I might quote just a passage from an Article written on this *Globtik Venus* affair by Jim Slater, the General Secretary of the British National Union of Seaman in his April 1977 magazine.

'The departure of this now infamous ship from a British harbour without benefit of pilotage or the recruitment of paid strike-breaking bully boys, equipping them with offensive weapons and protective helmets, their invasion of the ship in a foreign port, their ejection of the lawfully engaged Filipino crew, their vandalism throughout the vessel, the engagement of a crew of British scabs to take the ship to sea, the allegations of sabotage against the highly praised Filipino crew, all of this smells, indeed reeks, of the strong-arm brutality which American labour had to contend with in the 20s and the 30s. If it ended there it would have been hard enough, but now it seems that a growth industry in industrial fascism is about to be founded'.

Now this is very strong language from a man who knows what he is talking about. And if that does not encourage the Commission to greater efforts to end these evils on our high seas, then I do not know what will induce them. So I appeal to the Commissioner to bend all his endeavours to this continuing problem, this continuing evil and if these debates have done any good in that direction, and if the *Globtik Venus* incident has spurred on the Commission, then it will have served a useful purpose.

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I do not think there is really anything to add to what my comrade has said about this particular incident and I do not want to delay the House any further except to say that Mr Brown is in here listening to the debate, a man who had to deal with this problem in Le Havre and I hope we can get something done about this matter. Perhaps the Commission may agree to meet the international

Prescott

trade unions concerned to discuss what best actions could be adopted.

President. — I call Mr Brown.

Mr Brown. — Mr President I have been waiting patiently in order to make some contribution in this debate since my name was on the question for debate. I congratulate my colleague, Willie Hamilton, on the initiative he took in ensuring that this matter of *Globtik Venus* affair was brought to the notice of Parliament. I have listened with great interest to the debate on the report of our friend Mr Seefeld. I am bound to say I have some misgivings about the Commission's failure to realize the value of urgent action in regard to conditions under which seafarers have to work. It all seems to be a little odd that whilst we attach a great deal of importance to the working conditions under which people in factories are employed, there seems to be a complete lack of interest in the conditions under which seafarers have to work. This *Globtik Venus* incident, it seems to me, indicates the disgraceful state of affairs that does exist. It has been pointed out many times. This is not the only affair. There are many such affairs almost daily I am advised by those in the industry, yet society does not seem to worry very much about it. Therefore I think it makes it all the more important for the Commission to examine this matter on a European basis and begin to come to terms with those issues on which it is within their competence to help seafarers.

There is a need, it seems to me, for very strong organizations of both seafarers unions and the shipowners to ensure agreements and standards can be made and above all acted upon and kept. There is a very real need, too, for the unions and shipowners to establish machinery for the fullest consultation in matters of mutual interest within the industry and to establish good working practices to make conditions in the industry and on board ship safe. There is a need for some form of arbitration machinery which will enable the resolution of disputes such as the *Globtik Venus* affair through the conciliation procedures. It seems to me the more one reads and understands about this matter that there is a great need for training in management and in industrial relations in the industry itself and certainly on board ship. In addition, the Commission should also examine the accommodation that seafarers are expected to live in and the catering facilities that they have to put up with on board ship. It requires very substantial standards to be established which all Europeans will be expected to stand by and a code of practice for conditions on board ship.

I am told in fact that this ship, the *Globtik Venus*, has moved from Le Havre and is in Antwerp today and will be in Gibraltar by Friday. The conditions described aboard that ship are a thundering disgrace.

Yet it is still being moved around the high seas! Commissioner Burke with his usual helpfulness was trying to assist the Parliament in understanding his views on these matters and he said he was faced with a choice between items that are urgent, and he listed a number of items that he thought were urgent for the Commission to do because of the staff facilities that are available to him. But I am bound to say to him that I think this issue of the standards and conditions under which seafarers have to work is of absolute importance, and however much it costs in other spheres I would urge him to consider this to be of paramount importance. The lives and the working conditions of these men must be considered as of ultimate importance.

I thrust therefore that the Commissioner will be in a position to accept some of the suggestions I and my honourable friends have made as a programme for urgent action in this field in an endeavour to avoid such disgraceful incidents as we have had in regard to this particular vessels.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I understand the feelings which have motivated honourable Members who have spoken in this debate this evening, but I am bound to say, nevertheless that the Commission, while naturally deploring the use of force in this affair of the *Globtik Venus*, does not feel that it would be helpful for it to comment further, especially, as Mr Brown has just told us, the affair has now been settled. The particular problem which gave rise to this affair has been settled, to the best of my information.

Now I would like to refer briefly to a few points raised. First of all Mr Hamilton's question about the ratification of the ILO Conventions. In the best traditions of the Parliaments to which we both have belonged, I would say to the honourable Member that I would need notice of the question but I would venture at a guess that the time lapse between the Geneva Conference and the present would not have given many Member States the opportunity of introducing the ILO Shipping Minimum Standards Convention 1976 but I undertake to ascertain the exact position and communicate it to the honourable Member directly. May I say, in reply to his general point about ratification of conventions, that the Commission has in mind to examine the possibility of a joint Community approach to ratification of important conventions of the future.

I take Mr Brown's point about the importance of seafaring conditions and would say that I have examined and will continue to examine with my staff, and with the other Commissioner involved in this area, the standards of seafaring activities. I want to assure the House that we do take this seriously and

Burke

that the statement that I made previously about the difficulties under which our staff are working, does not indicate any lack of seriousness in regard to these problems. May I say to Mr Brown that the fact we were able, for the first time, to achieve a concertation of the Community Member States' approach to the Geneva Convention last autumn, is an indication of an advance in this general area, but we will not rest on these laurels. We will try to continue along these lines but I would just like to put it on record that, in fact, this was the first time that we achieved a concertation of views of Member States before approaching an important convention. I would like to inform the honourable Members that I share their concern for the seafarers and, as mentioned already in the other debate, I have already met an important member of the Seamen's Union and I undertake to meet the international seamen's unions, as requested by Mr Prescott, at a reasonably convenient date in the future.

President. — The debate is closed.

14. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Thursday, 21 April 1977 at 10 a.m. and 3 p.m. with the following agenda :

- Vote on the request for urgent debate in respect of the motion for a resolution on the problems in the iron and steel industry.
- Commission statement on the social situation in 1976 ;
- Oral question with debate to the Commission on relations between the Community and Yugoslavia ;
- Caro report on the Fourth Report on the activities of the Social Fund ;
- Geurtsen report on conventions concluded within other international organizations ;
- Delmotte report on regional policy ;
- Oral question with debate to the Commission on industrial dereliction ;
- W. Müller report on the use of fuel-oils ;
- Nolan report on aid to non-associated developing countries ;
- Sandri report on trade cooperation with the developing countries ;
- Motion for a resolution on the maltreatment by the French police of a Member and three officials of the European Parliament.

The House will rise.

(The sitting was closed at 8.35 p.m.)

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IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments ?

The minutes of proceedings are approved.

2. *Urgency of the motion for a resolution on the iron and steel industry*

President. — The next item is the vote on the request for urgent debate on the motion for a resolution tabled by Mr Fellermaier and others on the problems in the Community's iron and steel industry (Doc. 61/77).

Are there any objections to the request for urgent procedure ?

The adoption of urgent procedure is agreed.

I propose that we place this motion for a resolution on the agenda for today after 4 p.m.

Are there any objections ?

That is agreed.

3. *Commission statement on developments in the social situation in the Community in 1976*

President. — the next item is the statement by the Commission of the European Communities on developments in the social situation in the Community in 1976.

I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I should like to give a very brief introduction to the annual report on developments in the social situation in 1976. The report itself is on its way to Strasbourg at the moment and you will all receive a copy of it today. In this report, which is the 20th of its kind to appear since the Community was set up, you will find a general outline of the activities of the Community institutions in the social sector and the developments in the social situation in the Member States in 1976. It is thus a report on what is already behind us and not what lies before us. I should like to outline briefly the most important developments over the last year.

In the second half of 1975 there was a small but short-lived upswing in the economy which lasted until the beginning of 1976. It was followed by another period of recession which led to sluggishness or even stagnation in the economic revival in most Member States. Partly for this reason, unemployment generally remained at a high level. After a drop in the summer months, the number of persons unemployed stood at 5 million, but towards the end of the year the recession led to a further increase, with the result that there were 5.5 million persons unemployed in March of this year.

In the last months of 1976, the employment situation for women was particularly unfavourable, since unemployment amongst women was, and still is, increasing more rapidly than among men. Among young people there was an improvement, albeit a slight one. This is probably partly due to the fact that a considerable amount has been done by the governments of the various Member States with a view to improving employment prospects for young people, notably by granting special premiums and subsidies to undertakings. The problem of unemployment among young people was tackled by giving them jobs in municipal services and, in certain cases, by retiring older employees earlier. As you know, the European Council also devoted particular attention to this problem at the end of March and the Commission is currently preparing a Community approach.

Various measures to combat unemployment were taken in the individual Member States. Together with Mr Ortoli, I am currently drawing up a list of these measures with a view to classifying them and subsequently studying their effect at Community level.

Relations between employers' and employees' organizations and between both sides of industry and central government last year centred largely on the persistently high rate of unemployment, with the combating of inflation, or rather the unbridled inflationary trend, also playing a major role. In a number of Member States this led to tripartite conferences being held at a national level, and towards the middle of last year conferences of this kind were held at Community levels with a view to examining jointly the most suitable methods of dealing with the continuing unemployment and inflation. At both national tripartite conferences and other meetings, the question of how additional jobs could be created by influencing supply and demand on the labour market was examined. Considerable attention was frequently devoted to the question of work-sharing, i.e. a better distribution of the work available over more people, for example, by reducing working hours or the length of the working week, increasing annual leave or reducing overtime, or

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by extending the school leaving age or period of training and lowering the age of retirement. Indeed, in some Member States measures of this kind had already been taken, with a view to creating new job opportunities, particularly for young people.

As in previous years, there was also an increasing tendency to attach more importance to the qualitative improvement of working conditions, i.e. the humanization of work and the working environment, notably by eliminating work which is monotonous, particularly tedious, dangerous or harmful to health. I must also mention in this connection that, as a result of the abnormally hot summer, a number of measures, such as flexible working hours, were introduced last year. It is possible that, on the basis of the experience gained these measures may be made permanent.

Other important developments in the social situation last year were in the field of social security. The persistent unemployment also hit sections of the population which had hitherto been inadequately protected against this risk with the result that the questions of social insurance were examined more closely in a number of countries. In two Member States, i.e. Denmark and Luxembourg, this even led to a system whereby the entire population, not excluding self-employed persons, are now covered against unemployment. In other Member States, the period for which unemployment benefit was paid was extended on account of the protracted unemployment. Finally, the extremely high level of unemployment led to an appreciable drop in revenue from social security contributions, which in turn led to an imbalance between revenue and expenditure on social security benefits. This phenomenon is becoming more and more marked and results from other factors in addition to the long period of high unemployment, e.g. the considerable increase in costs for more and better medical treatment and the extensive prescription of medicines by doctors.

Another factor is the increased expenditure on old-age, widows' and orphans' pensions, which arises both from the general aging of the population and from the attempts on the part of the governments to ensure for the growing number of persons drawing pensions a reasonable minimum income with guaranteed purchasing power.

The result of all this is that many Member States are currently studying possible ways of improving the financial situation and operation of the social security institutions. I have only mentioned a few of the most serious problems characterizing social developments last year.

Progress has, of course, also been made in other areas of the social domain, where the governments and the two sides of industry have tried to encourage durable progress, for example, in the case of incomes and capital formation, the prevention of industrial acci-

dents, health protection at work, subsidized housing etc.

In the report which, as I said, you will receive today, these matters are dealt with in detail. I should like to recommend that Parliament consider this report. I know that the Committee on Social Affairs, Employment and Education intends to study it and I will finish by saying that I hope this committee will produce a report as soon as possible, so that these questions can be considered further in the light of Parliament's observations.

President. — I call Mr Bangemann.

Mr Bangemann. — (D) I should like to ask the Commission what value it attaches to a more intensive industrial policy with a view to overcoming unemployment, particularly structural unemployment.

I should therefore like to ask the Commission whether it is prepared to give priority to industrial policy — particularly Community industrial policy — especially with a view to dealing with structural unemployment, since this is the only way to overcome it.

I should also like to ask the Commission whether it feels there is a need for better unemployment statistics indicating not only the actual extent of unemployment, but also giving a breakdown into categories from which the determining factors may be deduced.

President. — I call Lady Fisher.

Lady Fisher of Rednal. — Is the Commissioner able to give any explanation why women's unemployment has shown a marked increase? Is it because women's jobs are now being given to males, or is it a decline in particular industries where employees are predominantly women?

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I wished to ask the question that Lady Fisher has asked but mine will be a supplementary question to that. We are naturally concerned about the increase in female unemployment, which is in the ratio of something like 10:1 in some countries — the increase, not the actual unemployment. Has the Commission taken any further steps to try and reduce this very substantial deficit and this bias against female employment?

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. (NL) Mr President, in answer to Mr Bangemann's question on the importance of industrial policy, particularly in connection with combating structural employment by sector, I should like to say that the Commission attaches great importance to this approach. I fully endorse the views expressed by the honourable Member in this respect. A very recent example, which

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I understand is to be discussed further here today, involves the steel sector. This is a good example of a sectoral approach. In its proposals to the Council on the combatting of unemployment, the Commission not only mentioned the steel sector itself, but also pointed out that this is a sector with structural over-capacity. We must therefore look for alternative job opportunities, as we also stressed in the Consultative Committee this week. Mr Davignon has also discussed this matter in detail with both sides of industry and the Commission intends to discuss social problems in the near future with the Joint Committee, which consists of representatives of the employees and employers in the Community. We are repeatedly receiving requests from employers and employees in other sectors — and they are not being disregarded — to set up a forum for each industrial sector at Community level for an exchange of views between labour and management with a view to finding a joint solution to the problems. This is the case in the textiles and ship-building sectors and all the other sectors facing structural difficulties. My answer to Mr Bangemann's question, therefore, is that the Commission already devotes a great deal of attention to a sectoral approach to the problems.

The improvement of statistics is a matter which receives our constant attention. It is frequently difficult to arrive at comparable figures for the various Member States, particularly in the interpretation of unemployment figures. Mr Bangemann pointed out that it is important to know not only the absolute figures but also the composition of the various categories. The questions put by Lady Fisher of Rednal and Mrs Kellett-Bowman reflected the importance of understanding the situation in the various categories and the duration of unemployment. Thus it would be extremely useful to gain a better understanding of the extent to which the youth unemployment figures relate to persons who are out of work permanently or for a long period, or whether they relate to a changing group and whether they not only give an adequate indication of the extent of the problem but also of the make-up of the various categories and the duration of unemployment. This is all very important if we are to understand the problems better and be in a position to take the right measures with a greater chance of success. The Commission and the department for which I am responsible are therefore trying to improve the statistics and to improve and broaden our understanding of the problem by means of these data. Lady Fisher of Rednal asked me whether I could explain the increase in unemployment among women. It is difficult to give a hard and fast explanation on this matter, but I do not agree with Lady Fisher that the increasing unemployment among women results from men being given women's jobs. I do not think this is the determining factor. I feel rather that the increase in unemployment among women is partly due to the fact that our society tends

to think that it is a lesser evil to dismiss a woman than a man. This view, wrong as it may, be, still exists. It is also a fact that the level of female employment is often influenced by the fact that part-time work is much more common among women than among men. This is frequently something of a problem to employers and during slack periods persons are dismissed on a discriminatory basis, with a result that more women lose their jobs than men. As long as this state of affairs continues in our society we can say that there is discrimination against women. The real and deeper causes should really be looked into more deeply, partly on the basis, as Mr Bangemann said, of a better understanding of the significance of the figures. The Commission depends partly on data from the Member States, but we can also carry out our own research through the European Statistical Office — indeed we are in fact currently carrying out a number of studies into part-time work, for example, which we have also discussed in Parliament this week. I have already promised Parliament that we will provide better data, perhaps even before the end of this year. We will then make a better analysis of the relative numbers of men and women in part-time employment.

Mrs Kellett-Bowman asked whether we can take any further steps to combat unemployment among women. I should like to remind Parliament that the last European Council asked the Commission to study this very problem of unemployed young people and women and to submit a report to a subsequent European Council.

The Commission began work on this matter immediately. We in the Commission are currently subjecting the question of unemployment amongst young people and women to a closer analysis. I also intend to devote attention to this problem in the Standing Committee on Employment which meets on 5 May and at which the Ministers of Social Affairs and representatives of employers and employees will be present. This is partly in preparation for the tripartite conference which, as you know, will be held in the second half of June this year and at which, I am sure, the question of unemployment amongst young people and women will be one of the main items discussed.

We thus have a number of plans. The Commission will, of course, be chiefly responsible for listing at Community level, possible Community measures aimed at reducing unemployment in the categories I have mentioned. One of the most important things is that we should find out what the Member States themselves are doing in this field. We must also look into the experience they have with the measures taken already, as we do not yet have sufficient information on this point. We should therefore take advantage of the tripartite conferences and the Standing Committee on Employment for an exchange of experience — but this is not all.

Vredeling

We ourselves must then prepare and implement measures on the basis of the analysis and comparison. It will then be up to the Council to take the necessary decisions. Given that social problems in our Community have hitherto not received all the attention they deserve, measures of this kind should be taken at Community level by means of directives and mutual agreements, with a view to solving the great problem of unemployment effectively.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — The Commissioner did not deal with the question of declining industries which predominantly employ women. In my own area, for example, textiles and shoes are declining very much. Does this not make it absolutely vital, therefore, that the Commission do everything in their power to bring more jobs which women can do into the areas where textiles and shoes are, regrettably, declining?

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, my answer can be very brief. The textile sector is one in which particular use is made of the Social Fund. You are quite right, Mrs Kellett-Bowman, I should have gone into this point in a little more depth just now. The textile sector is one which normally employs a large number of women and unemployment among these women is indeed high. The Social Fund offers the possibility of using different vocational training to make these female workers less dependent on the textile sector for their living and teach them different skills. The Commission has also made a new proposal regarding the Social Fund, whereby not only the textiles sector and agriculture, but other sectors too will be specially brought within the ambit of this fund. This is part of the sectoral approach to the problem which I have just spoken about in connection with Mr Bange-mann's observation. We hope that the sectoral approach will lead to decisions in the Council whereby not only sectors such as the textile industry but also, for example, the footwear industry, which is a similar problem, will become eligible for aid from the Social Fund.

Mr President, Parliament will have plenty of opportunity to discuss this matter in greater detail in May. I will therefore leave it at that.

President. — I call Mr Pistillo.

Mr Pistillo. — (I) Have any special programmes with regard to employment among young people been drawn up, in particular by the Social Fund Committee?

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I have just pointed out that we are devoting particular attention to certain sectors under the Social Fund. However, I should also have said, 'to special categories too'. One of the categories receiving priority under the Social Fund is that of young persons, in connection with vocational training, transport costs etc. Thus vocational training, further training, retraining and transport costs, particularly for young people, will receive priority in the utilization of the budget appropriations for the Social Fund. I can therefore answer Mr Pistillo's question by saying that we have indeed developed programmes of this kind, in close consultation, moreover, with the Social Fund Committee, on which employers and employees are represented. This Committee discusses the specific proposals submitted by the Member States. The priorities decided upon by the Commission can also be discussed at the same time.

President. — This item is closed.

4. Agenda

President. — I have been informed that the Committee on Budgets is ready to give an oral opinion on the Kofoed report on agricultural prices (Doc. 59/77). The chairman and rapporteur concerned have suggested that this report should be taken today as the last item on the agenda.

Are there any objections?

That is agreed.

5. Welcome

President. — I wish to welcome into our gallery, for the first time in our Parliament, a delegation from the Federal Assembly of the Federal Republic of Yugoslavia.

We are honoured that that delegation is led by Mr Mihajlo Javorsky, who is chairman of the Foreign Affairs Committee of the Federal Chamber of the Yugoslav Federal Assembly. I am sure that my colleagues will agree that the presence of our Yugoslav guests bears witness to the important ties there are between the European Community and Yugoslavia and the faith we have in these relations.

I am sure all of us hope that the talks which are now going on here in Strasbourg between the Yugoslav delegation and the delegation of our Parliament will strengthen these ties.

You are very welcome, ladies and gentlemen.

(Applause)

6. Oral question with debate: Relations between the European Community and Yugoslavia

President. — The next item is an oral question with debate, by Mr Bettiza, on behalf of the Liberal and Democratic Group, to the Commission of the European Communities, on relations between the European Community and Yugoslavia (Doc. 26/77):

The Commission and Council of the European Communities on the one hand, and the Yugoslavian Government on the other have confirmed their basic political resolve to extend and strengthen the present links between the Community and Yugoslavia.

Can the Commission give the European Parliament more detailed information about the ways and means by which this improved long-term cooperation is to be brought about?

I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, it is my task to deputize for Mr Bettiza, who is ill and has asked me to communicate to the House his deep regret at not being able to speak personally on this question, especially as a delegation from the Federal Assembly of the Federal Republic of Yugoslavia — which will today be meeting a delegation of the European Parliament — is present at the debate. This is a significant and noteworthy event to which Mr Bettiza devoted in 'Il Giornale' (the newspaper for which he works as a journalist) an editorial explaining and underlining the importance of a recent meeting in Zagreb between approximately 100 European journalists and Mr Bokaric, a member of the Presidential Council of the League of Communists of Yugoslavia — i.e. of the Yugoslav Communist Party — and a senior representative of the government of his country.

Mr Bettiza asked me not only to speak on this question on behalf of our Group, but also to underline what he learned at this recent meeting in Zagreb. There he heard from a high-ranking Yugoslav representative that, over the next few months and in the years ahead, there would be no change in Yugoslavia's foreign policy which, as we all know, is one of non-alignment and of formal and beneficial relations with the European Community.

At the same time, this spokesman for Yugoslav policy stated that the request to strengthen, extend, improve and diversify the existing trade relations and cooperation was based not only on the political trust which Yugoslavia knew would be honoured, but also on its present situation, since it imports most of its industrial products from the Community, benefits extensively from the Community's system of generalized preferences and has over a million of its workers in the nine Member States.

It was also stressed in Zagreb — with, as I see it, moral and political implications deriving from the fact that Belgrade is to be the next venue for the Confer-

ence on Security and Cooperation in Europe — that while Yugoslavia, as a non-aligned country, deplors the role of countries like Cuba in Africa, or Bulgaria in the Balkans, which pursue action aimed at destabilizing the international status quo it intends to place itself beyond reproach as regards the freedom of movement of its citizens, and even as regards the easing of previous clampdowns.

I am referring in particular to the case of the writer Mihailov which will be finally settled by the general amnesty announced by Mr Bokaric in Zagreb.

I wanted to mention these points, Mr President, as the contribution — I might even say the premise to our Group's question — of Mr Bettiza who, despite his absence, is with us spiritually and politically.

Furthermore, I deem it extremely significant that the person who has the privilege of speaking in this debate in the presence of a high-ranking delegation from the Yugoslav Parliament, is a member of the Italian Parliament. I say this not only because Italy is the Community country geographically closest to the Federal Republic of Yugoslavia, with which it has always had very close relations, but also because it is to Italy's credit that she recently settled an issue which had remained open since the end of the Second World War, i.e. the territorial and frontier issue with Yugoslavia, and that she accepted the sacrifices and proposed the solutions needed in a European spirit in order to consolidate peace and cooperation in the world. By the ratification of the Treaty of Osimo, Italy shares with Yugoslavia the credit for establishing a new relationship of cooperation between two neighbouring countries, one a Member State of the Community and the other one of the most prominent of the non-aligned countries. Parliament has had the opportunity of observing the reactions to this treaty and also of assessing its implications for the Community's economic policy. Consequently, I shall not dwell on the matter.

I should like to recall, Mr President, ladies and gentlemen, that there is a Community factor behind this question. At the meeting of the EEC/Yugoslavia Joint Committee in March this year, Mr Smole expressed the resolve — which I referred to earlier — to extend, strengthen and diversify cooperation between the Community and Yugoslavia. He referred *inter alia* to the question — on which I think Parliament will have to give its opinion in due course — of negotiating an outline agreement which would make it possible to focus the different solutions adopted on a comprehensive range of economic and cooperation links between the Community and Yugoslavia.

Mr Smole's statement must obviously be viewed against the background of other negotiations which the Community has successfully conducted with other important countries: Canada and Mexico in the West

Cifarelli

— the first an industrialized country and the second a developing country — and India in the East.

In addition to Mr Smole's statement in the EEC/Yugoslavia Joint Committee, we should recall the experience gained from the Community's agreement with Yugoslavia signed, as you will all remember, in 1973. This agreement concerned meat, tobacco, textiles — especially cottons — and also provided for the granting of aid by the European Investment Bank. There was also an important meeting last December between, on the one hand, the competent Commissioner, Mr Gundelach and Mr van der Stoel, as President-in-Office of the Council, and the President of the Federal Executive Council of Yugoslavia, on the other, at which the need to strengthen cooperation was reaffirmed.

In my opinion, all this underlines what we wanted to bring to Parliament's attention by means of this question — the need to progress towards an outline agreement which will diversify and extend the existing links. It is essential for Parliament to express its views on this endeavour, which we call upon the Commission to undertake, and for which we call upon the Council to give the necessary support.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Mr President, on behalf of the Commission, I too should like to welcome the delegation from the Yugoslav Federal Assembly which is attending our sitting today.

It might be some consolation to Mr Cifarelli who spoke on the question to know that I am in exactly the same position — just as he was deputizing for Mr Bettiza, I am deputizing for Mr Natali.

As Mr Cifarelli has just pointed out, the EEC/Yugoslavia Joint Committee met on 29 March and confirmed the resolve of both sides to implement the joint declaration signed by Mr van der Stoel and Mr Gundelach on behalf of the Community on 2 December 1976 in Belgrade. The underlying objective of this joint declaration is to promote the extension, strengthening and diversification of the cooperation between the Community and Yugoslavia by developing relations and extending them to new fields.

The Commission's position on this can be summarized as follows: on the one hand, the Commission feels that the Community should implement the joint declaration of Belgrade as fully as possible. With this in mind — and in agreement with the Yugoslav side — the Community has, at the Commission's initiative, set up a sub-committee to determine the sectors and examine the projects covered by this Belgrade declaration, in particular those mentioned in the last paragraph of the second part of this declaration: transport, fishing, steel, energy, telecommunications, data processing, the environment, tourism and scientific

and technical cooperation, to name but the main fields.

The mandate of this third joint committee reflects the same spirit and is subject to the same limits as the existing joint sub-committees on agricultural, industrial and technological cooperation respectively.

On the other hand, the Commission intends to make a quick start with the negotiations on the future agreement between the Community and Yugoslavia. The meeting of the Joint Committee on 29 March gave both sides a first opportunity to air their views, and the Yugoslav representatives emphasized what the underlying features of the future agreement should be. Since Yugoslavia is a developing, non-aligned, European and Mediterranean country based on worker control, the agreement should be along the lines of the non-preferential, non-discriminatory 'agreement on economic cooperation' signed with any developing country.

The main features of the Commission's attitude to the future agreement are, firstly, that the content and the form of the agreement should be based on the principles set forth in the joint declaration, and the Commission hopes that, during the negotiations on the forthcoming agreement, the existing framework for cooperation between the two sides will be revised. The strengthening of the ties with Yugoslavia called for in the joint declaration implies, in the Commission's view, a broadening of this framework.

Secondly, on the basis of the guidelines which I have just listed, the Commission will submit to the Council in due course proposals relating to the negotiations on the future agreement. Even at this stage, we can state that the range of agreements at the Community's disposal is sufficiently wide to provide an area of agreement with our Yugoslav partner.

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

Mr Adams. — (D) Mr President, ladies and gentlemen, the Socialist Group was particularly pleased that Mr Behrendt was the first President of this Parliament to go to Yugoslavia to strengthen the relations between that country and the European Community. Afterwards the Socialist Group held a meeting in Trieste and took advantage of the opportunity to make contact with Yugoslavian members of parliament in a neighbouring town inside Yugoslavia. We therefore welcome this question, since it is essential for us to give every support to links with the other European States outside the European Community. Otherwise we shall — in our view — be simply a divisive element in Europe. We should therefore open the doors to contact.

The Commissioner referred to the latest meeting of this Joint Committee. I have the press release of this meeting before me and would like to ask a few ques-

Adams

tions on it which in my view are very important for us in this Parliament.

In the protocol and the press release it is stated that procedures will have to be initiated with a view to concluding a new, extended agreement to replace the present one. The Community delegation requests that, as under negotiations on the future agreement, changes be made to the present scope of the cooperation. On this point the Community delegation pointed out that the closer relations with Yugoslavia provided for in the Belgrade joint statement imply an extension of the scope of cooperation between the contracting parties. In this context I should be glad if the Commissioner would today give us rather more concrete information than we have here as to what the Commission understands by a 'new, extended agreement' and what can be said more specifically about the future agreement, its new form and its content.

The text goes on :

Both partners hold the view that a detailed study should be made of the possibility of extending cooperation between Community undertakings and those of Yugoslavia, particularly with regard to investment development, and that to this end the areas of mutual interest should be determined.

Here, too, I should like to ask : are there already any specific possibilities and indications which we can use as a basis for discussion ?

Furthermore, Mr President, I should like to ask the Commission whether it considers it a good thing for this Parliament also to strengthen its relations with Yugoslavia and for the Committee responsible — the Committee for External Economic Relations — to look into Parliament's relations with Yugoslavia and submit a report. Mr President, we shall in any case be asking for this so as to make it clear from our side also that we attach importance to the strengthening of relations with Yugoslavia.

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

Mr Martinelli. — (*I*) Mr President, on behalf of the Christian-Democratic Group, I too must congratulate the Commission on the way trade relations between the Community and Yugoslavia are improving.

I consider Mr Bettiza's question, which was so well presented by Mr Cifarelli, to be of great topical interest.

Relations between the Community and Yugoslavia over the past few years show a conflicting pattern. On the one hand, there is the substantial strengthening of these relations as such : Yugoslavia's imports from the Community have more than trebled, while her exports to the Community have roughly doubled. This is the positive side. However, alongside this welcome trend the trade deficit has widened so much that the figures for 1975 reveal that approximately two thirds — 62 %

to be precise — of Yugoslavia's overall trade deficit derived from her trade with the Community.

Although positive as regards the development of relations, this pattern cannot be considered as reassuring in the light of the imbalance which has arisen so quickly. This is why the Commission, the Council and, of course, the Yugoslavs themselves have taken a number of steps to improve the structural balance of these relations.

Looking back, we can see that the 1973 agreement contained one major flaw. It included a future developments clause and provided for economic development relations, but only as a function of the growth and diversification of trade relations. A sizeable area of potential relations was therefore left uncovered by that agreement and could not be developed.

As I see it, this is where the statement made just now by Mr Giolitti, to the effect that a new agreement is being envisaged, comes in. Not new in itself, but merely in that it provides for industrial and agricultural cooperation, as is clear from the declaration made in Belgrade on 2 December last, and in that it also covers one sector in which Yugoslavia has, as far as I know, collaborated with other countries, but never with the Member States of the Community. I am referring to exports through joint ventures.

I believe that much can be done in these sectors and, I welcome these new moves on behalf of the Christian-Democratic Group and hope they will be successful. It is clear to everyone — and this has already been stressed — that economic relations have considerable political value. When we consider that the volume of trade between Yugoslavia and the Community far outweighs that between Yugoslavia and Comecon, this alone is an indication of the extent to which the Community's economy can bolster Yugoslavia's political autonomy.

I shall close by affirming that this new outlook for relations between the Community and Yugoslavia will not only promote the economic progress of our peoples, but will also enhance the Community's ability to pursue the overall Mediterranean policy which has been talked about for some time and towards which we have so far taken merely the first steps.

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

Mr Kasperet. — (*F*) Mr President, ladies and gentlemen, the trade agreements signed with Yugoslavia have a special meaning for the Community. Firstly, they are part of its Mediterranean policy. Secondly, it is in Europe's interest to cultivate special relations with this country which is situated at the meeting-point of the industrialized and underdeveloped worlds and plays an important part in inter-

Kaspereit

national affairs. In addition, the Community is well-advised to harmonize its trade relations with a socialist State which, while not a full member of Comecon, nevertheless has close relations with it. Yugoslavia in fact holds a unique position between the planned-economy countries and the market economy countries, and the draft agreements submitted in 1974 to the State-trading countries were largely based on our experience with Yugoslavia. This is why relations between the Community and Yugoslavia are rather complex. Although Yugoslavia fell within the context of the Community's overall Mediterranean policy, it was regarded as one of the Eastern-bloc countries until 1969, and this has been the determining factor up till now. It is easy to understand how important to Europe Yugoslavia is as the first socialist country not only to recognize the Community, but also to sign a trade agreement with it. But now, with the prospect of Greece's accession it might perhaps be more appropriate to concentrate on the 'Mediterranean' aspect of relations with Yugoslavia. Its geographical position and its role as transit territory between the Nine and Greece mean that it will have a significant part to play in the not too distant future. That the Greeks are fully aware of this is shown by the fact that they have resumed cooperation with the Balkan. It is in the light of this twofold significance of Yugoslavia that the form and the substance of the new agreement should be examined. The Joint Committee's recent meeting enabled both sides to reaffirm the principles set out in the Belgrade joint declarations, that is, to strengthen the links and to extend them to new fields by means of a new and wider agreement.

Although it is still too soon to comment on the exact nature of the future agreement, it nevertheless seems very similar in scope to the agreements between the Community and the Maghreb and Mashrek countries. Alongside the traditional trade aspects, emphasis is laid on wide-ranging cooperation in all fields — industrial, agricultural, economic and technological. Obviously, including Yugoslavia in one of these two groups is out of the question because, as a non-aligned country, it cannot establish preferential relations with one particular group of countries. Despite this, these agreements could be as models for the cooperation aspects. We should like to stress two points in this connection. The first concerns the guaranteeing of European investments. The existing bilateral agreements on this aspect between Yugoslavia and certain Member States should be integrated into the new agreement, so that they come within the Community's sphere of competence. The second point — which we feel to be more important — relates to agricultural cooperation. We call upon the Commission to give due consideration to the delicate implications of Greece's accession and to the concessions granted under the Mediterranean policy before submitting concrete proposals to Yugoslavia. Naturally, both sides emphasize that this cooperation will in the main be centered on products not included in, and which will therefore not compete with the Community's own

range of agricultural products. However, as we have already said — and this point cannot be overstressed — it is high time that our common agricultural policy and the agricultural situation of the Mediterranean countries were thoroughly examined, so that we can take the measures which are essential if we are to achieve a balanced and lasting agricultural policy.

Mr President, I would like to put a question to the Commission: Could not the problem of migrant workers be covered by this agreement with Yugoslavia, as it is in the agreement with the Maghreb countries?

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Thank you, Mr President. I should like to reply very briefly to certain questions put and, first of all, to assure the honourable Members who have spoken that the Commission will devote very close attention to the observations, suggestions and pointers put forward during this brief but fruitful debate.

As regards the Commission's general line *vis-à-vis* the future agreement, I would like to reaffirm that the underlying objective remains that set out in the joint declaration — in other words, an enlargement of the scope.

There are somewhat delicate problems involved, and these were mentioned by the Commission representative recently at the Joint Committee's meeting of 29 March 1977, when Mr Haferkamp, the Commissioner responsible for external relations, stated that some of the Yugoslav requests could not be met within the framework of the existing Agreement, and that this highlighted the need for the new agreement to recognize the relations and to provide means commensurate with the political resolve of both sides to strengthen and extend their economic links.

We should also like to stress the importance, in the Mediterranean context — the Commission is fully aware of this — of relations between the Community and Yugoslavia.

In addition, there is the problem of the type of agreement to be adopted, since Yugoslavia is thinking in terms of one of a special nature. Should any further obstacles to the adoption of a preferential agreement come to light, however, the Commission could then — bearing in mind the nature of our relations with Yugoslavia — envisage cooperation agreements along the lines of those signed by the Community with Canada, Mexico, India, Brazil and other countries, in such a way as to satisfy our partner while taking full account of Community interests which can obviously be neither neglected nor sacrificed.

As time is short, Mr President, I felt this brief reply to the interesting points made during the debate was appropriate.

President. — The debate is closed.

*7. Fourth report on the activities
of the European Social Fund — 1975*

President. — The next item is the report (Doc. 578/76) drawn up by Mr Caro, on behalf of the Committee on Social Affairs, Employment and Education, on the Fourth Report on the Activities of the Social Fund — 1975.

Since Mr Caro is absent, I call Mr Kavanagh to speak on behalf of the Socialist Group.

Mr Kavanagh. — Mr President, I would have liked to have heard the introductory remarks of Mr Caro on his report, but since we have dealt with the subject in several meetings of the Committee on Social Affairs, Employment and Education, I can say that the document which we concluded in Rome was very acceptable to me. Mr Caro has worked diligently on this and is to be congratulated on the very clear, concise and thorough report which he presented on that occasion to us in the committee.

I would also like to add my thanks to the Commission and the Commissioner for the renewed efforts they have made in presenting this report in an improved form, and more quickly than has been the case in former years. Nevertheless, I think my first comment has to be that this document is really a historical document. It refers to the year 1975. That is almost a year and a half ago, and many things have become much clearer since then, particularly in the area of unemployment, and indeed in the whole economic situation in the Community. In the period since then there has been little economic growth; this was a point I made last year when I presented my report on the third report on the European Social Fund.

There has been, I think, a clear recognition that the unemployment situation is structural and will remain a serious problem for some time, even though there has been some small economic growth in the meantime. As I have said, there is a limit to what can be said about the document, since basically it is historical. Many of the decisions mentioned in the fourth report, such as those on textiles and youth, have already passed into history. The review which will be taking place of the rules of the European Social Fund will perhaps give a better basis for a more wide-ranging debate on this whole area of social affairs, which I believe my comrade and colleague, Rudi Adams, will be presenting to the next part-session.

Nevertheless, there are one or two points I would like to make at this time. I think we all accept that the European Social Fund has, within its very restrictive budgetary limits and relatively restricted rules, done an excellent job, both as an instrument of vocational training and retraining. Certainly in my own country of Ireland, some 50 000 people have benefited. Yet this figure only represents 1 % of those unemployed.

And we have, over the last few years, had employment running at a level of approximately 10 %.

Of course being retrained does not automatically ensure a person employment, but the Commission in its proposed review hopes to provide for possibilities for intervention by the fund which go beyond vocational training and geographical mobility. However, there is a grave danger that this would merely serve to spread already scarce resources even more thinly. Although the idea is very sound in itself, and reflects a line of thinking which I have pursued myself here in this Chamber on several occasions, there is a basic question to be asked in this context in relation to the Social fund; and that is: to what extent can the Social Fund be used efficiently as an instrument of employment policy? Or indeed, would it be more realistic to pursue the line of developing the Social Fund as a hyper-efficient instrument for training and retraining, with all the necessary financial resources that would mean — and indeed it would mean greatly increased resources — while considering other methods of dealing with the problem of employment, such as the creation, say, of an employment fund?

Another point of great interest is the introduction of differential rates of assistance in certain areas, a point which Mr Caro himself has raised in his excellent report and, of course, one of the Commission's proposals in its review of the Social Fund. This is an idea which our committee has always supported. Such differential rates would always ensure that the limited resources available were channelled to the areas of the greatest need, and this would also help to reduce the tendency for countries with higher standards of living and higher costs to gain proportionately more than their fair share from the fund. There is, however, a danger that, should too much emphasis be given to sectors in difficulty, as opposed to regions, the Social Fund resources would be drawn away from the less developed areas of the Community and into the more highly developed regions.

Another area about which, I think, all of us in this Parliament have expressed concern in the past, and an area for which I know the Commissioner himself has great sympathy, is that of the handicapped. Last year when presenting the third report on the Social Fund, I raised the problem of the handicapped. I do not think we can stress too often the extent of our obligations, especially in times of economic difficulty, to ensure that the weakest sections of society are not neglected. Therefore I am pleased to see, in the 1975 report, a clearly set out section on the handicapped, which is included in the new guidelines as of June 1974. I hope the new Commissioner will indeed take this opportunity to let us hear his ideas for the handicapped section.

Noteworthy in the guidelines too, is the special priority under Article 5 given to Italy, Northern

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Ireland and the Republic of Ireland for ongoing projects for the handicapped. This, certainly in the case of Ireland, allows for fairly basic services to be provided, which would not otherwise be possible. It would be a great pity if such, and similar, special priority sections were to be jeopardized in the process of the reform of the Social Fund.

While on the subject of the handicapped, I would like to ask the Commissioner if, in fact, the Commission has yet reported to the Council on the subject of sheltered workshops, as it undertook to do some two years ago.

My final point concerns the amendment on the information services. We in the Socialist Group opposed paragraph 15 of the draft resolution, not because we were against information being given on the work done by the Social Fund, but because we were against the wording. We are happy with the new wording which has been put forward, and the Socialist Group will not only support the whole report, but also the amendment.

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

Mr Pisoni. — *(I)* Mr President, ladies and gentlemen, let me add my thanks to Mr Caro for his precise and detailed report which clearly illustrates how the Social Fund has operated in recent years.

It is no secret to any of us, after hearing the plans for reorganizing the Fund which Mr Vredeling presented at a meeting of the Parliamentary Committee, that this debate is less a look at the future of the Fund than a retrospective assessment of how it has operated. Once the outline sketched by Mr Vredeling has been fleshed out, we shall be able to see the form of the new Fund.

What we are discussing today is one of the most important mechanisms which the Community has set in operation. Its social significance is clear from the aims which were set and which to some extent have been attained. Mr Caro has mentioned the striking delays in the granting and payment of assistance, the unanswered questions, and the shortage of staff which hinders the administration of the Fund. In addition to all this, we cannot fail to emphasize the limited resources which the Fund has and the narrow range of sectors in which it can operate effectively. The Fund has, in fact, achieved a certain amount of success as regards vocational training, where most of its resources were allocated. Unfortunately, however, increased unemployment among young people has offset a great deal of what has been achieved. Consequently, it would be better now to concentrate the Fund's activities on combating unemployment among young people and on aiding those regions which are threatened with more general unemployment. We realize that finding effective means of

doing this is no easy task; nevertheless, action in this sector is vital if we do not want to find ourselves unequipped to face future adverse developments in this ongoing crisis.

In my opinion, aid from the Fund to help migrant workers has been quite inadequate. We are all well aware of the statistics concerning those who have to leave their native countries to work abroad. There is no denying that in this sector the appropriations are particularly limited.

Turning to the problem of housing, we have repeatedly asked for the Fund to be implemented by following the example of the ECSC. This could be done by means of direct aid or by measures designed to provide a stimulus to the Member States, industry, the trade unions and employers' organizations.

Migrant workers should also be guaranteed a minimum level of social assistance which would ensure that they do not have to live on the fringes of the community in which they work but can be integrated into it. In this respect, we have to go into the factories and the cities and not merely restrict our attention to the housing sector. Unless there are structures to enable migrant workers to play an active role in the community where they live, we shall only go on creating ghettos. The Social Fund could have done a lot more in this respect by increasing its allocation and being a bit more punctual in paying out. It could have made a more tangible contribution to the education of migrant workers and their children. There is still far too much non-attendance at school, and far too many migrant workers do not go to school and cannot be integrated into the host country since they have an inadequate knowledge of the local language. If the Fund were reorganized, this problem could be tackled more effectively and it would be possible to do something even when local resources were limited. It is a known fact that local communities which sought aid from the Fund have not been able to find the 50 % of the appropriations which they needed to cover necessary expenditure.

I have one final remark to make to Commissioner Giolitti whose job it is to coordinate the various funds. May I remind him of what Mr Jenkins said in February, that the Regional and Social Funds and the Guidance Section of the EAGGF are operating at a rate of one-sixth of national expenditure in the areas which have been hardest hit by the economic recession. This gives some indication of the scale of the Funds' operations. If they were better coordinated, however, they might be more effective, even if their resources remained the same.

I should like to close by commenting briefly on the amendment which I have tabled on behalf of the Christian-Democratic Group. We feel that aims, achievements and future goals should be better known. In our opinion the Community must present

Pisoni

a progressive image of itself in the social sphere. The Social Fund, in spite of its limited scope and resources, is a real means of achieving progress. It is a socially advanced means of reducing imbalances within the Community. We want the citizens of Europe to know this, so that when the time comes to elect this Parliament by direct universal suffrage they will be more aware of these matters and, in particular, will be able to see just what we are doing in this sector.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, I should like to congratulate Mr Caro for a most interesting report with which my group is in strong and full agreement. I should like also to congratulate the Commission not only on an excellent document, but also on the very flexible and responsive use that they have made of the rather limited funds at their disposal.

Unlike the Regional Fund which, under the rules enforced by Council against the wishes of the Committee on Regional Policy, Regional Planning and Transport and Parliament, is tied rigidly to the arbitrary and often unfair decisions of Member States, the Social Fund established its own priorities based on the real and established needs of different areas. First priority was given to areas which had either 5% unemployment during the past four years or a gross domestic product of less than 80% of the national average or an active population employment figure of less than 60%. I am sure nobody could possibly disagree with the fairness of those priorities and it would have been very much better had these prevailed in the Regional Fund.

Moreover, where these criteria were missed only narrowly, the negative balance of migration or the percentage employed in agriculture could be taken into account. Again, this is very fair for those cases just on the margin. This meant that the Social Fund could be used to help regions with an increasingly unbalanced population structure in a way in which the Regional Fund could not. The sad thing is, however, that only 5¼% of the Community budget was spent on this fund to cover the vast range of tasks allotted quite rightly to it.

Nor was the effectiveness of the fund assisted by the attitude of the Council towards suggestions put forward by the Commission. In April 1976 the whole Community was faced with the most disastrous unemployment for 50 years and, very sensibly, the Commission suggested that aid from the fund should be granted to operations forming part of restructuring or development programmes aimed at ensuring the productive employment or re-employment of workers. The Council rejected this out of hand. Worse still, they went on six months later to reject Commission

proposals to promote the geographical and professional mobility of people in sectors and regions worst affected by the recession. Now what on earth was the Social Fund for, if not to help in precisely such cases in a crisis? In partial recompense the Council did, however, extend assistance to promoting this geographical and occupational mobility of people under 25 who were unemployed and seeking their first job. So I suppose we must be thankful for small mercies in that regard.

I am glad that under Article 4 assistance was opened up in June 1974 to handicapped people but I, like some of my colleagues, am not happy about the position of sheltered workshops, on which we still await further information from the Commission. Unfortunately, sheltered workshops mean quite different things in different parts of the Community. According to the current Community regulation, training can be given in sheltered workshops only if it leads to open employment. I very much hope that this situation will be abandoned in the new fund regulation. There are tens of thousands of people whose degree of handicap is such that they can never enter open employment, but who can make a valuable contribution in sheltered conditions. If aid could be given towards the capital and running costs of such workshops, it would be of immense help to the handicapped and indeed to the community, because they will be able to make a contribution.

I was particularly interested in the comments on page 19 of the Commission's report. I would like to know more about what is meant by 'promoting direct training of superfluous apprentices'. A report published at the end of July in the United Kingdom shows that our number of apprentices has fallen by one-third, from 15 000 to 10 000 which is barely sufficient to cover requirements. So we are very unlikely to have any surplus. And I wonder what is the position in other Member States. I understand that in Germany there may possibly be a surplus, but it certainly does not exist in the United Kingdom. As far as we are concerned, during the present recession the second suggestion of paying subsidies to employers to enable them to maintain the present number of apprentices would be more helpful, but I would like to go further than that. I have been pressing for some time for the establishment of Community apprenticeships, a sort of Rhodes Scholarship of industry. These could be applied for direct to the Commission and, if awarded, could be taken up at any company anywhere in the Community offering recognized training, and the whole cost to the employer would be covered. It is essential to the success of the Community that we fire the imagination of our youth and convince them that the Community is something more than a collection of bureaucrats churning out rules and regulations. And this will be one small way of doing this.

Kellett-Bowman

But, as our rapporteur said, one of the most important things is to get the method of budgeting on to a sensible basis. The financial contortions described on pages 24 and 25 are quite fantastic and must handicap the most effective use of the fund, as our rapporteur said. We must find a budgetary framework which fits our needs. Although, admittedly, the fact that from 1977 each sphere will have its own budget and will be able to make its own choice of priorities will help the situation described on page 24, this does not help the division between Articles 4 and 5. One of the main complaints I have had from interested organizations, is the slowness of the payout and the complicated form-filling required. It is very difficult indeed for voluntary organizations to carry the whole financial burden until the project is complete, and the framework finalized. And I am glad that this is a problem to which the Commission is currently devoting attention and which will in fact be remedied under the new rules which will shortly be promulgated.

I am convinced that the fund needs more flexibility and could best achieve this by obtaining independent finance for part of its work, a system of own finances. Now I have suggested a levy of 2 units of account per employed worker per year to be levied at the end of the year on the average number of persons employed in the firm, with an exemption for firms employing less than, say, 25 people, rather on the lines of the European Coal and Steel Community Fund. I was told that the Coal and Steel Fund money came from the industry itself and was merely recycled within the industry. Now I cannot see that this is an objection in principle, since this levy which I suggest also could be recycled for the benefit of workers and industry, although on a much wider basis than that of the Coal and Steel Community.

My group completely endorses the Caro report and also Mr Pisoni's amendment which was necessitated only by translation problems in the original version and we are in entire agreement with the current version of it.

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

Mr Pistillo. — (1) Mr President, ladies and gentlemen, our Group reserves the right to speak more fully when we come to review the rules governing the purpose and operation of the European Social Fund. Our present task is to consider the fourth report on the activities of the Fund in 1975.

Let me say first of all that a single debate would have been preferable and more fruitful. I say this, not only because there would be more point to our discussion on the fourth report for 1975 if this were linked to an examination of the Fund's future operation, but also because we cannot tackle this second part seriously until we have available all the proposals concerning

the future of the Fund. However, these will be determined by the Committee on Social Affairs when it meets in Brussels on 27 and 28 April.

I should like, nevertheless, to comment briefly on certain aspects, some of which were touched upon by Mr Caro. Firstly, the 1975 budget shows once again that the resources made available to the European Social Fund are far too limited, given the serious economic and social situation in the Member States of the EEC and the growing unemployment. In our opinion — which is, I believe, shared by everyone — this is the fundamental barrier to progress. This must be the starting point for any serious discussion on the past and the future of the European Social Fund. The entire policy of the EEC is so distorted in favour of the agricultural sector — we have stated this many times — that everything is subordinated to it, to the serious detriment of all other policies, beginning with the social policy.

There is a great deal of talk about combatting unemployment but it is, I am sorry to say, no more than talk. As things stand at the moment, action cannot follow statements and pledges, but — as I said at the beginning — we shall deal more fully with this subject when we debate the future of the European Social Fund. I just want to say — and the fourth report bears me out in this — that the letter and the spirit of Articles 123, 124 and 125 of the Treaty of Rome have been ignored, even after the 1971 reform.

Secondly, the Fund is spread too widely. Such limited resources should be concentrated more. This is a very important aspect and should be linked to properly planned measures. Appropriations and payments depend in different ways on particular needs rather than on any overall plan of action, although this is especially needed if the present situation is to be at all changed. We know however, that Commissioner Giolitti favours a more concentrated use of resources and operation of the Fund according to a definite plan.

My third and final comment concerns the allocation of the Fund's resources. I can only agree here with what was stated in the Caro report. There is far too big a gap between commitments and the payments which are in fact made each year. The data we have are quite alarming.

Take 1975 for example. Payments under Article 4 totalled 21.4 million u.a. whereas commitments had totalled 129.89 million u.a. Under Article 5 only 5.49 million u.a. were paid out of total commitments of 241.94 million u.a.

Bureaucracy has been blamed for this, but — and I address my words to the Council and the Commission — it will be a veritable disaster if the European Social Fund is smothered under a welter of paper. What we need here is a rapid overhaul of the system.

Pistillo

As I said, it is our intention to deal more thoroughly with this problem when we know the proposals on the future of the Fund. Before then, however, we wanted to offer these few preliminary remarks.

Our Group will abstain from voting on the Caro report, since we feel that it fails to take account of the full seriousness of the social problems in Europe or of the actual situation of the Social Fund as described in the fourth report on the Fund's activities. At the same time we feel that the report lacks the political dimension which such a subject requires.

President. — I call Mr Caro.

Mr Caro, rapporteur. — (F) Mr President, I apologize for not being in the Chamber when the debate on this item began. My absence was simply due to a misunderstanding. Firstly, let me thank Mr Vredeling and the staff who administer the Fund for their assistance in preparing this report. It covers a wide range of activities which required as much technical information as possible.

I also wish to thank all the speakers, who have made my task somewhat easier by referring, for the most part, to points which I dealt with in my report. This will enable me to give a fairly general answer, although at the same time I shall attempt to deal with the major points which have cropped up.

I want to say first of all that it is practically impossible, at this particular moment, just to look back on the Fund's activities in 1975. I know that this is necessary, and in accordance with the terms of our collaboration with the Commission, but it is also true that we are a political body and it is pointless carrying out a technical exercise if we do not learn any political lessons for the future. Consequently, I agree with the Members who lamented the fact that we have not brought together in the same debate discussion both of the Fund's past activities and of its future reform. We shall now have to wait until the next part-session before considering the Commission's proposals on this reform.

I hope that this point will be noted so that every effort can be made in the future to take these two questions together, since they are indeed inextricably linked. Anyhow, with the full agreement of the Committee on Social Affairs, both my report and what I have to say here today relate not only to the past activities of the Fund but also to the lessons we can learn for the future.

We are satisfied with the work of the Social Fund. The Fund has done all it can to overcome the structural problems it has encountered in each Member State, as well as those problems connected with the technical resources at its disposal.

The reports of both the Commission and your committee illustrate fully the serious nature of the

problem caused by the differences in particular situations. The administration of the Social Fund cannot be seen as the straightforward and uniform applications of a well-defined programme which has been laid down once and for all.

What the administration at Community level vitally needs is flexibility in operating the Fund, with scope for initiative among the staff who administer it. What we need is a thorough knowledge of the local situations in each Member State, or even in each region of the Community, since problems have to be tackled at their roots. It is virtually impossible to demand of the Commission what we are not doing ourselves, nor can we criticize it for the difficulties it has encountered in applying the proposed measures.

I must point out that one of the major problems which the administration of the Fund has run up against in recent years arises to some extent, from the disparate behaviour of national or local administrations in the Community.

This is a structural problem which crops up elsewhere, not only as regards the Social Fund, for it is the central problem of Community administration. If we do not realize this, I have a feeling we will fail to achieve our objective. Regardless of whether we are talking about the Mediterranean countries, the Anglo-Saxon countries or the more northerly Member States, everywhere management evaluation methods, the speed at which the authorities act, the degree of consultation with socio-professional bodies, the work of locally elected officials, the structure of local administration — everything is so varied and so geared to local situations that anyone who refuses to accept this as a reason for the Fund's snail-like progress — and why not admit that there have been delays? — is open to a charge of sheer demagoguery.

We are not going to join those who snipe at the Commission from behind the cover of their own failings. We have enough serious criticisms to level at the Commission without having to indulge in this idle pastime. These criticisms of the Commission in our report concern administrative methods. I must confess that the problems are so complex that finding solutions is an even more complex task. Our own failings here have to be acknowledged, since we have not yet found the answer to the problems and deficiencies I have mentioned. I hope that we can tackle these problems when we get round to discussing the reorganization of the Social Fund, but I do not know if we are ready for this yet. Perhaps we shall be at some future date.

What are our major criticisms?

Firstly, there is again a structural criticism to be made in relation to the budget. In view of the fact that it is Articles 4 and 5 which really provide the budget for the Social Fund, the best solution would be for these two Articles to be combined for use as a single

Caro

budgeting entity by the administration. Our aim here is greater flexibility. The committee discussed this point thoroughly, and we were reassured about some of the problems of transferring appropriations within the Articles I have just mentioned. But if we want to transfer anything between these two Articles, the procedure requires action by the Council. This is an impossibly cumbersome method, especially when swift measures are called for.

I should like the competent authorities to find some way of simplifying the handling of appropriations in the Community budget. I should like them to find a more expeditious method which can be made available to the officials who normally deal with the appropriations which Parliament has allocated. As for Parliament, it is pleased to see that consultation with the administration is developing along entirely normal lines. If we encounter any new problems, this consultation procedure will enable us to discover the proper remedies and solutions.

My second major criticism is that the Commission and its various departments do not seem to have enough control over the administrations in the Member States. Discipline must be accepted if one wishes to participate in joint action. However, there has been a different degree of discipline in each of the Member States. Do not get me wrong I am not suggesting that the Member States and their governments are reluctant to participate as fully as possible in the work of the Social Fund. They do participate, each in its own way, recognize its obligations. But it is also true that at Community level people rack their brains to work out methods and systems, often rather unattractive ones, to avoid the complications which stem from the lack of adaptability of the various national bodies which are invited to cooperate with the Fund. This has led to the budgetary practices which we have criticized. I know that the Commission is well aware of this, but it would be better to eliminate these practices as quickly as possible. This is another field in which no solutions have yet been found, but we trust that the Commission will work something out. I am referring of course to the 'shifts' which both Mr Pisoni and Mrs Kellett-Bowman mentioned.

Budgetary procedure needs to be reviewed so that the budget can be managed with greater flexibility.

The general remarks I have made refer to the clearly social aspect of the activities which the Community carries out through the Social Fund. When we think that this covers such vital sectors as the labour force in farming or the textile industry, handicapped persons, vocational training and migrant workers, we must realize what Mr Kavanagh said in the conclusions to the report which he prepared last year and of which account has been taken: the activities of the Fund must be developed along three lines. Firstly, short-term economic measures are needed. The reduction of

unemployment is the linchpin of political action as far as the Social Fund is concerned, and we should therefore like to see every effort made to encourage action not only to safeguard jobs but also to improve social conditions. Secondly, we need to strive for a better structural policy for the Communities. The Committee on Social Affairs has urged me to stress the need to coordinate the various structural aid instruments which the Community has at its disposal. Basically, this means striking a balance between the work of the Social Fund and that of the Regional Fund. Naturally, the EAGGF also comes into this, as it too has an integral part to play. We cannot agree with those who have said elsewhere that structural measures can be introduced on a regional basis in the agricultural, social or technical sphere, without being linked to a properly thought out overall policy translated into budgetary terms. Thirdly, the action has to be European. This aspect was the subject of an amendment tabled by my colleagues in the Christian-Democratic Group, and this amendment was discussed at length by the Committee on Social Affairs. Making the Social Fund operational is fine, but making it known is even better. We want the general public to know what it is doing. When it comes to elections by direct universal suffrage, the activities of the Social Fund will be far more effective as propaganda than long speeches.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I should like to thank Parliament for the detailed attention it has given this report on the activities of 1975. At the same time I should like to join the previous speakers in pointing out that we are on the eve of the parliamentary debate on the Commission's new proposal. This, I agree, will provide a better framework for a discussion on the more concrete questions that have been brought up with regard to the Social Fund.

I shall thus — and I hope that Parliament will not take this amiss — keep my remarks as brief as possible, in the knowledge that in the coming part-session in May I shall be able to give more attention to the essence of the new method of operation for the Social Fund proposed by the Commission. I should just like to take up the remarks made by a few Members and then say a brief word about the report itself.

The report indeed refers to the year 1975 — i.e. a period that is now far behind us. I cannot altogether refrain from pointing out that this report was communicated to Parliament as long ago as July last year. Part of the delay can be blamed not on the Commission but on Parliament itself. Mr Kavanagh asked whether the Social Fund should be regarded as simply a vocational training fund. If I understood him

Vredeling

correctly, he is suggesting the establishment of a separate unemployment fund.

The Commission proposes taking a different course, namely extending the Social Fund, which at present covers mainly vocational training, to make it an instrument for more positive and direct action against unemployment. Improving vocational training is in itself a more indirect way of combating unemployment.

Mr Kavanagh's remarks were concerned primarily with the future form of the Fund. That is not really what is under discussion at the moment, so I shall not go into the question any further.

Just one remark concerning what he said about the handicapped and disabled, who were also mentioned by Mrs Kellett-Bowman. Indeed, when there is unemployment the fate of the handicapped is all the more painful, since finding jobs for them sometimes meets with almost insurmountable difficulties. These people, who often need a great deal of care and assistance, are consequently faced with an unemployment situation which has much more serious consequences for them than for people who are sound in body and limb. Mrs Kellett-Bowman remarked in this connection that we should not subsidize sheltered workshops merely in order to prepare people for ordinary work in industry — for open employment as she called it — but also, if I understood correctly, for the sake of those who must continue to work in a sheltered environment because they cannot be employed on the open market on account of their handicap.

That observation deserves particular attention, since it is indeed true that handicapped people should receive vocational training not just for industry's sake but for the sake of their self-respect as well, since they have a right to a place in society. It will thus not do to regard these people simply as objects to be absorbed as smoothly as possible into the industrial process. What is of real importance is to think not so much of the opportunities for open employment for this category but rather of those for permanent employment in a sheltered environment.

In reply to Mr Kavanagh I should like to say that it is in Italy and Ireland that particular attention is being given to these sheltered workshops. You will also find this reflected in the report, where we have given special attention to the subsidizing of projects which concern these sheltered workshops.

Mr Pisoni asked a number of questions about priorities. In his view not enough priority is being given to young people, not enough priority is being given to migrant workers, and so on. I can only say that the Social Fund is a limited instrument — too limited, some would say. The Commission also thinks it is too limited, and that is the reason for our new proposal for extending the activities of the Social Fund. It appears from past figures, however, that the budget of the Social Fund is showing a distinct improvement. For 1976, for example, an appropriation of 55 million u.a. was available for the vocational training of young

people. For 1977 the amount has been greatly increased to 172 million u.a. It has thus more than trebled. This shows that we are indeed laying down priorities as advocated by Mr Pisoni on behalf of his Group. Credits for migrant workers have increased from 19 million u.a. in 1976 to 25 million u.a. in 1977.

Of course, these appropriations are still not enough. In these times of increasing unemployment the requests from Member States for subsidies for special projects are roughly twice as much in cash terms as the amounts set aside in the budget. It thus follows automatically that we must make a choice, that the Commission must lay down priorities, which are naturally fully subject to the European Parliament's right of control. The choice is often difficult, but for the future one thing is clear. This has also been commented on by various Members. We shall only be able to overcome the problems if the appropriations for the Social Fund are in line with needs and reflect the situation on the labour market. There has been an enormous increase in unemployment. This situation should be reflected in the appropriations made available to the Social Fund. That can also be seen very clearly from the national situations. National measures to combat unemployment cost thousands of millions of guilders. For unemployment benefits, for example, no less than 50 000 million Dutch guilders are needed. This is an amount that should give us pause for thought. If unemployment is to be reduced by half, for instance, another 20 000 million could be used for other purposes. That is an interesting aspect for the Finance Ministers.

It is thus quite clear here that if we are talking about using resources for the Social Fund we have to put something in before we can get anything out. But this question will certainly be discussed more fully at the next part-session.

Among the other things I should like to comment on in this connection is Mr Pisoni's suggestion for extending the activities of the Social Fund to housing construction. This, however, is not possible at the moment.

The regulations for the Social Fund provide no scope for that. In the European Commission's new proposal, however, there is a general article which says that the Social Fund should also help finance other activities than those in the rather restricted field of vocational training. We have proposed that 35 % of the subsidies should be set aside for activities of this sort, which could include the housing sector. For housing subsidies at Community level we have always the example of the ECSC. Housing construction in the coal and steel sector was introduced thanks to initiatives taken by Parliament. So I think that in this case it is true to say that a good example is there to be followed. We could thus in principle take up Mr Pisoni's suggestion when we have a restructured Social Fund.

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Mr Pisoni also made some remarks about education. There is naturally a close connection between vocational training and education, but in most Member States the Ministers of Social Affairs are responsible for vocational training and Ministers of Education for ordinary general education. The same is true at Community level. Mr Brunner is responsible for subjects which come under the heading of general education, while on the question of the education of children of migrant workers both Mr Brunner and myself bear some responsibility. I can in any case assure Mr Pisoni that we must indeed work together in giving attention to this problem, since the symptoms he mentioned, such as non-attendance at school, difficulties in adapting, language problems and other cultural conditions, in fact represent a heavy burden for these children. And I agree that the Commissioner with special responsibility for questions of migrant workers must give serious attention to this problem.

In this context Mrs Kellett-Bowman raised another question which relates to training in school. In Ireland, for instance, the Commission has in fact, within the framework of the Social Fund, gone over to helping finance technical training that is given more in a school context, in the form of full-time instruction. We have done that in Ireland with particular reference to capital equipment for school buildings, teaching materials and the like. But the financial resources available to us in the Social Fund are not sufficient to do any more in this field. Furthermore, there is a very special reason for helping to finance these activities in Ireland in particular, since the facilities in this field in Ireland are still inadequate. There is a shortage of training centres there, so that under the circumstances we were able in this case to do something special for general schooling and for maintaining centres which can also be used for vocational training.

Mrs Kellett-Bowman pointed out — that spending on the Social Fund is very modest, only 5¾ % of the total Community budget. Taken overall, that may well be true, but looking at it case by case we find, for example, that in Ireland the amounts required for vocational training are subsidized to the tune of 30 % from the Social Fund. In Italy the subsidy is 20 %. The situation thus appears in a rather more favourable light than if we talk about a mere 5¾ % of the budget.

This should therefore be borne in mind. Unfortunately, I must agree with Mrs Kellett-Bowman when she points out that the Council has a habit of rejecting our proposals or virtually ignoring them, which I find even worse. If the Council explicitly rejects a proposal, you at least know where you stand. But if it does not even put the item on the agenda, then I feel the position is even worse, particularly at a time of increasing unemployment.

Now I can but express the hope that the new proposal for the Social Fund will meet with rather better fortune than the proposals Mrs Kellett-Bowman rightly mentioned.

Mrs Kellett-Bowman also put forward an interesting suggestion for what she called Community apprenticeships. I must say that this suggestion from the Honourable Member thoroughly deserves attention. It must be possible in dealing with this sort of thing to break out of the rather narrow national framework of the Member States. It should be possible to give young unemployed people in particular — she was, I think, especially concerned with them — training for a different job in another country. This means of course that certain changes would have to be made in the national administrations and so on. Her suggestion for subsidizing something of this sort with money from the Social Fund seems to me to be interesting and worth studying, partly because this is also a means of bringing the Community and the Social Fund itself somewhat closer to the People. This is a wish that I greatly cherish and I am looking for ways and means of putting it into effect. I therefore think that Mrs Kellett-Bowman's suggestion for achieving this via Community apprenticeships, as she called them, is a valuable one. I cannot promise anything, but I think this is a suggestion that deserves favourable consideration.

Both Mrs Kellett-Bowman and Mr Caro drew attention to the delays that have occurred in making payments. Mr Caro rightly pointed out in his report that this is not the fault of the Social Fund but, if you want to put the blame somewhere, more or less the fault of the national administrations. One of the important aspects of our new proposal is that we are trying to reduce to a minimum the bureaucracy, the red tape in the Social Fund's operations. This can be achieved in particular by the introduction of the system of lump-sum payments.

I am frankly somewhat less happy about another suggestion put forward by Mrs Kellett-Bowman, namely that the Social Fund should be financed by a levy per worker employed. I heard her make this suggestion before and I should like to ask her not to press the point.

She is probably not entirely unaware that Mr Tugendhat is strongly against this idea. And I agree with him. We cannot have special levies for a particular purpose in the budgetary arrangements. The money must come from general funds. I think that is a sensible attitude for the member of the Commission responsible for the budget as such. I do not dispute that more money must be made available for the creation of jobs. But let us, for example, look for a moment at the steel sector, which will, by the way, be coming up again this afternoon. In times of crisis a sector such as the steel industry cannot finance itself.

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That reminds me of Baron Münchhausen who tried to drag himself out of the swamp by his own hair. In the story I think he managed it, but in reality it is a little more difficult. If you are going to impose levies on the jobs that are to be created you are putting the cart before the horse. In other words, you are killing the goose that lays the golden eggs. It would be better — although this is still no solution — to impose a levy for the creation of other jobs on the capital — intensive industries which are responsible for the loss of jobs.

That would in itself be rather more logical, but it is already being done in most Member States via the normal tax legislation. I am thinking, for example, of the progressive element embodied in most tax systems, particularly in countries such as Great Britain and the Netherlands. I think we must beware of introducing into the Community such an arbitrary method of financing.

Mr Pistillo said that the figures look impressive but that the reality is far from being so rosy. In itself that is fair comment. This has been one of the teething troubles of the Social Fund, owing to the running-in period that was necessary before it could function properly. But the difference between the appropriations — in other words the good intentions — and the way in which the measures are implemented has thus been an inducement for the Commission to seek a solution in its new proposal by means of the system of advances. In this way the problem of the difference between plans and their implementation can be resolved more satisfactorily.

Mr Caro, finally, is right in saying that the management problems which are mentioned in the report should really only be discussed with reference to the new proposal. I thus do not need to go into this any further. I thoroughly agree with his remarks on Articles 4 and 5.

Articles 4 and 5 of the Council decision are based on a compromise at Council level, not in Parliament nor in the Commission, but within the Council. In fact this compromise, in which a 50 % clause was added to Article 5, was the result of distrust. And that is never a good basis for a consistent policy. Distrust is a poor starting point. The Commission thus feels that the problems raised by Articles 4 and 5, which have to be recognized, can never be expressed in a bald figure. This also leads to particularly serious management problems. The Commission does, however, think that the underlying aims must be kept in mind. That is to say that in laying down priorities we must continue to give attention to the underdeveloped regions. In times of full employment this was an almost absolute condition for at that time there was still extensive regional

unemployment. Just think of Southern Italy, or of parts of France or Britain and so on. At that time even greater priority had to be given to the underdeveloped regions.

Now, however, there is unemployment not just in certain regions but also in the industrial areas and particularly in the old-fashioned industrial areas. Just think what that means in terms of human problems. And you cannot tell an unemployed worker in Thionville that his problems are less serious than those of an unemployed worker in Palermo. That is not fair — for the people concerned the problems are equally serious. Only in absolute terms is the standard of living of the Thionville worker in general somewhat higher than that of his counterpart in Palermo. One cannot, however, say that the unemployed worker in Thionville must therefore wait a little longer. For the trade union movement too that is an unacceptable line to take.

Finally one further remark on the motion for a resolution itself. In general the Commission agrees with it. With respect to paragraph 7, I should like to say that we are currently in the thick of the battle with regard to drawing up the budget. One thing, however, is clear.

I have in fact said this already and I shall say it again. When appropriations are made and allocated within the framework of the Community budget, this must reflect what speakers in this Parliament, the Commission and the governments regard as most important, namely the fight against unemployment. If we really regard this as of greatest importance and are not just playing with words, if in fact we mean what we say, then that must be reflected in the appropriations made available to the Social Fund. That was what I wanted to say with regard to paragraph 7 of the motion for a resolution.

The amendment tabled by Mr Pisoni on behalf of the Christian-Democratic Group is aimed at improving the presentation of the report. That, at least, is how I would summarize it. He finds that the document should accordingly be interesting not only to the experts but also to the interested layman, if I may put it like that. I fully sympathize with this amendment, which thus envisages what we too want. Reports on technical matters of some complexity should be preceded by a section in which attention is focused more on the general policy, in terms which can be understood by those who are directly concerned with the policy, without their having to master the technical details. These can then be given in the rest of the document for the sake of the connoisseurs and specialists. I therefore think this is a good suggestion and hope that this amendment will be accepted. The Commission will try to comply with it.

IN THE CHAIR : MR YEATS

Vice-President

President. — The debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 13 to the vote.

The preamble and paragraphs 1 to 13 are adopted.

After paragraph 13, I have Amendment No 1/corr., tabled by Mr Pisoni on behalf of the Christian-Democratic Group, seeking to insert a new paragraph :

- 13a. Calls on the Commission of the European Communities to give considerably more publicity to the European Social Fund and to foster among the peoples of the Community a greater awareness of :
- the practical achievements which demonstrate the Fund's advantages,
 - the future prospects of the Fund, and
 - the Community's policy and actions in the social sector ;

I put Amendment No 1/corr. to the vote.

Amendment No 1/corr. is adopted.

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

I put the motion for a resolution as a whole, as amended, to the vote.

The resolution as a whole is adopted.¹

*8. Third report on the conventions concluded in the field of social and labour legislation
Relations with the ILO*

President. — The next item is the report (Doc. 54/77) by Mr Geurtsen, on behalf of the Committee on Social Affairs, Employment and Education, on

- I. the third report from the Commission to the Council on the possibilities and difficulties of ratification by the Member States of the first list of conventions concluded within other international organizations, in the fields of social legislation and labour legislation
- II. relations between the European Communities and the International Labour Organization

I call Mr van der Gun.

Mr van der Gun, deputy rapporteur. — (NL) Mr President, I should like to make a few introductory remarks on behalf of the rapporteur, Mr Geurtsen, who at the moment is still on his way to Strasbourg. The ratification of international conventions and the relation between the European Communities and international labour organizations is

not in itself a new problem. Even in the initial phase of the Community it was felt, I believe, that some activities should deliberately be left to other international organizations, including of course the ILO. It was also felt that the work of the ILO should play an integral role in Community social policy. In practice, however, this idea did not always work out perfectly and one consequence was that the Community took initiatives of its own, notably Article 119 on equal pay for equal work for men and women. There was also an international convention on this point but it proved impossible to implement it within the Community until the Community had taken its own initiatives.

It follows, therefore, that the European Commission and Council are responsible for keeping up to date with the activities of the ILO, and this brings me to the question of the ratification of international conventions. Looking at the lists in this way one gets the impression that the governments find it easier to sign international conventions than to put them into practice within a reasonable time. I say this quite frankly as the Netherlands Government could have done more in this area. This is not to say, however, that nothing is being done about implementing the conventions which have been ratified, as this is indeed the case on occasion. For example, regulations contained in international conventions are found in international legislation and collective labour agreements between employers and employees. This does not, however, detract from the fact that the implementation of ratified conventions — and I am thinking here of the European Social Charter — still leaves something to be desired. The question therefore arose in our committee as to whether or not the European Commission's hesitancy in respect of the ratification of these international conventions is acceptable and whether one should not at least examine the possibility of encouraging ratification, — naturally insofar as the Member States of the European Community are involved — perhaps by means of directives. An additional advantage would be that labour legislation could be brought into line with social conditions. I should therefore like to ask the Commissioner responsible for the Community's social policy to devote particular attention to this matter.

It is also clear that the practical cooperation is not in fact all the Social Affairs Committee feels it should be.

Following the Second European Regional Conference, the International Labour Organization intends to concentrate on job opportunities, improvement of living and working conditions and workers' participation, all of which are also central issues within the European Community.

We therefore wonder whether better and more intensive cooperation between the Community and the International Labour Organization is not possible. In

¹ OJ No C 118 of 16. 5. 1977

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our committee we feel that, generally speaking, the contracts and cooperation between the International Labour Conference and the Community should be extended. We also feel that certain activities should be coordinated to a greater degree, for instance, we do not see why sectoral statistics should be drawn up both in Geneva and in Brussels. We do not regard this as very efficient involving as it does unnecessary duplication of effort. We should greatly welcome a thorough examination of the possibilities for coordination in this field. The same is true of shared access to documentation.

There are also regional conferences of the International Labour Office dealing, as in a recent case, with the problem of employment completely independently of the European Parliament, and this naturally bothers us greatly in the Social Affairs Committee. We should be glad, therefore, if the possibility of a delegation from the European Parliament being present at European regional conferences at which such matters are to be discussed could be examined. In paragraph 14 of the motion for a resolution we therefore ask the Commission, acting in collaboration with the Director-General of the International Labour Office, to submit to the European Parliament, within one year at the latest, practical proposals and suggestions, with a view to promoting cooperation between the International Labour Organization and the European Parliament as part of the general process of European integration.

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

Mr Pisoni. — *(I)* The Christian-Democratic Group is in agreement with the motion for a resolution and consequently intends to vote in favour of it. I shall therefore only add a few very brief remarks, mainly to underline what the Chairman of the Social Affairs Committee has said.

We too hope that cooperation between the Community institutions and the international organizations mentioned in the report will be intensified. If the Community as such could participate in all the work of the International Labour Conference the various activities would be made easier and, above all, there would be a greater degree of harmonization. Very often the fact of several organizations dealing with the same problems means slower rather than faster progress.

This problem is much more acute in this period of recession since an expanding economy is more conducive to measures for the protection of the workers and the improvement of their standard of living than periods of crisis when more attention is devoted to other matters, sometimes at the expense of security of employment and improved living conditions.

It is therefore important at such a time to intensify collaboration with all the bodies concerned with these problems.

I should finally like to stress another point. As mentioned in the report, the Member States sometimes ratify conventions but then do nothing about implementing them within a reasonable time and while at other times they wait too long before ratifying these acts. Since, as the rapporteur reminded us, the subjects covered by these conventions come within the competence of the Commission, would it not perhaps be a good idea for this institution to draw up draft directives on the matters dealt with in these conventions rather than waiting for their ratification, with a view to facilitating the achievement of the objectives set? If the provisions of the conventions were made the subject of draft directives the problem of delays would, in my view, be solved and the conventions themselves would acquire greater binding force in the Member States.

We felt we had to stress this proposal, which is implicit in the report anyway. As I said, we will vote in favour of the motion for a resolution.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — *(NL)* Mr President, on behalf of the Commission I should like to begin by congratulating the Deputy rapporteur, Mr Geurtsen, on the report and motion for a resolution before us. I should like to thank the relevant parliamentary committee for the constructive and positive attitude which this document reflects.

This is a matter in which the Commission has been interested right from the outset, as demonstrated by, among other things, the fact that it has taken the initiative of drawing the attention of the governments of the Member States to the need to make use of the legal instruments agreed upon with other international organizations such as the International Labour Office, as an element in establishing more integrated social and labour legislation within the Community. I am pleased to note that the Commission and Parliament agree that the ratification of conventions concluded in a larger geographical context than our Community can help towards the attainment of the objectives of the Community's social policy. The ratification of the conventions of the ILO and the instruments developed by the Council of Europe — examples mentioned here today include the Social Charter — will provide the Community with a minimum common basis for further harmonization in the field of social and labour legislation.

I should nevertheless like to point out that, as far as the Community is concerned, we could ensure social harmonization of this kind throughout, let us not

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together, nine of the most highly industrialized countries in the world much more efficiently by applying the legal instruments already available, since we in the Community have genuine legislative powers which operate by means of the decision-making procedure which permits the right balance to be struck between the ultimate objective and the actual state of affairs in the Member States at any given time. In addition, — and I should like to stress this point — we also have a completely independent supervisors and sanctioning body in the form of the Court of Justice. Last but not least there is, of course, the European Parliament which is responsible for overall democratic control. Indeed, a process of harmonizing social and labour legislation at Community level has already been going on for some years, and not without a certain degree of success. I might mention a few recent achievements such as the Directive on mass dismissals, the Directive on acquired rights, the Directive on equal pay for men and women and the Directive on equal treatment of men and women with regard to employment and working conditions, to name but a few. This process of harmonization, — which undoubtedly represents some progress — is not yet complete. Work in the past has mainly concentrated, and this is still the case, on those matters which have become most urgent as a result of the socio-economic developments of the last few years. The practice is therefore to give attention only to the sectors most in need of it. Better and more complete harmonization must be much wider in scope. The Commission in fact intends to carry out harmonization on this larger scale and I am prepared to make whatever contribution I can to this work. As the Member of the Commission responsible for employment and social affairs in general, I have the dissatisfaction which the rapporteur clearly feels, judging from this report, at the inadequate number of conventions which have been ratified and the sluggishness of the ratification procedure. The chairman of the Social Affairs Committee also made this point in his capacity as deputy rapporteur, as did Mr Pisoni.

I hope that the publication and dissemination of the Commission's report, which is addressed to the Council of Ministers and is being discussed by Parliament, will encourage the Member States to take initiatives in the near future which, I hope, will improve the current situation.

I should just like to dwell for a moment on two paragraphs in the motion for a resolution. Firstly, in paragraph 8 the Council is requested to instruct the Commission to follow closely, in consultation with the International Labour Office, and bring out a report on the actual implementation by Member States of ratified conventions. For the record, I should point out that the Commission is not competent to do this since it is not a question of observance of Community law. I would remind you, however, that, by virtue of a procedure whereby the involvement of

the employers' and employees' organizations is guaranteed, the International Labour Office is competent to examine not only the measures taken by the Member States in implementation of the provisions of these instruments, but also the actual application of these measures in practice. Examples include the findings of the factory inspectorate, declaratory judgments by the courts, and the statistical data relating to the number of employees which the conventions in question are intended to protect, etc. To a certain extent, if it were to carry out the proposal contained in paragraph 8 of the resolution the Commission would be performing the same function as the International Labour Office. This however, is not possible since we do not have the necessary competency. I should like to point out, however, that I would be pleased if we could make use of Community law to a much greater extent in this matter. The suggestion put forward by Mr van der Gun and Mr Pisoni to the effect that we should make more use of directives is worth thinking about. It would be useful if for once we really looked into the possibility of using this Community law to persuade the Member States to ratify the conventions concluded under the auspices of the International Labour Office more quickly.

In paragraph 10 of its motion for a resolution, Parliament requests the Commission to produce a list of the conventions recently adopted by the International Labour Office. Our report to the Council already contains a list of this kind but it could be made more comprehensive.

It is more difficult to answer the question as to why some Member States fail to ratify these conventions. These conventions are relatively recent and the ratification procedures in various Member States are indeed sluggish and often complicated, and I am not as yet clear as to where the hold-ups occur. The situation as regards the conventions adopted by the International Labour Organization between 1973 and 1976 was as follows on 1 January 1977.

Convention No 137 on dockwork was adopted in 1973 but has so far only been ratified by the Netherlands. Convention No 138 on minimum age was adopted in 1973 and has been ratified by Germany and the Netherlands. Convention No 140 on paid educational leave was adopted in 1974 and ratified by Germany, France, the Netherlands and the United Kingdom. Convention No 141 on organizations of rural workers, Convention No 142 on the development of human resources and Convention No 143 on migrant workers were adopted in 1975 but have not as yet been ratified by a single Member State. Convention No 144 on tripartite consultations, Convention No 145 on continuity of employment, Convention No 146 on annual leave with pay and Convention 147 on merchant shipping were adopted in 1976, but have likewise have not yet been ratified by a single Member State of the Community.

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I should like to finish this part of my speech by returning to the procedure used in practice by the International Labour Office for checking whether ratified conventions are observed and which was briefly mentioned earlier. By virtue of this procedure, employees' and employers' organizations are actively involved in the work, which also covers the practical implementation of the ratified conventions, since the national employers' and employees' organizations have the right to make any comments they wish on the reports which the governments have to submit to the International Labour Office each year on ratified and non-ratified conventions. In addition, the employers' and employees' organizations can always use the procedure to register complaints against a State which fails to implement a ratified convention satisfactorily.

The tripartite structure of the International Labour Organization plays an extremely important part in checking effectively that the conventions are applied. One aspect of this is the implementation of resolution passed by the International Labour Conference in 1971 in favour of reinforcing the tripartite structure in the activities of the organization, and at its 61st session the International Labour Organization adopted a Convention on the establishment at national level of tripartite structures to promote the implementation of international labour standards.

The Commission — for whom the Social Action Programme, aimed *inter alia*, at greater involvement of both sides of industry in the socio-economic decision-making process of the Community and of the workers in the decisions affecting their everyday lives, has been the major policy guideline, welcomes this development which must be seen as a element in the process of making our social and political institutions more democratic by enabling all the groups involved to play an active part in decision-making. We are all familiar with the tripartite approach within the Community. Examples include the ECSC Consultative Committee, the Standing Committee on Employment, the Social Fund Committee, the joint consultative committees in the various sectors and branches of industry, and last but not least the Tripartite Conference proper which is to be resumed this June. Thus this is a structure familiar within the Community and affords all sorts of possibilities for dovetailing with the work of the International Labour Office.

At the beginning of the debate on the second part of the report on the relations between the European Community and the International Labour Organization I should like to congratulate the rapporteur of the Social Affairs Committee on his success in summarizing our relations with this world organization over the last 20 accurately and comprehensively. We can see from the data how our relations and contacts with the International Labour Office in Geneva have grown

over the last 20 years. The European Commission is just as pleased as the Committee on Social Affairs and Employment. The first contacts between DG V, i.e. the departments for which I am responsible, and the Director-General of the International Labour Office on closer cooperation between the Commission and the International Labour Office took place very recently. These talks will be continued in the near future. I also intend to hold personal talks with Mr Blanchard next June during the International Labour Conference, since, as I said at the beginning of my remarks, I hope to collect as much information as possible on the experiences of international organizations such as the OECD, the International Labour Office, our Community and, of course, the Member States, in the fight against unemployment, so that we will not be working at cross purposes, and will be able to avoid duplication of effort, thus making the best possible use of existing experience.

Mr President, in paragraph 14 of the motion for a resolution we are requested to submit a report on these activities to the European Parliament. I will certainly provide the relevant committee with a report of this kind when I have spoken to the Director-General, Mr Blanchard. However, I do not know whether it is necessary to submit a report on this matter to Parliament as such. To be honest, I think it would be more efficient to inform the relevant committee.

I should also like to draw attention to the role of the liaison office which the International Labour Office has set up in Brussels to facilitate relations with the European Community. Thanks to this office and to the fact that the Commission has an official responsible for these matters in the Directorate-General on Employment, the coordination of the activities of the International Labour Office and our own departments is considered satisfactory by both parties involved.

Finally, I might point out that we took part as an equal partner at the world conference on employment which coincided with the 61st session of the International Labour Conference at which my predecessor Mr Hillery, had an opportunity, as every year, to speak on behalf of the Commission of the European Communities.

The situation might be resumed briefly as follows. The ratification by the Member States of instruments adopted within the context of other international organizations is by no means proceeding in a satisfactory manner in spite of the efforts which have been made, particularly by the European Parliament. The Commission has legal instruments at its disposal in this field for the working out and implementation of its own social policy and it is the task of the Member States, the Council and Parliament to see to it that the Commission's proposals for social progress are actually put into practice. The cooperation between the Commission and the International Labour Office

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must be regarded as valuable and, as I have already said, will be intensified in the future.

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

The resolution is adopted.¹

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3 p.m.)

IN THE CHAIR : MR YEATS

Vice-President

(The sitting was resumed at 3.00 p.m.)

President. — The sitting is resumed.

9. Aspects of the Community's regional policy to be developed in the future

President. — The next item is a report (Doc. 35/77) drawn up by Mr Delmotte on behalf of the Committee on Regional Policy, Regional Planning and Transport, on aspects of the Community's regional policy to be developed in the future.

I call Mr Delmotte.

Mr Delmotte, rapporteur. — *(F)* Mr President, ladies and gentlemen. At a time when this House is still more or less empty, when our colleagues should be present for a debate of this importance, I feel I should be fairly brief and avoid reopening discussion of a theme which the Committee on Regional Policy, Regional Planning and Transport has already discussed in great depth and which, indeed, has already been discussed several times in this House. I shall, therefore, confine my remarks to the formal and procedural aspects.

I should like, when presenting this own initiative report, to draw attention to both its scope and its limitations. It is a follow-up to the interim report on the Community's regional policy which I presented to this House on 5 July 1973 on behalf of the Committee on Regional Policy and Transport. May I remind the House that in October 1972, the Heads of State or Government meeting in Paris put the aim of overcoming structural and regional imbalances in the Community high on their list of priorities. They

invited the Commission to put forward suitable proposals and to set up a Regional Development Fund. The 1973 interim report was intended to lay down guidelines for the Commission's proposals. A final report was to be drawn up which would take account of experience gained during the early years of the Regional Fund's activity.

In July 1973, the Commission submitted to the Council a proposal establishing a Regional Development Fund and, in October of the same year, a proposal concerning the list of regions eligible for assistance under the Fund. The European Parliament considered these proposals in November and December 1973 and took the opportunity to reiterate its views on regional policy. The Commission of the European Communities did not put forward a more general proposal on regional policy as it had been invited to do by the Paris Summit. Discussions in the Council on the amount of the Regional Fund's endowment and the share to be borne by each of the Member States prevented any decision from being taken for more than a year. The Council again consulted the European Parliament on the Commission's amended proposals in March 1975.

I should like to remind you that, in its opinion, the European Parliament stressed its reservations about the projects and invited the Commission to take account of its opinions during the re-examination of the Regulations which is to take place on 1 January 1978. Contrary to what some people seem to think, there will be no question, on 1 January 1978, of setting up a new Fund but of possibly — but by no means certainly — applying a new regulation, or a somewhat amended version of the old one. Article 18 of the Regulation adopted by the Council on 18 March 1975 provides that on a proposal from the Commission, the Council shall review the Regulation before 1 January 1978. Article 2 specifies the Commission must put forward suitable proposals in good time on the Community regional policy and assistance from the Fund after the date.

Mr President, ladies and gentlemen, the Fund set up in March 1975 became operational in July of that year. The first grants of aid were decided in October and the first payments made in December.

Pursuant to Article 16 of the regulation of the Fund, the Commission transmitted to the European Parliament, at the end of June 1976, the first Report on the Activities of the Fund for 1975. The European Parliament, in its opinion of 16 December on this report, stressed that an examination of this Report had shown that it already provided guidelines for a revision of the Regulation and called upon the Committee responsible to report to it with a view to revising the Regulation establishing the Fund.

Parliament has, then, held several debates since 1973 on the guidelines for the Community regional policy, pursuant to the decisions of the 1972 Summit Conference. The last debate was in December 1976, when the first report on the Regional Fund was submitted to it, and is the basis for this report.

¹ OJ C 118 of 16. 5. 77.

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The aim of this report is a very clearly defined one — to recapitulate Parliament's frequently reiterated proposals and summarize the earlier resolutions on the Community regional policy. This reminder is intended to contribute to the drawing up of new regional policy measures currently being prepared by the Commission. This immediately raises one important point: Parliament has to stick to a very rigid timetable, drawn up in agreement with the Commissioner responsible, if it wishes to reiterate the guidelines it wishes to see adopted for regional policy.

Indeed — and I am delighted that Mr Giolitti is here today — this debate must take place before the Commission of the European Communities finalizes its proposals. The Commissioner responsible for regional policy, who, I believe, has consulted the national governments and various experts, proposes to present, his conclusions in the near future, to the Committee on Regional Policy, on the revision of the Fund and the future of the Community regional policy. It was therefore a matter of urgency for this debate to be held. We must first define the major options for the future of the Community regional policy and these must provide the framework within which one of the instruments of the policy — i.e. the Regional Fund — will be reviewed. The second phase will be to consider the operation of the Fund itself when the Commission has submitted new proposals to the Council.

When this new report is considered, problems concerning the operation of the Fund will have to be looked at in depth.

At this initial stage, therefore only the general aspects of regional policy which are to serve as the framework for the Regional Fund are important. This report is therefore based on the earlier resolutions passed by the European Parliament and the motion or a resolution has been considered meticulously and at great length in committee; account has been taken of the amendments tabled by the various political groups. This motion for a resolution was adopted in committee by a very large majority and many overly specific amendments were rejected, 26 members having participated in the discussions.

I should like to point out, in regard to the opinions delivered by the Committee on Budgets and the Committee on Agriculture, that the very rigid timetable which the Committee on Regional Policy, Regional Planning and Transport had to follow did not allow it to take them into account before adopting its report.

The opinion of the Committee on Agriculture backs up the proposals contained in the report by the committee responsible. I should like to emphasize, in this connection, two essential points. Firstly, the creation of new jobs is vital in the agricultural regions to facilitate the cessation of farming. The Committee on

Agriculture proposes to investigate, in this connection, the possibility of setting up, within the framework of the regional policy, a special fund in favour of the poorest agricultural areas, for purposes of promoting new industries. This is the job of the Regional Fund — we must avoid setting up too many new funds. On the other hand, the Committee on Agriculture warns against any temptation to submerge the Guidance Section of the EAGGF in a gigantic global fund and stresses the specific nature of the structural agricultural policy. We approve of this proposal. Each fund, in our view, should retain its individuality and specific purpose.

I was particularly interested in the opinion of the Committee on Budgets since it proposes to complete the motion for a resolution as regards the budgetary and control aspects. I am delighted to say that this opinion was adopted unanimously by the 20 members present. As we shall see in a moment, it is embodied in amendments 2 and 3 and I propose straight away to the House to adopt all the amendments tabled by the Committee on Regional Policy, the right to look into these financial and budgetary aspects in greater detail when it considers the Commission's practical proposals for the Regional Fund.

Finally, I should like to make one or two personal comments on the amendments tabled by the Committee on Budgets, since I know that one or two changes — of which I approve — to paragraphs 28, 29 and 30 will be suggested by Mr Mascagni.

One general remark on the new paragraph 30. The intention here is very praiseworthy, since it is to facilitate Parliamentary control over the annual list of priorities drawn up between the various types of fund interventions — industrial, craft trade, service or infrastructure activities. But we believe that the true priorities which need to be established are not between these types of intervention but between their geographical implications, i.e. between the regions. Under the development programmes, all types of intervention are valid so long as they contribute to the development of the region. It should be added that the vocations of the regions of the Community are so different and the causes of underdevelopment — from Greenland to Sicily — so diverse that we believe that a realistic solution can be found only by giving the Commission the freedom of choice as to the type of intervention under the development programmes.

The task of the European Parliament will then be to assess the priorities accorded to such and such a region and the effectiveness of the different types of intervention under each programme. However, as transfers between the various articles of the budget remain possible, we also accept this amendment.

The new paragraph 32 would involve a general debate on all the other management committees. I repeat that it will be necessary to look at this again when the

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Commission's proposals are considered. For the moment, I can also accept this amendment.

As regards the amendments tabled by the Members of this house, I shall comment on them, Mr President, with your permission, when their authors are present.

(Applause)

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

Mr Hoffmann. — (D) Mr President, first of all I should like to thank Mr Delmotte, the rapporteur, on behalf of the Socialist Group for the report he has just presented. In our view this is among the really great reports to have been debated in this Parliament, and we feel it broaches a number of fundamental points which will have to be debated further in the future.

In committee this report was discussed very intensively for over seven hours, and although it could not obtain agreement to some of its ideas and although some of its amendments were rejected, the Socialist Group decided not to table any new amendments today, since we felt that the majority view reached in committee was a proper expression of the political opinion in committee and that there is therefore no need for amendments to be tabled again today.

I believe that an analysis of this report shows that despite considerable efforts by various Member States the disparities between the trends in the Member States and the various regions of the Community are on the increase. In other words, despite the enormous financial efforts made by Member States and despite the resources received from the European fund, regional development has taken another turn for the worse: poor regions have remained poor or become even poorer, and the gap between richer regions and these poorer regions has continued to widen.

If this is borne in mind, it will be realized that in the long-term discussions of this problem we must ask ourselves whether the granting of financial resources constitutes a regional policy, and we will then have to admit that the Regional Fund can form only a very small part of the overall regional policy.

I have read the various documents and found this view confirmed everywhere. Again and again there is reference to the fact that the Regional Fund should be considered only part of the overall policy. But if we try to establish what other political means are being used, it becomes very clear that a great deal still remains to be done at the level of European policy and of national policy, that in fact this part is missing. The Regional Fund continues to be the main pillar of the regional policy, but it should not really be playing this central role any more.

In an analysis of the situation a very clear distinction must be made between rural areas and industrial

centres. The report takes up and discusses both problems. I feel that we must continue to attach particular importance to these problems in the future because we cannot simply work on the basis of an average of the problems in the industrial areas and those faced by the rural areas. I feel that a basic point, which is also raised in the report, is that regional and national development plans must be drawn up and that this should no longer be done on an *ad hoc* basis, as is at present the case in various areas.

The fund has undoubtedly achieved quite a deal. A number of countries have been induced to attempt to set up certain regional development plans. But we have not managed to create stricter, binding directives on fund resources. This means that the funds approved by the European Parliament are still not subject to strict checks as regards the use to which they have been put. Nor, I believe, are they subject to adequate financial control. And this is an area in which, as this report quite clearly reiterates, we still have a very great deal to do. I am firmly convinced that without checks on the use of funds in the regions we cannot establish a reasonable concept for the regional policy.

We also agreed that the establishment of a fixed scale, for the allocation of funds would not take account of national and regional circumstances. We cannot simply say that there are rich countries and poor countries; we must say that there are rich regions and poor regions. In other words, parts of even the economically well developed areas or countries of the Community have fallen far behind. I am referring here in particular to the industrial areas, which are today on the decline. We will have to pay particular attention to this question, too.

It is also proposed that we consider whether there should merely be funds which are granted *à fonds perdu* or whether credits could not be used in this case, too. I feel, however, that this is a subject that we do not yet need to go into in detail.

One of the basic problems, it seems to me, is in achieving a reasonable level of coordination between the various financial resources of the European Community. I find that despite the cooperation, the coordination between the Regional Fund, the Agricultural Fund and the Social Fund and possibly ECSC resources adequate coordination has still not been introduced, a point which the rapporteur frequently broached, particularly during discussions in the committees. The central problem, I should therefore like to stress, is that we cannot have a reasonable regional policy unless we realize that it must be closely coordinated with the overall economic and social policies.

Hoffmann

During the discussions in committee I was amazed to find that it is believed in some quarters that these areas can be separated. A reasonable regional policy will, of course, have an effect on the economic policy, and we will have to consider whether a certain degree of control, which we now have in the economy and which is often too closely geared to business economics, will be enough. This Delmotte report does not, of course, mark the hour for the preparation of a major concept. It merely makes a few tentative proposals. In the foreseeable future we will have to discuss in greater detail what aims should be set for a future regional policy.

Mr President, I would ask you to give me the floor again from time to time when we come to discuss the amendments. I do not think this is the right time to refer to them individually. To conclude, however, I should once again like to thank the rapporteur, Mr Delmotte, very sincerely on behalf of the Socialist Group, because we are all convinced that his work forms one of the essential pillars and a basis on which we can work towards the development of a reasonable regional policy.

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

Mr Brugger. — (*D*) Mr President, ladies and gentlemen, for some considerable time now the regional policy has been the subject of detailed discussions in this Parliament. As so little time is available, it will not be possible to summarize even the most important ideas that have been put forward during these discussions.

On behalf of the Christian-Democratic Group I should like to express my appreciation and recognition for the comprehensive and thorough report drawn up by Mr Delmotte.

The explanatory statement accompanying the motion for a resolution is a mine of information on results achieved in extensive surveys, resulting in the conclusions and proposals which at times gave rise to considerable argument in the Committee on Regional Policy, Regional Planning and Transport. This may well also be the reason why the wording of the motion for a resolution is rather complicated and no longer quite so easy to understand. The version now before Parliament is the result of attempts to make things clearer and not least of compromises. But even now the aims of the regional policy as set out in this motion for a resolution seem to us extremely remote and in some cases extremely ambitious, and in many ways we do not quite see how they are to be achieved, because too few practical targets, ones that can be immediately achieved and should result in the immediate use of the ways and means open to the Community, have been set. We all regret that despite the efforts of the Community and the individual Member

States the difference between the average incomes of the rich and the poor regions has become greater rather than smaller. But this is not simply due to the Common Market or even the free market economy system. The general economic crisis in Europe caused by the energy crisis has shaken the Common Market and thus increased the economic difference between the rich and the poor Member States with their vastly different rates of inflation and unemployment. A reasonable regional policy will undoubtedly be successful more quickly if we not only take direct regional policy measures but also endeavour to level out the inflation rates of the various Member States with the support of the possibilities offered by the free market economy. The 'free' market economy is subject to such constraints as a result of social requirements and obligations that it would be more correct today to speak of a social market economy system, because it has resulted in very strong social safeguards for the workers in all the countries of the Community. Unfortunately, what we are still lacking is harmonization of labour and social law, which would make it easier within the framework of the regional policy to remove some of the imbalances of a socio-economic nature.

We are in favour of certain incentives being offered in order to guide free-market plans for private investment in given directions as a contribution to the achievement of regional policy objectives. This could be done not only by applying the legislation on regional planning and environmental protection but also by making available at favourable terms infrastructures which primarily encourage the economic development of a given under-privileged area, while taking account of social and cultural requirements.

We see the regional policy's first task as being to promote measures to bring the economies of the under-privileged regions into line with the Community average by creating appropriately paid jobs, while at the same time aiming at a development of the various branches of the economy which is as natural, varied and harmless to the environment as possible. This will undoubtedly also call for social and cultural facilities, but these generally follow economic recovery and should not be regarded as a cause of it. However much we may be in favour of a regional policy, which should be based on a regional planning policy on the lines of an overall structural policy, we should nevertheless initially call for priority to be given to bringing the under-privileged regions economically into line with the Community average.

Referring to paragraph 13 of the motion for a resolution, we have serious reservations about the view expressed by the rapporteur that regional policy should be used to bring living standards more closely into line through the implementation of certain plans. It seems to us that such ideas are based on a different economic concept, and one which we cannot accept.

Brugger

Much as point 143 of the explanatory statement may alleviate our fears, we call on the rapporteur to make a clear statement on this subject.

We would endorse the distinction made by the rapporteur between regional policy and Regional Fund, but even if the Regional Fund is only one of the instruments of regional policy, it is the most important in the coordinated use of the various other funds and the possibilities open to the Community together with the activities of the individual Member States. In view of the major importance of the regional policy, therefore, my group calls for a very substantial increase in the resources allocated to the Regional Fund.

As has been mentioned in earlier discussions, we expect the Council, when amending the regulation on the Regional Fund as planned, to apply the criteria proposed by the Commission in 1973 for determining the most needy regions and the priorities to be set for the use of Community resources and to bring the principles and methods applied in surveys to establish certain statistics into line throughout the Community.

Since the Community's activities are supposed to complement investments by the individual Member States, there is justification in hoping that the Community's complementary regional policy activities are directly related to the efforts of the various Member States to eliminate regional differences. Where the use of public funds is concerned, there is therefore every reason to call for clear-cut regional development programmes and for their coordination at the level of the individual Member States and then at Community level. This should include the relevant financing plans establishing the participation of the local public authorities and that of the Member States and the Community. Thus programmed, the use of public funds should then produce the appropriate incentives for productive private investment and therefore for the creation of new jobs.

We share the rapporteur's view that priority should be given to assistance under the regional policy to peripheral agricultural areas and the frontier regions, particularly those on the external frontiers of the Community. The more secure and adequately paid jobs can be created in these areas, primarily for the underemployed, the sooner the exodus of workers from these areas to the industrial centres can be reduced. This conviction also forms the basis of the only amendment to the motion for a resolution tabled by my group. My group furthermore notes with satisfaction that the version of the motion for a resolution before us takes account of the objections raised at the last meeting of the Committee on Regional Policy, Regional Planning and Transport and thus comes a great deal closer to our views.

The rapporteur has stated in a letter the reasons why the adoption of this resolution by Parliament should

be treated as a matter of urgency. We do not want to delay its adoption. We call on the rapporteur to comment in his final statement on the doubts we have raised. We hope that his explanations and the remainder of the debate will enable us to vote in favour of this motion for a resolution.

(Applause)

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

Mr Cifarelli. — *(I)* Mr President, on behalf of the Liberal and Democratic Group I wish to record our substantial agreement with the conclusions and proposals contained in this report. I should like to begin by offering to the rapporteur, my friend Mr Delmotte, not merely formal thanks, but sincere praise for the work he has done and for the detailed and systematic way in which he has tried to organize this complex and fascinating subject.

Remembering that democracy means, above all, the capacity to view things with a smile, I should like to tell you Mr President, that whenever I hear references to the regional policy, that fount of every boon, that panacea for all our ills, whenever I see how, in the face of some impasse in Community policy, regional policy is immediately invoked — I am reminded how my father used to recall that in his young days whenever there was an affray in a theatre or in some other public place the house manager's method of dealing with the disturbance was to have the national anthem played. Everybody would then have to stand to attention and the trouble would be over.

I should not like to see regional policy assuming this function of the national anthem in our Community debates. We are all agreed that it has great potential, but we tend to ascribe to it excessive powers. I speak from personal experience, for your humble colleague was one of the initiators of the policy for the Mezzogiorno introduced in Italy in the 1950's: it was a policy of intervention modelled on the latest economic development techniques, a policy that was so full of promise at the start and proved so troubled as it progressed — a policy which even today is one of the reference standards for the Community's regional policy.

I remind you of these facts because the Commissioner who is to speak on the subject is a compatriot of mine and has political experience in positions of high responsibility in Italy; he knows, therefore, that my country's experience in this field, going back now for nearly thirty years (and for at least 18 years for me personally) is anything but a series of failures, and yet can on no account be called an unqualified success. But it is an experience that no-one dealing with these problems can afford to ignore, least of all the relevant organs of the Community, if they are to perform their tasks responsibly and ensure that regional policy does

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not become, in the words of that celebrated Italian democrat, Professor Ernesto Rossi, so much hot air.

With these preliminaries, Mr President, I think I have largely disposed of the need to analyse the report before us in detail. Instead, I should like to dwell on what are in my group's opinion, the essential points of the Delmotte report.

The first essential point is the Regional Fund which must be readopted and extended. It is no good spoiling the ship for a ha'porth of tar. When we think of the size of the butter surplus held by the EAGGF Guarantee Section, of the disparities which arise from the monetary compensatory amounts which we discussed at such length yesterday, we must see that it would be absurd to try to deal with these problems with a Regional Fund in its present form.

When the Regional Fund was being created we said: 'Let us have it even if its good for only a lira!' The important thing was to establish the principle and make a practical start but if we were seriously to pretend that we can meet the needs of regional policy with an instrument like that, the soundness of our judgment and the sincerity of our commitment would be seriously in doubt.

Second essential point: the Regional Fund is only one element of regional policy, its functions being, on the one hand, to determine what regional policy should be and, on the other, to coordinate the implementation of intervention measures which are the responsibility not only of the Regional Fund, but also of the EAGGF Guidance Section, of the Social Fund and of other funds relating to particular sectors of Community policy. Coordination within the Fund therefore, the Fund's endowment, decision-making about the Fund — all these, in our opinion, should not be considered as matters on which Parliament has no say. Which does not mean that we can afford to forget that the Fund is only a part, and indeed a minor part, of a larger whole. I hope that the Commissioner responsible will draw attention to this fact which is already well recognized in Community circles and to which experience testifies.

We all know that the Italian policy for the Mezzogiorno has demonstrated the vital necessity of coordination. Without it, the right hand does not know what the left is doing, and unless action is taken at a sufficiently early stage, when general guidelines of the policy are established, there is a danger that the most needy regions will be balked of aid, for these aids are now no longer supplementary, nor are they capable of eliminating a historical or derived backwardness: they will now be all that these regions can get — while other, more prosperous regions, already able to stand on their own feet, are likely to monopolize what public funds there are.

This is particularly serious, indeed worrying, at this time. How, for instance, can Italian industrialists be

persuaded to establish new industries in the Italian Mezzogiorno when they urgently need to modernize their existing undertakings? Every town mayor, every provincial or regional administrator will do everything in his power to dissuade them from such moves. And the trade — as is only human, though politically exceptionally shortsighted — refuse to abandon their positions in order to deal with the emergency which threatens disaster to all concerned. Nor is this state of affairs confined to my country alone.

In this era of sectoral, corporative, parochial particularisms and ruthless egoism we cannot lightheartedly assume that what a proper regional policy implies can in fact be done in practice. Hence the great responsibility of Parliament and the Community. I do not agree, Mr President, that the construction of Europe depends on regional policy. If the men who brought about the unification of Italy or of Germany had said: 'first we shall eliminate the disparities and then unify our country', then the King of Bavaria, the King of Prussia, the King of Sardinia and the King of Naples would still be on their thrones!

Obviously, our common aim, the unification of a free Europe, makes very hard demands. Anyone who does not understand that has completely missed the point. It is an inevitable and an unprecedented process, but it is a process of unification: do not the United States of America have their own problems of regional re-equilibration to solve? What else was the Tennessee Valley project? What else was Roosevelt's policy in the 1930's? They were all attempts to alter the existing situations within the States in order to attenuate regional disequilibria — and they found that it was not enough for rich and poor, for developed and backward regions to be linked, for wealth and progress to spread.

This is now a commonplace, but our fathers and grandfathers did not know it, and many errors were committed because of that. But now we know, the whole of Europe knows it, and so something must be done. This brings me to the other point in the Delmotte report which my group considers essential.

This is heading (c). This is how we want the policy of planning for all the regions to be pursued. This should not be a policy of emergency aids for ailing regions, nor a policy of specific aids for areas or sectors in crisis, because structural crises can only be dealt with in an overall framework of regional development.

And this development cannot be a hotch-potch of so many separate ingredients: the regional policy implies choices made in accordance with the specificities of the regions. With the criterion of this definition, we can quickly sort out those who are really prepared to build a new order from the mere traditionalists — even when the latter masquerade behind progressive social slogans.

Cifarelli

It is not details that count. In the region of Emilia-Romagna, one of the best administered in Italy, and having, incidentally, a Communist administration, some development decisions have still not been made. Should the great motorway axis be south of the Po or go towards the Adriatic? Should the port of Genova or Ravenna be chosen? Although the region prides itself on its unitary nature, these questions still remain to be resolved by the local and provincial administrators — all of them members of the same highly-disciplined party.

I say nothing of the other regions. And if I quote these examples from my own country it is because Italy is part of Europe and the same problems may face our French and our British colleagues. I do not even mention our Belgian colleagues, because there — if I may be allowed to say so in a friendly way — the problems would be even more complicated.

These, then, are the essential points and I hope my dear colleague Mr Delmotte will allow me to say that while I enthusiastically support the 'aim of overall regional planning in the Community', his exposition of it has to me a ring of the 19th century; it is marked by parochialism instead of presenting an overall view. I should like Mr Delmotte to understand that my criticisms on this point in no way detract from the merit of his work.

For on this point the report falls between the old and the new. Some of it is new and some belongs to a past that is no longer acceptable.

I come now to the last essential point, Mr President, for this is obviously a subject that would require a long discussion and time for us is of the essence, and so is observance of the rules.

Well, the other essential point is the method of implementation of the regional policy. On this, the committee responsible, whose rapporteur and spokesman is Mr Delmotte, has made a great step forward in saying that what we need is development programmes and not aids to set up industries and to create employment. Of course, it is very important to create employment given the present-day rate of unemployment among the young. But how are we going about it? Today, in various Community countries various existing employment schemes are promoted indiscriminately but presumably the young and the other unemployed simply have to wait? We are creating in this way a privileged category of the employed and a category of pariahs of the unemployed, of the troubled and rebellious young.

Development programmes mean harmonization of agriculture with industry, mean the creation of appropriate infrastructures, mean the avoidance of monstrous industrial conglomerations, but we should also be clear that we cannot site new industries just

anywhere. Where an industrial undertaking is established there must be water, energy, connections to ports, railways lines and airports. In fact, an entire and formidable infrastructure. This is why we need development programmes which are practical, rational and rationalizing.

Because of this, Mr President, our attitude is that the conclusions contained in this report should be altered as little as possible and, with renewed thanks to the rapporteur, we wish to state that the report constitutes a basis for further very detailed, unprejudiced debate, and should be used for that purpose.

(Applause)

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

Mr Herbert. — Like all the other speakers, I would like to congratulate Mr Delmotte on this excellent report. It contains a lot of detail and is up to his usual high standard. It contains very positive and clear proposals on the type of regional policy we wish to see developed. However, while I welcome the detail of his approach, I see a great danger that the basic and most important aspect might be lost in this detail surrounding the motion for a resolution.

It has been stated that the report and discussion on the report should be limited to a discussion in the global sense and with this strategy I do not agree. I believe that we must direct our endeavours towards perfecting the Fund Regulation, which is the keystone of any European regional policy and more importantly, we must direct our endeavours to increasing the size of the fund. Experience over the past three years has proved very conclusively that the fund has failed. The fund and its policy have not achieved one degree of progress towards the realization of the high ideals of the Paris Summit in 1972. In fact, instead of correcting regional imbalances, it has aggravated those imbalances, with the result that the gap has widened from 5.1 in 1973 to 7.1 in 1976 — that is the gap between the richer and the poorer regions. This gap will widen at an increasing rate as the economies of the central regions are expanding and the economies of the peripheral regions are contracting at an alarming rate. And unless positive and clear action is taken this will become further aggravated.

We must activate the underlying principles of ex-Commissioner Thomson's original thinking, as enshrined in his basic strategy. We must isolate the many defects and take remedial action. We must insist on a realistic distribution of the fund. The quota system of distribution is unacceptable. The partial payments clause must be scrapped forthwith. The operation of this clause negated whatever little effect the current inadequate fund might have. It gave Member States' finance ministers the means of subsuming their allocation into their own exchequers.

Herbert

This, in my own experience, is true of my own country. Despite repeated questions directed at relevant ministers in my own national government, I failed to elicit basic information regarding the financing of individual projects. This attitude adopted by my government has made European regional policy a very sick joke amongst the people of the underprivileged regions of my country, and especially amongst the people of the west of Ireland, people for whom our regional policy had so many attractions.

Mr President, may I, in conclusion, again state that Parliament must make its voice heard so that the Commission knows in advance that it has our support in correcting these faults when revising the Regional Fund regulations. The Regional Fund has had its trial run. In the next few months the decision on the permanent nature of the fund will be taken. We cannot accept an extension of the current fund regulations with all their defects. We cannot accept a fund that is totally inadequate. I am suggesting that the size of the fund be trebled. We must state this very loudly and clearly, so that the people in our underprivileged and underdeveloped regions can finally be given back the hope which has been destroyed so many times in the past.

(Applause)

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, first may I have the pleasant task of congratulating, on behalf of my group, Mr Delmotte on an excellent report — the result, as we all know, of many years' experience and hard work in this field.

I acknowledge, too, that the committee was good enough to accept a number of the amendments that we put forward, and some were only narrowly defeated. Well, Mr President, even after 7 hours of intensive discussion it is hardly to be expected that any Member would agree with every word, and I shall seek to persuade this House to amend the resolution in certain respects. I do not regard this as in any way undemocratic and it is certainly in no way a reflection on my high regard for Mr Delmotte and his work. But with the vast majority of points my group are in substantial agreement, as indeed we are with Mr Brugger's amendment.

Not only is the ironing out of regional disparities one of the objectives of the Rome Treaty, but it has become increasingly obvious that unless the widening gap between the richer and the poorer regions is substantially diminished, there is a very real danger — and we should never underestimate this — that the Community will split apart. At present this gap is of the order of 6:1, whereas in the United States, for example, it is barely 2:1.

It has also become increasingly obvious that national regional policies have signally failed to remedy this situation, a point which my friend Mr Ellis is constantly referring to, and that a Community policy with substantial Community assistance is required. But clearly it is no use for the Community to give money merely in substitution for money which would otherwise have been spent by Member States, and thus it was that the battle that has come to be known as the 'battle of additionality' began, with the Commission struggling for all they were worth to see that Member States did not cheat, in the way described by Mr Herbert, by reducing their national contributions because they were getting EEC money. The problem is that it is extremely hard under present rules to prove that a Member State is cheating under these rules. If a Member State says that because of its economic position it would have spent less than previously on regional development, it is impossible to prove that this is not so. The only thing to do is to make the new fund as cheat-proof as possible, and the only way to achieve this is to establish Community criteria, as the Commission and Parliament tried to do in 1973. The criteria then drawn up were thoroughly sound — a low per capita product, a high percentage of workers engaged in agriculture or a declining industry such as textiles, structural underemployment, consistently high unemployment, high emigration and, I would like to add, an unbalanced population structure — and high with this in mind that we put forward Amendment No 7.

But unfortunately of course, it is the very countries which have the largest number of such regions which have the lowest national aid capacity, and my group agrees most thoroughly with paragraph 33 that aid should be concentrated on the regions with the most serious imbalances situated in Member States whose aid capacity is low.

To Mr Cifarelli, I would say that even if all the lifeboats on the Titanic had been launched, there were simply not enough lifeboats, and that similarly there is just not enough money in the Regional Fund to do all the jobs which it ought to be doing. But we also feel very strongly that aid should be given to projects which will have a multiplier effect and trigger off further expansion in the national states. Only thus can fund aid make a real impact on regional problems. And it was with this in mind that my group put forward Amendment No 8 in substitution for the existing paragraph 34. I understand that some other groups would be perfectly willing to accept this as an addendum to the paragraph, rather than in substitution.

There are a number of ways in which fund aid could not be used in the past but in which it could usefully be used in the future. For example, many small and medium-sized companies would very much like to obtain loans from the European Investment Bank but

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are deterred from so doing by the exchange-rate risk. Similarly, the fund could also be employed to furnish interest subsidies on European Investment Bank loans.

What we want to see most of all, however, in the Commission's proposals for a revised ERDF regulation is a wider and more flexible definition of those projects eligible for Fund support, particularly as regards the direct link with industry, which disqualifies many valuable schemes. We would like to see loans given to projects which serve to raise the general level of amenity in an area, thus making it more attractive to live and work in. This applies particularly to areas which are blighted by industrial dereliction and urgently need the renewal and modernization of the existing industrial fabric. It was with the problem of industrial dereliction in mind that we tabled Amendment No 10, which states that we hope and consider that those regions where development is made more difficult by severe industrial dereliction should in fact be able to gain the benefit of the fund, even though they are not in the highest category of national priority areas.

Of course we also want to see, as I am sure does the Commission, a substantial increase in the size of the fund. But such extra funds will be useless unless their deployment is governed by a farsighted and equitable fund regulation operated within a genuine Community regional policy. We urge the Commission to study Mr Delmotte's report with the very closest of attention, and we in our group commend it once more to the House.

(Applause)

IN THE CHAIR : MR COLOMBO

President

President. — I call Mr Mascagni.

Mr Mascagni. — *(I)* Mr President I shall be speaking both as draftsman of the opinion of the Committee on Budgets and representative of the Communist Group.

As draftsman I have to make clear that the opinion drawn up by the committee has not unfortunately been discussed by the Committee on Regional Policy because it was distributed only during the present part-session.

The Committee on Budgets has instructed me to present its conclusions and a series of amendments which I shall now briefly discuss.

Let me also remind you that I am equally a member of the Committee on Regional Policy. Although I shall be presenting amendments on behalf of the Committee on Budgets I do not think it will be inconsistent or procedurally incorrect to do so, since these

amendments, being largely explanatory and supplementary, do not conflict with Mr Delmotte's report for which I myself voted.

In reviewing very rapidly these amendments I shall also indicate some slight corrections of a formal nature.

Amendment No 2 is of minor importance, as it concerns only an alteration to the title of heading (f): amendment No 3 is clearly more important as it introduces a series of changes set out in six paragraphs; paragraph 27 concerns the subject that was discussed at length in the Committee on Budgets in connection with the method of determining the amount of the Regional Fund from next year onwards. A number of possibilities were envisaged. First, that from 1978 the overall pluri-annual Fund endowment should be laid down in the new regulation to be drawn up by the Commission and which will subsequently have to be debated and adopted. It was pointed out in this connection that this solution could be applied by invoking the legislative conciliation procedure for which the 1975 agreement between Parliament, Council and Commission on Community acts of general scope having financial implications provides — a conciliation procedure which, in effect, approximates to a power of codecision. Another option examined was that of following the most natural course of events, that is laying down the appropriations in the budget, using the budgetary powers which the Treaty grants to Parliament.

Why were the discussions on this matter so prolonged? The first option, that involving the prior fixing of the overall pluri-annual appropriation in the Fund regulation, would to some extent represent greater security. But it would also be no more than playing safe. But there can be no doubt that it is in the course of the annual budget fixing procedure that Parliament is able to exercise its rights — and in the light of the long battle it has waged to increase its rights it seemed wrong for Parliament to relinquish them in this case.

The version proposed for paragraph 27 makes — rightly, in my opinion — allowance for both needs and for both possibilities open to Parliament, that is the principle that the pluri-annual financial endowment of the Regional Fund should be a political commitment undertaken in agreement with the Council. This political agreement, in the nature of binding guidelines, should find practical expression in the determination of the annual appropriations under the budget procedure.

As regards paragraph 28, as it stands in amendment No 3, I should like to ask my colleagues to make some slight drafting corrections. At the beginning of the paragraph the expression 'new Fund' is incorrect and the line should read: 'stresses that the financial resources provided for *the Fund from January 1978*'

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... Further, the expression 'reserve *quota*' should be replaced by simply 'reserve' since this is the term used in the Delmotte report.

Another drafting correction in this paragraph applies more particularly to the French text. The Italian word *prestiti*, that is borrowing by the Community, has been translated by the word *prêts*, that is lending by the Community. The appropriate term in the French version should be *emprunts*.

With that out of the way, let me explain that this paragraph expresses the need to make the Fund more dynamic in the face of specific and untypical situations which may arise. This is why we wish to make provision for a reserve and for a procedure of reassessment to compensate for the depreciation of currency, and also for the annual available resources to be reinforced, where necessary, by Community borrowing.

Here it can be objected, as I believe has already been done, that if borrowing is to be resorted to, provision must be made for repayment. Let us then be clear on this point: if we wish to have a real Community policy, a policy that is not rash but serious and long-sighted, we certainly must also consider this possibility; otherwise we are in danger of becoming bogged down in a penny-pinching book-keepers position where we abandon all ambition and all determination of working to make the Community a reality. This is why I and the Committee on Budgets thought it right to indicate this option, too.

Paragraph 29, as proposed in amendment No 3, reasserts the non-compulsory nature of expenditure under the Fund in accordance with the undertakings given by the Council for the period after 1977. It is hardly necessary to emphasize the advantages of this recognition of the non-compulsory nature of the expenditure. As we know, for non-compulsory expenditure the final word rests with Parliament, while on compulsory expenditure it belongs to the Council.

In paragraph 30 we demand, in the interests of greater budget transparency, that the annual expenditure be broken down into several items.

Paragraph 31 deals with improved efficiency of the payments mechanism and with the need to apply control and extend it. Here a slight formal adjustment seems in order, altering the words 'and to apply the rules' to '*and to continue to apply and, if necessary, reinforce the rules*'. As the paragraph stands now it might create the impression that the Commission has not been applying the rules.

If the Commission has new suggestions to make, I am sure it will make them and I believe that it will find Parliament's approval.

Paragraph 32 requests a revision of the regulation. This seems to me an important point and I should like to draw your attention to it. What is requested in the paragraph is that Article 12 (3) which, in case of a

difference of opinion between the Commission and the Fund Committee leaves the final decision with the Council, should be amended. But this is a general problem and concerns the management of all the Funds. This is why this point is rather important and I should like here to refer to an earlier report by Mr Aigner. In this it was proposed that the regulation be amended to take account of the fact that, pursuant to Article 205 of the Treaty responsibility for implementing Community policies in the budget is entrusted to the Commission. I think this is a point which should be settled once and for all.

The last point in this brief review of the amendments is that, if these amendments are adopted, paragraph 29 of the Delmotte resolution on another way in which the Regional Fund may be used, a paragraph on which Commissioner Giolitti gave us some useful clarification and which was inserted at the insistence of Mrs Kellett-Bowman and adopted by the Committee on Regional Policy, would now become the new paragraph 33. This other use of the Regional Fund consists in the application of part of its resources for interest subsidies. It thus offers considerable opportunities for extending the effectiveness of the Fund.

Mr Delmotte, whom I, too, should like to congratulate on his unflinching commitment to the study of the problem, has drawn up a report of unquestionable value because of the information and observations it contains and of the spirit of inquiry by which it is informed. It is based on an organic view of Community problems, takes account of past experience and boldly faces present-day realities and the future.

But I hope my colleague will permit me to comment on the methodological approach, and make a general point which in no way detracts from the content and value of his work, nor indeed of that of the Committee on Budgets. It is simply a reminder of the political realities of this matter.

Let me explain: the Delmotte report is not part of a legislative procedure which is already underway and hence more or less predetermined.

It is an own-initiative report, and because of this Parliament will undertake a great responsibility in adopting it. In this case, Parliament is acting before the Commission and the Council, and is itself raising certain problems and indicating their possible solution. This is an extremely good thing, but we should be aware that when we are taking the initiative it is very important, it is, in fact, essential, to lay down fundamental principles, to make decisions of direct relevance to the most urgent needs; in other words, it is essential to concentrate these initiatives on the most important points.

An initiative meeting these criteria is more likely, we believe, to evoke a response from the Commission and the Council; it can then formulate in strict and

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specific political terms demands for final decisions which, as we know, do not rest with this House.

It seems to us — and let me repeat that this is a general observation and in no way a criticism — that the very broad canvas of problems, situations, arguments, references, and even detailed solutions presented in the report which on the one hand contribute to its value, may, on the other hand, make it less easy to achieve some of the fundamental objectives needed by regional policy today.

Theoretical discussion about regional policy is spreading and becoming more complex. Is that a positive phenomenon? Certainly, it is — both as regards understanding of and commitment to its objectives, and as a reaction against our awareness of the overwhelming difficulties involved and, let me say, also against our feeling of helplessness before them.

Let us look briefly at its history: what was the origin of Community regional policy? It was the existence of marked differences of strong imbalances, between the socio-economic situations of the different regions in various Community states. These were the facts which had to be faced and eliminated if we were really, even though gradually, to make progress towards European integration. But if these were the origins, the result of the now considerable Community experience, including, particularly, attempts to implement a regional policy, have proved disappointing, since, as was pointed out earlier by another speaker, the divergencies, the imbalances have not only not been eliminated or attenuated, but have, on the contrary, been aggravated. In fact, Mr Cifarelli need not worry: the regional policy will never become that national anthem, the means of suppressing or avoiding other problems. This will never happen, unfortunately, because, to put it very simply and brutally, we still have no regional policy worthy of the name that is, a policy capable, be it ever so slowly, of achieving some positive results.

But recognition of this sad truth is not a reason for renunciation in despair. We must look reality in the face ruthlessly, and without illusions, we must call a spade a spade, we must redouble our efforts to identify in general the political, objective, structural and conjunctural obstacles in order to understand what, in the particular circumstances of the Community at the present state of its consolidation; we can do most effectively. And then we must act, we must make the greatest possible use of the resources available to us now to open new paths to the future.

I am not going into details, Mr President, for many have already been discussed today and, besides, we all have become experts in this very complex subject which ranges from the need to increase the Regional Fund to the need to use it in different ways, from the

need to change the regulation, to the complementarity, globality and coordination of the Fund, from flexibility in application to maintaining contact with the authorities. All these subjects are well understood and do not require further examination here.

I should rather stress the fact that Mr Delmotte in his report has also touched rightly, in our view — on long-term problems which were the subject of a lively discussion in committee, but unfortunately found no echo in this House today — not I believe, because there have been second thoughts, but perhaps because tiredness tends to blur the issues.

Fear of the devil can play us some nasty tricks, especially if we insist on looking for the devil under every bed. The nigger in this particular wood pile is, of course, planning, which Mr Delmotte has realistically said should be flexible and indicative. I should like to appeal to our colleagues in the Conservative Group who have tabled an amendment to delete the paragraph in which planning is mentioned. In committee other groups also took up a position similar to that of the conservatives. The planning that the Left means — also when it speaks of it in this House — is not the subversion by force of the systems now existing in our various countries.

I think that today we all agree, though perhaps with differences of emphasis, that a completely unmodified traditional market policy no longer meets our needs. In fact it has aggravated the problems we face and brought them to danger point with dire effects for the Community as a whole. It follows then that the spontaneous, supposedly self-regulating forces of economic life must be corrected by means of coordinating measures, by forecasting techniques, by corrective intervention. But corrective intervention is only meaningful and effective if it is coordinated, if it is given the status of planning — and then, of course, it brings us to the wider concept of planning of which Commissioner Giolitti spoke with understandable caution.

The word itself will not solve our problems. What we need is discussion, confrontation of our points of view, conclusions from our experience in the search for appropriate solutions. We are profoundly convinced that proceeding in this way, on the basis of an honest political resolve and genuine concern for the increasingly difficult and complex problems in our economies, for the problems of the working masses, and for the dramatic problems connected with unemployment, we can ultimately find new and better ways of planned intervention and that these will prove not the devil that some of us are so prematurely eager to exorcise, but new and more effective instruments for dealing with the crisis in our society and in this Community which, for all its internal contradictions, is such an important part of this society of ours.

President. — I call Mr Evans.

Mr Evans, Chairman of the Committee on Regional Policy, Regional Planning and Transport. — I must obviously join with every other speaker to pay heartfelt tribute to Mr Delmotte for the great amount of work he has put in to produce this admirable report. I also, of course, must congratulate him for the speed with which he has worked.

It was the view of the committee — a view which Commissioner Giolitti also shared — that it was essential that this report should be produced and adopted by the European Parliament before Mr Giolitti had finalized his own views for submission to the Commission.

I commend the fact to every Member of this Parliament that this document does not relate to a Commission document which we are considering after the event, it is a document produced by the committee which sets down our views, ideals and opinions for the future of regional policy. I sincerely trust that Mr Giolitti will take the document in that spirit and he will also take it in the spirit that Mr Jenkins, the President of the Commission, referred to in his address in February, when he said we must see regional policy not just as a matter of renewing and spending a tiny Regional Fund but as one of the main dimensions of Community economic policy as a whole. That is the spirit in which my committee has operated, and it is the spirit in which Mr Delmotte has produced this report.

I trust that Mr Giolitti, who has, I believe, been making a tour of the capitals of the Community to ascertain the attitudes of the Member States to the Regional Development Fund after 1977, will have something to tell us about the views in the member capitals later on this afternoon, because I am quite sure all of us appreciate that it will be the attitude of the member governments which at the end of the day will decide whether or not we are to have an effective Regional Fund and an effective regional policy. I am bound to say to the Commissioner that some of us are beginning to form the opinion that he is not having a great deal of success in some of the member capitals. I do not know whether he will be in a position to take us into his confidence today or even to give us an inkling of the thinking of the Member States, but I hope he will accept that many of us will feel that if the member governments are not prepared to put their money governments their mouths are and ensure that we have a much larger fund as well as considering a realistic regional policy, then I trust that Members of this Parliament will have a great deal to say when the Council of Ministers finally comes to consider Commissioner Giolitti's proposals.

I would also point out that if Mr Delmotte has had to work extremely hard to produce a report of this nature, which I am sure everyone will find excellent, I

hope that Parliament will appreciate that the committee also has had to work very hard indeed. We had in fact to spend over seven hours on this report in Rome, and, looking around, I am rather disappointed in one sense that Mr Starke is not present, because we had a great deal of discussion with him on many aspects of this report. It may well be that, because he is not present, we may get the report through more quickly than we did in committee.

I think Mr Delmotte would agree with me if I were to say that his report in some respects does not make cheerful reading. The motion for a resolution begins by stating the fact — albeit a sad fact, of which we are all too well aware — that since 1973 the disparity between average per capita incomes in the richer and poorer regions of the Community has increased rather than diminished and that there has been a tendency for many areas of major industrial concentration to consolidate their position, often at the expense of the less-developed regions. This is the harsh background against which we must look to the future when we consider not only the prospects for the Regional Development Fund after 1977 but also the more profound and searching problem of Community regional policy, because it cannot be stressed too strongly that when we have a tiny fund we have no semblance of a European regional policy.

It is inherent in our exercise and in our deliberations that we should draw to the attention of the Commission and the Council of Ministers how essential it is that we arrive at a regional policy. Here again, Mr Delmotte's report makes somewhat depressing reading, as paragraph 8 of his explanatory statement says — and I quote — 'No progress has been made since 1973 in defining the kind of Community regional policy which should provide a framework for the regional Funds' activities.' Mr Delmotte goes on to point out that the Commission has in fact failed in the task which has been given to it, that of defining a Community regional policy, and all of us wish Mr Giolitti every success in his endeavours to persuade his colleagues and the Council to adopt such a policy.

The risk we now face is that it will be tempting for the Council to do little more than to continue the present fund, with perhaps minor amendments to the regulations governing it, for 1978 or possibly for a longer period. Such a course of action would, I think, be most unsatisfactory, because I feel that the evidence we have concerning the effects of the fund since 1975 is rather negative. And I agree with Mr Delmotte that ideally we ought to have a proper framework, with established priorities and criteria, before we have a fund. I do not mean that the fund should not continue after 1977 — indeed it should, and funds available to it should, in my opinion, be very much greater than they are at present; what I do mean is that until we have some sort of framework the fund,

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however big its resources, is unlikely ever to provide an effective means of solving the regional imbalances which exist and which continue to grow greater within the Community. I do not think that this point could be better made than it is in the summary with which the explanatory statements starts, where we call for a framework of a comprehensive structural regional development policy into which interventions by the Regional Development Fund can be fitted. This summary contains, I think, the main arguments which my committee, through Mr Delmotte's long series of reports, has been advancing since 1973.

I should say at once that many of our arguments are by no means radical, since they basically consist of supporting points reached by the Commission in their regional proposals submitted to the Council in July 1973. One of the major features of the Commission's proposals was the establishment of Community-wide criteria for aid. What, of course, happened in the event was that these common criteria were abandoned and that the effective criterion for eligibility for assistance became that of each Member State's priority areas for regional assistance. If one looks at the map of areas eligible for aid from the fund in the Commission's regulation of October 1973 and compares it with areas which have today actually received assistance from the fund, one will find that in a number of cases areas have been aided which would not have been eligible under the 1973 proposals. I think an important step in the development of a Community regional policy would be for the Commission to return to its approach of 1973 and seek to establish regions eligible for assistance on a Community-wide basis rather than on a national basis.

By saying this, of course, I am not suggesting that Member States should have their freedom of action curtailed in respect of their national priorities. What I am suggesting is that if assistance from the Community is to be made available to individual Member States, it is only reasonable that such assistance should be directed into areas compatible with an overall Community approach. Hence, of course, the importance of evolving a genuine Community policy.

In this connection, I would say that whilst I disagreed with almost everything Mr Herbert said in his speech — in fact I think his entire analysis was completely wrong — I do agree in one respect, and that was that the Regional Policy Fund at its inception raised great hopes in the minds of people who lived in the less prosperous regions of the Community, and now, unfortunately, we have to accept the fact that those hopes, the joy that more money was to be made available to them, have in fact often been dashed. Unless the Community, the Commission and the Council of Ministers, grasp this opportunity of enlarging this fund, of getting down to regional policy and

attempting at long last to start ironing out the many serious discrepancies which exist between the regions of the Community, then I would submit there is little hope for any future meaningful progress in the Community.

I have pleasure in congratulating my friend and colleague, Mr Delmotte, on his first-class report and anticipate that this Parliament will unanimously adopt it.

(Applause)

President. — I call Mr Caro.

Mr Caro. — *(F)* Mr President, as soon as we touch on the structural aspects of political action, we inevitable leave the realm of particular, specific actions for that of an overall, generalized policy. This is the problem we face with Mr Delmotte's report on regional policy. I should like to thank him for the very instructive document which he has put before us.

This problem can be looked at at three different levels — that of the conception of the policy, that of the democratic organization which it involves and that of the credibility of the financial operations it gives rise to.

As regards the conception of the policy, if I refer to the title of the report which is before us, I read 'report on *certain* aspects of regional policy'. After reading and rereading this fascinating document, I wonder what aspects are not covered in this report. What is a regional policy? It is everything — everything at once. In France, the crisis in the iron and steel industry is a problem for Lorraine. In Alsace, the Schlumpf affair which involves the textile industry and employment in this sector, is an Alsatian concern. The decision on nuclear sites along the Rhine Basin is a matter for the Alsacians, the Swiss and the inhabitants of Baden. It is a matter which crosses national boundaries. What are the precise limits of a regional policy?

In other words, I would personally have preferred us to leave behind this development which affects nearly all of us, and the demonstration of the complexity of regional policy, in order to embark on another — perhaps more wilful — path at Community level. This is why, while approving both the letter and the spirit of this report, I hesitate somewhat to consider it particularly important within the enormous political context which is involved at regional level. I apologize to the rapporteur for this. In any case, it in no way reflects on the validity of the arguments he has put forward, which I fully endorse. The internal democratic organization of a country is the *sine qua non* of the implementation of a clear, useful and credible regional policy. If I turn to paragraph 38 of the motion for a resolution, I read that land utilization in the Community should be planning and that this planning should be carried out at national and regional

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level but formulated at the level of the Community, which should become a political decision-making centre. I detect an implicit programme for centralization at Community level, which, since it involves decision-making, means the centralization of planning. But, the members of the national parliaments, or at least those who belong to the political tendency which I represent, never tire of demanding from the central governments more opportunities to undertake actions and draw up policies at regional level. I would have preferred this paragraph to be worded differently so that, thanks to its vital democratic organization, which is essential, the region would be the basic political entity. This must be recognized for what it is — a form of subsidiarity. One may be for or against, but I felt the matter should be raised. Moreover, the local authorities, communes and regional organizations are closely linked with the emergence of regionalization and that, in my view, is basic to any regional policy.

Finally, as regards the credibility of financial operations, I agree with all those who have demanded an increase in the budgetary endowment of the Regional Fund. Only the implementation of practical schemes will permit public opinion to judge whether or not our intervention effectively supplements what is being done at national level. With this in mind, as we said this morning during the debate on the European Social Fund, I join with those who are constantly calling for ever closer coordination between the various intervention funds of our Community.

Since I criticized the wording of paragraph 38, may I be allowed to express the wish that it should be correctly interpreted. I am convinced that we share the same viewpoint, Mr Delmotte, and that we want the Community to act as the political regulator of the actions which will constantly need to be taken at regional level, with the agreement, of course, of our States, which are there to play their part, but also to listen to our views.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Mr President, dissent always serves to stimulate a debate and I therefore looked for dissent in Mr Delmotte's interesting report. However, I was left with empty hands because all I could find in it was broad consensus. However, I think that there are certain points and certain considerations which I should raise here in this debate, which is, particularly at the present time, of such importance.

I should like to begin by thanking the rapporteur for his excellent and extremely detailed report. I also extend my thanks to the chairman of the Committee on Regional Policy, Mr Evans, and to all members of his committee, for the contribution they have made to this debate and for the frequent opportunities they have given me to meet and hold discussions with

them, something that has been extremely useful in the job I have to do.

Today's debate in this Chamber is for me the culmination of a long round of consultations over the past two months, first of all with the committee and then with the social partners, with the representatives of local and regional authorities and with various governments of the nine Member States — or rather with the representatives of those governments most directly concerned with regional policy. The chairman of the Regional Policy Committee, Mr Evans, has asked me a question with regard to these discussions with the governments of the Member States which I consider somewhat embarrassing for two reasons: firstly, because these consultations were of a preliminary and exploratory nature and were intended to enable me to submit to the Commission proposals on the organization of the Regional Fund. In view of the preliminary nature of the discussions and the fact that the views expressed to me by the various governments were given in confidence, I feel and here I think the President of this House will agree with me that the reply to Mr Evans' question could best be given by the Council of Ministers. There is a direct link between Parliament and Council. Relations between them can and ought not to be handled by the Commission or a member of the Commission acting as intermediary. Moreover, Members of Parliament can question the Council directly and can find out the opinions of the governments through it. In cases like this, therefore, Parliament should make use of this or other avenues open to it.

I make these points to justify the constraint I feel obliged to use when faced by Mr Evans' question. Having said that, I suppose I can bend this constraint somewhat by saying that, overall, the views of the governments of the Member States tended in the main towards caution, towards extreme caution, indeed, in their approach to proposals for the introduction of innovations to the arrangements governing the European Regional Fund. Looking at Mr Delmotte's resolution in the report approved by such a large majority of the Committee on Regional Policy, however, I get a very different impression.

I am tempted to join Mr Caro in the question he raised in regard to the title of the report: '... certain aspects of the Community's regional policy...'. Are some aspects not dealt with? I interpret this title as an expression of modesty, what the English would call an understatement. In point of fact — as Mr Delmotte pointed out a little while ago — the report contains an exhaustive account of all the general aspects of the regional policy. It makes an important contribution to the preparatory work which we are now carrying out before presenting our proposals and the conclusions reached by it confirm my own opinion that the regional policy is now more necessary than ever in the

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light of the present economic crisis and the nature of that crisis, which Mr Delmotte has described so well.

Some time ago I read the following sentence in Jean Monnet's memoirs: *I have always thought that Europe would be built during crises and consist of the sum of the solutions which were found to these crises.* Well, I hope that the conviction thus expressed by this great European can be applied equally to the regional policy, so that the Community's regional policy, which is a necessary and indeed an essential instrument for overcoming the crisis, can emerge from it genuinely strengthened. After all — as the Delmotte report makes very clear — this policy is essentially an anti-inflationary policy, less costly at any rate than what unemployment and excessive concentration of economic development activities in a few privileged areas would cost the Community. Above all, the regional policy is an indispensable instrument for overcoming the crisis since it goes to the root of the problem of the Community by tackling the vital issue of its cohesion and the continuation of the process of integration.

If what is at stake is the reduction of Community cohesion, the endangering of growth, greater imbalance and a brake on integration, then we really are dealing with a vital issue. We are often asked why the goal of economic and monetary union is slipping further away rather than getting closer. Well, this is due to these structural problems which the regional policy — although not on its own — must try to tackle. I therefore share the central concept of Mr Delmotte's report and motion for a resolution, which underlines the need for the implementation of a development policy rather than a supplementary aid policy to accompany existing policies, a structural policy and not a policy which lags behind conjunctural phenomena, in other words a policy which concerns itself primarily with the quality of the help by placing the emphasis on the effectiveness rather than quantity even if the question of the appropriations to be earmarked for such help are by no means unimportant.

Honourable Members who have taken part in the debate — and, first and foremost, the rapporteur — have given me a great deal of ammunition for the battle which the Commission will certainly have to engage in to get the Council to make adequate appropriations available for the Regional Fund.

If this is, or rather if this ought to be the basis for the Community's regional policy, Mr President, honourable Members, we find ourselves confronting three types of problem which are best kept separate, even though they are all closely linked in a relationship of interdependence. The first type of problem concerns the structural aspect of this policy. Here we have the

problem of the coordination of the regional policy. It should be part of an overall strategy of structural policies at Community level and be coordinated with national structural policies. It is certainly not an easy task and not one that can be achieved in the short term, but one that will have to be tackled with great resolution and urgency.

The second type of problem is that of a regional policy as the Delmotte report duly emphasizes in the proper sense of the term, of a regional policy in which the Fund is merely one and — I scarcely dare to say it — not even the most important part. This leads me almost paradoxically to say, developing the scheme expressed in the Delmotte report and echoed by several speakers, that when we have a regional policy in the true sense of the word, when we have full coordination of all the various structural mechanisms and there is a regional dimension to the whole range of these mechanisms — the Social Fund, ECSC resources the guidance section of the EAGGF, and so on — we will then perhaps have reached the stage at which the Regional Fund itself can be regarded as virtually superfluous. Today the Regional Fund is a mechanism which, in a sense, makes up for the lack of or the inadequacy of a regional policy. Obviously I do not want to develop this idea to the ridiculous, but I did want to stress this aspect to show that I share the view of many Members that the most important problem is the regional policy, of which the Regional Fund ought to constitute no more than a part.

Thirdly there is the problem of the Fund's operation, of how it can be made more responsive to the goals of a regional policy in the full sense of the term. The Fund should be used primarily in solving the most acute problems at regional level and should therefore help to resolve the problems of those regions where the structural aspects of imbalance predominate.

I would say in conclusion that if we are to proceed on the basis of this broad and comprehensive vision we have to admit that the Commission's job, and therefore my own job, cannot and must not be restricted merely to the formulation of a regulation adapting the Fund. What we need to do at the same time is to draw up the guidelines for coordinating all the structural policies. This is why I have proposed — and the Commission has accepted — a change in the timetable originally laid down for the Commission's consideration of the proposals on the organization of the Fund. We are indeed aware of our obligation to provide at least the general guidelines for a complete and unified regional policy and we also need time to give greater consideration to your opinion. Moreover, your chairman Mr Evans and rapporteur Mr Delmotte have pointed out that I have also requested their help. For my part I should like to thank them for their speed and punctuality.

Giolitti

If full use is to be made of the proposals which I hope Parliament is going to approve today on the basis of the Delmotte report we shall have need of more time. That is why the two following dates have been fixed: 18 May for a thorough debate on the general guidelines of the regional policy and 1 June for the approval of the proposals concerning the revision of the Fund. These proposals, will, of course, then be forwarded immediately to the Council and Parliament. With that, I come to the end, Mr President. I shall remain available to give the Commission's opinion on the amendments which have been tabled.

(Applause)

President. — We shall now consider the motion for a resolution. I call Mr Caro on a point of order.

Mr Caro. — *(F)* May we have a separate vote on paragraph 38 of the motion for a resolution?

President. — I put to the vote the preamble and the first two indents of heading (a).

These items are adopted.

On the third indent of heading (a) I have amendment No. 1/corr. tabled by Mr Brugger, Mr Granelli, Mr Ripamonti and Mr Pisoni on behalf of the Christian-Democratic Group:

Replace the last part of this indent starting '... and the existence of regional imbalances...'

by the following:

'... measures which are designed to ensure to a large extent, in the context of free movement of labour and the elimination of regional imbalances, the right to security of employment in the region of origin, so as to protect the rights of national minorities';

I call Mr Delmotte.

Mr Delmotte, rapporteur. — *(F)* Mr President, I have carefully considered the amendment tabled by Mr Brugger, Mr Granelli, Mr Ripamonti and Mr Pisoni. This amendment was rejected by the Committee on Regional Policy, Regional Planning and Transport, but, on reflection, I have decided that we can agree with it and I suggest to the House that, without modifying the text of the motion for a resolution, the proposed amendment, which does not involve any duplication, should be added. I therefore accept the amendment tabled by the Christian-Democratic Group and ask the House to follow my example and adopt it.

President. — I call Mr Brugger.

Mr Brugger. — *(I)* Our group has no objections to this amendment which it considers as a supplementary amendment.

I ought to point out however, that, in the interests of textual clarity, it will be necessary to delete the last phrase of paragraph 3, otherwise the logical link will be missing.

President. — What is the rapporteur's view?

Mr Delmotte, rapporteur. — *(F)* Mr President, I believe that Mr Brugger's proposal should be accepted.

President. — I put to the vote amendment No. 1/corr.

The amendment is adopted.

I put to the vote the third indent of heading (a) as modified by the amendment which has just been adopted.

This item is approved.

I put to the vote the fourth indent of heading (a), heading (b) and heading (c), paragraph 8.

These items are adopted.

After paragraph 8 I have amendment No 10 tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group calling for the addition of a new paragraph 8 (a):

8 (a) considers that those regions where development is made more difficult by severe industrial dereliction should enjoy a high priority in the allocation of Regional Fund aid, even if they be outside national priority areas;

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, we do not feel that our point is quite met by paragraph 8 as it stands at present. We would like to see loans going to projects which serve to raise the general amenity in an area, thus making it much more attractive to live and work in. And this applies particularly to areas which are blighted by industrial dereliction and urgently need the renewal and modernization of existing industrial fabric, as in parts of Belgium and Northern France and the North-West of England. In some countries such areas fall outside the member government's high priority category and, therefore, are unable to benefit under the rules as they at present stand. That is why we have tabled Amendment No 10 which harms absolutely no one but could be of great service to some comparatively small but nonetheless hard-hit areas of the Community. And I would ask for the support of the House on it.

President. — I call Mr Hoffmann.

Mr Hoffmann. — *(D)* Mr President, having read Amendment No 10 tabled by Mrs Kellett-Bowman, I feel that we should not adopt it. After all, paragraph 8 points out that we are faced on the one hand with agricultural and on the other with industrial problem areas. There is no need, therefore, for excessive emphasis. I myself come from an industrial area which is in considerable economic difficulty, but I feel that we have covered this fully in the text and that the passage just quoted by Mrs Kellett-Bowman, which calls for regions 'outside national priority areas'

Hoffmann

also to be included, involves very serious problems. I would ask the House to refrain from adopting this amendment, since there should be a longer discussion on how the European level should cooperate with the national and regional authorities or selective bodies. I believe that this is a very difficult subject and therefore ask the House to vote against the amendment.

President. — I call Mr Brugger.

Mr Brugger. — (*I*) Mr President, having heard Mr Hoffmann's statement, and in view of the opinions that were expressed within our group, I have unfortunately to inform you that we are unable to accept this amendment because it subverts the criterion on which the resolution is based and goes against the principles set out in paragraph 8 which has just been adopted.

I am aware of the importance of the matter raised in the amendment and therefore would be grateful to Mrs Kellett-Bowman if she would withdraw it, because to have the amendment rejected would be worse than to have it withdrawn.

President. — What is the rapporteur's view.

Mr Delmotte, rapporteur. — (*F*) Our distinguished colleague knows that during the six or seven hours of discussion in Rome I made many concessions to Mrs Kellett-Bowman and accepted several of her amendments when they were compatible with the general tenor of the report I presented and where I was able to reconcile the letter and the spirit. But here I must agree with my colleagues when they say that this is acceptable. Mrs Kellett-Bowman talks of 'a high priority'. That is unacceptable, since the other regions which are in difficulties must be given the same priority as those suffering from industrial decline. You will agree, madam, that the problems of these regions are in any case dealt with in paragraph 10 of the motion for a resolution.

I therefore oppose the amendment, Mr President.

President. — Do you maintain this amendment, Mrs Kellett-Bowman?

Mrs Kellett-Bowman. — I would like to ask the rapporteur if he would be prepared to accept, in view of his comments, that we changed the words 'a high priority in the allocation of' to 'being able to benefit from'. Would that be more agreeable to the rapporteur?

President. — I call Mr Delmotte.

Mr Delmotte, rapporteur. — (*F*) Mr President, I cannot accept this change, since the text states explicitly: 'is of the opinion that Community action is justified when certain sectors with structural difficulties, such as the textile, coal-mining, iron and steel and shipbuilding sectors, play a dominant role in many important regions'.

President. — I put to the vote amendment No 10 as modified by Mrs Kellett-Bowman.

The amendment is rejected.

I put to the vote paragraphs 9 to 11.

Paragraphs 9 to 11 are adopted.

On paragraph 12 I have amendment No 4 tabled by Mr Brown, calling for the deletion of the last part of this paragraph starting with the words:

'... and that the Community should devise

I call Mr Brown.

Mr Brown. — Mr President, I have tabled this because I was at the committee and before the chairman puts me right I had better explain that I was in fact a substitute at that committee and not a member, though I did show interest in the subject because I felt it was of importance to all our countries. I was also reading reports and knowing something about what was going on and in fact the rapporteur was extremely kind to me in accepting amendments which I did put to him. But the one where we failed to agree was in fact paragraph No 12. We failed to agree. Firstly, I raised the matter with the rapporteur because I am bound to confess at that stage I didn't understand it. It didn't make a great deal of sense to me. And when it was explained to me I have to further confess to Parliament it still didn't make very much sense. And so I began to look through the report again to see where it came from. And if Parliament will turn to paragraph 22 of the explanatory statement, it will see it is at that point that the context for paragraph 12 of the motion is in fact taken. And paragraph 22 reads:

The Community's regional policy is not confined to financial aid. In regions where excessive economic and urban concentration imposes on society a high social and human cost, the Community should work out *discouragement* measures to be applied *simultaneously* throughout its territory.

Now Parliament will notice that if you compare that with paragraph 12 there are some significant differences. First of all the word 'where', which is the qualifying factor in paragraph 22 of the explanatory statement, is now omitted and we don't use the words 'where excessive concentrations'. Secondly, we have also decided to add in the word 'economic', because whereas in paragraph 22 we talked about 'high social and human cost', now in paragraph 12 we have added the word 'economic', I therefore looked at paragraph 22 to see why we should make that a substantive issue. And there I read the third paragraph, which says: 'So as not to undermine the competitive potential of undertakings', — and I am interested in the chairman's view on whether competition in undertakings needs protecting — 'discouragement measures should be applied' to maintain the competitiveness of

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industry one against the other. One lot of workers fighting another lot of workers. And I am interested to see that point. But that is all it says, and it doesn't add one jot or tittle of added information. And so paragraph 12 is purely an emotive paragraph 22, with words changed for no reason whatsoever and with no evidence at all why paragraph 12 should be in.

One goes a little further on and thinks, well, there must have been some reason for doing it, and so one comes to paragraph 50. Here, there is another observation in terms of concentration, which says that 'a scheme of priorities' ought to be worked out by the Commission and yet that doesn't appear in paragraph 12. One can go on; there are a whole series of paragraphs — paragraph 140, underlining 'controlled economic integration'. There it tells you, '*controlled economic integration is essentially aimed at achieving a new distribution of economic activities...*' Not that you should take action against some and reduce them to zero, but that you should try and redistribute. Paragraph 146 calls for regional development guidelines telling how it ought to be done, and suggests that 'it would consist in laying down *guidelines* and creating *incentives and checks*'. Nothing there about taking disincentives.

Therefore, what I am trying to suggest to Parliament — and I think it must expect me to explain why I tabled these two amendments, Nos 4 and 5 — is that the words I use in these two amendments are precisely what the rapporteur has in his report. If he now rejects these words, then what he is rejecting is the whole philosophy of his report and I am bound to tell him. If he is telling me that paragraphs 50, 140, 146 don't mean what the words that I have put in mean, then I must vote against his report.

President. — I call Mr Hoffmann.

Mr Hoffmann. — (D) Mr President, I am sorry that I must contradict my friend Mr Brown here. The whole tenor of this report is based on a principle that has never been disputed in this House. We have never said that the redistribution that must be carried out if the standard of living of poorer regions is to be improved must consist in making the rich regions poorer and the poorer regions richer. That is not the point of this report, nor was it the point of any statement made during the discussions in committee. All that was ever said was that this redistribution should favour regions at a disadvantage in agricultural, industrial or environmental terms. I therefore find what the report says is consistent.

I believe the other problem raised by Mr Brown is based on the misunderstanding that this passage is designed to express the idea that we want to give instructions for a reduction in the economic effectiveness of certain regions. Nothing is further from the truth. To do something along these lines would indeed be wrong, and we would then have to fight

against it. But it is impossible to read this out of the text. I would therefore ask Mr Brown to withdraw the Amendment No 4.

President. — What is the rapporteur's view?

Mr Delmotte, rapporteur. — (F) Mr President, I must give a friendly reminder to our colleague Mr Brown — who could in any case have made his point during the general discussion rather than the discussion of the amendments — that he is asking this House to change its mind and go back on a decision it took unanimously when, on 5 July 1973, it stated in paragraph 9 of its resolution:

Points out that Community efforts to attract development in the less developed regions must be accompanied by measures to *discourage* congestion in regions that are already saturated.

I shall merely point out that this amendment was rejected by the Committee on Regional Policy because it calls into doubt one of the basic beliefs of our Parliament. The text it adds, on the other hand, has nothing constructive to offer since the same idea crops up (as I already pointed out to our colleague) in several paragraphs of the motion for a resolution. Mr Brown's amendment must, therefore, be rejected.

President. — I put amendment No 4 to the vote. Amendment No 4 is rejected.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

After paragraph 12 I have amendment No 5 tabled by Mr Brown calling for the insertion of a new paragraph 12 (a):

12 (a) considers that the Community should devise methods for ensuring a more even distribution of economic resources throughout all areas of the Community, thereby avoiding any excessive concentration of economic resources in limited areas;

I call Mr Brown.

Mr Brown. — I was going to withdraw the amendment, but since the rapporteur claims that when he has the words 'applying disincentives', which he has not explained at all in his report, that is the same as 'dissuading', then I can only suggest to him, that, whatever is in this text, in the English text 'dissuading' is not the same as 'applying disincentives'. A disincentive is a positive action. As to the words that I am proposing to add in my Amendment No 5, they are taken entirely out of his report. What I am suggesting to him is that paragraph 12 would be improved tremendously, certainly for readers in the United Kingdom, if they realized that what in fact this report is attempting to do was to improve the luck of areas that are run down. Therefore I can only urge on the rapporteur that these words are indeed his own words and I fail to see how he can reject them.

President. — I call Mr Delmotte.

Mr Delmotte, rapporteur. — (F) Mr President, nothing in amendment No 5 tabled by Mr Brown contradicts paragraph 12; it tends rather to make it more precise and I see no reason to oppose it. I propose that the House adopt this amendment.

President. — I put amendment No 5 to the vote. Amendment No 5 is adopted.

Under heading (d), comprising paragraphs 13 to 18, and under heading (e), comprising paragraphs 19 to 25, I have no amendments listed.

I put these items to the vote.

These items are adopted.

Under heading (f) I have amendment No 2 tabled by Mr Mascagni, on behalf of the Committee on Budgets calling for this heading to read as follows:

(f) *the amount of the Fund, allocation criteria, fixing, budgetization and supervision of the Fund's endowment.*

I call Mr Mascagni.

Mr Mascagni. — I think we should first vote on amendment No 3, because if it is not adopted, there is no point to the amendment to the heading.

President. — In that case we shall postpone the vote on amendment No 2.

I put to the vote paragraph No 26, on which I have no amendments.

Paragraph 26 is adopted. We shall now consider amendment No 3, tabled by Mr Mascagni on behalf of the Committee on Budgets, which has a bearing on amendment No 2 and calls for paragraphs 27 and 28 to be replaced by the following:

27. considers that the multi-annual financial endowment of the Regional Fund should be based on a political commitment undertaken by the Council in agreement with Parliament; regards it as essential, however, that the annual appropriations should be determined in accordance with the budget procedure;

28. stresses that the financial resources provided for the new Fund should allow for a reserve quota for particular purposes to be set aside within the total endowment; considers it essential to institute a mechanism for the reassessment of appropriations in order to protect the real value of resources in years to come; insists that the annual available resources, fixed in accordance with the budget procedure, should be reinforced by recourse to Community loans or, as would be natural, by recourse, at Parliament's discretion, to the funds accruing to Parliament by virtue of its power to amend the budget;

29. points out that, following the proposals from the Commission and from Parliament and the undertakings given by the Council in 1975, expenditure under the new Regional Fund is non-compulsory;

30. urges, in the interests of budgetary transparency, the breakdown of the Regional Fund's appropriations into several items;

31. requests the Commission to make the payments mechanism still more effective, and to apply the rules for the control of utilization of resources, in the light of the favourable judgement expressed by the Commission on their suitability for ensuring effective Community control over the utilization of expenditure;

32. requests the revision of the regulation instituting the Fund Committee, and the deletion of the rule granting the Council the right of decision in the event of a divergence of views between the Commission and the Fund Committee itself; bases its request on the incompatibility of this provision with Article 205 of the Treaty, which entrusts the Commission with the responsibility for implementing Community policies and the budget.

This amendment has already been explained by Mr Mascagni.

What is the rapporteur's view?

Mr Delmotte, rapporteur. — (F) Mr President, Mr Mascagni, as rapporteur for the Committee on Budgets, explained at length earlier the scope of the various amendments to be brought to paragraphs 27 and 28; I had already said before he spoke that I agreed with amendments 2 and 3 tabled by him on behalf of the Committee on budgets.

President. — I call Mr Giolitti.

Mr Giolitti, member of the Commission. — (I) I have no objection, Mr President, to amendment No 3 which substitutes six new paragraphs for paragraphs 27 and 28. I should like to offer to Mr Delmotte, Mr Mascagni and the other honourable Members, an observation on the new paragraph 32 proposed in the amendment.

I assume that the Commission intends to take full administrative responsibility in accordance with Article 205 of the Treaty. There can be no doubt on that.

But the question of the Compatibility of Article 205 with the system of management committees is a problem which, in my view, should not be resolved by means of this amendment. The general aspects of this problem are being examined at this time by Parliament's Legal Affairs Committee. It is a highly delicate question because, as you know, the management committee approach is intended to ensure coordination of national and Community policies in the sectors to which these provisions apply, and so I feel that it would be well to await the Legal Affairs Committee's opinion on the general issue before rushing through in this House a solution confined to the particular aspects which relate to the Regional Fund.

President. — I call Mr Mascagni.

Mr Mascagni. — (*I*) I should like to point out, with reference to the objection raised by Commissioner Giolitti, that the same problem was raised in the Committee on Budgets, but after a prolonged debate it was agreed, despite a similar warning made in committee by Mr Shaw with reference to the opinion of Mr Aigner, which I have already mentioned, that it would be advisable to retain this wording. This conclusion was reached after examination of the pros and cons and with the help of the committee's technical experts.

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, I should merely like to underline what Mr Mascagni has said in this connection. This Parliament must take every opportunity to ensure that its budgetary rights are not affected by executive measures. And if we are to discuss the question of the management committee and steering committee and that kind of thing, then the request made in paragraph 32 must be phrased as it is here. The Commission and Council must then discuss it with Parliament.

I would therefore ask the House to adopt this amendment tabled by the Committee on Budgets as it stands.

President. — I call Mr Bertrand.

Mr A. Bertrand. — (*NL*) Mr President, I would simply like to propose, in order to avoid any confusion, that we vote on each paragraph separately, since this amendment proposes six new paragraphs to replace the six contained in Mr Delmotte's motion for a resolution. This will make it easier for each of us to decide on our position.

Mr Lange. — (*D*) Mr President, these six new paragraphs would replace the old paragraphs 27 and 28. They would not affect paragraphs 29 and 30 and those that follow in the motion for a resolution tabled by the Committee. They would, of course, if this amendment was adopted, have to be renumbered. That goes without saying. But at the moment we are only talking about paragraphs 27 and 28 of the motion for a resolution, which are to be replaced by the six new paragraphs. We do not need to vote on them individually; we should vote on them together.

President. — I understand that, Mr Lange. However, Mr Bertrand has asked for a vote item by item, and he is entitled to that.

We shall therefore consider amendment No 3 item by item. I put paragraph 27 to the vote.

Paragraph 27 is adopted.

I put paragraph 28 to the vote.

Paragraph 28 is adopted.

I put paragraph 29 to the vote.

Paragraph 29 is adopted.

I put paragraph 30 to the vote.

Paragraph 30 is adopted.

I put paragraph 31 to the vote.

Paragraph 31 is adopted.

I put paragraph 32 to the vote.

Paragraph 32 is adopted.

Amendment No 3 as a whole is adopted.

We shall now consider amendment No 2.

I put amendment No 2 to the vote.

Amendment No 2 is adopted.

On paragraph 29, I have amendment No 6 tabled by Mrs Kellett-Bowman, on behalf of the European Conservative Group, calling for this paragraph to read as follows:

29. draws attention to the advantages of Fund Aid being given in the form of interest subsidies or exchange rate guarantees;

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, this is really in the nature of a drafting amendment. It was an idea that was first put forward by ex-Commissioner Thomson in the form in which I have it and there has never been any objection to it. It has always been supported by the committee, but the way the text stands at present it simply does not make sense — certainly in English — I don't know if it does in other languages.

President. — What is the rapporteur's view?

Mr Delmotte, rapporteur. — (*F*) I already accepted eight of Mrs Kellett-Bowman's amendments in Rome. As this is simply a question of terminology, I accept this amendment.

President. — I put amendment No 6 to the vote.

Amendment No 6 is adopted.

I put paragraph 30 to the vote.

Paragraph 30 is adopted.

On paragraph 31 I have amendment No 7, tabled by Mrs Kellett-Bowman, on behalf of the European Conservative Group, calling for the end of this paragraph to read as follows:

- '... a consistently high unemployment rate, high emigration figures and an unbalanced population structure.'

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — As Members will see, the amendment modifies this paragraph only in a very small degree. It just makes it perhaps a little clearer

Kellett-Bowman

and, as this is kindness week, perhaps Mr Delmotte would accept this very minute amendment.

President. Can you agree to that, Mr Delmotte?

Mr Delmotte, rapporteur. — (F) Not entirely, Mr President, as my kindness does not go beyond certain limits. At the most I could agree to Mrs Kellett-Bowman modifying the text of her amendment by means of the words 'a negative migratory balance'.

President. — Can you accept that, Mrs Kellett-Bowman?

Mrs Kellett-Bowman. — No, that is not quite the point I am getting at if I may say so. I am getting at what is left behind. In fact it would possibly have been clearer if I had said 'high emigration figures leading to an unbalanced population structure', which is not quite the same as what the rapporteur said. I am concerned with what is left behind — a lot of old people, a lot of young people — an unbalanced population structure. And I think it will give greater clarity if that is added.

President. — I call Mr Delmotte.

Mr Delmotte. — (F) Mr President, in that case I retain my original text and I ask the House to reject Mrs Kellett-Bowman's amendment.

President. — I put to the vote amendment No 7 as originally drafted.

Amendment No 7 is rejected.

I put to the vote paragraphs 31 to 33.

Paragraphs 31 to 33 are adopted.

On paragraph 34, I have amendment No 8 tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group, calling for this paragraph to read as follows:

'34. considers that special priority should be given to projects where the The Fund Aid would have a 'multiplier' effect;'

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, as I said in my opening remarks, there are certain Members who would be prepared to accept this, provided we make this an addition in some way to paragraph 34 rather than a substitution. It is simply an attempt to make a very small fund go a very long way. That is the purpose of the amendment.

President. — I call Mr Delmotte.

Mr Delmotte, rapporteur. — (F) Mrs Kellett-Bowman's amendment removes a vital concept on which Parliament has already insisted, that of the complementary nature of Community aid. I oppose the amendment.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I feel there is a misunderstanding here. I would share the rapporteur's view if Mrs Kellett-Bowman had not just made it clear that she wants to retain the original text and add this new wording to it. If Mrs Kellett-Bowman's text is to be added, I am in favour of her amendment. Otherwise I would have shared the rapporteur's view. In other words, Mrs Kellett-Bowman does not want to delete anything; she wants to retain everything and add the text of the amendment to it.

President. — I call Mr Delmotte.

Mr Delmotte, rapporteur. — (F) Mr President, if we adopt a perfectionist attitude, we can always insist on adding expressions to existing texts. Let us read it again. 'Points out that the Community contribution is justified only if it complements national aid and has a 'multiplier effect'. What does one have to say to be clear? I oppose the amendment, Mr President.

President. — I put amendment No 8 to the vote.

Amendment No 8 is rejected.

I put to the vote paragraphs 34 to 36.

Paragraphs 34 to 36 are adopted.

On paragraph 37, I have amendment No 9, tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group, calling for the deletion of this paragraph.

Do you wish to maintain this amendment, Mrs Kellett-Bowman?

Mrs Kellett-Bowman. — Yes, it simply involves a straight vote. It was merely intended to call attention to the fact that we do not agree with the paragraph.

Mr Hoffmann. — (D) Mr President, when I read this amendment, which aims at the deletion of the paragraphs, I was very surprised. Although it follows on logically from a number of discussions we had in committee, it is completely out of keeping with the work which we do in this House. This paragraph says nothing more than that we must have coordination of various of the Community's policy-making areas, it says that we must coordinate the fund, and it says that we must have overall planning. So I would ask, you what is supposed to be wrong with this paragraph? The request for its deletion would seem to imply that the author of the amendment assumes there is something bad about it or that it contains something which is fundamentally politically dangerous. I consider paragraph 37 very important in the context of this report and urge the House to adopt it as it stands.

President. — I call Mr Brugger.

Mr Brugger. — (D) As Mr Hoffmann says, the purpose of this paragraph is far clearer than in the

Brugger

original text now that in the German version the word *Programmierung* has been changed to *Zielprojektion*. Apart from this change there were really no other amendments to paragraph 37.

Mr Hoffmann, who was present in committee, also knows that the Christian-Democratic Group voted in favour of the deletion of this paragraph and lost by one vote, by 10 to 9. Although the text has been considerably improved, it is really not easy for me to deviate from the attitude I adopted, in committee, particularly as we did, of course, state that we would like to see some circumspection with regard to the excessive emphasis on planning. I asked the rapporteur to elucidate this. I would really be grateful if he could do this now because I feel that what I have said on behalf of my group makes it relatively clear what we object to. We are in favour of planning and coordination. We are against any intention to replace the regional policy, the system of free market economy, by some kind of planned economy. We have the impression that we have not expressed ourselves clearly enough and that in fact the intention is simply to correct the market economy, not to replace it by another system.

President. — I call Mr Mascagni.

Mr Mascagni. — (I) I have already explained this problem and I do not want to repeat myself. I shall only say that, as has already been pointed out, the wide-ranging debate in the Committee on Regional Policy lasted a good seven hours, a considerable part of which was devoted to just this question. I had hoped that this long discussion would have been some use. Unfortunately it seems that it was not.

The problem is an extremely important one. We agree with this drafting, clarifications have been made, and if Mr Delmotte wishes to give further explanations, they will be welcome. However, we reserve the right to take an initiative to find a way of dealing in more detail with this subject, which is of critical importance. The general lines are right, as much in respect of the use of the Fund in regional policy, as on the general question of the implementation of regional policies, as more generally still, in respect of the Community's active presence within its component States.

President. — I call Mr Delmotte.

Mr Delmotte, rapporteur. — (F) Mr President, ladies and gentlemen, I was aware that as soon as I tried, as logical conclusion to the report, to suggest putting some order into the regional policy, this attitude, which in all modesty I felt to be courageous, would provoke criticism or at least a certain degree of opposition from some of my colleagues.

I should like to ask Mr Brugger to try and understand the meaning of paragraph 37. He should not read into

it any suggestion of a certain strategy or economic doctrine which some circles would like to see implemented.

Furthermore, in this connection I should like to emphasize that over and above the Fund and the proposals for a new Regulation scheduled for 1 January 1978, most of the speakers are already thinking of a more distant future. Along with Mr Caro, I should like us, in an attempt which he himself said would require great will-power, to put some order into what has been done so far, which I would describe — I apologize to the Commission, since this is more a criticism of the Council — as a short-sighted policy based on mini programmes, which failed to adopt effective guidelines as part of an organized programme.

That is all I wished to say to say in paragraph 37. The Christian-Democrats should not read into it any malevolent intentions but, on the contrary, should support my concern to put some order into this policy, to establish its rules and provide it with a precise framework. That is what your rapporteur hopes will be done in the future.

President. — I put amendment No 9 to the vote. Amendment No 9 is rejected.

I put paragraph 37 to the vote.

Paragraph 37 is adopted.

We shall now consider two paragraphs on which I have no amendments listed, but on which Mr Caro has asked for a vote item by item.

I call Mr Caro.

Mr Caro. — (F) Mr President, as I said just now, I have no desire to challenge the rapporteur's intentions, but in my opinion the wording of paragraph 38 contains some ambiguity as regards the setting up of a decision-making centre, which might operate to the detriment of regional initiative and responsibility.

I shall therefore abstain in the vote on this paragraph.

President. — I put paragraph 38 to the vote.

Paragraph 38 is adopted.

I put paragraph 39 to the vote.

Paragraph 39 is adopted.

I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution is adopted.

10. *Tabling of a motion for a resolution*

President. — I have received from Mr Klepsch on behalf of the Christian-Democratic Group, Mr Fellermaier, on behalf of the Socialist Group, Mr Cifarelli, on behalf of the Liberal and Democratic Group, Mr Yeats, on behalf of the Group of European Progressive

President

Democrats, Mr Normanton, on behalf of the European Conservative Group, a motion for a resolution with a request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the political situation in Spain (Doc. 67/77).

I shall consult Parliament on the adoption of urgent procedure at the beginning of tomorrow's sitting.

11. *Problems in the iron and steel industry*

President. — The next item is the motion for a resolution tabled by Mr Fellermaier, on behalf of the Socialist Group, Mr Notenboom, on behalf of the Christian-Democratic Group and Mr Bangemann, on behalf of the Liberal and Democratic Group, on the problems in the Community's iron and steel industry (Doc. 61/76/rev.).

I call Mr Haase.

Mr Haase. — (*D*) Mr President, ladies and gentlemen, what induced the Socialist Group to table this motion for a resolution, and to attempt to win the support of the other political groups? Principally our concern for the people who earn their daily bread in the iron and steel industry and with the sweat of their brow helped to rebuild Europe after the war. They are the ones who in the last ten years have laid important foundations for our prosperity in Europe. Thousands of people are now affected by this crisis: in Lorraine, in the South of Belgium, in Britain, the Saar, the Ruhr district and many other areas. Thousands of families, afraid of losing their modest prosperity, may now have to find a new home in other areas because only there can jobs be found, or they must seek work which pays less. The appeal, therefore, goes out not only to the individual countries of Europe to do something to counteract this crisis; this is undoubtedly a time at which Europe and consequently the European Parliament are called upon to take a stand. But it is also an opportunity for Parliament to show its mettle.

How, we must, of course, ask ourselves, could the situation become so difficult? Because if we establish the cause, we can also establish the means for finding a solution or at least the right course to be taken. I should like to make three points in this connection.

Firstly, world demand for steel has not increased. During the boom of 1974, the world produced 707 million tonnes of steel. During the recession of 1976 it produced 683 million tonnes. That is somewhat less and by no means an increase.

Secondly, other countries, particularly outside the European Community, produce more cheaply, because the European industry has not been rationalized. The figures on the productivity of labour per hour and tonne make this quite clear. In 1950, 36 hours of work were required to produce one tonne of steel in England; in 1976 the corresponding figure was 30 hours. In the Federal Republic it took 38

hours in 1920 and 18 hours in 1976. In Japan, the third country, it took 65 hours in 1950 and 4 hours in 1976. This characterizes the present situation and it also characterizes the competitive situation in the world.

Thirdly, developing countries, which Europe helped to set up steel mills, have now become competitors, and low-priced competitors at that. In India, 10 million tonnes of steel were produced in 1976. That is almost half what France produced. In other words, since world demand has not increased, we are exposed to increased competition. In 1977, the Iron and Steel Institute in Brussels has predicted in its analysis, steel requirements will rise to 745 million tonnes. At the same time, however, this institute predicts a drop in the rate of production in the Community of 6%.

Our question is, therefore: were these developments not predictable? Did they simply come out of the blue? Would it not have been possible to see the clouds on the horizon a long time ago? Should those responsible in industry have been allowed to wait until the eleventh hour before turning to the public authorities? Should they not be called to account now that they are passing on the consequences of their omissions to the Community — and by that I mean the peoples and citizens of the Community? For this is the only interpretation they can put on the fact that in the very near future over DM 6 000 million is to be spent from public funds in France or that similar or only slightly smaller sums are being mentioned in other countries, and that now the Community is supposed to help. With this motion for a resolution, which we are debating by urgent procedure, the Socialist Group wants to make it clear that it is not only levelling accusations but that it also feels we have an obligation towards the workers affected by this situation and that this obligation is also in the interests of the European economic order. We must ensure that lasting solutions are found. With the Davignon plan the Commission has at least taken what is basically the right course. That must be said here, and we should be grateful for it. But we do have a few things to say about it to make it clear that what has been proposed and some of what has been initiated must be continued in the right direction.

At this point I would refer to two factors which seem important to me. Short-term: what must be done in the short-term? Aid must be granted for specific purposes in the social sector. That must be the answer. The Social Fund must be used here. Retraining, social plans, earlier retirement ages and such like must be introduced and where there is short-time work, there must be compensation for loss of wages. There are other items which I do not want to list at the moment. I have merely referred to a number of social measures, as we have done in our motion, a package of social measures which must be used to provide those affected with help quickly.

Haase

In the medium term, ladies and gentlemen, the economic policy element will have to take the forefront. Emphasis must be placed on the restructuring of our iron and steel industry. This can only be done in the medium term. Anyone who thinks success can be achieved quickly is believing in something which can never happen.

Capacities must be adapted. We must say that here with courage, considering world demand and the predictable trend. We are not in favour of merging iron and steel producers with processing industry. This is no solution. It might for the moment ease the cash situation of the steel producers, with their large deficits, but — and the European Parliament should realize this when making its decision — it would also mean completely overthrowing the system of competition in Europe and lead to the call in all countries for giant groups, something which might have a chance of coming true. A confused state of competition in Europe would be the consequence of such a plan or plans.

We should also realize that the legislation on competition gives rise to considerable doubts about such a move and that such operations might prove difficult in view of the third power in Europe, the law. The object cannot be to bring about such mergers because it would mean not a single tonne of steel being sold by our own steel producers, unless import restrictions were introduced. The same applies, moreover, to the application of Article 58 of the ECSC Treaty. The result would not be the industry's restoration to health, but at best prices that might take some of the urgency out of the conversion and changes in the structure of this industry, so that they can be put off until another day. We would have price increases on the steel market which in the final analysis would not help the competitive situation and would not meet the consumer's expectations, either.

Nor can the European Community afford trade and import restrictions in this sector, since, with Europe still a net steel exporter, this would mean beginning a trade war which would assume world-wide dimensions. We will therefore — and I should like to make this quite clear straightaway — be against amendments aiming at something along these lines, because we do not feel that this is a reasonable proposal for bringing about the recovery of our iron and steel industry.

The same applies to the need for negotiations to be initiated on a world-wide scale and within the framework of the OECD. We have said as much in paragraph 3 of our motion for a resolution. I should like to say straightaway that we would appreciate it if the House could agree to paragraph 3 being amended as follows :

'3. Takes the view that the Community's internal measures will produce more positive results in the

context of world-wide agreements and therefore particularly favours a tripartite conference within the framework of the OECD.'

What we are saying, therefore, is that we believe that this will make things easier, without it being the only way of making things easier. We would ask for the amendment I have just read out to be put to the vote if the House agrees.

Ladies and gentlemen, as I said at the beginning, this is a very important resolution for this Parliament. It will demonstrate our solidarity with the workers of the European countries, and it can provide the Commission with some support in the measures that it has begun to implement.

It also warns against the taking of steps in the wrong direction. I would, therefore, ask the House to adopt this motion for a resolution and to reject all amendments to it.

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

Mr A. Bertrand. — (NL) Mr President, Mr Notenboom has unexpectedly been recalled to his country and has asked me to present the motion for a resolution on behalf of the group.

I would first and foremost like to explain the background to our decision to submit this resolution. Under the Treaty of Paris of the European Coal and Steel Community Parliament has no advisory powers: only the Commission is empowered to propose measures and take decisions whilst the Council merely has an advisory position. As the Commission accepted the Davignon plan on 16 March, and as the Commission, in the person of Commissioner Davignon, was clever enough to submit the plan to the European Council in Rome and thereby receive the approval of the Heads of State and Government, it has naturally received a moral boost which will now make it easy to bring the whole subject to the fore. On 19 April it obtained the opinion of the Consultative Committee and at the end of April it will be trying to obtain the opinion of the Council of Ministers in order to be able to carry out its plan at the beginning of May. This means that Parliament will be completely by-passed without having a chance to give its opinion. This is the reason why our group has submitted this motion for a resolution, since we are in fact very disturbed about the rapid deterioration of conditions in the steel industry.

If we think about it, it is in fact clear that shortly nothing will survive of the whole basis of the coal and steel Treaty. We have already had a coal crisis with a drop in production from 230 million to 135 million tonnes of coal. Now the steel sector is also collapsing and the iron ore mines have already been closed. So the real basis of the original potential of the Community of six countries which founded the Coal and Steel

A. Bertrand

Community in 1950 with the Treaty of Paris is now threatened. This dramatic development makes it necessary for us to deliver an opinion to the Commission now it has tabled its plans. When we realize that last year we produced 120 million tonnes as against 159 million in 1974 and that at this moment only 60 % of the production capacity of our blast furnaces is being utilized and that we are facing such a structural crisis that it is dangerous for us to mention in public the percentages of production that will have to be run down in order to maintain the competitiveness of our basic steel industry at world level, there is clearly every reason for us to make every effort to examine the initiatives which could possibly be taken to improve the situation in the short term, in order to stabilize the market and to make possible long-term structural organization.

The measures required will however have such widespread social consequences that there is the danger of revolution in certain steel areas in our Community.

Here I am thinking of the nervousness and tension prevailing in Lorraine, of the demonstrations which took place this week and the demonstrations which we expect in Belgium. There is very great anxiety. Thousands and thousands of people see their livelihood threatened by what is happening at the moment in the steel industry. This is why we must see that the Commission, in its threefold programme, containing a structural component, a market component, and a component referring to relations with third countries, should explain far more clearly what great efforts it is prepared to undertake to absorb the social consequences.

Commissioner Davignon proposes that in 1977 an amount between 750 and 100 million dollars should be made available in the Community for conversion and restructuring, and I would ask him to explain clearly what part of this is intended for conversion. He possesses great powers under the ECSC Treaty. He can achieve a lot more in the way of conversion than the Social Fund can within the framework of the EEC. His powers are much more extensive in this area than those of the European Social Fund since he is able to operate within the framework of the ECSC Treaty. I would therefore like to ask him to give us at least some guarantees on this point. Apart from the Community proposals put forward by him for this year and the 20 million units of account which are still available on the budget for research in the Community iron and steel industry, we hope that national aid will also be coordinated. France is providing 21 000 million for conversion in the Alsace-Lorraine steel area. The Belgian Government is providing 9 000 million for conversion in the Belgian steel industry and we know that these thousands of millions will go towards reducing the number of jobs in the steel industry, the modernization of the steel

industry and more intensive rationalization so that the industry can remain competitive. But what about the 12 to 15 000 people in the Belgian steel industry who will have to be made redundant in the next three or four years and the more than 20 000 workers in Alsace-Lorraine who will be deprived of their jobs by this massive financial aid to industry?

It is therefore extremely important, Mr Davignon, that the programme of Community measures should emphasize that the Community is to concern itself with all aspects of social adjustments. We therefore agree with your views on imports from non-member countries.

In your proposal you have made a clear distinction between three different things. Firstly there must be statistical control of imports by the granting of automatic licences for about twenty products.

Then you propose a number of procedures for an anti-dumping policy which will have to work in two ways, both for exports from the Community and imports into the Community.

Thirdly, you propose a number of defensive measures against the dumping of imports from non-member countries which could disrupt our market.

I consider these three elements extremely important. In paragraph 2 of the resolution we warned against measures which could jeopardize the external relations of the Community or fan the flames of inflation again. The substance of this paragraph is clearly an allusion to the third part of your proposal from which we see that you wish to organize contacts with importing countries in a different way than has hitherto been the case.

Finally, in paragraph 3 we state that the problems can only be solved on a world-wide basis since the crisis in the steel industry is not confined to the Community. We are confronted with a world-wide excess capacity and the only way of dealing with this is on a world-wide basis. This is why we are so insistent that a tripartite conference should be organized under the auspices of the OECD.

We ask the Commission to take the initiative in consultation with the nine Member States to arrange for this tripartite conference to take place as soon as possible within the framework of the OECD. This will make it possible to see how we can obtain agreement at world level on ways of dealing with the crisis as it is developing at the moment.

This is why I support the amendment put forward by my Socialist colleague. The word *slechts* in the Dutch version must be deleted since it is clear that internal Community measures can only have a positive effect if there is world-wide agreement and a general arrangement is made for the whole sector.

For these reasons we therefore request the Commission, in paragraph 4, to employ all the means at its

A. Bertrand

disposal to bring about a restructuring of the iron and steel industry. In this connection I am glad that when the Treaties were merged, this supranational element of the Paris Treaty was maintained, making the Commission the executive organ in this field, with powers of decision, whereas the Council only has an advisory task to fulfil. This gives the Commission great latitude and it can assure the employees in this sector particularly that everything will be done to create new jobs for them, as it was when the coal mines were shut down. If the Commission assures us that it will tackle the problem in this way it can count on our full support for the deployment of its activities in the way it considers most suitable.

(Applause)

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

Mr Bangemann. — *(D)* Mr President, when we were dealing with the Commission's social report this morning, it was clear to all those taking part in the short debate that the phenomenon of unemployment has two causes, one which we all hope to be of a transitory nature, that is the short-term economic cause, the other being independent of the present economic trend and stemming to a greater extent from the structure of our economy.

In the iron and steel industry, with which the motion tabled by urgent procedure by the three groups, including the Liberal and Democratic Group, deals, we undoubtedly have not only the short-term economic causes of recession but also structural causes to contend with, and I should, therefore like to congratulate the Commission on behalf of my group for beginning at a very early date in this sector to do what can certainly eliminate the structural difficulties on its own, that is an industrial policy which from the outset and even before the difficulties emerge, proposes approaches and solutions that can only be found with very great difficulty after the event.

The situation — as Mr Bertrand has just said — has now taken a dramatic turn for the worse, and immediate and energetic intervention by the Community is undoubtedly required, and that is what this motion is about.

The motion certainly does not set out to criticize the Commission — as the member of the Commission knows — but, as Mr Bertrand has already said, represents an attempt by Parliament to support all the efforts being made by the Commission.

I should like to refer to a number of aspects to make it clear where the dangers of such measures may lie. At national level — and this is also true of the European Community, which in this context can be described as being national — we can only ever solve part of the problem. This becomes quite evident when

the international conditions of this crisis are considered. This motion for a resolution, therefore, quite rightly places the emphasis on achieving an international agreement which reduces the most dangerous of the overcapacities at least. However, it should be realized that thought must be given to a number of short-term economic difficulties in addition to the structural problems, since too drastic a reduction of existing capacities — as we found with the coal industry — may result at a given moment in a shortage of supply and the elimination of jobs, which would probably not have been necessary.

In other words, the Commission should also consider whether in addition to the measures aimed at easing the social position of those who lose their jobs, it should not also introduce provisional measures under which capacities, as such, and jobs would be retained so that, if and when the period of reduced demand is over, these capacities are still available. In the case of the coal industry, on which all the countries of the Community have pursued a policy of reducing capacities, we have seen how in a given situation we suddenly find ourselves saying: if only we had our former capacities — or at least some of them.

Another remark I should like to make concerns the reference in the motion for a resolution to the danger of disturbing international trade relations. It must be realized that on the one hand dumping and on the other, of course, any kind of protectionism can represent a danger of this kind. A world economic summit is about to take place and it will undoubtedly be dealing with the danger of protectionism, and we know that the Community — thank God — will be participating in this summit and will be able to speak at it. Protectionism would, of course, add to this structural crisis, since everyone surely realizes that unobstructed world-wide trade is a basic element of economic growth and that any agreement reached within the framework of the OECD or any other international organization must therefore make sure that these dangers are avoided. It is clear that not quite the right words may have been chosen in the original, forthright version of paragraph 3. My group therefore agrees to the amendment put forward orally by the Socialist Group since it does not in fact change the content but simply leaves room for other possibilities.

We call on the Commission to add to its programme in the very near future particularly those social and labour market policy measures which are required here and to do so in practical form. We shall, of course, also have to discuss the possible budgetary consequences shortly, and I am sure no one in this House will close his mind to the budgetary requirements. We therefore expect the Commission to continue its policy in this traditional sector of the Community's industry with all the means at its disposal.

Bangemann

Along with agriculture, the iron and steel industry is a basic, traditional element of our common Europe, and faced with all the social and personal difficulties for the individuals concerned, no one who supports Europe can remain unmoved if, in these traditional elements of Europe, signs of weakness become evident, which must together have an effect on the Community if they are not counteracted. We therefore welcome everything that the Commission has so far done and we ask it to continue its efforts and to take the necessary practical measures.

(Applause)

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

Mr Rivierez. — *(F)* Mr President, I am replacing Mr Terrenoire, who was to have spoken on this matter on behalf of the Group of European Progressive Democrats. The previous speakers have already described the serious crisis now facing the European iron and steel industry. This crisis is particularly acute at the present time and is affecting the ECSC iron and steel industry more severely than industries elsewhere in the world. Prices fell drastically in the Community, whereas in the United States and Japan they were scarcely affected. The implications of this situation are causing us all great concern. In several Community countries the fall in production capacities has led to a reduction in activity coupled with measures introducing partial unemployment, and you are aware that the French Parliament recently held an important debate on the iron and steel industry in Lorraine. Just now, here in the House, both Mr Bertrand and the previous speaker described the proposed French measures to avoid losing a considerable number of jobs and as far as possible to maintain employment in Lorraine.

This employment crisis in the iron and steel industry has everywhere reached serious proportions. The world steel market has certainly been seriously disrupted by the decline in the economic growth rate, but the development of cut-throat competition is due principally to the appearance of new producer countries and aggressive commercial tactics on the part of certain countries which we could all name. In the speech he had prepared Mr Terrenoire emphasized that the inactivity of the Community institutions was yet again to be regretted, in that they were unable or unwilling to take, in good time, the measures needed to effectively defend the European steel market against this abnormal competition from certain third countries, despite the fact that the Treaty of Paris provided the necessary means of intervention.

Of course we are aware that a new aspect has been added to the file — the Davignon plan, which was submitted to the European Council in Rome and

whose principal measures were mentioned just now by Mr Bertrand. But the Commission is bound up with its past and we are now faced with new provisions which have already been praised by certain Members of this House. Besides, the proposed amendments naturally do not criticize this plan; their aim is simply to urge that it is strictly observed. It is fortunate that Parliament has been asked to discuss this resolution which was originally tabled by the Socialist Group. It was appropriate that we should discuss it, as Mr Cousté proposed on Monday. This debate was necessary, even though a major debate has, I think, been arranged for the May part-session. However, the Group of European Progressive Democrats could not accept as its own the motion for a resolution tabled jointly by the Socialist Group, the Christian-Democratic Group and the Liberal and Democratic Group. We should like to emphasize the main theme of our concern, i.e. the definition at Community level of this iron and steel policy which has just been defined in the Davignon plan. This should include anti-crisis mechanisms to take account of the present situation and a definition of appropriate and precise means of, firstly detecting and secondly putting an end to the disruption to the steel trade, which protects certain markets.

On the other hand, we too feel that all these measures can be entirely effective only if they are supplemented by negotiations at world level, but we state quite clearly that these world agreements should merely complement an independent European policy. Finally, considerable efforts with regard to productivity and rationalization are of vital importance in this field. The Community institutions must take the essential support measures to protect the economic balance of regions in difficulty, and implement the social measures required by the rationalization programme, since the social concern which has emerged during this debate is of supreme importance. As far as that is concerned, I can but add my support to that of the previous speakers. In our opinion, this means that the present crisis will at least have the advantage of provoking a realization of the need to tackle with determination the problems facing the steel market at European level.

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

Mr Spinelli. — *(I)* Mr President, when we speak of the steel crisis I do not think that we should lump everything together and consider the crisis in the steel sector as the same sort of crisis as those affecting, for example, the textiles and shipbuilding industries.

The steel industry is traditionally very sensitive to general production trends and, in comparison with other industries, fluctuates both upwards and downwards in an extreme and often erratic manner.

Spinelli

In the present situation, obviously, the fundamental reason for the crisis in the steel industry is that it is caught up in the general recession affecting the entire economy. This, however, is basically a conjunctural crisis. There is a clear need for greater rationalization efforts now than were made during the years of plenty, but we should not be thinking in terms of giving a new dimension to the European steel industry in order to leave more space for other industries. We can be certain that there will be a recovery in steel production, both in Europe and other countries, because world economy which is constantly expanding will inevitably require growing quantities of steel.

If, for example, we consider that India is now producing half as much steel as France, we should also recall that India has 500 million inhabitants and that it is probable that in a few years' time it will be producing more than France; indeed, it is probable that the time will come when India will produce more than the entire Community as its internal requirements increase.

It is, however, obvious that rationalization measures are needed. We shall, nevertheless, have to approach the problem differently from how we tackled the coal sector, for example. In the case of coal there was an extremely long period during which consumption was reduced in favour of oil.

Today, of course, it can be said that we were rather short-sighted in what we did. However, while in the coal sector there was a trend towards reducing production and manpower, we should regard the situation in the steel sector as cyclical. The measures that are now called for should therefore be aimed at modernization, recovery and making the industry more competitive, although they should include conservation to help us overcome short-term difficulties.

In the longer term there may well be a case for adopting the Commission's scheme for requiring the iron and steel industry, during periods of high economic activity, when profits are high, to set aside funds — on their own account and not paying them to the Community or the State — which would be used for reorganizing the industry in more difficult times.

The Commission is today using all the means at its disposal in an attempt to master the situation. Nevertheless I feel that there are some things about which the Commission would do well to inform Parliament in detail in view of the fact that the iron and steel industry, in addition to being susceptible to violent fluctuations, also has a tendency to create monopoly situations and to defend them, in comparison with other industries extremely jealously. It is forced into these monopoly or cartel situations partly as a result of the extremity of the cycles it goes through and partly by the fact that it is an industry which can rela-

tively easily fall into the hands of a limited number of owners.

The ECSC Treaty, on the one hand, makes the Commission responsible for ensuring that cartel or dominant position situations do not arise and, on the other, recognizes that there may be crisis situations, such as the present one, in which price and quantity controls may have to be authorized. But the Treaty lays down that these provisions can be invoked or withdrawn by the Commission and not by the industry itself or its organizations.

We are of course well aware — I noticed it when I was in the Commission and I am sure Mr Davignon will also have found it out — that many industrialists are extremely reticent about Community measures, preferring to take them themselves. They talk about the defence of liberty, competition, the independence of decision-making; what they actually want is private monopoly rather than public control.

Last year, in fact, if I am not mistaken, part of the Community steel industry tried to set up a major cartel. After the Commission had drawn attention to the dangers of this plan, a large association was set up comprising all the iron and steel industries — called Eurofer — and if my information is correct the Commission, in establishing minimum prices, made this organization itself responsible for ensuring that the prices were respected.

This really set the cat among the pigeons, which is why I think — without wishing to make any judgment myself at this time, since I do not have all the necessary information — that the Commission would do well to submit to Parliament as soon as possible a report on this Eurofer organization, on its relations with the Commission, on the conformity or otherwise of this organization with the provisions of the Treaty and, in particular, with Article 65 of the ECSC Treaty, which calls for a watch to be kept on the creation of monopoly situations.

I have made this point in the form of an amendment to the motion for a resolution.

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

Mr Normanton. — Mr President, I wish to make two points and both of them briefly. I happen to know that Commissioner Davignon is already staying way beyond the time which he had programmed and we are greatly indebted that he is prepared to do so, because I know he has another very urgent and important engagement requiring his presence. Therefore for this reason, and this reason only, I will be very brief.

The second point I want to make is that the fact that the European Conservative Group has not appended its signature to this particular motion for a resolution stems from two reasons. Firstly, we do not believe that

Normanton

the wording of this resolution does sufficient credit to the seriousness of the situation which faces the iron and steel industry. This is not, in my opinion, appropriate to the matter we are currently dealing with. Secondly, what we ought to be holding is a major debate on the issue, not bringing it up at the end of a day's business in a terribly thinly attended House, for this subject must surely be one of the most important facing Europe. I would strongly endorse the point made by Mr Bertrand and reinforced by Mr Bange-mann amongst others.

So on the grounds that this is not, in our opinion, the appropriate manner to deal with such an important matter and in view of the fact that the Commissioner, I know, cannot stay longer than he really must, I propose to waive the mass of contributions which the European Conservative Group intended to make to this debate. Having said that, all I will add is that we are going to come to a vote — unfortunately, because I think the substance is far and away inadequate for dealing with such an important matter — and we as a group will vote for the resolution in the terms in which it was tabled. No amount of amendment to this document would, in the short space of time we are giving to this matter, be sufficient to turn this relatively superficial presentation of our concern into a document worthy of the importance which attaches to the subject. On that basis, therefore, we shall vote for the resolution, we shall oppose the amendments, but I would earnestly put the plea to you, Mr President, and to this House and to Commissioner Davignon that we all combine at the very earliest opportunity to mount a comprehensive debate on the whole question of the iron and steel industry and its future.

(Applause)

IN THE CHAIR : MR YEATS

Vice-President

President. — I call Mr Davignon.

Mr Davignon, *member of the Commission.* — (F) Mr President, I should like to thank Parliament for taking the initiative in pointing out the political importance of the present steel crisis.

The Commission considers the resolution which has been submitted today — and we thank the groups responsible for it — as an indication of the importance which Parliament attaches to this question. Although, as Mr Bertrand stated a little while ago, the Treaty does not make it compulsory for Parliament to give its opinion on the Commission's various proposals, before the groups took their initiative I had already contacted the chairman of the Committee on

Economic and Monetary Affairs to arrange a comprehensive discussion this month on all aspects of this matter.

I feel that if such were the wishes of Parliament and the committee responsible, it would be appropriate, after this technical debate, for Parliament to hold a detailed debate on all aspects of the problem of steel. The Commission would be pleased to join in a debate of this kind, in May or June, on the basis of a detailed document covering all aspects of the problem.

I believe that the social situation and the economic future of Europe justify this new political awareness and this debate. I shall be brief, Mr President, as I should now be in Brussels, precisely to discuss the problem of steel along the lines of this resolution. But I must make the following remarks.

It is clear that when the future of one worker out of seven in the steel industry is threatened, the industrial and economic problem is first and foremost a political one, and it is this aspect which we must try and solve. While recognizing the existence of a medium-term problem, we must therefore begin with the short-term one, for otherwise there may be nothing left to reorganize. And what will happen in that event? Precisely what the previous speakers have denounced, i.e. uncoordinated national measures, unrelated to an programme of reconversion and restructuring; not only European protectionism but protectionism within the Community and the end of one of the Community's vital political achievements, i.e. the single market established by the ECSC Treaty.

As regards urgent measures, I should like to say that I sympathize with the way in which Mr Rivierez presented the problem. Indeed, on reading the amendments tabled by Mr Terrenoire, I had decided to say that they were unjust, inappropriate to the present circumstances and that they ignored the Commission's efforts. Now that Mr Rivierez has indicated the reasons for these amendments, I shall be less categorical in my remarks. The Commission devotes a good deal of time to these matters and will yield neither to the Member States nor to the undertakings the powers it derives from the Treaty. I must say with some dismay that I don't know now Mr Spinelli could believe that we were going to entrust to others the task of supervizing and controlling the programme for steel which the Commission is now finalizing.

Obviously, we hold consultations with the steel producers who, under the terms of the Treaty, are required to provide us with certain information; in conjunction with them we are now seeking to draw up measures relating to the organization of the market, but it is we who will supervise these measures. I would add that we also consult workers and users.

Davignon

My second point concerns the need for immediate measures to reorganize the steel industry itself, if we are to implement a restructuring programme at the cost indicated by Mr Bertrand. We are therefore recommending a number of measures to improve the market situation without creating disturbances at international level and without provoking further inflation. It goes without saying that we will not try to solve the problems facing one industrial sector only to create problems in others. Since the Commission intends to develop an industrial strategy by means of a series of measures to help those industrial sectors in difficulties, it is logical that we should only introduce closely coordinated and cohesive measures.

My third point concerns long-term restructuring measures. We cannot face a crisis of this magnitude every four years, particularly since this crisis is affecting those regions already hit by the coal crisis. This political and regional situation cannot be tolerated. Within the context of the Community's coordinated policy as a whole (Social Fund, Regional Fund) it is essential that these regions, like all the others, should be guaranteed the opportunity for stable development. Restructuring and reconversion therefore represent the third strand of the policy.

Fourthly, if it is true that the problem of steel is not a national problem within the Community, then nor is it exclusively a Community problem and we must pay attention to events outside. In this connection I have nothing to add to what the previous speakers have said. Protectionism would be fatal, since we are exporters. On the other hand, nor can we accept laxness when we discover that those who export to us do not respect the rules of international trade. I would repeat: anti-dumping measures are not based on protectionism, they are the counterpart of free trade. Anyone who does not trade in accordance with the rules must be penalized; hence the anti-dumping measures.

The final part of my speech therefore concerns the discussions with those of our partners who are most concerned — the Japanese, the Americans, our other European partners — to obtain some idea of how the steel market will develop over the next ten years. That is why we are proposing, within the Community, to modify the objectives of the steel sector and outside, to hold discussions aimed at defining structural and short-term economic aspects of the problem. I am therefore grateful to the groups which tabled the motion for a resolution for proposing an amendment to paragraph 3, since the international problem clearly complements our internal efforts, which will be more effective if we can resolve the problem of steel as a whole. However, we can clearly not wait for this world agreement before introducing internal measures.

In conclusion I should like to say that the Commission sees this as a fundamental political problem affecting the development and preservation of a vital Community industry, as regards both employment

and the Community's political autonomy and the protection of other industrial sectors dependent on the iron and steel industry. In the medium-term the aim is therefore to re-establish a viable and competitive European iron and steel industry to obviate the need for an anti-crisis plan. It will be a difficult task and will require the support of each and every one of us. The Commission has certain powers which it will use. On the other hand it hopes that its action will be subject to permanent control: that is why, if Parliament so wished, after the discussion on all the technical aspects in the Committee on Economic and Monetary Affairs, a comprehensive debate on this matter would show that Parliament has understood the Commission's point of view and supports it. In that event, I think that we shall have acted rightly in the steel sector and provided a vital demonstration that the European Community still retains political credibility.

President. — The debate is closed.

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1, tabled by Mr Terrenoire, on behalf of the Group of European Progressive Democrats:

This paragraph to read as follows.

- '1. Considers that the Commission's action has so far been inadequate and that in future it should act more rapidly and see to it that the proposed measures are properly applied.'

I call Mr Rivierez.

Mr Rivierez. — (*F*) Mr President, since I am not the author of the amendment, I have no right to withdraw it. But in view of what Mr Davignon has just said, I would emphasize that this amendment refers to the Davignon plan in its request that the proposed measures should be correctly applied and in its statement that the criticism was directed towards past action. The main aim of the amendment was to illustrate the seriousness of the situation and to reflect all that Parliament has said on this matter as well as the remarks made by Mr Davignon himself.

I wished to emphasize the implication of this amendment, which expresses the desire for the proposed measures to be applied.

President. — What is the view of the author of the motion for a resolution?

Mr Fellermaier. — (*D*) Mr President, I would ask on behalf of the political groups that have tabled the motion for the amendment proposed by the Group of European Progressive Democrats to be rejected. It

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does not help the people affected in the iron and steel industries in our Member States if we now try to assess whether perhaps mistakes have been made by governments or by the Commission, by the unions of metal workers or by the steel industry. The difficulty is that the situation has changed radically throughout the world and it was impossible to define targets for the future on the necessary scale in the light of world market influences. I think that we should look to the future and Mr Davignon's brief and apposite comments clearly show that the Commission is ready to take a courageous step, which seems to me more to the point than dwelling on the mistakes of the past. I would therefore urge my colleague who is deputizing for the author of the amendment to take a realistic view of the situation and withdraw the amendment; failing this, I ask the House to reject the amendment.

President. — Do I understand, Mr Rivierez, that you are withdrawing the amendment?

Mr Rivierez. — (*F*) Mr President, since Mr Terrenoire is not here, I cannot withdraw the amendment.

President. — I put the Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

After paragraph 1 I have Amendment No 2, tabled by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, seeking to insert a new paragraph 1a:

- 1a. Invites the Commission to draw up a comprehensive development programme for the iron and steel sector and propose all the parallel measures required to preserve the economic equilibrium of the regions currently experiencing difficulties;

I call Mr Rivierez.

Mr Rivierez. — (*F*) Mr President, this amendment by Mr Terrenoire was of interest in so far as it complemented the first amendment, but it does not run counter to the amendments which the House has just voted to paragraph 1. Basically it refers to support measures, i.e. in the social sector, which was our main concern, and to the re-establishment of economic equilibrium in the regions concerned. These measures must therefore take account of this aim of re-establishing economic equilibrium in the context of the restructuring programme which you intend to introduce. I therefore feel that we cannot reject this amendment. Of course paragraph 4 of the resolution tabled by the Socialist, Liberal and Democratic and Christian-Democratic Groups is concerned with the same problems, but Mr Terrenoire wished to express the concern of the group on whose behalf he tabled this amendment.

President. — I call Mr Bertrand.

Mr A. Bertrand — (*NL*) Mr President, we cannot accept this amendment since it represents an unnecessary addition to paragraph 1, in which we pledge our support to the Commission in its endeavour to deal with the European steel crisis. We consider this addition unnecessary from the point of view of the overall programme and we therefore hope that this amendment will not be accepted since it adds nothing to the content and scope of the resolution itself.

President. — I put Amendment No 2 to the vote.

Amendment No 2 is rejected.

On paragraph 2, I have Amendment No 3, tabled by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, calling for the text of this paragraph to read as follows:

2. Calls for implementation of all possible anti-crisis measures, particularly those provided for under the ECSC Treaty, in order to put an end to improper steel imports from certain third countries;

I call Mr Rivierez.

Mr Rivierez. — (*F*) Mr President, this amendment reflects our group's concern to prevent improper imports from certain third countries. We ask that all available crisis measures, particularly those provided for under the ECSC Treaty, should be implemented to put an end to improper steel imports from certain third countries.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, I would ask the House also to reject this amendment. If it is adopted, it will have exactly the reverse effect from what we wish to achieve. Despite all the difficulties in the Community we want to promote the liberalization of world trade, not hinder it. However, there seems to be a dangerous trend which opposes liberalization and that is why I am calling for rejection of the amendment.

President. — I put Amendment No 3 to the vote.

Amendment No 3 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3, I have Amendment No 4, tabled by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, calling for this paragraph to read as follows:

3. Considers that the Community's internal measures will have to be supplemented by a world-wide agreement;

I call Mr Rivierez.

Mr Rivierez. — (*F*) Mr President, this paragraph 3 tabled by Mr Terrenoire seems to me to be more condensed than paragraph 3 of the motion for a resolution. I shall leave the choice to the House's discretion.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Unfortunately I must say that the proposed amendment is not more condensed; the wording proposed by the author of the motion for a resolution, is more condensed because we stress that it should be possible to make very rapid progress in the OECD. This in my view is the first stage in introducing world-wide measures. A further point: the tripartite conference is particularly important because it involves employers and workers in the OECD process. For this reason I would ask for the amendment to be rejected and adoption of the amended version of paragraph 3 that we have proposed orally.

President. I put Amendment No 4 to the vote.

Amendment No 4 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraph 4, I have no amendments or speakers listed.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

After paragraph 4, I have Amendment No 5, tabled by Mr Spinelli, seeking to add a new paragraph 5:

5. Asks the Commission to submit as soon as possible a report on the Eurofer association and on its conformity or otherwise with Article 65 of the ECSC Treaty;

I call Mr Spinelli.

Mr Spinelli. — (*I*) I have already explained this amendment.

President. — I call Mr Bertrand.

Mr A Bertrand. — (*NL*) Mr President, I can well understand Mr Spinelli's anxiety but this amendment is out of place in this resolution which after all deals with the proposals for structural and cyclical investments and structural measures. The problem referred to by Mr Spinelli would appear to be a matter for debate in the Committee on Economic and Monetary Affairs. It could possibly be formulated there later as a request in a report on the activity and the legal aspects of the Eurofer Association and its position with regard to the Treaty, but it has nothing to do with the present resolution. I therefore request Mr Spinelli to withdraw his amendment and to put it to the Committee on Economic and Monetary Affairs for further discussion. Otherwise I must ask for the amendment to be rejected.

Mr Lange. — (*D*) I should like to endorse Mr Bertrand's comments and say to Mr Spinelli that the Committee on Economic and Monetary Affairs is currently giving its attention to this question. The committee has only one point to make to the Commission: we now have a clear picture of developments to date and we know in what ways Eurofer is satisfactory and in what ways it is unsatisfactory. Thus, Mr Spinelli, we have the matter in hand and I would therefore urge you not to vote on this amendment, otherwise it might give the impression that we disagree with the content, which is not the case. The amendment should be withdrawn and we can then consider the matter further at the forthcoming meeting of the Committee on Economic and Monetary Affairs to be held in the next few weeks.

President. — I call Mr Davignon.

Mr Davignon, member of the Commission. — (*F*) Mr President, I should like to say that when we discuss the problem of steel production in the Committee on Economic and Monetary Affairs, I shall make a detailed statement on this matter, of our relations with the producers and Eurofer. I would add that on this aspect, as on the others, the Commission has certain powers which it uses.

President. — I call Mr Spinelli.

Mr Spinelli. — (*I*) I am convinced that Eurofer came into being because of the crisis, but I do not wish to complicate matters for the House and I therefore withdraw the amendment.

It seems to me that in the advice we are giving the Commission, an essential feature is missing and we shall therefore abstain on the vote on the motion for a resolution.

President. — Amendment No 5 is withdrawn.

I call Mr Hoffmann to give an explanation of vote.

Mr Hoffmann. — Mr President, thank you for giving me this opportunity to explain my vote. I have voted in favour of the motion for a resolution in the form proposed by the three political groups, because I think that the motion — and I shall in due course be voting in favour of the motion as a whole — conforms to the scope of the treaties and is to some extent based on them. I should like to stress, however, that the impressions I have gained from my experiences in my own area, where the steel industry is particularly affected by problems of this nature, make the procedure that we are discussing seem extremely cynical. I know that as far as the capital of most undertakings is concerned it would not be true to say that they are 'in the red'; certain substantial sections of these undertakings do in fact make a profit, but they are not prepared to use this profit to offset the losses in other sections.

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I can even give you detailed information regarding the steel sector if you wish. But because I know this, and because there are naturally reasons for this crisis, which I have discussed at length and which I do not dispute, namely problems on the world market and structural problems, I should like to stress that what is happening in this sector is that the crisis is being resolved at the expense of workers and taxpayers who are involved in a number of different ways, whether it be through infrastructure payments, social schemes, unemployment contributions or social security. All I can say to you is that I have no time for a basic policy under which it is taken for granted that public funds will be pumped into the steel industry to alleviate a crisis while the question of ownership in the steel industry is not even called into question.

I consider it a political scandal that we are talking about the rationalization of the steel industry in Europe while at the same time we give no thought to the fact that this no longer has anything to do with a social market economy but the people affected are being manipulated into bearing the brunt of the crisis.

President. — I put the motion for a resolution as a whole, to the vote.

The resolution is adopted.¹

12. *Oral question with debate:*
Industrial dereliction

President. — The next item is the Oral Question with debate, by the European Conservative Group, to the Commission of the European Communities, on industrial dereliction (Doc. 30/77):

Will the Commission establish a programme and a fund to study and combat problems of severe industrial dereliction in the Community?

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, perhaps I should mention at the outset that I have just discovered that there is a considerable language difference in the word *dereliction* between the English and the French. I understand that *dereliction* has been translated into French as *decline*. This is not correct. An industry can, alas, be declining in a handsome, modern factory, as many of our textile companies unfortunately are doing in the North-West of England, for example. It is only described in English as dereliction, when the fabric of the building itself and its surroundings have become decayed and an eyesore, and thereby constitute a positive disincentive to other industries to come in. I make this point, Mr President, because it caused quite some considerable difficulties in the previous debate on the Delmotte report.

Mr President, I raise this problem on behalf of my group in the belief that this is an area in which Community action can be of enormous, immediate and very evident benefit to the lives and livelihood of many thousands of Community citizens. I believe that a Community programme to fight against the consequences of industrial dereliction — that is, the legacy, in the form of slag-heaps, waste-land, deserted and unusable factories, and pollution, of an age in which industry was less conscious of its effects upon the environment — must be an integral part, not only of regional policy, but of environmental policy too. It is beyond question that industrial dereliction is a major cause of the economic backwardness of certain regions.

I am thinking in particular of those regions, for example, north-west Lancashire and Glasgow in the United Kingdom, the mining regions of Belgium and parts of northern France, which were amongst the first in Europe and indeed the world to industrialize on a major scale. These are the areas which brought prosperity to others and which now demand that the penalty they are paying in terms of industrial dereliction should be compensated for by some kind of Community action. Similarly, it is surely entirely in accord with the Community's aspirations in the environmental field that we should include industrial dereliction amongst those subjects which the Commission's environmental experts should tackle. What we are seeking is, first, a Commission study of industrial dereliction in the Community and, second, that Community resources should be set aside as evidence of our determination to do something concrete to help those areas whose chance of attracting the new industry they do so desperately need is handicapped by the legacy of industrial activity and industrial techniques, particularly in the disposal of industrial waste long since abandoned and in many cases positively dangerous.

It was with this problem in mind that my group sought to insert an additional paragraph on industrial dereliction into Mr Delmotte's report on the future of the Regional Fund. Had we succeeded, that would to some extent have met the need. I say 'to some extent' because this would not entirely meet the need, since isolated pockets of severe industrial dereliction can occur outside assisted areas, as at present defined at any rate. It is a difficult problem, because industrial dereliction is an expensive thing to cure, but the renewal and modernization of the existing industrial fabric may be as vital to the economy of an area as the attraction of new industry.

Take one problem in my own area, for example, that of a Shell-ICI site at Heysham, to which I had the honour of taking a delegation from the Regional Policy Committee of this Parliament as recently as last September. There they saw a site which was developed for a specialist process which has become out of date

¹ OJ C 118 of 16. 5. 1977.

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and on which the remaining processes are being concentrated in the one corner, leaving the rest of the 200-acre site free but, alas, encumbered by a tangled mass of pipes and underground tanks and derelict buildings which will be very expensive to clear, but which in their present state do not constitute a very attractive site for prospective industrial users. Naturally, we are desperately anxious to get new industry to the site as quickly as possible, and to have the help of a fund designed to combat such problems would be of immense help to us as to many others.

The same story can no doubt be told of many other parts of the Community. I have already referred to Belgium and northern France, where processes and factories and mines have become obsolete and fallen into decay. There is, however, one form of dereliction which is particularly costly to cure. I might call it chemical dereliction, where over a number of years chemical waste has accumulated and polluted large areas, and which is very costly indeed to cure. The 'polluter pays' principle can rarely be applied, as the devastation is often historic and the polluting firm has long since gone out of business. All in all, there is a technical problem here which is often too costly for Member States to solve unaided and where a relatively small Community fund might have an influence out of all proportion to the money expended. Indeed, this could well be a perfect example of the 'multiplier' effect to which we referred in our debate earlier in the day.

I would commend this problem to the Community for further study and ask the Commissioner for his response upon it.

(Applause)

President. — I call Mr Giolitti.

Mr Giolitti, member of the Commission. — (F) Mr President, if I have understood correctly the phenomenon of 'dereliction' is an aspect and, perhaps, a consequence of the more general problem commonly known as industrial decline.

The problems resulting from this situation of industrial decline in certain areas of the Community present some common aspects, but also substantial differences, and for this reason I consider it neither possible nor advisable to tackle them through a general programme financed from a special fund. The Commission tackles these problems by implementing specific projects, which must naturally be coordinated within an overall strategy. Examples illustrating this approach include the measures now being taken in respect of the iron and steel industry, which were mentioned previously and on which the Commission has been supported by the European Council; the negotiations conducted at both external and internal level on the problem of shipyards; measures under

the Social Fund for the benefit of workers in the textile industry; the positions now being worked out which the Community will adopt in the negotiations for the revision of the multifibre agreement. Further examples could be given, but I have no wish to prolong my speech.

As for the suggestion, which the question seems to imply, that a new fund should be created, I feel that the introduction of a new instrument is unnecessary. The Community possesses a wide range of structure-orientated financial instruments, such as the Regional Fund, the Social Fund, the ECSC Fund, the Guidance Section of the EAGGF and — last but not least — the European Investment Bank. It is unnecessary, therefore, to extend this list by creating a new instrument, although appropriate measures should be taken to make better use of existing ones, so that they can be applied in a coordinated, and specific inter-related manner to such problems as industrial dereliction.

I should like to emphasize and explain the three adjectives I have just used. 'Coordinated' means that the instruments should be used in the same way at the right time; 'specific' means that they should be used over a given period in order to tackle all problems in a specific situation. For example, the necessary instruments for restructuring should be applied at the same time as measures concerning professional training and of a social nature for the benefit of the workers concerned, as well as measures for the reorganization of infrastructures, and to be followed or accompanied — and repeated several times if necessary — by new investments in the same area with a view to creating new jobs. Finally, 'inter-related' means using a number of instruments for the same investments, such as by applying that for granting credit subsidies in order to increase the effects of another instrument for granting loans. The Commission has directed its efforts towards these objectives, and the proposals on the Regional Fund and the Social Fund are intended to make the financial instruments more flexible so that they can be used in a coordinated, specific and *inter-alia* manner.

Of course, there also exists the question of providing adequate financial resources for the problems at hand, but in my view this implies the need not for a new fund but for the extension and development of the existing funds, to enable us to tackle the new problems, as well as the old ones yet to be solved.

President. — This item is closed.

13. Directive on the use of fuel-oils

President. — The next item is the report (Doc. 40/77) drawn up by Mr Willy Müller, on behalf of the Committee on the environment, Public Health and Consumer Protection, on the

President

Proposal from the Commission to the Council for a directive on the use of fuel-oils with the aim of decreasing sulphurous emissions.

I call Mr Willi Müller.

Mr Willi Müller, rapporteur. — (D) Mr President, it is generally agreed that we need not debate this subject. I shall merely draw attention to the written explanatory statement that you have before you and remind you that this matter was already discussed by Parliament last June.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The Resolution is adopted.¹

14. Regulation on aid to non-associated developing countries

President. — The next item is a report (Doc. 34/77) drawn up by Mr Nolan, on behalf of the Committee on Development and Cooperation, on the

proposal from the Commission to the Council for a regulation on financial and technical aid to non-associated developing countries.

I call Mr Deschamps.

Mr Deschamps, deputy rapporteur. — (F) Mr President, the principle of granting financial and technical aid to non-associated developing countries was adopted in a Council resolution of 16 July 1974. It is a principle that is now accepted unreservedly by all the Member States. On the initiative of the European Parliament, an amount of 20m u.a. was entered, in application of this principle, in the 1976 budget. In the case of the 1977 budget, the Council had agreed to an appropriation of 30m u.a., an amount subsequently increased by Parliament to 45m u.a. at the time of the second reading of the budget. The 1976 20m u.a. appropriation was utilized without a basic regulation having been drawn up beforehand to guide the choice of schemes to be carried out, the objectives to be attained and the management procedures to be followed. We do not object to the manner in which the appropriation was utilized or to the objectives set, for they fitted in with pre-established policy guidelines. What we do object to, however, is the fact that they were not based on a regulation.

The purpose of the present Commission proposal is to define, in a basic regulation, the methods and conditions which will in future govern Community policy on financial and technical aid to non-associated developing countries. I would stress here the words 'regulation' and 'policy', as these are essential to the purpose of the regulation we are now considering. This resolution fully reflects the principles of Community action

proposed by the Commission in Articles 2 and 3 of the proposal for a regulation submitted to Parliament. You rapporteur therefore recommends that the House approve the aid objectives proposed by the Commission in its draft regulation.

As far as the management of the aid is concerned, however the Commission's proposals might be felt to place too much power in the hands of the Council and the representatives of the Member States. Overall, it is clear that a positive and Community-oriented interpretation of the treaties requires the Commission to be given all the means necessary for implementing the basic regulations. The Council, which is a legislative body, should confine itself to adopting basic regulations laying down the principles and objectives of a policy whose implementation, i.e. the adoption of specific projects, is the task of the Commission.

Secondly, from the budgetary point of view, the Council cannot be allowed to recover at one level the budgetary powers it recently lost at another, i.e. at the time the budget was voted, to the European Parliament. For this reason, your rapporteur considers it inadvisable to set up a consultative committee with a form of suspensory veto, for it is the Commission which must have the last say on projects implementing a common policy. This is an essential principle, both from the budgetary angle, as has been made clear in the opinion delivered by the Committee on Budgets. Your rapporteur therefore proposes that the House adopt the motion for a resolution, while placing even stronger emphasis on the need for a Council regulation amended along the lines just suggested. We will then be doing a service, not only to the non-associated developing countries, but also, I believe, to the Community institutions, in that we will have defined anew their respective functions and responsibilities.

(Applause)

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

Mr Broeks. — (NL) Mr President, There would be no need to discuss this matter at this late hour after Mr Deschamps' introduction if it were not for the fact that this involves an important matter, namely the significance of Article 205 of the EEC Treaty as it is now interpreted, concurrently with the Council and Commission. Most regrettably the Commission considers that if it, as the executive, does not agree with the Committee it does not, as should happen, take a decision but instead refers the matter back to the Council. We greatly object to this procedure.

Parliament has been and still is extremely interested in these Articles governing the way in which the 45 million now available, and we hope, later several more million — of financial and technical aid is distributed among non-associated developing countries. We are

¹ OJ C 118 of 16. 5. 1977.

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aware that this matter is under consideration by the Legal Affairs Committee but we should probably not be able to wait until that Committee formulates a report that can be discussed in Parliament and in which a defence will no doubt be put forward for what we have already achieved as regards Article 205 and 206 of the Treaty of Rome. As it is not certain what is going to happen to these proposals, I would greatly appreciate if in the event of our proposal for the amendment of Article 14 is accepted — and I sincerely hope that this proposal will be accepted — the Commissioner will press for consultation. I believe that these articles as proposed by the Commission should not be accepted without consultation of Parliament.

I consider it a pity that they have been proposed at all. I do not believe the Commission should have proposed them but it has done so, and it is quite possible that the Council will be glad to accept them in the form proposed by the Commission. But I sincerely hope that Mr Cheysson will then join us, if the Commission does not want to take over our amendment — and I would find that most regrettable — in proposing that there should at all events be a consultation procedure so that we can defend the rights that Parliament has obtained.

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

Mr Fioret. — (*I*) Mr President, honourable Members, on behalf of the Christian-Democratic Group I want to deal with two aspects of the Commission's proposal for a Council regulation, aspects which Mr Deschamps report very clearly showed to be interconnected. What is in fact involved is the legal system on which to base the method and the means of utilization of the financial and technical aids for the non-associated developing countries and, secondly, the political aspect related to it, namely whether Council or Commission should have the final say as regards the granting and implementations of the aids or the choices of projects to be carried out in the stock-farming or fisheries sectors.

The Community's decision to provide aid not only to the countries associated with it under the Lomé Convention but also to the associated developing countries is a decision of fundamental political importance particularly at a time like the present in which the major powers — as we have recently witnessed is events in Africa — are involved in sending arms and troops to the developing countries rather than economic or food aid.

However, if this civilized decision is not to turn out to be ambiguous, it is vital that the lines of communication for this decision do not become interfered with by the national States acting out of a traditional logic which aims more at political profit than at meeting

the need for disinterested aid to the recipient countries.

Aid with political undertones from national States has never borne fruit, as the American experience in the Asian countries and the Russian experience in Arabia have shown, because scarcely do the people who need the aid notice that they are being deceived but they rebel and become the most determined adversaries of the exploiting benefactors.

Europe, which, perhaps it is not a great power, still enjoys credibility and prestige in the developing countries, cannot afford to squander such moral assets which, if kept, intact, will in future constitute a far greater advantage than would result from the setting up of some major industry or an effective trade network in these countries.

It is true enough, indeed, that the motion on financial and technical aid to the non-associated developing countries asks that priority should be given to meeting food requirements, but it should be pointed out that the term 'food requirements' implies — and properly so — a degree of flexibility which should permit the implementation of projects both in the agricultural sector as well as in stock-farming and fisheries so that the aid can be put to use, not only in the event of emergencies, but also in providing a start towards food self-sufficiency of emergencies, but also in providing a start towards food self-sufficiency in the deficit countries of Asia, Africa and Latin America. In these circumstances it is clear that the body which determines and supervizes the development guidelines or mechanisms is not incidental but has a vital part to play in the proper interpretation and coherent implementation of the political will of this House in regard to the non-associated developing countries.

I do not believe I am being unduly unfair towards any national State in pointing out the danger that the choice of a particular food requirement may well be determined by the need of some more influential Member State to dispose of its surpluses, bearing in mind that it is possible to help the hungry by supplying food in the form of milk powder or butter, rather than grain or rice.

The course that Europe should pursue, therefore, is not that of meeting the food needs of the poor countries by 'donating' its leftovers but of drawing up long term projects aimed at providing gradual food self-sufficiency in, for example, India, Pakistan, Bolivia or Haiti, by means of land reclamation or agricultural reconversion schemes and projects to encourage the setting up of on-the-spot processing facilities for agricultural products so as to assure dignified if not competitive, relations with the developed countries.

Europe must now either take positive steps to create a future which recognizes the right of all peoples to subsistence, in which case it will retain a measure of political credibility, or otherwise suffer the

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consequences of the anger of peoples whom we today describe as poor but tomorrow will find are desperate and willing enough to do anything to survive and keep from being destroyed.

For ethical and political reasons, therefore, the Christian-Democratic Group supports the amendment of Article 14 of the regulation drawn up by the Commission with the specific and declared aim of re-establishing the balance laid down in the treaties under which the Commission, in accordance with guidelines laid down by the Council, is in general responsible for the implementation of Community policies.

To safeguard the rights of the Commission is, moreover, also to safeguard the rights of our Parliament for which we demand, whatever happens, the right to be consulted in the event of decision-making conflicts between Commission and Council.

If, in granting financial and technical aid to the non-associated developing countries, the Council were in fact to take specific decisions of an executive nature, these decisions would conflict with Articles 205 and 206 of the EEC Treaty by interfering, in important areas, with the budgetary powers of the European Parliament.

This point, involving vital issues of principle for proper relations between Council, Commission and Parliament, is one on which the position of every political group should be clear. By supporting the change to Article 14, proposed by the Committee on Development and Cooperation and explained by Mr Deschamps, I therefore believe I have fulfilled this obligation on behalf of the Christian-Democratic Group, whose views I have had the honour of expressing.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, this House is fully conversant with the matter under consideration, for it was due to the efforts of Parliament that the Community budget now contains the resources necessary for direct financial assistance to be granted to the non-associated countries. For this I congratulate Parliament and, furthermore, would pay tribute to the original rapporteur, the late Mr Laudrin.

The facts behind the Commission's proposal are set forth in the excellent report by Mr Nolan, appointed rapporteur in place of Mr Laudrin, and have just been recapitulated in the statement by the deputizing rapporteur. Consequently, there is no need for me to go over the same ground again. I would simply remind the House that the first time an appropriation was entered in the Commission's budget was in 1976, in the form of 20 million units of account. The conflict — if that is not too strong a word to use —

which then existed between the Council and Parliament, persuaded the Commission to treat the first year as a trial period. This is why, in 1976, we introduced a number of experimental projects without, however, proposing a general policy, since we knew that we would be unable to obtain the agreement to such a policy of the two institutions constituting the Community's legislative authority.

Nevertheless, our experience of using the 20 million units of account in question was instructive, for it showed that when, under the conditions laid down by the treaties, Parliament enters an appropriation in the budget, its utilization does not necessarily have to depend on the prior adoption of a regulation. It also gave an idea of the type of assistance required and of the areas to which it could be usefully directed. The Commission is extremely gratified that the committees which have studied the matter are in favour of the same objectives as those set by the Commission in 1976: to meet the developing countries' food requirements and, as a secondary aim, to promote regional cooperation schemes, while giving absolute priority to the poorest countries in allocating the funds available. The Commission is also gratified to see that the motion for a resolution, in calling for flexible allocation criteria is fully consistent with its own recommendations.

Furthermore, it seems that the rapporteurs agree with our proposal that most of the projects should be undertaken in the form of direct actions, a procedure which Parliament recommended, moreover, in paragraph 4 of its resolution of 18 June 1975. The need to consult potential recipient countries before deciding on projects is equally important and, in view of the statement just made on behalf of the Christian-Democratic Group, I feel I must again give a categorical assurance that the Commission will see to it that such consultation is carried out. Obviously, we shall not propose any action which is not entirely acceptable to the recipient country or which is inconsistent with its development plans. We do not, however, agree with the proposal in Mr Nolan's report that there should be a form of collective consultations with all the countries concerned. The difficulties inherent in such a consultation procedure are readily apparent. Are we, for instance, to ask Pakistan what it thinks of a project we are planning to support in India? We have never used such a procedure under the EDF, nor have we any intention of doing so in the future.

As regards the financing methods to be used, we should bear in mind that the actions envisaged are of the multi-annual kind. This is provided by Article 5, which is one of the articles to which you have given your approval. This is important inasmuch as we shall have in the budget both commitment appropriations and payment appropriations. This point is not touched upon in your resolution, but I would ask that

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it be taken into account when our draft budget for 1978 is examined. It is essential for us to be able to stagger payments for certain projects over several years.

It is under these conditions, then, that we are planning the allocation of the 45 million units of account entered in the 1977 budget, a sum for which we must thank the Parliament, given that the Council had provided for 30 million units of account only. What, then, are the difficulties? The first difficulty is unfortunately given scant attention in the reports of the two responsible committees, but I am grateful to the rapporteur for having drawn attention to it. In your reports you recognize as a basic principle that the relevant aid policy must be defined by a regulation. I read in Mr Schreiber's opinion, for example, that the Council makes the implementation of the budget, for the non-associated countries, dependent on the prior adoption of a regulation. This, unfortunately, is no longer true. In 1976, the Council had taken the Commission to task for having committed 20 million units of account, as it has been instructed to do by Parliament, without a policy having first been defined. And then, by some curious volte-face, on the very day we proposed a policy, setting forth the objectives I have just mentioned, and which are indistinguishable to those which this Assembly has embodied in its resolution, we find several governments saying to us: 'Regulations? What do we need those for? Policy? Out of the question! If Parliament wants an appropriation, we can only give our assent, but we refuse to discuss the policies for which any such appropriation will be used'.

In other words, as Mr Fioret has just indicated, we find that some governments would like to be able to use this appropriation for such purposes as they themselves deem to be useful, i.e. in the light of some particular political consideration, and with a view to assisting a particular country at a particular time. The point I am making here is a fundamental one and one on which I should like this House to make its position quite clear. Parliament has always told us that it wanted a financial aid policy for the non-associated countries. The principle of granting such aid is, moreover, enshrined in the resolution adopted by the Council in July 1974, and we should not now deviate from that principle. If, as I fear, the Council is turning towards an *ad hoc* method of utilizing the appropriations in question, without regulations and therefore without a policy, the Commission must hope that Parliament will take a firm stand on the matter, this being all the more important as it was, after all, the Parliament that advocated such financial aid in the first place. My first point, then, is that a regulation is essential, for it provides the only means of defining a suitable policy.

To turn to a second difficulty, Mr Nolan's report asks for fuller details of the control procedures we

envisage. I shall simply say that the controls will be carried out under the customary conditions laid down by the budgetary procedures in respect of the allocation and then the utilization of appropriations. The manner in which on-the-spot checks are performed will depend on the specific requirements of each project and of each country or enlist the services of the international organization with which we work or, in the most problematic cases, request one of the member countries to see that the checks are carried out by its resident team of supervisors. On the question of management, before proposing a financing project, we shall, as I have already said, consult the country concerned. Every financing project will be included in a programme on the basis of general guidelines discussed with the member governments within the committee. However, this committee will have a purely consultative function, since, as paragraph 11 of the motion for a resolution affirms, it is for the Commission itself to adopt the programmes and the guidelines. So far, then, there is nothing on which we are in disagreement.

Once the programme has been decided, a decision will have to be taken on the individual projects. It is here that a slight difference of opinion emerges between the Assembly and the Commission. The Commission notes that, at the present time, there are three ways of managing the budgetary appropriations. The last satisfactory, in our view, is that which is applied most frequently to the food-aid sector and to the energy and hydrocarbons research sectors. In these sectors, it is the governments that decide how the budgetary resources are to be allocated amongst the various projects planned. This we consider to be a bad procedure. The second procedure is that of the EDF Committee and of the Regional Development Fund Committee, to which you have referred. Under this procedure, the committees advise on the proposals formulated by the Commission; however, if the member governments reject the Commission's proposals by a qualified majority within the said committees, they can veto them and the matter is then brought before the Council for a final decision. I would stress that this is not the procedure we are recommending in the present case. What we are proposing is perhaps the most satisfactory of the consultation methods at present applied within the Community. To be more precise, it is the procedure that is followed in the social sector and in respect of the agricultural management committees. Under it the Commission draws up proposals on which the consultative committee then gives its opinion. If it is a favourable opinion, the Commission adopts its proposals. If it is an unfavourable opinion, adoption is delayed by a few weeks by virtue of the committee's suspensory veto, although in the case of the Social Fund there is never in practice any such delay.

Cheysson

This, then, is the procedure we are proposing, because it is the most satisfactory of the methods now employed. Mr Broeksz quite rightly pointed out that if Article 205 was strictly applied, the Commission would have complete discretion over the implementation of the budget and that its budgetary authority would only be seriously challenged either by a refusal to give a discharge or if Parliament decided to bring a motion of censure against it. The Commission naturally agrees with this analysis of its budgetary powers, but it has not so far been accepted by the Community in any field. For this reason, it is reasonable to ask whether the matter we are now discussing is sufficiently important to be used as a basis for challenging the Council. It is up to Parliament to decide.

But I would point out to Mr Broeksz that even the suggestion made by the Commission is now felt to be unacceptable by the Council, which is solidly against what it considers to be a lay procedure. The real situation, then, is this: there is every likelihood that the Council will reject this Commission proposal which you yourself find unsatisfactory, for the Council is now set on adopting a more rigid procedure, in fact the worst possible procedure, i.e., that which is most frequently applied in respect of the appropriations to be allocated to the hydrocarbons research sector and the food aid sector. This raises a fundamental institutional problem.

To sum up, the Commission must congratulate the rapporteur for having devoted so much effort to an area of policy to which Parliament attaches very great importance and for the furtherance of which within the Community it must take the credit. It urges Parliament to adopt the resolution, while drawing its attention to the fact that even the wording of the Article 14 proposed by the Commission is now called into question by the Council, and that it is essential to avoid a situation in which an institutional dispute over the management and consultative committee procedure would further the aim of a particular section of the Council, which is to have no regulation at all and not even the elements of a Community policy, thus enabling the Council to use its appropriations as it thinks fit and in accordance with the political requirements prevailing at a given time and in a given place.

However, we consider it extremely important — as we pointed out in the covering letter to our proposal — that this proposal, which can be adopted only in application of Article 235 of the Treaty, should compel the Council to fulfil the undertaking which it made to this Parliament, namely that whenever the legislative base of the Treaty is to be broadened — a possibility with which Article 235 is specifically concerned — the conciliation procedure should be initiated between Parliament and the Council, should any disagreement arise following Parliament's first reading of the budget. Today, we are almost at the end of this first reading. Should the Council refuse to adopt your conclusions, I fervently hope and, on behalf of the

Commission, strongly urge that, in accordance with your resolution, you will request that the conciliation procedure be initiated with the minimum of delay, lest we are forced by a tight timetable and shortage of time to abandon all hope of securing a rational policy.

(Applause)

President. — I call Mr Broeksz.

Mr Broeksz. — *(NL)* Mr President, I thank the Commissioner for his statement. He will understand that it is a rather difficult situation for Parliament. He states that if the committee does not agree with the Commission the matter is suspended for some time. But this suspension means that it is put before the Council and that the Council can make an independent decision within two months. This is the fact to which we object. And this is why we would gladly agree with the proposal which is being made here, which is that the Commission should make the decision itself. I would then have every understanding for Mr Cheysson's question as to when the right moment would come to engage in such a conflict. Perhaps this moment has not yet come, this is something which remains to be seen. If our proposal is accepted, as I hope, Parliament has at all events laid down what it considers as right and proper and what it believes to be in accordance with Articles 205 and 206 of the Treaty. Then we will not have made any concessions without receiving counter-concessions. We have had enough trouble in the past obtaining concessions.

I also agree with Mr Cheysson that if there is no agreement consultation should take place as soon as possible. Then comes the question as to how hard the battle should be fought. Is it right to conduct the battle now or will it be better to turn a blind eye for the moment? Next time the Council will at least know what Parliament thinks. This is why I hope that the position as put forward in our report will be accepted. If we do not accept it we will be making a concession without receiving something in return and this I find quite wrong. As to how hard we should fight if there is consultation this is something I would gladly leave to those who will be concerned at the time. I believe that I have made my point clearly enough. I have no desire to speak about the merits of this matter, since these were clearly pointed out by Parliament in June 1975. We do not need to revert to this but I believe it would be wrong for us to let the basic regulation be adopted without any objection on our part.

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, in my capacity as chairman of the Committee on Budgets I should like to emphasize the points made by Mr Broeksz. This Parliament must take every opportunity to defend itself when it suspects that the rights conferred on it — in this case its budgetary powers and its powers of control — might be called into question.

Lange

On the subject itself I have nothing further to say; what has happened has happened. However, I do feel compelled to stress that we shall not in future allow any proposals to pass which might place Parliament's rights in jeopardy. The Commission knows this from long experience, but it must be made quite clear to the Council, and it basically depends on the Council, Mr Broeks, when a dispute arises and how serious it is, according to its position as regards what Parliament considers necessary in the interests of its rights and the application of the Treaties.

Mr President, I wished to make this observation so that it should appear in the report of proceedings and go down on record.

President. — Since no one else wishes to speak, the debate is closed.

We shall now consider the motion for a resolution.

On the preamble, I have no amendments.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1, tabled by Miss Flesch, Mr Deschamps and Mr Sandri, seeking to modify the text of this paragraph as follows:

1. Approves the proposal for a regulation on financial and technical aid to non-associated developing countries as an essential prerequisite for the implementation of such a policy, in so far as priority is given ...

(rest unchanged).

I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, Mr Cheysson raised two fundamental points in regard to the position adopted by the rapporteur and by the responsible committees of the European Parliament. Mr Broeks and Mr Lange have thoroughly and clearly restated our position on the question of who should have the last say on the utilization of the relevant funds in the budget. I have nothing to add to their comments.

As to Mr Cheysson's second point — the need for a policy to be defined by a regulation — the amendment we have tabled to paragraph 1 takes account of his recommendations. The sole purpose of this amendment is to give emphasis, by adding the words 'essential pre-requisite for the implementation of such a policy' to the original text, to the fact that the drawing up of a regulation is of central importance. It stresses, I believe, in a way that cannot be misconstrued by the Council, that what we are demanding is a regulation which not only gives effect to a policy, but also provides it with a proper legal basis. This, then, is the purpose of the amendment we have tabled to paragraph 1, an amendment which, I hope, this House will endorse.

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

On paragraphs 2 to 8 I have no amendments.

I put paragraphs 2 to 8 to the vote.

Paragraphs 2 to 8 are adopted.

I put to the vote the motion for a resolution as a whole incorporating the amendment that has been adopted.

The resolution is adopted.¹

15. Regulation on trade cooperation with the developing countries

President. — The next item is the report (Doc. 445/76) by Mr Sandri on behalf of the Committee on Development and Cooperation on the

proposal from the Commission to the Council for a regulation establishing a European agency for trade cooperation with the developing countries.

I call Mr Sandri.

Mr Sandri. — (*I*) Mr President, I shall be extremely brief.

I should like to remind my colleagues that I had already explained, some months ago, on behalf of the Committee on Development and Cooperation, this motion for a resolution. I shall therefore not reiterate the reasons which induced our committee to table the document we are about to vote.

I should only like to deal with the request from Mr Lange, Chairman of the Committee on Budgets, for a postponement of the vote because his committee has not been able to examine this motion.

In the course of its consideration there emerged some doubts on the part of the Committee on Budgets, which Mr Lange explained to our committee. We considered that although it would not have been a serious matter, it would certainly have been awkward if two committees of this Parliament were to come up with different opinions, and so we worked to draw up a text making allowance for cooperation and we were able to come to an understanding. This understanding is expressed in amendments Nos 4-11 to the original text which were tabled on behalf of both committees and which I explained in this House last December. I will therefore spare you another exposition of them. All the members have had the opportunity to see what they contain.

In conclusion, I should like to express on behalf of our committee and, I hope also on behalf of M. Lange, the hope that the House will unanimously approve this motion for a resolution which aims to support an initiative strictly in line with the spirit in which our Assembly approved the Lomé agreements. This initiative will help to convince the developing countries further that the Community is playing

¹ OJ C 118 of 16. 5. 1977.

Sandri

straight. In view of the most important talks which are about to open, or rather to resume, we think it right that a unanimous vote should back up an initiative calculated to make the talks useful and promote a positive outcome.

(Applause).

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, in view of the appeal just made by the rapporteur, I shall not discuss our proposal in any great detail; we shall doubtless have an opportunity of examining more thoroughly the question of trade promotion at a later date.

Since the conclusions reached by the two committees are identical, I have nevertheless asked leave to address the House, for I feel that I should give, on behalf of the Commission, two categorical assurances, not only to Mr Sandri, but also to Mr Lange and to all the other Members who have taken an active interest in the matter under consideration.

The first assurance — and this I address primarily to the Committee on Budgets — is that the controls to which the agency will be subject, assuming that its establishment is approved by the two institutions, will be exactly identical to those applied to the Commission departments themselves. In drawing up the budget, we shall give all the necessary evidence in support of our decisions on staffing, the utilization of appropriations and the policies to be pursued. At the implementation stage of the budget, the same documents, the same on-the-spot inspection facilities and other facilities will be placed at the disposal of the Control Subcommittee, the Committee on Budgets and the new Court of Auditors as are provided to Parliament to enable it to exercise control over the Commission departments themselves. We shall see it that there is no repetition of the mistakes made by the EAC, the agency responsible for staff management under the EDF. These new agencies will be subject to the same controls as those applied to the Commission departments. This I solemnly pledge on behalf of the Commission.

The second assurance I wish to give is that this agency, if its establishment is ultimately approved by the institutions, will have a purely executive function. It will have no say on matters of policy, the planning of which will fall to the Commission and therefore to its own officials and departments, rather than to staff recruited from outside the institution and operating as an independent agency, even though it will be under the direction of the Commission. The reason why we propose the setting up of an agency is that there are certain tasks which could not be carried out under suitable conditions (a fact acknowledged by the two reports), and which must therefore be assigned to specialists, some of whom must be recruited from the

private sectors. This, then, is the reason — and the only reason — why we have proposed the establishment of this agency.

I trust that the assurances I have given will be duly noted by the two committees which have examined our proposal and drawn up the present resolution, a resolution which the Commission hopes will now be adopted by Parliament.

President. — Does anyone else wish to speak? The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 4, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to insert two new paragraphs before paragraph 1:

'Recalls that its budgetary doctrine implies, for the Institutions, direct management of all Community activities as well as the budgetization of all necessary appropriations;

Underlines, furthermore, that it has always tended to oppose the creation of decentralized bodies which, by the autonomy of their management and establishment plan, hinder the normal exercise of its budgetary powers: believes, however, for particular reasons indicated in this resolution, that it should give a favourable opinion on the proposed regulation, while limiting it in order to take account of the fundamental budgetary principles set out above;'

What is the rapporteur's view?

Mr Sandri. — *(I)* Mr President, as I indicated in my introductory statement, I accept, on behalf of the Committee on Development and Cooperation and the Committee on Budgets all the amendments from 4 to 11. Please consider me, therefore, Mr President, as a mover of all these amendments.

President. — I put Amendment No 4 to the vote. Amendment No 4 is adopted.

On paragraph 1, I originally had Amendment No 1, tabled by the Committee on Budgets:

This paragraph to read as follows:

'1. Notes the Commission's proposal, which is in line with the determination, expressed several times by Parliament, to improve trade cooperation with the developing countries;'

This amendment has now been withdrawn.

On paragraph 1, I now have Amendment No 5, tabled by the Committee on Development and Cooperation and the Committee on Budgets:

This Paragraph to read as follows:

'1. Approves the proposal in as far as it takes account of Parliament's repeated demands to the Commission to elaborate proposals concerning the creation of an agency for improving trade cooperation with the developing countries;'

President

The rapporteur has already stated that he is in favour of this amendment.

I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

After paragraph 2, I originally had Amendment No 2, tabled by the Committee on Budgets, seeking to insert two new paragraphs :

'2a. Feels, however, that it must express reservations to the effect that it :

- (a) Observes that this proposal seeks to set up a new decentralized agency of the Commission although Parliament has recently expressed its concern at the proliferation of such bodies ;
- (b) Notes that the Commission has not demonstrated conclusively that its own departments could not cope with the planned activities ;
- (c) Points out that by their very nature, i.e., their autonomy as regards management and staff, such decentralized bodies prevent the normal exercise of Parliament's budgetary powers ;
- (d) Deplores the fact that the proposal under consideration is not accompanied by a financial statement worthy of the name ;

2b. Decides, therefore to reject this proposal, being astonished that the Commission could submit it in such a form despite the views previously expressed by Parliament on the matter ;'

This amendment has now been withdrawn.

On paragraphs 3 to 11, I originally had Amendment No 3, tabled by the Committee on Budgets, seeking to delete these paragraphs.

This amendment has now been withdrawn.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraph 4, I have Amendment No 6, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to replace paragraph 4 by the following text :

'4. Believes, however, that the task which would be entrusted to the "Generalized Preferences" Department could just as well be carried out by officials of the Commission of the European Communities ;'

The rapporteur has already stated that he is in favour of this amendment.

I put Amendment No 6 to the vote.

Amendment No 6 is adopted.

After paragraph 4, I have Amendment No 7, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to insert a new paragraph :

'4a Proposes, therefore, to reduce by 458 000 u.a. the expenditure envisaged for this financial year and the

staff of the agency by 14 posts, namely 3 category A, 5 category B, 5 category C and 1 category D ;'

The rapporteur has already stated that he is in favour of this amendment.

I put Amendment No 7 to the vote.

Amendment No 7 is adopted.

On paragraph 5, I originally had Amendment No 8, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to amend the text as follows :

'In the languages in which it occurs, delete the word "also".'

(This amendment does not apply to the English text)

However, as this amendment does not concern all official languages, it must be considered void. The Secretariat department responsible will, however, seek out a suitable linguistic remedy jointly with those concerned.

I put paragraph 5 to 8 to the vote.

Paragraphs 5 to 8 are adopted.

On paragraph 9, I have Amendment No 11, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to replace this paragraph by the following text :

'9. Shares the opinion of the Commission that operating expenditure should be financed notably from the budget of the European Communities.'

The rapporteur has already stated that he is in favour of this amendment.

I put Amendment No 11 to the vote.

Amendment No 11 is adopted.

On paragraph 10, I have Amendment No 9, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to delete this paragraph.

The rapporteur has already stated that he is in favour of this amendment.

I put Amendment No 9 to the vote.

Amendment No 9 is adopted.

On paragraph 11, I have Amendment No 10, tabled by the Committee on Development and Cooperation and the Committee on Budgets, seeking to extend this paragraph as follows :

'11. ... agency ; instructs its appropriate committees to report to it in due course, and at the latest by the end of 1978.'

The rapporteur has already stated that he is in favour of this amendment.

I put Amendment No 10 to the vote.

Amendment No 10 is adopted.

President

I put paragraph 11, thus amended, to the vote.

Paragraph 11 as amended is adopted.

I put to the vote the motion for a resolution as a whole, incorporating the various amendments that have been adopted.

The resolution, so amended, is adopted.¹

16. *Maltreatment by the French Police*

President. — The next item is the motion for a resolution (Doc. 21/77) tabled by Mr Espersen, on behalf of the Socialist Group, on the maltreatment by the French police of a Member and three officials of the European Parliament.

I call Mr Espersen.

Mr Espersen. — (DK) Mr President, I apologize for the fact that although it is late it is necessary to take up a few minutes of Parliaments time to recount the historical background to this matter, but the seriousness of the matter makes this necessary.

In June 1975 a Member of this Parliament together with three officials, including a married couple, of this Parliament were in a restaurant in Strasbourg. They were the only people there and there was no suggestion of any disturbance. A number of men wearing civilian clothes, who did not at all resemble plain-clothes policemen, came in and asked them to identify themselves. Mr Nielsen had no identity card with him and pointed out that he was a Member of the Parliament and offered to fetch his identity card from his hotel. This offer was however rejected. The police insisted on taking all four to the police station.

This would not have been very serious and would not have given rise to any concern, even though what had already happened by then was wrong in itself. But the seriousness of the situation for Mr Nielsen and the three officials arises from the fact that they were severely mistreated by the French police. It transpired that the people who had entered the restaurant were French police even though they did not look like policemen and were not in uniform.

On the way to the police station Mr Nielsen was repeatedly hit in the face by one of the policemen and at the police station the Danish woman and one of the Danish officials were kicked and beaten. Only after several hours were the three released.

I was not in Strasbourg myself on the day in question but arrived the day after and spoke with the people involved who all gave identical, completely concordant accounts of what had happened including detailed descriptions of the policemen. They asked next day for an identity parade and the Prefect of Police, who at the time promised to deal with the case

speedily and effectively, agreed to an identity parade, where the people involved picked out three policemen who had mistreated them — all picking out the same policemen — and they agreed that the policeman who had been the worst offender was not amongst those who took part in the identity parade. There was absolutely no hesitation in their statement, and in my opinion there is no doubt whatsoever that the account given by the four persons involved was correct. A medical certificate issued on the day after the incident also showed that violence had been used.

Mr Nielsen now had two possibilities: he could either be formal and insist on his rights as a Parliamentarian by claiming a breach of the convention covering cases such as this, Protocol No 2 on the Privileges and Immunities of the European Communities. This provides that during the sessions of the Assembly Members shall enjoy in the territory of the other Member States immunity from any measure of detention and from legal proceedings. I believe this is a clear case of a breach of this international agreement. That was one possibility. This was rejected, since why invoke privileges when one's rights as a normal citizen are involved? What they wanted and what it was presumed that the police at all events wanted was simply that the police should undertake an unbiased and impartial investigation of what had happened so that everything could be cleared up. This naturally was to include the illegal action of the police. It was this civil procedure that was chosen, since there was no wish to invoke international agreements, but to underline the seriousness of the matter the President of Parliament approached the French authorities and requested that the case be dealt with speedily and impartially and the Danish Foreign Minister asked his French counterpart to take steps to ensure that the matter was cleared up rapidly.

Questions were also put on the matter in the French Parliament, but by and large all four persons involved chose, as I have said, the general civil procedure.

We called on the service of French solicitors and had talks with them and they had talks on our behalf with the French authorities. Matters dragged on for a long time and it was very difficult to get any answer at all. The Danish Foreign Minister was unable to obtain a reply and recently had to declare publicly that he had simply had to give up trying to obtain an explanation from the French authorities.

The matter progressed very slowly. Recently the people involved were told that there was only one possibility, namely a civil action. This would mean that the four could not appear as witnesses. The only witnesses would have been police officers. Anyone can see that this is unsatisfactory and anyone can see that this would hardly help to clear up the matter; on the contrary, it would doubtless have produced unsatisfactory results, despite every confidence in the French courts.

¹ OJ C 118 of 16. 5. 1977.

Espersen

We had to conclude that it was impossible to obtain an investigation through an impartial body, despite the seriousness of the matter and despite the fact that it involved a breach of an international convention. We had to conclude that the risk faced by a parliamentarian is a great one since, without referring especially to the French police, what this means in fact is that the police in any Member State which so desired could compromise a parliamentarian, as it is clear that a matter of this kind gives rise to reports in the sensational section of the press; this is what happened in Denmark to the great discomfort of Knud Nielsen and the other people involved. But this is a real risk if there is no possibility of obtaining an impartial investigation. This is unacceptable for a Parliament.

We as parliamentarians must defend our independence. We must demand that if dubious episodes do occur — and I do not believe there was anything dubious in this — we must demand an investigation which all parties concede to be impartial. This has proved to be impossible in this case and we believe that this Parliament must now formally state that this matter has not been dealt with correctly. We are doing this because we have given up trying to find any other solution to the matter, but also because we believe that Parliament cannot simply remain silent and passive in this case. We therefore state in the motion that Parliament regrets that the French authorities have not taken any steps to undertake a detailed investigation. We do not ask for condemnation of the police but for an investigation, and in as far as this has been unsuccessful we believe that Parliament must express its regret that no such investigation took place.

In mentioning Parliaments' interest I am naturally also looking to the future, since there are risks involved in a matter such as this and the implications here are also fraught with risk. Our motion for a resolution therefore requests the French authorities to take all appropriate steps to prevent the recurrence of any similar incident in the future and requests the Secretary-General of Parliament to see that the position of parliamentary officials is also examined.

As you can see this is a motion which notes a number of facts, draws attention to the lack of an investigation and expresses the hope that there will be no repetition of such incidents in the future. It is the Socialist Group's hope that this motion for a resolution will find support here in Parliament and I recommend the adoption of this motion which I have tabled here on behalf of my group.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I rise to support all that has been said by Mr Espersen at this late hour, and if it is in order, I would like to express a little criticism

that a matter which so concerns the fundamental position of MPs and indeed the whole question of rights in a Member State should be taken at such a late hour. One understands that people have other places to go and other responsibilities, but it is a pity that this item has been taken on a Thursday at this time of night.

We have had debates this week on human rights, and I think it is very pertinent, when we pronounce on human rights in the rest of the world, to remember that our own house should be in order, and our own house does not seem to be in order in this particular matter. If there is anything that French history can teach us all, it is that a *cause célèbre* does not go away. It is not unknown in Scottish history. We also have had one recently about which we are all very embarrassed, a matter of justice where a man, after eight years in jail, was finally, after continuous pressure, released and where the question is still open whether the police have to be subjected to an enquiry. So I am not in any sense in a glass house throwing stones at France, for we have this particular problem in my own legal system of Scotland. But if a Member of Parliament treated in the way that Mr Nielsen was treated does not fight, then that is not admirable, because Members of Parliament are the people who should fight for justice before all other people, and Mr Nielsen, in my view, had no choice but to fight this matter in the logical and, I think, undramatic way he has done. If he or any others in that position do not do so, what can we hope that someone in the street will do who does not enjoy all the protection and privileges that we at least are meant to have?

Now, my job before I became a politician was that of criminal defence in the courts in Glasgow, and I am very well aware of the difficulties the police have in the execution of their difficult task in keeping law and order and how that often makes them unpopular. But I am also aware that the police always, in the nature of things seek greater powers and that the balance between the rights of the citizen and the duty of the police is always a fine one. I am aware of this.

It seems to me — and this should be put on record beyond doubt — that the following relevant facts have been proved to anyone's satisfaction. First of all, there was evidence that Mr Nielsen and the persons with him were beaten. Now beating people is wrong. Beating MPs is no worse than beating anybody. Beating people is wrong and I am very intrigued by a copy I have received from the French Senate of a speech of 7 April 1977 by Monsieur Giraud. I quote from part of the speech:

The policemen concerned committed acts of violence which a French citizen can understand, since they are a fairly normal part of police procedure, but which are much more difficult to understand for a foreign Member of Parliament.

Ewing

I would like to put in writing that they are impossible for any citizen of the EEC to understand wherever they occur, whether it is to a Member of Parliament or to an ordinary citizen. And if that is said in the French Senate, while it is only a quotation of a speech, it is a most alarming stain on the fair name of France, and we must look today from this Chamber tonight to find some way of allowing France to redress what has been a very serious exposure.

There was no doubt, I think, that there was a refusal to accept the word of Mr Nielsen that he was a Member of Parliament, although it would have been so simple for the police to have gone to Mr Nielsen's hotel and verified the matter. There seems to be no dispute on that point. There is no dispute that Mr Nielsen was in the company of officials of the Parliament; there is no dispute that they were minding their own business — as the saying goes, 'quietly'.

Now, against this background certain things have really got to be said. I would suggest that it is absolutely necessary for the French to conduct some kind of fairly top-level enquiry. This problem will not go away. Public disquiet on a particular injustice never goes away. That is the history of France and many other countries. Parliamentary disquiet certainly never goes away. If it does and there is complacency in this matter, let me assure you, Mr President and fellow colleagues, that I do not intend to let it go away, because something wrong has happened in a Member State that is very, very elementary, a question of human rights in the most elementary sense.

The matter is made worse because there is also the question of the privileges of the Members of the European Parliament. But in a certain way, Mr President, I put that as less important than the point I have just made. If my passport means anything, then indeed the President of the Parliament requests all authorities of Member States to allow the bearer to pass freely. Well, that did not happen that night to Mr Nielsen. But then again I would like to say this: in a sense, I maintain that the privileges of a Member of Parliament are less important than the fact that the French police are apparently able to behave in this way to a Member, that all this time has passed and that all these steps have been taken — so patiently, may I say — and yet apparently no apology is to be made, no proper enquiry at top level is publicly to be made.

The belief in justice is a fundamental cornerstone of any democratic society: if you do anything to tamper with it, if you undermine confidence in it, you actually go a long way to destroy the very fabric and worthwhile nature of your society itself.

I really would urge those here tonight to support this resolution. On a previous occasion we had a debate in a similar matter about the release of a Breton: the French Government repented so amazingly quickly — much to their credit — and I made a similar

speech about a blot on the fair name of France, though I hesitate to throw any stones at their judicial system because of what I have just told you about the *cause célèbre* in Scotland. However, that may be, I would say this: if they could act within a few days then, could they not, bearing in mind it is a Member of this Parliament who has been put through this humiliation, take note of what I say and act in this matter? I think it is deplorable that it has gone so long.

I end by saying that I support the resolution.

(Applause)

President. — I call Mr Knud Nielsen.

Mr Knud Nielsen. — *(DK)* Mr President, I would like to start by thanking my colleagues in the European Parliament for the support they have given to me and the parliamentary officials involved in this matter.

The fact that we are only approaching the plenary Assembly now almost two years after the episode took place is due to two factors: immediately after the episode the people involved were promised that a thorough and impartial investigation would be carried out. This promise was not met but the result was that the matter was held up. At the same time there were clearly forces at work behind the scenes to prevent the matter being discussed in this Assembly at all. The debate we are holding today should naturally have taken place immediately after the episode.

I shall be brief but I have to underline a few essential points. A number of my colleagues and myself have pursued this matter persistently and obstinately not because we consider my own person to be so interesting but because this case of police violence is simply one of many and a typical one. It is also typical in the fact that the French police and the higher French authorities completely and utterly rejected the complaints made against the police.

As a Member of this Parliament I, in contrast to other victims of police injustice, am in a position to make my views heard with the support of my colleagues and without fear of any form of reprisals from the police.

My colleagues and I believed — as Mrs Ewing has also rightly said — that it is our duty and in the public interest to conduct this matter openly with the greatest possible force in view of the preventive effect we hope it will have. I would not maintain that similar episodes could not occur in other countries — there are black sheep everywhere.

What makes this matter really serious is that the French policemen concerned — this concerns only three or four of them as the rest behaved perfectly correctly — who I would not hesitate to describe as primitive hooligans despite statements to the contrary, were backed up by the whole system: the Chief of

Nielsen

Police, the Internal Affairs Minister, and the Minister of Justice. The day after the episode when a doctor had already certified the injuries inflicted by the police on two of my companions, two of the EEC officials, Chief of Police Pochon told the press here in Strasbourg that we had been treated — and I quote — ‘quite courteously’, I repeat ‘quite courteously.’ Even this glaring contradiction failed to make an impression on the higher French authorities. As far as I know no action was taken against Mr Pochon or against the policemen concerned. However it gives me a certain satisfaction that the two Ministers responsible, the then Minister of Justice and the then Internal Affairs Minister have both now been replaced.

Finally I would like to say a special word of thanks to my French colleagues; I know that it has been difficult for them to bring the matter up time and again in the French National Assembly and in the Senate; that these actions have not produced any results is not their fault and must be put down to the absolute power enjoyed by the police authorities and the ministers responsible.

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

Mr Sandri. — *(I)* Mr President, the French and Italian members of the Communist Group signed the petition with which an attempt was made last year to raise the question of where justice can be sought. We can only repeat our expressions of solidarity with our colleague, Mr Nielsen, and the officials who were victims of this treatment and, of course, we shall be voting for the resolution.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr Sandri referred to the word solidarity. I don't want to take up the time of the Parliament, because these are exactly the feelings of others of us. Simply as one who came here after this had happened, I think I speak for a number of our British colleagues when I say we have found distressing that this should happen to a colleague, Knud Nielsen, whom we have come to value. Now that there is a change of minister in France, can we put it as gently as possible that we hope that the French authorities might once again, after this debate, take another look, because there is no dishonour in a government and ministers saying that perhaps they were mistaken?

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

Mr Prescott. — Mr President, just to again endorse the remarks that have been made by all the speakers so far. It was an incident as my colleague has said, that occurred before my own delegation arrived here, but it is a matter of considerable concern. I think we all wish to emphasize that, whilst a Member of Parlia-

ment here was involved — and it is his name that is on the resolution — there were also people who are servants of this House who were involved, and that causes us equal concern. It is a matter where the facts need to be fully substantiated. That is the point that has been made by a number of people this evening. It is the practice in a number of our countries in such cases, to have some form of enquiry in order to ascertain the facts. It seems that is the very least we should do.

I wish again to emphasize what the honourable lady said: that we are not in glass houses attempting to lecture to others about justice. Indeed, how could Britain be doing that today when she is in the dock in Strasbourg at the Court of Human Rights about what soldiers did in Northern Ireland — whether under instructions or not? We should be the last to be preaching to people that the forces of the law and order can sometimes abuse their position. We suspect that may well be the situation in this case. But what we really do want to do is to make clear, as embodied in this resolution, that we wish the authorities to look carefully into this matter again and to be sure that if such an incident arises, whether it affects a Member of Parliament, servants of this House, or indeed any other citizen of the Community, justice will be done, in that the true facts will be established.

I wish, on behalf of my group, who have brought this before the House, to identify our concern in this matter and hope that we can lead to some advance in it.

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, ladies and gentlemen; when on 18 June 1975 two of the people involved in this incident — our colleague Knud Nielsen and one of the officials, who is also present today — told me on 18 June 1975 what had happened, I was astounded. It reminded of the time when I myself — although in different political circumstances — had dealings with the police, in a similar incident. Basically such incidents should not happen in a democratic State and — let me say this quite categorically — if they do happen, and I am not just talking about the French police but about the police forces of all our Member States, then the policemen concerned should be dismissed. But in my view what is even more important is to ensure that the police force — which deals directly with the public — only recruits people who are conscious of their responsibilities as upholders of law and order. If they use their position as an executive body to treat members of public, who are, in certain situations, always at a disadvantage, as happened in this case, it is an indefensible misuse of their powers. There is no other way to describe it. I can only hope and pray that the French departments responsible will take the appro-

Lange

private action and that the relevant departments throughout the Community will try to ensure that there are no further incidents of this kind.

I should therefore appreciate it if this motion for a resolution which is addressed primarily to the French authorities but also to our executive, i.e., to the Secretary-General could be considered to apply not only to the French authorities but also to all authorities in our Member States.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

*17. Regulations on beef
and veal, sugar and butter*

President. — The next item is a report (Doc. 59/77), 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 for

- I. a regulation on the grant of a premium for the birth of calves during the 1977/78 marketing year
- II. a modification to the proposal for a regulation amending Regulation (EEC) No 3330/74 on the common organization of the market in sugar
- III. a modification to the proposal for a regulation on the granting of a consumer subsidy for butter.

I call Mr Kofoed.

Mr Kofoed, rapporteur. — (DK) Mr President, I would like to thank you for taking this item today since this means we can finalize it before Friday.

I do not wish to dwell on the political aspects of the report after the debate yesterday. I would refer simply to the written explanatory statement which you have before you and which I assume that Members have acquainted themselves with. I shall simply point out that the report refers, as the President has said, to premiums for the birth of calves in Italy, partially financed by Italy itself, to sugar, also for Italy, and finally to the controversial matter of the butter subsidy for the United Kingdom.

I shall not comment on these in any detail other than to point out that the Committee on Agriculture considers it to be expedient that the Commission should submit a compromise proposal so that the Council can adopt the price proposals and we can thereby get the European agricultural policy working again.

We approve this compromise proposal with reservations, believing that the alternative — no compromise at all — would have been worse. The committee's view was, therefore, that the Commission's compromise proposal should be adopted, as explained in the report. I would call the attention of the House, in conclusion, to the fact that the committee's decision was unanimous apart from two abstentions.

I would therefore recommend that Parliament adopt the motion for a resolution.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, ladies and gentlemen; the Committee on Budgets discussed this question yesterday at its meeting at 6 o'clock. It tried to consider the Commission's proposals but found that it was unable to deliver an opinion on them because it was impossible to establish what would be their financial and budgetary implications. The Commission has admittedly provided information on estimated costs for the rest of 1977 and also for the next twelve months. But in the opinion of the Committee on Budgets — and, it seems to me, also the opinion of the Committee on Agriculture — the individual proposals will have consequences extending beyond the twelve months after they come into effect, and these simply could not be assessed. The Committee on Budgets was therefore unable to express an opinion or to make a specific recommendation to the House.

It is for Parliament to appraise the proposal of the Committee on Agriculture. However, as I said yesterday in committee, I would urge the Commission most strongly to provide adequate information in the financial and budgetary implications of proposals, even when, as in this case, they are drawn up in a relatively short time, so that all the parliamentary committees, and the House itself, are in a position to assess the Commission's proposals.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, my committee chairman has just spoken and made the point very strongly. I would just like to echo him and ask the Commissioner a question. In this kind of situation, how is it that the Committee on Budgets, which is served by a very able staff, cannot get some kind of clear, concise memorandum of the issues involved? I really do think that the new Commission should pay some attention to the presentation of these necessarily complex issues. I am not pretending it is easy. I will confess frankly that at the committee meeting I was somewhat bewildered. Now this is the trouble; people on the Committee on Budgets ought not to be bewildered. So I say quite gently to the Commission, could they think about how some kind of clarity can be brought along with the documents when they are produced, because I think a great deal could be done to disentangle meetings and we would not get ourselves into this situation.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) I thank the Committee on Agriculture's rapporteur for supporting, though with some hesitation, the Commission's new proposals.

¹ OJ C 118 of 16. 5. 1977.

Giolitti

As regards the situation in which the Committee on Budgets found itself, I must say that I perfectly understand their difficulties and I shall see to it that its recommendation is put to the Commission.

At the same time I ought to tell you that if Parliament's Committee on Budgets encountered difficulties, so did the Commission, in view of the special circumstances surrounding the latest developments on agricultural price proposals, which meant that the Commission was obliged to supplement the 'package' with new specific proposals.

I want to confirm that the recommendation addressed to the Commission will be carefully considered.

President. — I call Mr Lange.

Mr Lange. — (D) I thank the Member of the Commission for his answer and no doubt I can also speak on behalf of Mr Dalyell. But whatever difficulties the Commission may have, this should not mean that it fails to give the necessary information or one is forced to conclude that the Commission is groping in the dark and submitting proposals about whose effects it is not even clear itself. I hope that this is not the case. I hope that the Commission is fully aware what effects its proposals are likely to have.

May I add a second comment. In normal circumstances the Committee on Budgets would have recommended rejecting the proposals and awaiting further proposals from the Commission. Since however — and I address myself to the Member of the Commission — we appreciated the Commission's difficulties and the urgency of the matter and did not wish to prolong the financial year and further, we did not deliver any opinion on this inadequate proposal. I would therefore ask the Commission to bear this in mind when submitting any future proposals. We are

thus making a considerable concession which, in view of our responsibility for budgets and financial matters, would not normally be justified. We shall not allow this to happen again but since you have assured us that you will make greater efforts in future we are prepared to accept it on this occasion.

We hope that there will be no recurrence of these difficulties in the future.

President. — Since no one else wishes to speak, the debate is closed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

18. Agenda for next sitting

President. — The next sitting will be held tomorrow, Friday, 22 April 1977, from 9 a.m. until 12 noon, with the following agenda :

- procedure without report
- vote on the urgency of the motion for a resolution on the political situation in Spain
- Cousté report on agricultural imports from Turkey
- F. Hansen report on aid to Italy in respect of tobacco, olives, olive oil and fruit and vegetables
- Squarzialupi report on workers exposed to vinyl chloride monomer
- Evans report on materials containing vinyl chloride monomer
- De Koning report on tariff quotas for heifers, cows and bulls (without debate).

The sitting is closed.

(The sitting was closed at 9.15 p.m.)

¹ OJ C 118 of 16. 5. 1977.

SITTING OF FRIDAY, 22 APRIL 1977

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IN THE CHAIR : MR COLOMBO

President

(The sitting opened at 9 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments ?

The minutes of proceedings are approved.

2. *Texts of treaties forwarded by the Council*

President. — I have received from the Council a certified true copy of the agreement on fisheries between the European Economic Community and the Government of Sweden.

This document will be deposited in the archives of the European Parliament.

3. *Verification of credentials*

President. — At its meeting of 21 April 1977, the Bureau verified the credentials of Mr René Feit and Mr Michel Inchauspé, whose appointment by the National Assembly of the French Republic was announced on 18 April 1977.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that these appointments comply with the provisions of the Treaties. I therefore asks the House to ratify these appointments.

Are there any objections ?

These appointments are ratified.

4. *Procedure without report*

President. — Since no Member has asked leave to speak and since no amendments have been tabled, I declare approved under the procedure without report laid down in Rule 27A of the Rules of Procedure the following Commission proposals, which were announced during the sitting of Monday, 18 April 1977 :

- Proposals from the Commission to the Council for
 - I. a regulation concerning imports of rice from the Arab Republic of Egypt
 - II. 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)
- Proposals from the Commission to the Council for a regulation further extending the period of validity of

Regulations (EEC) Nos 1509/76 and 1522/76 on imports into the Community of prepared and preserved sardines originating in Tunisia and Morocco respectively (Doc. 15/77)

— Proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot-pulp falling within subheading ex 20.06 B II (c) 1 (aa) of the Common Customs Tariff, originating in Turkey (Doc. 20/77)

— Proposal from the Commission to the Council for a regulation on the import of certain wine products originating in Greece (Doc. 37/77).

5. *Motion for a resolution on the political situation in Spain*

President. — I now consult Parliament on the request for the adoption of urgent procedure with regard to the motion for a resolution on the political situation in Spain (Doc. 63/77/rev.).

Are there any objections to the adoption of urgent procedure ?

The adoption of urgent procedure is agreed.

I propose that Parliament enter this motion for a resolution as the first item on today's agenda.

Are there any objections ?

That is agreed.

The next item is therefore the motion for a resolution tabled by Mr Klepsch, on behalf of the Christian-Democratic Group, Mr Fellermaier, on behalf of the Socialist Group, Mr Cifarelli, on the behalf of the Liberal and Democratic Group, Mr Yeats, on behalf of the Group of European Progressive Democrats, Mr Normanton, on behalf of the European Conservative Group, and Mr Sandri, on behalf of the Communist and Allies Group, on the political situation in Spain (Doc. 63/77/rev.).

I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, in the national parliament in which I sit we would say that this proposal explains itself. Clearly this document which we have submitted to the European Parliament refers to an event of great importance, the end of an extremely difficult, critical and problematical phase in the history of a great European people close to us whose destiny clearly cannot leave us indifferent.

The fact that the most difficult period is past and a decision has now been taken to hold the Spanish elections on 15 June shows that this is an extremely important turning point.

Cifarelli

The European Parliament, when considering the question of the enlargement of the Community and the destinies of the peoples which lie outside its present confines, has many times expressed a wish for the rapid development of democracy in Spain. It therefore seems fitting that we should underline once again this wish with a vote in Parliament.

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

Mr Klepsch. — (*D*) Mr President, I am glad that we have the opportunity of adopting this resolution right at the start of the agenda, and I should like to make just a few comments on behalf of my group and the Conservative Group. We feel — and here I am in complete agreement with Mr Cifarelli — that the democratization process in Spain has taken a great step forward, and we watch with admiration how the Spanish Government and the political forces are going about achieving a complete and genuine democratic form of government.

My group considers it a unique and historic event for a more or less authoritarian structure to develop into a democracy and to do so in a way which is peaceful and, I should like to emphasize, fully respects the path of history.

We should like to say that the European Parliament, which has so frequently discussed the situation in Spain and so fervently hoped that the setting up of a democratic form of government would form the basis for Spain's later accession to the European Community, is delighted to note how Spain has been able to travel this road in such a short space of time. We congratulate the Spanish people, and the whole Assembly should heartily welcome this evolution.

Mr President, we believe that the House has discussed the details so often that there is no point in holding a lengthy debate today, but since the House is now breaking up for a few weeks, we felt we should officially welcome the decision to hold parliamentary elections in Spain on 15 June, and we should like to thank the other political groups for their support.

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

Mr Broeks. — (*NL*) Mr President, I believe that we are all convinced that free elections are one of the most important steps in any democratization process. Like the other groups, we are particularly delighted that the courageous decision was taken — and in such a short space of time — to hold these elections at an early date. We have closely followed the democratization process in Spain. We realized that it would be no easy matter to allow all parties to participate in the elections, but since the government, despite internal problems, decided to do so and — if I may use the term — still survived, our hope that a reasonable

democracy would be established in Spain has been substantially enhanced, especially since the date for the elections was fixed so soon afterwards.

I do not mean that the process is complete. Even in Spain they realize it is not finished. But Spain can now justifiably call itself a democratic country. I believe we can all agree on that with considerable satisfaction.

Mr President, our group takes great pleasure in supporting the motion for a resolution.

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

Mr Veronesi. — (*I*) Mr President, we have also expressed our complete agreement with the resolution now placed before us.

In recent times we have seen a rapid democratic evolution in a country which is dear to us. We have seen how the barriers between the citizens of that country have all fallen, and therefore we can do nothing but welcome the dawn of a new age which may be the sign of a profound renewal of Spain and a major strengthening of the European area.

For this reason therefore, we associate ourselves with the wishes expressed by the other groups in Parliament and will support any action in the democratic sphere designed to consolidate democracy in Spain.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (*I*) Mr President, the Commission associates itself wholeheartedly with the assessments and wishes made in the resolution and repeated by the various honourable Members who have spoken on the progress of democracy in Spain and the positive evolution of the relationship between the European Community and that great country.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted. ¹

6. Regulation on agricultural imports from Turkey

President. — The next item is the report by Mr Cousté, on behalf of the Committee on External Economic Relations, on the proposal from the Commission to the Council for a regulation on imports into the Community of certain agricultural products originating in Turkey (Doc. 42/77).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted. ¹

¹ OJ C 118 of 16. 5. 1977.

7. *Aid granted to Italy in respect of unmanufactured tobacco, olives, olive-oil and fruit and vegetables*

President. — The next item is the report by Mr Hansen, on behalf of the Committee on Budgets, on the report of the Audit Board of the European Communities on the flat-rate aid granted to Italy from the EAGGF, Guidance Section, with a view to improving production and marketing structures in the unmanufactured tobacco, olives, olive-oil and fruit-and-vegetable sectors (Doc. 577/76).

I call Mr Hansen.

Mr Hansen, rapporteur. — (F) Mr President, colleagues, this is the second report on budgetary control which I have had the honour to submit to this Parliament.

Let us first draw the political conclusions from a report which the Audit Board, a control body external to the Community and acting to some extent as a Court of Auditors, has drawn up on the flat-rate aid granted to Italy from the EAGGF, Guidance Section, with a view to improving marketing and production structures in the unmanufactured tobacco, olives, olive-oil and fruit-and-vegetable sectors.

Let me briefly sketch in the background.

In its resolution of 14 October 1974 on the Second Financial Report on the EAGGF, the European Parliament invited the Audit Board to draw up a detailed analysis of the soundness of the financial management of the flat-rate aid granted. This task was assigned to it on the basis of the third paragraph of Article 90 of the Financial Regulation, which lays down :

The European Parliament and the Council may request the Audit Board to forward, in addition to the annual report, reports or analyses in respect of specific problems relating to accounts of financial years which have been closed.

In a preliminary stage, the Audit Board studied the document forwarded by Italy and considered it unsatisfactory. It contacted the Italian authorities but no consultations or on-the-spot visits could be made until late 1975.

I should like now to outline the Audit Board's report. First, the analysis of the soundness of the management.

The principle of sound management is based on economic criteria, and consists in achieving the greatest possible benefit with the least possible expenditure. So the analysis of the soundness of the financial management is part of the control of its legality.

But the Audit Board soon realized that any assessment of the soundness of the financial management is an extremely difficult and delicate matter. Italy incorporated the aid to the abovementioned sectors in two

'green plans'. It is impossible to obtain an overall view of the policies pursued in these 'green plans' unless we can assess them as well, and this the Audit Board was unable to do for reasons of principle and funds. From now on, the Committee on Budgets will assess cost-benefit analyses both before and after granting appropriations, and this should facilitate the assessment of measures having financial implications.

Secondly, the investigations carried out by the Audit Board were mainly concerned with the legal aspect. Here, results were hardly satisfactory. In the first place, the allocation criteria in the basic regulation were left extremely vague. The provision relating to structural improvement measures was inadequate. In future, allocation criteria must be more specific : firstly, there must be a more precise description of the projects and sectors for which aid is requested ; secondly, there must be no stimulation of investments without prior analysis of requirements ; thirdly, the principle must be applied that when aid is granted through the Member State, no payments should be made until justification of the utilization of the funds has been submitted ; fourthly, full supporting evidence must be submitted ; fifthly, no aid must be granted or any aid already granted must be refunded if the funds have not been used for the purpose specified ; sixthly, if Community funds are transferred by a Member State, there must be provision for control of the ultimate beneficiary.

Then it is to be regretted that five years after the allocation of 132.3 m u.a., only 90 % of this total has been taken up, only 30 % of the projects have been finished and only 50 % of the appropriations have actually been paid out. For this reason, the Committee on Budgets has requested the Commission to ensure in future that it authorizes expenditure in such a way that the Treasury implements the regulation retrospectively rather than in advance. The Commission should also satisfy itself that the beneficiary countries are ready to use the funds immediately. I feel this point is very important. In all spheres of financial aid from Community funds, the principle of additionality should be strictly observed, so that Community political action does not degenerate into mere horizontal financial adjustment.

To sum up, in its political conclusions the Committee on Budgets hopes that flat-rate aid will be avoided, that from now on the basic regulations will be more specific, that the principle of additionality will be retained and that the methods of analysing the soundness of the financial management will be improved.

Mr President, colleagues, it is for these reasons that I call on Parliament to adopt this motion for a resolution.

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

Mr Cifarelli. — (*I*) Mr President, this is a problem which is of very great importance to me, because it concerns solely and specifically Italy.

I am of the opinion that the Members of this Parliament ought to consider the problems under examination here from a European point of view. We are not spokesmen for our own countries, whatever our attachment and loyalty to them. Individual national interests must be put forward and upheld in the Council of Ministers or the Committee of Permanent Representatives, but we in this Parliament ought to make ourselves the spokesmen of a wider body of opinion, the opinion of the European people in its totality. This is an ethico-political principle to which I have always held.

Following this line of thought, I have to say that I shall vote with my group in favour of the proposals which Mr Hansen has so clearly and distinctly presented to the Assembly.

Having read Mr Hansen's report and the opinions of the Audit Board and the Committee on Agriculture, I am not sure whether to agree with the Audit Board, Mr Hansen, or the draftsman of the Committee on Agriculture. The tone of the three texts is, in fact, substantially different. To me, the Audit Board seems slightly perplexed about the methods used in allocating these funds and unconvinced of the suitability of the investments made. The Committee on Budgets, irritated by the delays and very suspicious of the regularity of the operations carried out, has, on the other hand, assumed an openly critical attitude. Finally, if I may say so, the tone adopted by the Committee on Agriculture is very much at pains to justify the delays in expenditure and the lack of transparency of the projects is very ingenious.

This committee presents a 'pastoral' vision of Italian agriculture which bears no relation to the truth: it may seem pastoral in some parts of Sardinia, but it is certainly not pastoral in the Alto Adige or in Emilia-Romagna. In this political arena there is no point in prolonging a sterile dispute over the regularity of the operations. Continual complaining about the delays in payments does nobody any good. Italian administration functions slowly, and it is well known what damage this slowness has already caused to Italy, particularly to the full adaptation of Italian agriculture to the Common Agricultural Policy. In any case, the Audit Board itself admits that it does not yet have the means to set up a clear and thorough investigation. And when in doubt, Mr President, it is not very clever to enunciate drastic inquisitorial measures, as the Committee on Budgets has seen fit to do.

What has to be condemned is not so much the irregularity, whether proven or not, of the financial operations, the slowness in getting them working or the

confusion of methods; it is the flat-rate decision which should be condemned once again for general political reasons. This money has been spent badly, because from the start the operation had the wrong approach. Furthermore, Italy has continued to use legal instruments which are inadequate for assimilating Community intervention. As a consequence, Community funds have, at least in part, been included in national plans, with the unfortunate effect that the money was not an addition to, but a substitute for, national funds and the projects did not make up part of an organic Community design for structural improvement.

It should be remembered that the flat-rate aid granted to Italy for unmanufactured tobacco, olives, olive oil and fruit and vegetables, amounting to 147 299 539 u.a., was decided on in 1966/67 during a very delicate period for the Common Agricultural Policy. This is now history, but it should not be forgotten. The Italian Government of that time, under pressure from peasant discontent, the disaffection of the majority parties and bitter criticism from the opposition realized that, even while fully intending to implement the common Agricultural Policy in order to advance the union of Europe, which is the real reason for our efforts and our presence here, they had committed the error in 1962-66 of adopting a common agricultural policy which was tailor-made for the wide plains of north-western Europe and largely unsuitable for the needs of Mediterranean agriculture.

A more serious error was to accept a step-by-step policy, which meant starting with products which did not concern Italy, and the most important basic regulations — on cereals, milk and so on — brought in a policy of single guaranteed prices, a policy which then provoked, amongst other things, the frightening surpluses with which we are repeatedly confronted. This policy was not, however, adopted in subsequent regulations, i.e., for classic Italian and southern European products such as olives, wine, fruit, vegetables and tobacco.

Financial solidarity was a one-way affair. The Guarantee Section of the EAGGF paid out more on the others, while very little money was forth coming from the Guidance Section since the structural policy was even then being awaited and is still seriously delayed today. They then started the mad policy of flat-rate compensatory amounts, exceptions and derogations. Having come to the conclusion that the plans tailored in Brussels ill fitted her own circumstances, Italy began, in the Council's marathon sessions, to request aid for this or that product, hoping in this way to plug the gaps in a disastrous game of give and take for financing the Common Agricultural Policy and, perhaps, hoping to disguise the meagre results of Italian participation in 'green' Europe.

Cifarelli

These are bitter truths, but to accept them is to take stock of the faulty mechanisms and one's own deficiencies: one can then criticize them from a political point of view and not merely make a formal criticism of the accounts.

This flat-rate policy was a serious error on Italy's part. Instead of fighting for a completely new policy to take account of the real conditions of Mediterranean agriculture, Italy contented herself with this uncoordinated aid. Instead of advocating reform and innovation at Brussels, thoughts concentrated on what financial advantages could be announced back home in Italy.

This error committed by the Italian Government was accompanied by an equally serious error on the part of the Community and hence of the other governments who form part of it, because, while the complicated surplus situation was coming into being in the fully-protected sectors, no notice was taken of the lack of equilibrium in those sectors of Italian agriculture which could have not only sounded an alarm but also enabled them to avoid the errors which were committed.

I am near the end, Mr President, and I hope you will bear with me. The delays in executing the projects under discussion should be looked at in their true light. I have here some official figures. The aids to tobacco, amounting to 15 million units of account, or 9 375 million Italian lire, have been paid in full. For olives, olive oil and the fruit-and-vegetable sector, expenditure amounts to 45 million units of account, or 28 125 million lire: this sum has been paid almost in full, i.e., 93.7%; there have been delays, but the administration has been conducted properly and correctly. Turning to the fruit-and-vegetable sector in general and the structures of production and marketing, we find a somewhat different situation: here there has been a delay, for of a sum of 87 million units of account only 41.7% has so far been paid.

To my mind, consideration of these figures suggests that there is little use in crying over spilt milk and complaining about the structural, historical, legal and sociological causes of the delays that have occurred in the Italian administration. Once again, we must try to find the general reasons behind these delays, their political and institutional motivation. It is not a matter of the zeal, competence and correctness of the officials: in all administrations there are both honest and corrupt people; there are people who can't look beyond their own noses, and there are those who are able to find fairly intelligent solutions.

The reason which I wish to underline, Mr President, for the Italian sluggishness is that Italy has from the first had to implement Community regulations with ordinary formal laws. Those who know the legal situation in Italy know that, notwithstanding the opinion of some constitutionalists, either because of the

limited vision of the majority parties or because of the insistence on this point by the opposition, Italy has and has not adopted the principle of the direct applicability of Community law, even in cases of regulations with financial implications.

Hence, even in these cases one has to pass through the meshes of national legislation, and hence Community funds have finished up in the great cauldron of the two 'green' plans of 1971 and 1976, as the Hansen report points out. This is why this experience could not be used to emphasize the need for institutional and financial mechanisms which would allow the distributing bodies to act much more rapidly and draw directly on the funds appropriated by the Community. A substantial part of the lump sum in question was, as I have said, used by the Italian Government to carry out financing already provided for under the 'green' plans.

The reports by the Audit Board and the Committee on Budgets are very clear. Here again we have the old argument, on which a lot of time has been spent, regarding the Community's regional policy and the functioning of the Regional Fund.

It is true that Community aid should never be a substitute for national expenditure but a supplement. However, one should remember that this can only take place through structural modification of the intervention mechanisms.

I am now reaching the end, Mr President. These delays, while bitter in themselves for some Community citizens, bitter for an administration which is put under accusation or at least under suspicion, confirm criticism about the absence of a real and proper policy on structures at Community level. The flat-rate aid granted to Italy in recent years, equal to approximately 150 million units of account, was financed by the Guidance Section of the EAGGF. For what was this money intended? — In effect, for a series of individual projects, with the possible exception of tobacco, for which the Italian Government presented an overall project in collaboration with the Commission.

However, individual projects do not add up to make a structural policy; neither are instructions to improve operating and marketing structures sufficient to give a coherent and finalized form to this financing.

This flat-rate aid to Italy has, therefore, all the defects of the structural policy so far followed by the Community, and the reports of the EAGGF, Guidance Section, continue to show that by far the largest proportion of the fund is absorbed in individual projects, while very little is used for Community measures.

Before finishing, Mr President (*dulce in fundo!*), I should like to say something about olives and olive oil. I think I deserve your indulgence, since I come from the region most famous for olives and olive oil within the Community, Apulia.

Cifarelli

The flat-rate aid for olives and olive oil has made the same error with which, even today, one can reproach the support policy based on payments to make up prices. That money was spent virtually without any demands being made for a corresponding campaign for land improvement, and the same mistake has been made again. For years the supplement was paid on the basis of the product presented to the oil mill, with no thought to the conditions in which the olives are cultivated and harvested. This indiscriminate system does not encourage farmers to make improvements or to overcome their own individualism.

Furthermore, this business of flat-rate aid for olives and olive oil aggravates the bad press which this production has unfortunately made for itself within the Community. These criticisms, however, should be taken with a grain of salt — and putting salt in olive oil is the best way to enjoy it.

The Commission has announced for next July a proposal for reforming the organization of the market. We need reform, but it should be tackled with clear ideas. The principle of making up the price should be maintained, but there should not be a bottomless purse full of money for everybody: there must be proof of real structural improvement and cooperation. (This criterion should, of course, hold good for all Community production).

At the same time, argument on the subject should be consistent. By referring to the figures, one can demonstrate that the Community — curiously enough — gives much more aid to other oleaginous crops which grow mainly in the north of the Community. This is the case, for example, of rape seed. It is not true either that price integration has inflated Italian production of olive oil: this, again, should be seen in perspective by looking at the figures. The Community has to reduce its own deficit in proteins and oils; the only problem is to find suitable instruments to enable olive-growing to prosper and to ensure an agronomic future for regions which have a clear vocation for this type of arboreal farming. In addition, olive oil is good and it does you good.

Thank you for your understanding, Mr President, and I hope that none of my colleagues will think me indiscrete if I have somewhat overrun the time allocated to me, but because of the complexity and delicate nature of the subject, I could not help treating it with the rigorous objectivity to which I referred at the beginning.

(Applause)

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Mr President, I thank Mr Hansen for his report and Mr Cifarelli for the clarifications he gave, which will allow the Commission to shorten its answer.

First of all, I would like to say there is no disagreement between the position of the Commission and the content of the report presented by Mr Hansen, particularly with regard to the exceptional nature of the flat-rate aid given to Italy.

This flat-rate aid, let me remind you rapidly, was established in 1976 by virtue of the Council regulation which derogated from the basic regulation governing aid granted by the Guidance Section of the EAGGF. It was an exceptional step designed to finance measures which would compensate for the failings of Italian marketing structures and make good the delays which had held back implementation in Italy of common organizations of the market in the sectors under discussion: tobacco and olives — to which Mr Cifarelli devoted particular attention — and the fruit-and-vegetable sector. It is, in fact, the only time the Agricultural Fund has granted flat-rate aids.

This is why — I repeat — the Commission accepts the recommendations included in the report. The Commission would also point out that the provisions of the basic regulation governing financial aid are compatible with the wishes expressed in the report. The same is true of the recent Council regulation, that of 15 February 1977, on common measures to improve the conditions under which agricultural products are processed and marketed.

Finally, I should like to give a brief answer to the question contained in the report by Mr Hansen, and also in his speech, pointing out that expenditure rose considerably in 1976.

As regards the aid actually paid to beneficiaries, the situation at 31 December 1976, on the basis of figures recently supplied by the Italian authorities, may be summed up as follows. The amount paid to beneficiaries by the EAGGF on the basis of Regulation 130/66 was 42.1 million units of account out of 45 million appropriated on the basis of Article 4 of that Regulation for improving the production and marketing structures in the olive, olive-oil and fruit and vegetable sectors; 15 million units of account, the entire amount appropriated pursuant to Article 12 of that same regulation, was paid to the tobacco sector. More than 40% of the aid appropriated pursuant to Regulation 159/66 was paid to beneficiaries; that is, 36 million units of account out of a total of 87 million.

The volume of investment for which this aid is intended is considerably above the amount of aid set aside, and this shows, I think, the importance of the investment programmes set in action. Its importance is, of course, evident from these quantitative figures, but it is better judged by the quality, interest and effectiveness of the investments.

(Applause)

IN THE CHAIR : MR MEINTZ

Vice-President

President. — I call Mr Hansen.

Mr Hansen, rapporteur. — (*F*) Mr President, I should like to thank Mr Giolitti for what he has just said and emphasize that the Commission's supervisory bodies have made an outstanding effort throughout the whole procedure, frequently under very difficult conditions.

I should also like to say to Mr Cifarelli — and in doing so, I am, I believe, expressing the opinion of the large majority of the members of the Committee on Budgets — that we can no longer accept appropriations being allocated without the strictest supervisory criteria being applied. And this goes for all the Member States without exception. This is our principle and I wanted to reiterate it before this House.

Mr Cifarelli. — (*F*) Very good.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. *Directive on health protection
for workers occupationally exposed to
vinyl chloride monomer*

President. — The next item is the report by Mrs Squarcialupi, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on the approximation of Member States' laws, regulations and administrative provisions on the protection of the health of workers occupationally exposed to vinyl chloride monomer (Doc. 55/77).

I call Mrs Squarcialupi.

Mrs Squarcialupi, rapporteur. — (*I*) Mr President, pursuant to Rule 26 (2), I would request that the directive on the harmonization of the legal provisions on health protection for workers exposed to vinyl chloride monomer be referred to committee.

Amendments have been tabled to this directive which I consider quite important and which require further discussion in committee, because, in my opinion, directives concerning the health of human beings, citizens of the Community, ought to receive the greatest measure of approval possible from all political groups and national representatives.

I hope and believe that this directive will be submitted for discussion by the whole house as soon as possible; indeed, I would urge that all directives regarding public health be discussed on more favourable days than a Friday morning, when very few Members are here to discuss them.

In my view, when public health is at stake one cannot look for loopholes such as have been found for the seas, which are divided into 'strong' and 'weak' seas. In the same way, when legislation such as this is being voted on or put into practice, human beings, too, cannot be divided into 'strong' and 'weak' where problems of health are concerned.

(*Applause*)

President. — This report is therefore referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible.

9. *Directive on materials and articles
containing vinyl chloride monomer*

President. — Is the report by Mr Evans, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on the approximation of the laws of the Member States relating to materials and articles containing vinyl chloride monomer and intended to come into contact with foodstuffs (Doc. 46/77).

I call Mr Evans.

Mr Evans, rapporteur. — Mr President, vinyl chloride is used in the production of polyvinyl chloride, or, as it is better known PVC, a plastic which has many uses, including the packaging of foodstuffs. It has been discovered that vinyl chloride residues may persist in the packaging and that small amounts migrate into the food. Regulation 11/77 therefore proposes a directive to limit the amount of vinyl chloride which may be in contact with or in the foodstuffs themselves, in order to reduce the possibility of risks to human health. This is a simple, straightforward directive which, I am quite sure, is non-controversial in any sense and will be accepted by the Council of Ministers. It was accepted unanimously by the Committee on the Environment, Public Health and Consumer Protection; and I can only commend it to the House this morning and ask you to support it unanimously.

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

Mr Brøndlund Nielsen. — (*DK*) I should like to speak on this matter on which the rapporteur, Mr Evans, quite rightly said that there is hopefully broad agreement, because I think it is necessary to bring as much attention as possible to the problems thrown up by a number of chemical substances.

In this century chemistry has been a wonderful servant and one of the most important for industry. According to the World Health Organization, approxi-

¹ O.J. C 118 of 16. 5. 1977.

Nielsen

mately 600 000 chemical substances are being used in industry today and every year 3 000 new ones appear. But if it has been a good servant it has also raised a number of problems, and I therefore consider it right that Parliament should sound a clear warning note. One must be prepared for the worst, and I agree with Mrs Squarcialupi that it is perhaps something which should be discussed another time here in the Assembly. I would merely call to mind accidents, like the escape of dioxine at Seveso, in Italy a subject which has also been raised during this part-session.

We have already had some unhappy experiences with materials which at first sight seemed quite incredibly useful but whose dangers later had to be recognized. I am thinking of DDT and PCB both of which had been used very very widely and which had to be withdrawn for health reasons. I think we should take up here the very clear position that in every case we shall let the health aspect take precedence and not the possible effects on economic growth.

As regards the matter under discussion here today it is evident that vinyl chloride is particularly dangerous, and a steady lowering of the danger-levels has been taking place in the various States and sectors. PVS, polyvinyl chloride, which has a vinyl chloride in it, is a substance very widely used, frequently in a way that will bring it into contact with foodstuffs. I might also mention that it is very often used in water-supply systems. From this PVC, which in itself is not dangerous, very small quantities of vinyl chloride can escape, and no one knows today — I think one can say this, but I should like to ask the Commission whether it can give any more information on this — how little of this vinyl chloride is necessary to constitute a general health risk. It is right, therefore, that there has been lowering of limits. I might also ask the question whether the limit which is set here of 0.05 mg/kg in foodstuffs is adequate. As far as I know, we in Denmark have a limit which is ten times lower, 0.005 mg/kg. Vinyl chloride has been shown to cause a number of special types of cancer, a particularly malignant disease for which there is no treatment.

I hope that my remarks this Friday morning have drawn attention to the fact that it is the opinion of my group and myself that we must pay particular attention to this matter, and I am pleased that the Commission has taken steps to take suitable measures within the Community. Whether these measures are adequate is another matter. We ought not always only to choose the highest common denominator but we should try to go forward. It is important that industry should have harmonized conditions, so that consumers can feel the greatest possible security throughout the Community.

I therefore recommend that the report be adopted.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, my group has pleasure in supporting this report. My own view is that we waste far too much of our world resources in elaborate packaging, and even more resources in getting rid of it. I personally would very much welcome a trend to less packaging, but such packaging as we have must at least be healthy.

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (*I*) Mr President, ladies and gentlemen, I should like to declare my group's support for this directive on materials and articles containing vinyl chloride monomer intended to come into contact with foodstuffs.

I should like, nevertheless, to invite the Commission to intensify consistently its scientific research into all materials which are used by mankind and to do it in such a way as to retain the confidence of consumers. What I mean by this is that every so often we are subjected to a cold shower as regards the materials used in foodstuffs, and we should like to be able to count upon being given a correct and definitive judgement on the dangerousness of certain substances in order to forestall press campaigns which are often conducted in bad faith and to refute arguments which are often dishonest.

The Community's scientific research ought to protect us from alarmist campaigns and at the same time allows us to draw up standards which do not unjustly hit producers or consumers but which really protect citizens.

President. — I call Mr Giolitti.

Mr Giolitti. *Member of the Commission.* — (*I*) Mr President, I should like very briefly to thank Mr Evans for his report and particularly to assure him that the Commission accepts his exhortation to bring forward rapidly the other directives which are provided for in the framework directive. I shall do my utmost to see that the Commission proceeds in the direction indicated and requested by the rapporteur.

I should just like to make a very short but important remark of a technical nature on a question raised by a Member on the limit adopted in the Commission proposal. The limit was adopted on the basis of a report by the Scientific Committee for Foodstuffs on vinyl chloride monomer and it is the lowest i.e. the limit below which there is an absence of this element, which from the technical point of view represents the greatest possible safety.

Finally, I should like to state that the Commission is well aware of the need stressed by Mrs Squarcialupi for constantly stepping up research, not only into subjects already raised, which are always a subject of

Giolitti

controversy, but research which inspires credence and so is reassuring for consumers and, in general, users of these products.

President. — Does anyone else anyone to speak? I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Regulations on tariff quotas for heifers, cows and bulls*

President. — The next item is a vote, without debate, on the report (Doc. 41/77) by Mr De Koning, on behalf of the Committee on External Economic Relations, on the proposals from the Commission to the Council for

I 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 subheading ex 01.02 A II (b) 2 of the Common Customs Tariff

II. 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.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ O.J. C 118 of 16. 5. 1977

11. *Membership of committees*

President. — I have received from the Group of European Progressive Democrats a request for the appointment of Mr Inchauspé to the Committee on Social Affairs, Employment and Education in place of the late Mr Laudrin.

Are there any objections?

The appointment is ratified.

12. *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 9 to 13 May 1977.

Are there any objections?

That is agreed.

13. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

14. *Approval of the minutes*

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 10.05 a.m.)

ANNEX

Questions which could not be answered during Question-time, with written answers

QUESTIONS TO THE COMMISSION

Question by Sir Geoffrey de Freitas

Subject : Europe plus Thirty

When will the Commission submit to the Parliament and to the Council its proposals arising from its consideration of the Report on Europe plus Thirty?

Answer

The Commission intends to submit to the Parliament and to the Council its conclusions on the report 'Europe plus Thirty' in May. In addition to an analysis of this report, the document will contain the Commission's views with regard to long-term forecasting, planning and assessment.

The report 'Europe plus Thirty', submitted by Lord Kennet to the Commission and recently published also as a book, is of fundamental importance. The wealth of material it contains offers a valuable basis for future study by the Community institutions and has already provided stimulating ideas of some importance for the science of forecasting which is still in its early stages.

The Commission would first of all like to gather some practical experience of the effect of long-term forecasts on the actual formation of Community policies. We shall therefore begin by proposing a limited programme for the evaluation of long-term forecasts in the sphere of science and technology. The Commission has already decided to set up a planning department within the framework of its General Secretariat.

After a successful experimental phase of some four or five years, the various planning instruments already ready in existence or provided for could be incorporated in a wider instrumentarium as outlined in the study 'Europe plus Thirty'.

Question by Mr Krall

Subject : GATT negotiations.

Does the Commission still consider the date scheduled for the conclusion of the GATT negotiations (end of 1977) to be realistic?

Answer

The target-date for ending the Multilateral Trade Negotiations (MTNs) by the end of 1977, if possible, was agreed by consensus of the Trade Negotiations Committee, which is the body responsible for supervising the MTNs (it follows that, formally, modifications to this target-date can only be made by action of this committee).

The Commission has previously agreed with the view that target-dates can be a useful means of encouraging progress. These negotiations should be brought to a successful and acceptable conclusion as soon as possible. They should not continue indefinitely — and are unlikely to — since the USA negotiating mandate continues only a few days after the end of 1979.

Bearing all these date considerations in mind, it is, however, the Commission's *fundamental view* that the kind of results to be achieved in a successful negotiation are more important than the idea of a target for the completion of the negotiations.

Question by Mr De Clercq

Will the Commission give a broad outline of its views on the principle of enlargement of the Community? In its view, is there a danger that possible applications for membership of the Community by other countries may delay the negotiations on Greek accession?

Answer

The Commission has already expressed its views on the enlargement of the Community, in particular in the statements made by its President to the European Parliament on 8 and 10 February last.

For the Commission, the negotiations on Greek accession constitute a case on its own which must continue to be treated as such.

It is clear that the Commission, if necessary, will do everything possible to consider in coherent fashion analogous or related problems that may arise in the course of negotiations opened with other countries applying for membership.

Question by Mr Noè

Subject: Exploitation of minerals from the seabed

Does the Commission consider that the competent Community authorities should promote the formation of a consortium of companies — for the most part European — to engage in the exploitation of minerals from the seabed?

Answer

Consortia of private companies from various countries in the world have been formed by companies in Belgium, the Federal Republic of Germany, the United Kingdom and recently the Netherlands. An association embracing public institutions and private companies has been set up in France (see table below).

These consortia have been set up in order to share the financial risk of an undertaking whose feasibility has not yet been finally guaranteed and to distribute the various functions that are both indispensable and numerous.

These consortia, however, are constantly being developed, often for the purpose of including new partners who are prepared to cooperate in financing the ever-increasing costs of research and development and are capable of contributing technological experience.

The idea of setting up a consortium of mainly European companies to engage in the exploitation of minerals from the seabed has been put by the Commission to leading European firms and is at present still being discussed.

EEC country	Firm(s)	Consortium	Collab USA	Collab. Japan	Collab Canada
Belgium	Union seas inc. (Union minière) 50 %	Ocean mining ass.	Essex minerals C° (US steel corp) 50 %	—	—
France	Établissements publics : — C.N.E.X.O. — C.E.A. — B.R.G.M. Sociétés privées : — Soc. mét. Le Nickel — Chantiers Fr-Dunk.	—	—	—	—
Fed. Republic of Germany	A.M.R. : (25 %) — Deutsche Schachtbau- Tiefbohr GmbH — Metallgesell- schaft AG — Preussag AG	Ocean Manage- ment Inc. (O.M.I.)	Sedco inc. (Texas, 25 %) Int. NI (USA)	Domco (25 %)	Int. NI (25 %)
United Kingdom	Consolidated Gold Fields 10 % Rio-Tinto Zinc. Corp. 10 % British Petroleum 10 %		Kennecott 50 %	Mitsubishi 10 %	Noranda minfs 10 %
Netherlands	Billiton International Metals (?)		Lockheed ? Missiles Space C° (?) Amoco Minerals C° (Standard Oil) (?)	?	

Question by Mr Herbert

Subject : Safety features of motor-vehicles

In the interests of improving safety features of motor-vehicles, will the Commission introduce proposals for the universal use of nylon convolute tubing for wiring-harness protection, with particular reference to passenger-carrying vehicles ?

Answer

1. This matter has so far never been raised by the technical experts
2. The Council and the Commission have given precedence to the adoption of a number of priority directives such as those which, *inter alia*, are dealt with in connection with the Nyborg report. As

and when necessary. I shall arrange for the relevant services to study the problems raised by the honourable Member, in particular, whether the use of convolute tubing might not form part of a Commission proposal.

Question by Mr Howell

Subject : Guidance to farmers

Will the Commission state whether they have considered offering guidance to farmers in the form of Community production targets, and whether they are satisfied that they have taken sufficient steps to make Community farmers fully aware of current and desired levels of production, consumption and export or import in each of the sectors of agriculture ?

Answer

The basic element in directing agricultural production is the prices fixed every year by the Council. In its price proposals as well as in its reports on developments in the agricultural sector the Commission quite clearly indicates the desired direction of production for individual agricultural products. To give an example, the Commission has on several occasions stated that structural and permanent surpluses, as in the milk and the wine sector, are unacceptable. In the action programme for the milk sector and the proposal for measures in the wine sector, the magnitude of surpluses was clearly indicated.

The Commission will, however, seek to improve its forecasting system so as to enable it to give more explicit indications of the desired direction of agricultural production. While such an indicative planning for the total production of individual agricultural commodities in the Community is desirable, this should not lead to the establishment of production quotas either nationally or on an individual farm basis. The latter would in fact destroy the farmers' freedom to adapt production according to prices and according to profitability.

The Commission is aware that in order to reap the full benefits of an efficient indicative planning the Community farmers must be sufficiently well informed about the reasons behind the direction indicated by the price proposals.

Question by Mr Seefeld

Subject : European Youth Forum

Can the Commission state at what stage of development the European Youth Forum is, and how soon it will start functioning ?

Answer

Tentative arrangements for the organization of a 'Youth Forum' will be established at the next plenary session of the 'Temporary Secretariat' in Copenhagen on 26-27 April. With the participant bodies keen to set up the Forum as soon as possible, there are good hopes that the Commission will be receiving proposals from the Secretariat by July on the basis of which it can put a firm proposal to the Council by the end of the same month, and also that the head of the Forum will be designated by that time.

Question by Mr Bourdellès

Subject : Fishing-rights

What steps does the Commission propose to take to put an end to Ireland's planned extension of its exclusive fishing-zone to 50 miles, which is in contravention of European rules and would make large fishing-fleets in Brittany idle ?

Answer

The Irish Government decided to put into effect on 10 April unilateral measures restricting fishing off the coasts of Ireland. Annex VI of the resolution adopted by the European Council entitles the Member States to take, in the absence of Community measures, necessary non-discriminating conservation measures. However, the measures taken by the Irish Government are not compatible either with Community law or with the Hague Resolution as the measures are discriminatory in character.

The Commission notes with satisfaction that following discussions in the Council on 5 April, the Irish Government has invited other Member States to present fishing plans with a view to the later introduction of a scheme along the lines already proposed by the Commission. Consultations between the Irish authorities, other Member States and the Commission will take place with regard to the fishing plans and the envisaged scheme. The Commission hopes that restrictions presently applied are temporary pending a definitive internal Community régime.

QUESTIONS TO THE COUNCIL

Question by Mr Dalyell

Subject : Oil-refining capacity

Will the Council make a statement on its latest actions to provide a rational solution to the problem of surplus oil-refining capacity in Europe ?

Answer

After receiving on 22 March the communication from the Commission on the problems existing in the Community oil-refining sector, the Council only held a preliminary discussion on these problems at its meeting on 29 March 1977.

The Council, however emphasized the importance of these problems and the need to find a rapid solution to them at Community level. It accordingly agreed to continue its examination of these problems at its next meeting on energy, arranged for 14 June, and to consider at that meeting any concrete proposals which might be submitted by the Commission for their solution.

Question by Mr Hougardy

Subject : Devaluation of the Scandinavian currencies

Can the Council explain why the recent decision by the finance ministers of the countries belonging to the European currency 'snake' to devalue the Scandinavian currencies in relation to the mark, the florin and the Belgian and Luxembourg franc was not preceded by the consultation procedure laid down in its decision of 18 February 1974, and what steps does it propose to take to consolidate this procedure in the future, in accordance with the undertaking it gave on 14 March 1977 ?

Answer

The monetary decisions referred to by the Honourable Member were taken after consultation with the governments of the other countries participating in the Community exchange system (called the 'snake'). The Member States of the Community which are not at present participating in this system were immediately informed of this decision.

Furthermore, at its meeting on 14 March 1977 the Council did not give any further undertaking concerning prior consultation on monetary matters. It noted with satisfaction, however, that the Committee of Governors of the Central Banks of the Community and the Monetary Committee intend to hold regular consultations on developments in rates of exchange in the Community and on economic, monetary and budgetary policy measures which might have an effect on such developments.