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from 7 to 11 February 1977

European Centre, Luxembourg

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## NOTE TO READER

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

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## IN THE CHAIR : MR SPENALE

*President**(The sitting opened at 5.05 p.m.)***President.** — The sitting is open.1. *Resumption of the session***President.** — I declare resumed the session of the European Parliament adjourned on 14 January 1977.2. *Apologies***President.** — Apologies for absence have been received from Mr Pierre Bertrand, Mr Lücker and Mr Pianta, who regret their inability to attend this part-session.3. *Appointment of Members***President.** — On 19 January last the Bundestag of the Federal Republic of Germany renewed its delegation.

The following were appointed :

Mr Adams, Mr Van Aerssen, Mr Aigner, Mr Alber, Mr Bangemann, Mr Bayerl, Mr Blumenfeld, Mr Feller-naier, Mr Flämig, Mr Früh, Mr Fuchs, Mr Haase Horst, Mr Hoffmann, Mr Jahn, Mr Klepsch, Mr Klinker, Mr Kunz, Mr Lange, Mr Lücker, Mr Hans-Werner Müller, Mr Willi Müller, Mr Müller-Hermann, Mr Schmidt, Mr Schreiber, Mr Schwabe, Mr Schwörer, Mr Seefeld, Mr Sieglerschmidt, Mr Spillecke, Mr Starke, Mrs Walz, Mr Wawrzik, Mr Würtz, Mr Zeyer and Mr Zywiets.

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.

It therefore asks the House to ratify these appointments.

Are there any objections ?

These appointments are ratified.

By letter of 27 January, the Chamber of Representatives of the Kingdom of Belgium informed me of the appointment of Mr Guillaume Schyns as Member of the European Parliament to replace the late Mr Pêtre, and by letter of 2 February 1977 the Chamber of Deputies of the Parliament of Ireland informed me of the appointment of Mr Gerald l'Estrange as a Member of the European Parliament to replace Mr Dunne who has resigned.

The credentials of these Members will be verified at 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. I congratulate colleagues whose appointments have been renewed and welcome the new Members.

*(Applause)*4. *Election of a Vice-President***President.** — I have received from the Socialist Group the nomination of Mr Rudi Adams to fill the Vice-President's seat which has become vacant as a result of the departure of Mr Behrendt.

As no other nomination has been submitted, I believe Parliament will wish to elect Mr Adams by acclamation pursuant to Rule 7 (1) of the Rules of Procedure.

*(Applause)*

I therefore declare Mr Adams Vice-President of the European Parliament. On the proposal of the Socialist Group, Mr Adams will occupy twelfth place in the order of precedence of the Vice-Presidents, while Mr Zagari will take tenth place which was held by Sir Geoffrey de Freitas; the latter will take the sixth place which has been left vacant by Mr Behrendt.

5. *Membership of Committees***President.** — I have received from the Socialist Group, the Christian-Democratic Group and the Liberal and Democratic Group the following requests for appointments to the committees :— *Political Affairs Committee :*

Mr Sieglerschmidt and Mr Bangemann

— *Legal Affairs Committee :*

Mr Alber

— *Committee on Economic and Monetary Affairs :*

Mr Horst Haase and Mr Zywiets

— *Committee on Budgets :*

Mr Würtz and Mr Schreiber

— *Committee on Social Affairs, Employment and Education :*

Mr Wawrzik

— *Committee on Agriculture :*

Mr Schwabe and Mr Hoffmann

— *Committee on Regional Policy, Regional Planning and Transport :*

Mr Horst Haase; Mr Hoffmann, to replace Mr Seefeld; Mr Zywiets, to replace Mr Bangemann; Mr Fuchs.

— *Committee on the Environment, Public Health and Consumer Protection :*

Mr Spillecke, to replace Mr Adams; Mr Klinker and Mr Hans Werner Müller

— *Committee on Energy and Research :*

Mr Zeyer, Mr Kunz and Mr Hans-Werner Müller

**President**

— *Committee on External Economic Relations:*  
Mr Sieglerschmidt, to replace Mr Brégégère; Mr Müller-Hermann

— *Committee on Development and Cooperation:*  
Mr Wawrzik and Mr Würtz

— *Committee on the Rules of Procedure and Petitions:*  
Mr Spillecke, to replace Mr Bayerl; Mr Schwörer; Mr Kunz

— *Delegation to the Joint Parliamentary Committee of the EEC-Greece Association:*  
Mr Lückner

Are there any objections?

These appointments are ratified.

**6. Petitions**

**President.** — I have received from Mrs Van Buytene a petition concerning proposals for a European Charter for road accident victims and from Mr Jean-Louis Gerus and three other signatories a petition on Europe and young people — action taken on Petition No 16/75.

These petitions have been entered under Nos 15/76 and 16/76 respectively in the register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on the Rules of Procedure and Petitions.

**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 following Commission proposals for:

— a directive to coordinate the laws of the Member States relating to (self-employed) commercial agents (Doc. 514/76),

which has been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion;

— 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. 515/76),

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

I. a directive on the approximation of the laws of the Member States relating to rear fog 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 (Doc. 516/76),

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

— 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),

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

— a directive on the approximation of the laws of the Member States relating to tyres for motor vehicles and their trailers (Doc. 518/76),

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

— a regulation instituting a Community export declaration from (Doc. 520/76),

which has been referred to the Committee on Economic and Monetary Affairs;

I. a directive on the approximation of the laws of the Member States relating to heating systems for the passenger compartment of motor vehicles

II. a directive on the approximation of the laws of the Member States relating to the wheel guards of motor vehicles (Doc. 521/76),

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

— a directive concerning the progressive implementation of the principle of equality of treatment for men and women in matters of social security (Doc. 522/76),

which has been referred to the Committee on Social Affairs, Employment and Education;

— a directive on the harmonization of provisions laid down by law, regulation or administrative action relating to the rules governing turnover tax and excise duty applicable in international travel (Doc. 524/76),

which has been referred to the Committee on Economic and Monetary Affairs;

— a directive amending Directive 70/156/EEC on the approximation of the laws of the Member States relating to type-approval of motor vehicles and their trailers (Doc. 525/76),

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

— a regulation laying down special measures in respect of the Beneventano variety of tobacco (Doc. 533/76),

## President

which has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion ;

- a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines of designation of origin, falling within sub-heading ex 22.05 of the Common Customs Tariff, originating in Morocco (1977/1978) (Doc. 534/76),

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion ;

- a regulation on Community financial measures to promote the use of coal for electricity generation (Doc. 535/76),

which has been referred to the Committee on Energy and Research as the committee responsible and to the committee on Economic and Monetary Affairs and the Committee on Budgets for their opinions ;

- a decision adopting a research programme in the field of Treatment and Use of Sewage Sludge (concerted action) (Doc. 536/76),

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

- a directive to protect the consumer in respect of contracts which have been negotiated away from business premises (Doc. 550/76),

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and the the Legal Affairs Committee for its opinion ;

(b) from the committees the following reports :

- Report by Mr Lautenschlager on behalf of the Legal Affairs Committee on the proposal from the Commission to the Council for a regulation on the European Cooperation Grouping (ECG) (Doc. 519/76) ;
- Interim report by Mr Schuijt on behalf of the Political Affairs Committee on the European Community's information policy with regard to preparations for the first direct elections to the European Parliament (DOC. 526/76) ;
- Interim report by Mr Cointat on behalf of the Committee on Budgets on the proposal from the Commission to the Council for a directive amending the Council Directive of 15 March 1976 on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties (Doc. 572/76) ;
- Report by Mr Pucci on behalf of the Committee on Agriculture on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit (Doc. 528/76) ;
- Report by Mr Kofoed on behalf of the Committee on Agriculture on the proposal from the Commission to the Council for a regulation supplementing Regulation (EEC) No 100/76 with regard to arrangements for importing prepared and preserved sardines (Doc. 529/76) ;
- Report by Mr Giraud on behalf of the Committee on Energy and Research on the adoption of and prospects for a system of basic prices for imported primary energy sources within the framework of a Community energy policy (Doc. 530/76) ;
- Report by Mr De Keersmaecker on behalf of the Legal Affairs Committee on the relationship between Community law and criminal law (Doc. 531/76) ;
- Report by Lord Ardwick on behalf of the Legal Affairs Committee on the proposal from the Commission to the Council for a directive for the coordination of laws, regulations and administrative provisions regarding collective investment undertakings for transferable securities (Doc. 532/76) ;
- Report by Mr Giraud on behalf of the Committee on Regional Policy, Regional Planning and Transport on the proposal from the Commission to the Council for a decision amending the decision on the harmonization of certain provisions affecting competition in transport by rail, road and inland waterway (Doc. 537/76) ;
- Report by Mr Früh on behalf of the Committee on Budgets on the proposal from the Commission to the Council for a regulation on the entries in the Budget of the Communities relating to the financial effects of the different conversion rates applied for measures financed by the Guarantee Section of the EAGGF (Doc. 538/76) ;
- Report by Mr Schmidt on behalf of the Committee on External Economic Relations on the recommendations of the Joint Parliamentary Committee of the EEC-Greece Association adopted in
  - Rome on 9 December 1975
  - Aghios Nikolaos (Crete) on 19 May 1976
  - Berlin on 23 November 1976 (Doc. 546/76) ;
- Report 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 (Doc. 547/76) ;
- Report by Mr Klepsch on behalf of the Committee on External Economic Relations on the recommendations of the Joint Parliamentary Committee of the EEC-Turkey Association adopted in Nice on 28 April 1976 and in Ankara on 9 November 1976 — (Doc. 548/76) ;
- Report by Mr Albertini, on behalf of the Committee on Agriculture on the proposal from the Commission to the Council for a regulation laying down special measures in respect of the Beneventano variety of tobacco (Doc. 549/76) ;
- Report by Mr Gibbons on behalf of the Committee on Agriculture on the proposal from the Commission to the Council for a regulation relating to the fixing of representative exchange rates in the agricultural sector (Doc. 552/76) ;

**President**

(c) the following oral questions with debate :

- the oral question by Mr A. Bertrand on behalf of the Christian-Democratic Group to the Commission on the UN General Assembly's meeting of 24 November 1976 (Doc. 539/76);
- The oral question by Mr Cousté on behalf of the Group of European Progressive Democrats to the Council on the North-South Dialogue (Doc. 540/76);
- the oral question by Mr Molloy, Lady Fisher of Rednal, Mrs Boothroyd, Mr Mitchell, Lord Murray of Gravesend, Lord Walston, Mr Hughes, Mr Kavanagh and Mrs Dunwoody to the Commission on the promotion of consumer interests (Doc. 541/76);
- the oral question by Mrs Squarcialupi, Mr Veronesi, Mr Mascagni, Mr Masullo and Mr Pistillo to the Council on the deferral of the directive on the discharge of titanium dioxide at sea (Doc. 542/76);
- the oral question by Mr Fellermaier, Mr Prescott, Mr Schmidt and Mr Laban on behalf of the Socialist Group to the Council on the failure by the Council to agree an interim Community internal fishing regime for 1977 (Doc. 543/76);
- the oral question by Mr Glinne on behalf of the Socialist Group to the Commission on the repeated violations of human rights in Uruguay (Doc. 544/76);

(d) the following oral question without debate :

- the oral question by Mr Martens, Mr A. Bertrand, Mr De Koning and Mr Früh on behalf of the Christian-Democratic Group to the Commission on the increased production of sugar syrups with a high fructose content (isomeroses) from maize (Doc. 545/76/Rev.);
- (e) — Oral questions by Mr Berkhouver, Mr Cousté, Mr Johnston, Mr Laudrin, Mr Kaspereit, Mr Nolan, Mr Cointat, Mr Dondelinger, Mr Howell, Mr Dalyell, Mr Evans, Mr Herbert, Mr Yeats, Mr Noe, Mr Scott-Hopkins, Mrs Squarcialupi, Lord Bessborough, Mr Nyborg, Mr Radoux, Mr Dykes, Sir Geoffrey de Freitas, Sir Peter Kirk, Mr Seefeld, Lord Bethell, Mr Osborn, Mr Spicer, Mr Hamilton and Lord St. Oswald, for Question Time on Tuesday, 8 and Wednesday, 9 February 1977, pursuant to Rule 47A of the Rules of Procedure (Doc. 551/76);
- (f) from the Commission the operating accounts and financial statements relating to the budget operations for the financial year 1975 (Volumes I, II, III A and III B)

and

the report of the audit board on the accounts for the financial year 1975 followed by the replies of the institutions — Volumes One and Two —

(Docs. 523/I/76, 523/II/76, 523/III/76).

These documents have been referred to the Committee on Budgets, as the committee responsible; Volume two of the report of the Audit Board has also been referred to the Committee on Development and Cooperation for its opinion.

### 8. *Texts of treaties forwarded by the Council*

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

- agreement between the European Economic Community and Macao on trade in textile products;
- agreement between the European Economic Community and the Federative Republic of Brazil on trade in textile products;
- agreement between the European Economic Community and the Republic of Columbia on trade in textile products.

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

### 9. *Tabling of a motion for a resolution*

**President.** — I have received from Mr Terrenoire, Mr Lenihan, Mr Cointat, Mr Cousté, Mr Gibbons, Mr Kaspereit, Mr Laudrin, Mr Liogier, Mr Rivierez and Mr Yeats, on behalf of the Group of European Progressive Democrats, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, a Motion for a Resolution on the last meeting of the Council of Ministers concerning the Middle East (Doc. 553/76).

I shall consult Parliament at the beginning of tomorrow's sitting on the urgency of this motion.

### 10. *Authorization of reports*

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

- *Committee on Energy and Research :*  
a report on the prospects for and requirements of a common oil supply and processing policy; the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection have been asked for their opinions
- *Committee on Development and Cooperation :*  
a report on the advance implementation of certain provisions of the ACP-EEC Convention of Lomé concerning trade with São-Tomé and Príncipe, Cape Verde and Papua-New Guinea.

### 11. *Referral to committee*

**President.** — The motion for a resolution (Doc. 487/76) tabled by Mr Hamilton pursuant to Rule 54 of the Rules of Procedure on the addition of Rule 200A (Debates on the state of the Community) to the Rules of Procedure, which had been referred to the Committee on the Rules of Procedure and Petitions, has now also been referred, at the request of that Committee and to the Political Affairs Committee for its opinion.

### 12. *Limit on speaking time*

**President.** — I propose that speaking time be allocated as follows :

*Reports :*

- 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.

For *oral questions with debate*, the Rules of Procedure provide for :

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

Are there any objections ?

That is agreed.

The debate on the statement by the President of the Commission on the Tenth General Report and the Commission's annual work programme scheduled for Thursday will be organized in accordance with Rule 28 of the Rules of Procedure.

Are there any objections ?

I call Mr Fellermaier.

**Mr Fellermaier.** — (D) I have no objections but wish to make a proposal on behalf of the Christian-Democratic Group, the Socialist Group, the Liberal and Democratic Group and the European Conservative Group : we should like the joint debate on fishery problems to be organized under Rule 28 as well. The total speaking time for the six groups would be two hours allocated in the usual way ; the numerous amendments would then be moved under the normal procedure.

We consider these arrangements necessary to enable the agenda to be proceeded with satisfactorily on Wednesday.

**President.** — I consult Parliament on the proposal which has just been made to limit the joint debate on fishing planned for Wednesday to 2 hours, divided between the groups.

That is agreed.

### 13. *Order of business*

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

Pursuant to Rule 27a of the Rules of Procedure, the following Commission proposals have been placed on the agenda for this sitting for the procedure without report :

- the proposal from the Commission to the Council for a decision on the acceptance of certain codex standards for sugars intended for human consumption (Doc. 473/76)

This proposal had been referred to the Legal Affairs Committee ;

- the proposal from the Commission to the Council for a directive modifying the Council Directive of 20.7.1976 concerning the statistical surveys to be carried out by the Member States in order to determine the production potential of plantations of certain species of fruit trees (76/625/EEC) — (Doc. 492/76)
- the proposal from the Commission of the European Communities to the Council for a directive on the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (France) — (Doc. 507/76)

This proposal had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Regional Policy, Regional Planning and Transport and the Committee on Budgets for their opinions ;

This proposal had been referred to the Committee on Agriculture ;

- the proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for certain wines of designation of origin falling within sub-heading ex 22.05 of the Common Customs Tariff, originating in Morocco (1977—1978) — (Doc. 534/76)

This proposal had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion ;

Unless any Member asks leave to speak on this proposal, or amendments are tabled to it before the opening of the sitting on Friday, 11 February 1977, I shall declare these proposals approved.

At its meeting on 27 January, the enlarged Bureau prepared the draft agenda which has been distributed.

Since then, the Council has informed us that the oral question (Doc. 539/76) by Mr Alfred Bertrand on behalf of the Christian-Democratic Group to the Council on the UN General Assembly was not within the competence of the Council but of the Conference of Foreign Ministers. As the latter has not yet been able to adopt an answer to this question, it must therefore be withdrawn from the Agenda.

The Commission has also informed me that since its members have only recently been appointed, it will not be making any statement during this part-session on action taken on the opinions and proposals of the European Parliament. It intends to make a full statement on this subject during the March part-session.

I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (D) I simply wish to draw your attention to the fact that we agreed at the last part-session to vote this week on the motion for a resolution submitted by Mr Sandri on behalf of the Committee on Development and Cooperation. The vote was postponed with the proviso that the Committee on Budgets should have an opportunity to indicate its opinion to the House. I hope then that the Committee on Budgets will be allowed to explain its position before the vote is taken. I hope that the House will be able to agree to this procedure.

**President.** — Obviously, when a proposal has budgetary implications, the Committee on Budgets must have an opportunity to express its views in the debate. I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, may I ask for the debate on the report, item 399, on the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee to be arranged at a different time. I am the rapporteur and shall not be able to be in the House late on Thursday evening. If possible, I should therefore like the report to be taken either on Friday morning or on Tuesday.

**President.** — I believe the House can agree to that. I call Mr Berkhouwer.

**Mr Berkhouwer.** — (NL) Mr President, my group would prefer the debate on item 361 by Mr Guldberg to be postponed to a later part-session because he is not here this week. I am putting this request on behalf of my group and of Mr Guldberg.

My group has of course no objection to the debate on the Giraud report.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) My group has put an oral question with debate on the North-South dialogue which has been entered on the agenda for Wednesday. For reasons which you will no doubt understand in this electoral period I have to be in Lyons on that day, although I was down to introduce this question. I therefore wonder whether it would not be possible to enter the question earlier — for example tomorrow, should the Guldberg report be postponed — or to postpone it to the next part-session.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, I have no objection to Mr Berkhouwer's proposal. But I would ask you to consider whether we could then place the report which I was to have introduced on Thursday evening, on Tuesday's agenda in place of the Guldberg report; it could of course be taken later on that day if that were more convenient.

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

**Mr Fellermaier.** — (D) I have to point out yet again, Mr President, that this is no way for our House to work.

(Applause)

The Bureau held a meeting at which six group chairmen reached agreement with you, Mr President, and with the Vice-Presidents. They also discussed the difficulties of the Guldberg report and the rapporteur, Mr Guldberg, was present himself in his capacity as Vice-President of Parliament. He was prepared to bow to the Bureau's argument that a report such as this, on which Parliament has been working for eighteen months, could not be postponed because of elections in a particular country, however important the Danish elections may be. But now a postponement is requested after all!

And then Mr Cousté comes along and says: Mr President, I have to go to Lyons. If I may so, I myself have to go to Bonn tomorrow morning, but I have sufficient confidence in my group to believe that it will work just as excellently in my absence.

(Applause and laughter)

Mr Cousté must surely also consider that his group has perfectly qualified experts to deal with the North-South dialogue. If the French members of the Group of European Progressive Democrats consider the North-South dialogue to be of political importance but cannot themselves be present, there are surely enough Irish politicians in their group who can deal with the subject with equal competence and brilliance.

I therefore appeal to any Member who is not able to be here on a particular day because of the dual mandate, to trust his own group to represent him; the agenda should for once be left exactly as it was put together by the Bureau.

(Applause)

**President.** — Thank you, Mr Fellermaier, for helping to keep to the agenda adopted by the Bureau.

In any case, it would not have been possible to include Mr Cousté's question on Tuesday's agenda because the Council, to whom it is addressed, will not be present on that day.

As for Mr Guldberg's report, I hope that the chairman, or another member of the Committee on Economic and Monetary Affairs, will be able to present it.

In this connection I must say that I have been in touch with the Danish Government to ask them whether they could provide transport for our Danish colleagues who are interested in this problem and in

## President

the problem of fishing which will be dealt with on the following day. The reply was in the negative : it is not the custom of the Danish Government to place military aircraft at the disposal of Members of Parliament, and civil aircraft would have cost too much. I then contacted the secretary of the Danish delegation who assured me that during this part-session, although Denmark is in the midst of an election period, there would be a fairly large number of Danish Members present.

In the circumstances, I propose that we leave Mr Guldberg's report on the agenda where it is. In that way I have also answered Mr Klepsch.

*(Applause from certain quarters)*

I call Mr Laban.

**Mr Laban, Vice-Chairman of the Committee on Agriculture.** — *(NL)* Mr President, the chairman of the Committee on Agriculture asked you to place the report by Mr Gibbons on monetary compensatory amounts and the report by Mr Albertini on special measures in favour of Beneventano tobacco on our agenda. It has since transpired that the opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs on monetary compensatory amounts are not yet available ; moreover Mr Gibbons cannot himself be present. Without these two important opinions we cannot discuss this matter and I therefore withdraw the Committee on Agriculture's request. However, we maintain our request for the report by Mr Albertini, which can be dealt with quickly, to be included on Friday's agenda. The Chairman of the Committee on Budgets has informed me that his committee will be considering this report at six o'clock this evening. The debate will not take long but the issue is of importance to the growers of this special variety of tobacco, because the regulation is to enter into force on 1 March of this year, so that its provisions will apply to this year's planting and harvest. I should therefore be extremely grateful if you could meet our request.

**President.** — Mr Gibbons' report is therefore withdrawn.

I propose that Mr Albertini's report be included in Friday's agenda, provided that the Committee on Budgets can deliver its opinion this evening.

Are there any objections ?

That is agreed.

The agenda will therefore be as follows :

*This afternoon :*

- Oral question with debate to the Commission on consumer interests
- Osborn report on certain social provisions relating to inland waterway transport
- Giraud report on transport competition (without debate).

*Tuesday, 8 February 1977*

*10 a.m. and 3 p.m. :*

- Question Time
- Joint debate on the Giraud and Guldberg reports on energy prices
- Introduction of the Tenth General Report and the Commission work programme
- Memmel and Lagorce reports on the Rules of Procedure (vote)
- Schuijt interim report on direct elections to the European Parliament
- Lautenschlager report on a European Cooperation Grouping
- Ardwick report on investments in transferable securities.

*Wednesday, 9 February 1977*

*10 a.m. and 3 p.m. :*

- Question Time
- Joint debate on the oral question to the Council and the Kofoed report on fishing
- Oral question with debate to the Council on the North-South Dialogue
- Oral question with debate to the Council discharge of titanium dioxide at sea
- Kofoed report on sardines

*Thursday, 10 February 1977*

*9 a.m., 3 p.m. and possibly in the evening :*

- Debate on the Tenth General Report and the Commission work programme
- Jozefan-Marigné report on human rights
- De Keersmaecker report on Community law and criminal law
- Prescott interim report on the Community shipping industry
- Sandri report on trade cooperation with the developing countries
- Oral question with debate to the Commission on human rights in Uruguay
- Schmidt report on the recommendations of the EEC-Greece Joint Parliamentary Committee

*Friday, 11 February 1977*

*9 a.m. to 12 noon :*

- Procedure without report
- Possibly, continuation of Thursday's agenda
- Früh report on conversion rates for measures financed by the EAGGF
- Cointat interim report on the EAGGF financing system
- Klepsch report on the recommendations of the EEC-Turkey Joint Parliamentary Committee
- Pucci report on production and marketing of citrus fruit

**President**

- Possibly (subject to the adoption of the opinion of the Committee on Budgets), Albertini reports on tobacco
- Oral question without debate to the Commission on maize sugar syrups.

Are there any objections?

That is agreed.

**14. Time-limit for tabling amendments**

**President.** — I propose that we should set the time-limit for tabling amendments to the Kofoed report on fishery resources (Doc. 474/76) at 3 p.m. tomorrow, Tuesday, 8 February.

Are there any objections?

That is agreed.

**15. Oral question with debate:  
Consumer interests**

**President.** — The next item is the oral question with debate (Doc. 541/76) by Mr Molloy, Lady Fisher of Rednal, Mrs Boothroyd, Mr Mitchell, Lord Murray of Gravesend, Lord Walston, Mr Hughes, Mr Kavanagh and Mrs Dunwoody to the Commission of the European Communities on the promotion of consumer interests:

Bearing in mind the preliminary programme of the European Economic Committee for a consumer protection and information policy, will the Commission report on further measures envisaged in the field of consumer protection?

I call Mr Molloy.

**Mr Molloy.** — Mr President, we have debated very often in Parliament this subject of consumer protection and part of the argument has always been that the producer is a consumer and the consumer is a producer. May I say straight away that my concern is for the ordinary person and family, who may be classed as producers because they are say fitters, engineers, nurses, steel workers, miners and scores of other working people who contribute to some form of production, construction or service and in that single instance produce, but, in their lives consume a considerable variety of goods and use a considerable variety of services. In short, I am speaking of the masses of ordinary people who make up this European Community, who overwhelmingly are the reason for this Community and Parliament and all its committees who are paid by them and it is these people whom this Parliament and its committees have to serve. It seems to me that the Community meaning of a producer is the entrepreneur, the investor, and the upper echelons of commerce and big business; some sectors of agriculture possibly form exceptions.

We are all aware, Mr President, of the vast amount of money that is spent on advertising and cajoling and

how little is spent in the consumer interest. This is a shameful neglect and it is quite obvious to any of us who have been involved in this problem and have researched deeply into it, that what is required is the appointment of a Commissioner exclusively to look after the consumer interest. My research also indicates that by and large the Community and the Commission of this Community are producer-orientated, and the masses of consumers become a poor second. This is beyond doubt and it does nothing to enhance the good name of this Parliament when one has to say that in the EEC it is the producer who gets the larger share of assistance and help, to the detriment of the millions of consumers. I would add it will be to the peril of this European Economic Community if it does not seek swiftly to change this situation.

Over the past eighteen months there have been some improvements, more in thought, alas, than actions, more in words than deeds. Consumer protection is needed and numerous Commissioners — and this can be tested in parliamentary replies and parliamentary reports — have demonstrated this beyond any doubt. There is an urgent need for consumer protection. Such responses and reports clearly indicate that there exist in all our countries a few who operate on the basis that the market-place is a place set aside for men to cheat. Nevertheless, the Commission is concerned, and the Council are aware of the need for consumer protection and consumer protection and consumer information. Their combined concern is laudable; their achievements lamentable. All is talked of, not much is done.

True, Mr President, the range is vast, covering *inter alia* foods, clothing, footwear. It covers labelling, particularly on cans and packages, advertising, many forms of servicing and, indeed, repairing. There is even a need for consumer protection for the millions of ordinary working people of this Community in the sphere of holidays. A number of fundamental changes are required. For example, a sane rationalization of the common agricultural policy, the establishment of a coherent policy on consumer affairs, the creation of an international centre of instruction, a quality-control centre. But, above all, these can only be coordinated, proper action can only be taken, when Parliament and the Commission decide that there should be a special Commissioner with responsibilities solely to look after the interests of the consumers of this Community.

The guidelines have been provided, Mr President, in the summary record of the colloquium of the consumers' organizations held on 2 and 3 December 1976 in Brussels and I quote from its final paragraph:

Finally, and most importantly, we ask the Commission, member governments and consumer organizations to recognize the shortcomings of the values of the existing consumption society, with its destruction of much of the quality of life, and to turn it into a consumer society which will satisfy consumers' real wants and needs.

Molloy

I believe, Mr President, that this ideal must be made a reality.

May I conclude by saying that, if the deeds follow too slowly and tardily on the words, then the words turn sour, people become bitter and bitterness produces disenchantment. Then follows anger and dissension. And there *is* great anger in this European Community among the *millions* of consumers who believe that the Commission and this Parliament are neglecting them. Therefore, I believe that, if we do not do something about it, this attitude can damage severely the fabric of this Community.

This Parliament must now put the defence, desires and aspirations of the European consumer firmly on the agenda — a move which I believe will enhance the loyalty of the millions of ordinary people towards this Community and their interest in the endeavours of this Community and this Parliament. By so doing, we will not only serve them, but they in turn will understand that the ideals of this Community can be put to practical use in uplifting and enriching their lives.

(Applause)

**President.** — I call Mr Burke.

**Mr Burke, member of the Commission.** — Mr President, the new Commission, which presented itself to you in January, has decided to give greater weight to consumer protection and thus to ensure that the Community will present a more human face — to use the President's words — which the citizens of the Member States can recognize and in which they may have confidence. Since I am charged with consumer protection questions, I intend during my term of office to give a new impetus to the implementation of the Community's consumer protection programme.

The Commission's activities in 1977 will be centred upon health protection and the protection of the economic interest of consumers. As far as food products are concerned the Commission has revised, during the last three months, the list of additives to food, in order better to protect consumers' health and to adapt existing Community legislation to technical progress. The Commission will continue with this task with the assistance of the experts of the Scientific Committee on Food.

Concerning the protection of the economic interests of consumers, this Parliament is currently examining two proposals for directives concerning, on the one hand, the liability for defective products and, on the other, the protection of the consumer in respect of contracts negotiated by door-to-door salesmen and contracts negotiated away from business premises. This year the Commission intends to complete these tasks by drawing up two draft directives, which will be sent to the Council during the second half of the year, concerning consumer credit and misleading adver-

tising. A third draft directive concerning standard contract terms will also be sent to the Council as soon as possible, if the preliminary work which has already started progresses favourably during this year.

As in the past, the Commission will continue to attach great importance to consumer information. Firstly the dialogue between the Commission and the consumer organizations must be intensified and widened during this year. The Commission is already very pleased with the results obtained at the colloquium organized in Brussels in December, at which the representatives of the consumer organizations of the Member States met the services of the Commission and at which the European Parliament was represented. The Commission intends to put forward to the Council a proposal for a directive on consumer protection, making it compulsory for the price unit of weight or volume to be indicated, in order better to provide a basis upon which the consumer can make a judgment. Similarly, a draft charter on labelling will be drawn up, setting out the important principles upon which informative labelling of products should be founded. Also during the latter part of the year the Commission intends to help in the organization, together with several European universities involved in this field, of a colloquium on consumer information, in order to compare the methods used, with a view to improving the techniques employed.

As far as consumer education is concerned, the European Parliament requested the Commission to examine the problem of correspondence courses as practised by private organizations. The work in this field has turned out to be more complex and lengthier than foreseen. However, the Commission can assure Parliament of its definite intention to forward a proposal to the Council in the near future.

Lastly, the Consumers' Consultative Committee has been meeting regularly under the aegis of the Commission, and as the Commission attaches great importance to the opinions of this committee, it will continue to consult it frequently. I might mention here that, as a first concrete step in this direction, I had the pleasure recently of addressing the opening session of the newly constituted committee. In the vastly important area of consumer protection, I have no doubt that I shall have the benefit of the fullest assistance and support of all members of this Parliament.

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

**Mr Jahn.** — (D) Mr President, ladies and gentlemen, may I open my remarks by referring to the declaration made by Roy Jenkins in his inaugural address to this House on 11 January 1977. He said that the Commission would attach greater importance than in the past to consumer protection. I believe it is very

## Jahn

important for that promise to be met, because a great many improvements are necessary in this sector whose importance — as the previous speaker said is unfortunately still underestimated by some Members of this Parliament. I was pleased to hear the Commissioner say that a more dynamic approach would be adopted to consumer protection policy.

I therefore welcome this oral question by Mr Molloy and his British colleagues. I believe that the few Members of this House who were able to attend the debate on 19 November last year on Miss Boothroyd's oral question on consumer democracy will still recall the disappointing answer by Mr Simonet on behalf of the Commission. Today we shall be continuing the debate which began last November.

May I draw your attention in this connection to a point which the Committee on the Environment, Public Health and Consumer Protection — of which I have been the acting chairman in the past few months — considers particularly important as it is highly relevant to its future work. I refer, Commissioner, to the by no means new problem of the forwarding of the opinions of the Consumers' Consultative Committee to the European Parliament. More than a year ago I put a written question on the subject to the Commission, only to receive a negative answer. It was not usual, so I was informed, for the Commission to make public reports on the meetings of its consultative committees and groups of experts on which it bases the preparation of its directives. Vice-President Simonet gave an equally negative answer on 19 November 1976; he said:

'The Commission does not consider it appropriate to change the statutes of the Consumers' Consultative Committee. The task of this committee is to represent consumer interests to the Commission and to give its opinion on the formulation and implementation of policies and measures on consumer protection and information.'

Ladies and gentlemen, it so happens that we are keenly interested in the definitive opinions of the Consumers' Consultative Committee which could be of great use to us in our parliamentary work. When I say 'we' I refer not only to the Committee on the Environment, Public Health and Consumer Protection but to the whole Parliament. We believe that this House is entitled, indeed obliged, to maintain closer contacts than in the past with the consumers and their representative bodies. How can we comment with a full knowledge of the facts on proposed directives of the Commission when we have not seen the opinions of the consumers and their organizations who are most immediately concerned?

I therefore appeal to the Commission to review its position and submit these documents to our committee in order to facilitate its work.

In line with the declaration made by Roy Jenkins, I hope too that the previous custom will no longer be

followed so that we can cooperate more closely with each other.

The proceedings of the European colloquium in Montpellier and the Brussels colloquium of the consumer organizations on 2 and 3 December 1976 as well as the last session of the European consumers forum in Berlin, which have recently become available to us, will play an important role in the drafting of our own-initiative report. Allow me to draw your attention briefly to a few of the conclusions or demands of the representative consumer organizations in the Community made at the colloquium and which will certainly be endorsed by Parliament:

- promotion of scientific research to be carried out from the angle of the final consumer;
  - drafting of directives which lead to the enactment of optimal statutory provisions in the interests of consumers, having regard to consumer health and safety and to the promotion of trade;
  - approximation of the provisions and procedures of the Member States on the inspection and withdrawal of products considered dangerous and harmonization of proceedings against infringements within the Community;
  - replacement of the concept of 'defence of the consumer' by the more general concept of 'promotion of consumer interests';
  - consideration of ways of setting up a European training centre with the task of developing and implementing teaching programmes, assisting with the training of teaching staff and facilitating the creation of model schools in the Member States;
  - encouragement of the creation of regional and local information and advisory centres for consumers;
  - creation of the legal and material conditions for systematic information of consumers through the mass media and for free expression of views and criticism by the consumer associations in these mass media to which they must enjoy free access;
  - appeal to the governments of the Member States to reserve a specific number of seats for representatives of the consumers in the Economic and Social Committee of the European Community.
- Finally, I want to draw your attention to the main points of the resolution adopted by the Fourth European Consumers Forum in Berlin:
- change of existing agricultural market regulations to avoid permanent subsidies at the expense of consumers;
  - promotion of product information on a consumer-oriented basis, e.g. through an exchange of experience at a seminar lasting for several days;

**Jahn**

- specific promotion of consumer information and training at schools, adult education centres and in the mass media ;
- creation of the possibility for consumers to withdraw from contracts concluded on the basis of misleading or unfair publicity and entitlement of consumers to compensation for damage incurred through such publicity ;
- creation of a Directorate-General for Consumer Affairs at the Commission.

Mr President, that brings me to the end of my remarks. I spoke at some length because I wanted to take the opportunity to report on three congresses whose conclusions our committee broadly endorses.

*(Applause)*

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

**Lord Bruce of Donington.** — Mr President, it is quite clear that the Commissioner replying to Mr Molloy's question had not really grasped its implications. I find this surprising, since my colleague, Mr Molloy, in the course of a brief but very tersely and moderately put argument, had made it quite clear exactly what he meant by consumer protection. The Commissioner, when replying, emphasized the Commission's desire to show a human face. Mr President, we don't want a face put on anything : what we want is action.

It is not important that the Commission dresses itself up and appears to do something ; what is required is in fact action, and it is no good tinkering about with the same old mixture as before. With some 6 staff members in the Commission liaising with consumer bodies in the various Member States, proposing various legislative measures concerned with labelling, descriptions, pricing and so on this is merely tinkering with the problem. Mr Molloy made it quite clear what he had in mind. He said — and I think this House will agree with him — that the Commission as it stood, in fact, the Community as it stood, was sharply oriented always to what it termed 'the producer'. When the Commission thinks in terms of the producer, Mr Molloy pointed out, it means the entrepreneur, the business-man, the owner of businesses. These are what it means when it speaks of the producer, and it is to this limited section of the population, however great their responsibilities may be, that the whole policy of the Economic Community is oriented. This Mr Molloy made perfectly clear. What is required is a change of heart. In Directorate-General there is permanently situated a whole division which is concerned with liaising with COPA, with the farmers' organization. They are in each other's pockets the whole of the time, but there is nobody liaising with DG when they come to determine agricultural policy which is concerned with the interests of the

consumer. What this Parliament will sooner or later demand and what my colleague, Mr Molloy, was requesting, and what I thought the Commission long ago would have considered is the appointment of a Commissioner looking after the consumer in the widest sense of the term — to make sure that whenever a proposal comes from the Commission, whenever a proposal comes from the Council, whatever it may be, some Commissioner there, someone in authority, is going to say : How is this going to affect the consumers by and large in Europe ? How is it going to affect the ordinary people of Europa ? These are the matters to which my colleague was venturing to draw the attention of the Commission.

We do not require in Europe, Mr Commissioner, any more cosmetics. We do not require any more showing of human faces. What we want is direct action by the Commission — by intervention if necessary — so that the interests of the great bulk of the population of Europe may be safeguarded at the same time as all proper steps are taken to encourage the producer.

*(Applause)*

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

**Mr Meintz.** — *(F)* Mr President, so as to better explain our position on this question, allow me first to look briefly at the measures which the Commission could have taken up to now.

After several months of discussion, the Council approved in April 1975 a resolution setting out a preliminary programme for a policy on the protection and information of consumers, as proposed by the European Commission.

This programme was to lay down the framework of a genuine consumer policy and set out a charter for consumers based on the following five basic articles with which you are familiar :

- the right to protection of health and safety ;
- the right to protection of economic interests ;
- the right of redress ;
- the right to information and education, and
- the right of representation.

In future, and this is important, the protection and information of consumers should no longer be the subject of isolated measures but of measures meeting a specific right of consumers. The preliminary programme should enable the protection of consumers to be strengthened at Community level within the overall context of the various Community policies such as economic policy, the common agricultural policy, social policy and the approximation of legislation. The Member States should be induced to formally recognize these five rights. Each citizen and each association of consumers should also be able to

**Meintz**

lay claim to these rights and to see them enforced in their respective countries.

I think that this question has the merit of enabling us to reflect on the progress achieved so far, i.e. a little less than two years after the programme began.

The first four-year programme indicated a list of priority actions to be carried out through harmonization of existing national legislation or by laying down common norms or alternatively through general directives. The preliminary programme covers an extremely broad area and if it were implemented it could, on its own, account for a considerable part of the policy for the protection and information of consumers.

The areas touched upon in which new proposals have been presented by the Commission include door-to-door selling, labelling of textile products, and the compulsory indication of unit prices of prepacked products.

The consumers' right to compensation for damages, which is for the first time formally recognized and set down in this programme, also deserves mention, although its application remains the responsibility of each individual Member State.

As a former Commissioner, Mr Scarascia Mugnozza, said, the consumer must be involved as a consumer in all aspects of social life, in other words he must develop an awareness. That is why the implementation of a broad information policy, based on surveys, comparative studies, publications and lectures, should give consumers adequate information on the nature, composition, quantities, prices etc. of products sold.

Finally, such a policy implies fuller explanation of the Community's policies and decisions and the possibility of intervening during the drafting of regulations having a direct effect on the interests of consumers.

My group agrees that the aim of the authors of the question, namely the achievement of greater protection for consumers advocated with such vigour by Mr Molloy, is praiseworthy but, in the light of our above remarks, we also consider that it would be better to fully implement the preliminary programme rather than anticipate a further series of supplementary measures.

*(Applause)*

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

**Mr Cousté.** — *(F)* Mr President, this is a timely question. Only a few weeks ago an extremely interesting debate was organized in the shape of the first Community consumers' forum. In my view, and in that of our group as a whole, this was a turning point in the development of action by consumers. It heralded the transition from a defensive posture to positive and active

participation in the elaboration of the overall economic policies of our Community. Consumers organizations would thus no longer be dealing simply with important but limited problems, such as the quality of products, labelling or regulation of misleading publicity and door-to-door selling. We know that all this represents justified everyday concerns. But in our view these consumer organizations are now beginning to participate in the drafting of regulations relating to the whole sphere of economic activity in the Community.

This is a desirable trend, since the consumers have their place as responsible partners in the economy. However, cooperation cannot be satisfactory unless the consumers rid themselves of their complex of perpetual sufferers. This attitude is so firmly rooted in minds and habits that we hear constant references to the 'defence of consumers' and it is in fact also the reason why we have had this most interesting debate on a question by Mr Molloy— whom I congratulate with his co-signatories — concerned with the protection of consumer interests.

This vigorous, defensive action was, I suppose, a historically necessary phase to ensure that consumer organizations were set up and could make their voices heard, but that phase now belongs to the past because, in our view, there is no real antagonism between producers and consumers; each needs the other to achieve the ultimate goal: ample supplies of products of adequate quality. We know perfectly well that in the final analysis the interests of consumers and producers are closely linked, as are those of the intermediaries. It can only do harm to play them off against one another; we must therefore seek a better understanding and ensure a better balance of the interests of consumers and producers which are in fact complementary.

I shall take just two examples: we know that the agricultural market is organized on a Community basis and I am sorry that the Consumers' Consultative Committee seems to contest that fact while generally forgetting the need for security of supply of agricultural products, despite the favourable situation in that respect from which we in Europe benefit. Not only are there regular supplies; through the common agricultural policy we have also helped to protect Community consumers against the effect — which might otherwise have been considerable — of short-term movements on prices.

In 1974 the price of food products rose by 10.4 % in the Community while in the United States the increase in the same year was 14.6 % and in Japan 29 %. Through the introduction of export levies on certain key primary commodities (cereals, rice and sugar), the Community has not only ensured the security of supplies but also a measure of stability of consumer prices.

Cousté

The effectiveness of these measures is illustrated by the fact that, for a substantial number of products, the domestic Community price was substantially lower than the world market price in 1975 and 1976 and we hope this will remain so in 1977.

An even more striking and interesting example is that of Great Britain. Since its accession to the Community that country has benefited from a great effort in favour of consumers in the form of Community subsidies on the consumption of butter and meat and subsidies on imports of sugar from third countries. The result of all this has been a more moderate increase in prices in Great Britain than would have been the case if it had been obliged to procure its supplies at world prices. The same holds good for industrial products. It should not be forgotten that the Community, by phasing out customs duties, organizing a large market and creating keener competition between producers has in fact given the consumers of industrial products greater choice as regards product quality and price. This is perfectly illustrated by the excellent surveys made by the Statistical Office of the Commission, which show that the prices of major industrial products are moving increasingly close together in the various countries — in the case of clothing, furniture, household electrical appliances, motor vehicles and so on — despite the serious problems still posed to the Community by the disparity in exchange rates as between the different countries. We therefore lend our support to the words of the Commissioner responsible in this area who said just now that he intended to pursue an active policy, and also to Mr Roy Jenkins, the President of the new Commission. We think, in fact, that the Community must embark upon a mature consumer policy with important objectives and resources; it must also continue the effort of reconciliation between producers and consumers because it is by reconciling interests rather than opposing them that we shall be able to pursue a Community policy living up to our ambitions.

(Applause)

**President.** — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

**Mrs Kellett-Bowman.** — Mr President, I believe that if we are to make progress in this field of consumer affairs, consumer affairs should be established as a separate directorate-general.

Of course, the Commissioner is absolutely right when he says that this is one of the things that can give the Community a human face, which is so very essential in the run-up to direct elections. Lord Bruce — who, unfortunately, is not here at the moment, suggested that the Community does not just want a human face — it wants action. I would respectfully suggest to Lord Bruce that publicity properly handled *is* action,

and it is action which many people in the Community very much want.

Like Mr Jahn, I am puzzled as to why the reports of the Consumers' Consultative Committee, which advises the Commission on draft directives before they come either to Parliament or to ECOSOC, are not published, and are very rarely made available to the European Parliament.

The Committee on the Environment, Public Health and Consumer Protection did once get hold of the CCC report on product liability, but only by very special request. There is no doubt that consumers are eager for information in readily accessible form. The Commissioner said in his — slightly reluctant, I thought — reply to the question, that the Commission would intensify the dialogue with consumer organizations. But what about the general public? What about dealing, not only with the middle man, but also directly with the general public to a much greater degree than is at present the case?

In May 1976 the Commission published a survey entitled *'European Consumers — Their Interests, Aspirations and Knowledge on Consumer Affairs'*. This showed that a very high proportion of men and women in all income groups and all age groups were in favour of either the introduction or extension of television broadcasts to provide consumers with objective information in a simple, readily accessible form. Television and radio, therefore, are areas where Commission activity in the consumer field would find a receptive audience.

The section of the 1975 preliminary consumer programme, which deals with information, seems really to me to have been marking time since the Commission produced the May 1976 survey. It would be particularly useful in the run-up to direct elections if the Commission could take a very much more active role in giving information via the media as a means of showing, as Mr Cousté said, what benefits membership of the Community can confer on ordinary men and women and their families.

The 1976 consumer programme states quite definitely that the Commission will publish an annual report on the state and progress of the programme. Now what has happened to this, and why has the Commission not given it a high priority? Not just as an official document — those tend to get chucked in the waste-paper basket — but as a document which could be given wide publicity at a time when the Community needs to win support. I wonder sometimes if the Commission is satisfied that everything possible is being done to publicize directives which are of direct benefit to consumers, such as those on the labelling of foodstuffs and product liability, as an achievement of the Community? I wonder if it appreciates how much such publicity is needed in some Member States, particularly my own, to counteract the hostility towards

**Kellet-Bowman**

some of its harmonization directives, because we above all, and particularly in my group, will stand for no harmonization for harmonization's sake. This is an antidote to that feeling that the public have about harmonization. We were very glad, incidentally, that the directive on Community beer was withdrawn. That would have caused nothing less than uproar in my country and, I have no doubt, in many others.

Commissioner Burke said that they were going to bring in a draft charter on labelling, but he did not mention the vexed question of language in this connection. One item on which, with respect, the Commission and Parliament have long been at loggerheads is the question of the language on container labels for foodstuffs and dangerous substances. The Parliament has always insisted that this should be in the language of the country where the goods are marketed. This is important in many spheres that may not readily strike the Commission. For instance, in my country we had a very, very effective German cough mixture. There was a little note on this cough mixture in German which said that it should not be taken before driving. Now we had numerous cases, that went, I believe, right to the House of Lords, in which people were convicted of drunken driving because, without knowing it, they had consumed a considerable amount of alcohol via this cough mixture, and, of course, they got off. But it was a serious matter at the time. Now the commission has resisted the idea of using the language of the country concerned, and I do hope that as a conciliatory gesture at the beginning of the new Commission, it might perhaps adopt Parliament's attitude in this regard.

The Commissioner did mention a proposal on door-step sales. I do hope he will go very carefully on this one. This is a matter of very great importance in the North West of England, particularly as regards the sale of textiles, which is done very widely on a door to door basis. This is something into which, with respect, the Commission must not rush. Very great care must be taken to consult all the people concerned, otherwise we could create a very difficult situation in an area of the Community where unemployment is already too high.

May I just say I wish the Commissioner the very best of luck in his new term of office.

*(Applause)*

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

**Mr Veronesi.** — *(I)* Mr President, ladies and gentlemen, this is a subject which has been dealt with repeatedly by Parliament and its responsible committees. The interest of the Community in matters of consumer defence cannot be denied. I shall continue to speak of the defence of consumers because I do not

think that the situation has improved sufficiently to allow us to use a different expression from this one, which does of course imply a value judgment.

Recently meetings have been held (the most important of them at Montpellier) at which the problem of the defence of consumers has been the subject of critical analysis from the scientific and economic angle as well as in social terms. I think that many true points were made on that occasion. However, repetition of this debate might ultimately convert it into a kind of periodic ritual, serving no more useful purpose than to stress the existence of the problem yet again. I therefore agree with those colleagues who consider that the time has come for more incisive action by the Community bodies enabling us to proceed more energetically.

The problem of the defence of consumers admittedly concerns the quality of products and prices, but in this period of general economic crisis and far-reaching change in economic relations between the countries of the world, it also involves optimum utilization of key products. The consumer and the economies of the individual countries can still be defended while establishing a scale of priorities between the different types of consumption. This is most important in my view because we must engage in an energetic struggle against waste and I am certain that in this area the European Communities can make a valid contribution through the authority which they enjoy.

To this end, far more effective information is needed than has been available up to now. In my own country there was a monthly review which, with considerable courage, took individual products which were named, analysed and evaluated them and then compared their content, price and production cost with the data given in advertising material. This caused great concern to many sectors of industry, so much so that the review was obliged to cease publication for lack of funds.

I agree with the previous speaker on the need for more intensive information and education and I believe that the Community should ask the biggest daily newspapers and radio and television stations in the Member States to publish reports for the benefit of the consumer. In my view this would be a way of giving greater authority, credibility and, if you like, objectivity to what is said, even though it might harm the interests of certain industries or production complexes.

I think then that this could be an important path to follow. Valid aid could also be guaranteed through the presence of the Community, enabling action to be pursued in the schools — at least at certain levels — in order to make known and explain the importance of the problem. How, for example, can we tolerate large-scale advertising for devices which guarantee in ten days ten centimetres more height for small men

## Veronesi

or other devices which will give girls the most beautiful bust in the world in ten days? This type of advertising must be discredited and for that purpose the help of a leading authority such as the Community could be very beneficial, since it has its own official channels and access to the leading newspapers and radio and television stations of the member countries.

I think this suggestion could be approved and I submit it therefore to the Commission, since it seems to be the most immediate and effective way of achieving concrete results.

(Applause)

**President.** — I call Lord Murray.

**Lord Murray of Gravesend.** — Mr President, I think that we can all agree with practically everything that has been said this afternoon in this debate, and that is one of the problems: we come here and talk about consumer affairs and we all agree with each other. I think what we are asking for today is that the Commission should become a much more offensive body than it has been in the past. Particularly at a time like this when there are large pockets of unemployment, when we have inflation all over the Community, the people who suffer are the victims of the lack of consumer protection. What the Commission ought, I think, to be doing is to examine more closely how they can protect the consumer at the point of production rather when the goods arrive in the shops; and it is the lowly-paid and the unemployed who, we sometimes find, are the least articulate and the least able to protect their own interests. One of the problems, of course, is that many of these consumer organizations are on a voluntary, hit-or-miss basis, and we really need much firmer guidance and protection for the consumer. After all, in my own country how many of those that need consumer protection read magazines like *Which?* It is usually those who are better off — the middle-class — who are able to obtain this sort of magazine or take the trouble to read it; but it is really those people who go either to the small corner shop or to the large chain-stores who need all the protection that is possible. Another point is that whilst you have it on this hit-or-miss voluntary basis consumers are not confident of the protection they receive either from their individual governments or from the Commission and the Community; and this confidence is really what the Commission should be reinforcing. Again, in my own country, the publicly-owned industries are criticized regularly, particularly in the media, but immediately there is an attempt to criticize privately-owned industry for the lack of consumer protection, the people concerned run into the difficulties of the libel laws and feel that they are unable to criticize in the way they should be doing. After all, we see in our member-countries goods that do not last for the time

they are supposed to when people buy them, the guarantees that do not hold water; basically, it comes down to people not knowing their rights and not having enough protection.

I think the Commission has a great opportunity not just to put a human face on consumer protection, not just to give a voice to consumer affairs and to say, 'We know it is wrong, we need to do something', but to use its muscle; and that is what it should be doing to protect the interests of consumers throughout the Community.

(Applause)

**President.** — I call Mr Burke.

**Mr Burke, Member of the Commission.** — Mr President, I would first of all congratulate Parliament and in particular Mr Molloy on raising this important subject at this early stage in the life of the new Commission. But may I say to Mr Molloy that he seems to be inviting me to work myself out of a number of responsibilities which I secured on the evening of the first meeting of the Commission. If I am to be regarded as the Commissioner in charge of consumer affairs and nothing else, then I must give up my responsibilities for relations with the Parliament, my responsibilities in regard to taxation and in regard to transport. I am quite sure that he did not mean it quite in that way. What he wished to emphasize was that the Commission should attach ever greater importance to that aspect of its work which is subsumed in the title 'Protection of Consumer Interests'.

One of the reasons why I would be slightly hesitant to adopt some of the attitudes put before me this evening is that it might put me in some sense into a posture of confrontation with some of the aspects of the Commission's activities. For example, Lord Bruce invited me to have a look at DG VI and agricultural matters. I prefer to take the point which was made very eloquently by Mr Cousté when he spoke in favour of conciliation rather than confrontation. And if conciliation rather than confrontation is to be the desired effect in the mind of the general public, then I also say that collegiality is the watchword of the Commission and that while I may take special responsibility for consumer affairs, I must always remember, and the Parliament must always remember that in these matters we reach our decisions on a collegiate basis: I have no doubt that every other member of the Commission is as anxious as I am to see that consumer affairs are protected and that citizens' rights generally in this Community are protected.

Taking up the point made by Lord Bruce when he said that what we wanted was less cosmetics and more action, I would make two points here. First, the words 'human face of the Community' were the choice of the President of the Commission in his initial address

**Burke**

here, and I understand that is from the same political grouping as those who spoke in this manner, so that the problem of cosmetics is not one for me: I did not choose the phrase in the beginning; it was chosen by the President of the Commission to express a certain point of view, a greater interest in the citizens of the Community.

That is a smaller point. The important point is that Lord Bruce has asked me to intervene in many of the areas of activity of the Commission — for example, as I have mentioned, agriculture. May I say in this regard that the Consumers' Consultative Committee, which I met very recently, has also had consultations with my fellow-Commissioner Finn Olav Gundelach and that no doubt they were able to convey to him their concern in regard to some aspects of consumer interest in agriculture.

I take the point made by Mr Albers when he spoke about the greater importance that needs to be given to consumer affairs and that he was glad to hear my statement. In this regard, and in reply also to Mr Jahn, may I say that there is some difficulty in having the opinions and suggestions of the CCC delivered straight over to Parliament. The Commission knows, and I hereby reaffirm that I know, that Parliament attaches great importance to the opinion of the Consultative Committee. But I would have parliamentarians remember that the Consultative Committee, important as it may be, is only one element in the decision-making process of the Commission. I would therefore have to reserve my position in regard to the request made by a number of honourable Members that we should give to the European Parliament directly the opinions which come to us from this important body of the Commission. May I say, though, that in making this reservation I want to make it absolutely clear that it is my intention to provide the European Parliament with all the useful information which can shed light upon the interpretation of texts submitted for Parliament's approval.

In regard to the point made by Mr Meintz, may I say that the Commission has already examined the question of the competences and the structures of the services concerned with consumer protection. I would like to remind Parliament that I have been only 3 or 4 weeks in charge of this important responsibility. I have assessed for myself the importance of the services in question, but it will take sometime before my assessment of the importance of the services will be translated into action in regard to these services. I would say that this will happen over the period of 4 years. I think, with respect, I could hardly be expected to deliver in the short period of 4 weeks what has not been delivered for the previous 4 years. But I hope that in the near future this European Parliament will be satisfied with the new orientations of the Commission which will be made at my instigation in this regard.

May I say also that I agree very much, as I have already mentioned, with Mr Cousté's general approach. I agree with him that the consumers themselves are going to have to take their responsibilities concerning the elaboration of economic policy much more seriously. I see this as happening in two phases. One, as has already been mentioned, would be the defensive phase, where we are concerned to emphasize the protection of the main interests of the consumer. A second phase, which will follow in the not too distant future, I hope, might more appropriately be regarded say as the active phase in which, through proper structures, consumers may participate in the main policies in their various countries — economic, agricultural, transport and so on.

May I reciprocate the good wishes of Mrs Kellett-Bowman for my term of office and say that I agree with many of the things which she has said here this evening. In regard to television and radio, I am sure the honourable Member realizes that the Commission organizes regularly meetings with the media — press radio and television — during which exchanges of information on consumer matters take place. But I think what she has in mind is more people appearing on national television to explain directly to the citizens what is involved. I would invite her to consider for a moment the difficulties which the Commission, with its limited resources in this area, has in carrying out what should in fact be done by the national governments through their various television and radio services. In regard to her question about the annual report, this is in preparation and will be published very soon and distributed widely and publicized widely in the Community.

Concerning the labelling of products, I have noted her statement in regard to the problem of languages. I must say that I would not, at this early stage in my tenure of office, be willing to give an authoritative view on what I shall do about it. Suffice it to say that I have noted the important point made and will give it every attention. I agree with her, too, that we should avoid too much harmonization for harmonization's sake and I have already made this clear to a number of bodies that I have met in the course of my brief tenure of office.

One thing she said, though, was very important: that if we are to overcome the increasing resistance to Community attitudes in the various Member States, the Commission's and the Community's achievements must be more widely publicized. I find it interesting that when the Commission achieves something in the realm of consumer protection, the national governments sometimes take the credit for what in fact the Community has achieved. I can only assure the honourable Member that I shall not be slow in claiming for the Commission any firsts in this regard and that if any national government seeks to muscle in too much where it shouldn't and where it has no moral right so to speak, I shall bring this to their attention.

**Burke**

As to Mr Veronesi's point about the truth being voiced, I sympathize with his point of view but I recall, from personal experience, difficulties with a particular television programme which sought to give the truth about certain products and the production of certain materials. The programme was taken off a certain television station simply because the effect on the consumer was rather greater than perhaps the producers were expecting. I think in his contribution he very rightly pointed out the difficulties in this area. But these difficulties should not deter us too much. We should keep on trying, as the Commission is going to do, to see that the individual citizen is provided with more and more information about the various products which he is expected to use and to consume.

As for Lord Murray's point about the Commission becoming an offensive body, I have taken note of this. I know he was perhaps speaking of using muscle in the metaphorical sense, but I shall certainly try to make sure that the European Community is more aware of the Commission's activities in this regard. I think he had a very interesting point in saying that the consumer might best be protected at the point of production rather than at a later stage. This is something which I will look into and perhaps at a future date the Parliament might have an opportunity of discussing this point.

To conclude generally, may I say, Mr President, that the general tenor of this debate follows rather closely my own thoughts over the last few weeks as I have tried to assess my responsibilities as Commissioner responsible for consumer affairs. I have come to the conclusion, as evidenced here this evening in this debate, that what we need really is not a Commissioner responsible for consumer affairs, but in effect a Commissioner responsible for what might generally be regarded as citizens' affairs. In a sense a Commissioner responsible for what is in some countries regarded as the quality of life.

In coming to these general conclusions about my role as Commissioner, I am fortified by the knowledge that the Commission's programme, the preliminary programme of the European Economic Community, for a consumer protection and information policy, takes the very same attitude in its introduction where

the consumer is no longer seen merely as a purchaser and user of goods and services for personal, family or group purposes, but also as a person concerned with the various facets of society which may affect him either directly or indirectly as a consumer.

It goes on to sum up the consumer's interests in five areas. They are the right to protection of health and safety, the right to protection of health and safety, the right to protection of economic interests, the right of redress, the right to information and education and finally the right of representation, the right to be heard. Those of you who have listened closely to my

opening remarks will have noted that I referred to the first, second and fourth points of that programme. This does not mean that I shall not pay attention also to the two other sections which were mentioned in the preliminary programme. Suffice it to say that for the moment, given that some speakers have suggested that all we have got so far is words, words, words, I thought that in addressing Parliament here this evening I should speak of concrete suggestions or concrete proposals which the Commission in the next twelve months intends to bring before the Council. That, Mr Molloy and others who have spoken here this evening, is my answer to those who have criticized the Commission for simply uttering words. I have said precisely what I hope to achieve in the next coming twelve months. If we can do these things, it will be a concrete step forward, and I am not minimizing in any way the general aspects of the debate which we have had here this evening.

Mr President, I want to thank all those who have contributed to a very lively and interesting debate.

*(Applause)*

**President.** — I call Mr Molloy.

**Mr Molloy.** — I am very grateful indeed to Mr Burke for the very interesting points he has made. Of course I appreciate very much indeed that he has only been in the job for, as he said, four weeks. He seems to me to have a remarkable grasp of what it is all about. The most telling sentence that he used was this: 'I could hardly be expected to deliver in four weeks what has not been delivered in the previous four years'. That is an admission for you. I hope that he can, within one year, make up for the failings that he and I agree have existed for so long.

Lord Bruce was talking of the cosmetics on the human face, and I can understand that very well indeed. There are some sharp practices in that respect, and commercial cosmetics can make the ugly duckling look like the Mona Lisa. It is this sort of things that we want some action on. For, when you talk in the pubs and clubs, or in football grounds, you observe that amongst ordinary people, Mr President, the disappointment and anger are very, very real. What they say to us, 'Look, all is talked of: nothing is done'.

And I would say this: I hope, too, that the Commissioner will not be like some of those who have had responsibility in the past; they, too, have had the spirit and the desire to want to do something, but we have discovered that the flesh was lamentably weak. We have had all the same excuses year in and year out — almost identical. They have been, so to speak, consistent in their excuses, and as Oscar Wilde once said, 'Consistency is the last refuge of the unimaginative'. I hope that will not apply to Mr Burke. I hope, too, that, if we can judge from the grasp of this subject

Molloy

he has shown this afternoon, he will lose his present job and become this Community's first Commissioner for the Protection of Consumers.

(Applause)

**President.** — At the risk of abusing the President's privileges, I should like to clarify to Mr Burke what seems to me to be a fundamental request by the European Parliament in this debate.

What the European Parliament is asking you to do, Mr Burke, is to be the active conscience of the Commission in regard to the question of consumers. In your reply, which was very sympathetic, you mentioned the collegiate nature of the Commission. In our opinion, collegiality without some personal touch means anonymity and inefficiency. Conversely, if there were a personal approach without collegiality the same inefficiency would appear, because decisions must be collegiate decisions. What we are asking you, therefore, is to take a personal approach within a collegiate framework.

We entirely trust you to progress in this direction and, with the aid of the consumers themselves, arrive at an effective policy as desired by all groups of this European Parliament. We will wholly support you in your actions. I wanted to say that to summarize for your benefit the desires of our Assembly as I see them.

(Applause)

The debate is closed.

#### 16. *Regulation on certain social provisions relating to inland waterway transport*

**President.** — The next item is the report (Doc. 484/76) drawn up by Mr Osborn on behalf of the Committee on Regional Policy, Regional Planning and Transport on the

proposal from the Commission of the European Communities to the Council for a regulation on the harmonization of certain social provisions relating to goods transport by inland waterway.

I call Mr Osborn.

**Mr Osborn, rapporteur.** — Mr President, when I undertook the work of rapporteur, I little realized what a challenge it was for me personally to reach a compromise between the pressures in our own committees, the pressures on the Commission, the advice of ECOSOC, and pressures from employers and trade unions affected by this proposal.

Firstly, may I welcome Mr Burke, the new member of the Commission, to this debate. I am aware that he, too, has inherited a challenge but I am certain that a new mind at this stage will be an asset rather than a detriment to the furthering of this particular issue.

Since Members will notice that in my report I am recommending a considerable number of amend-

ments to this proposed regulation, I think I should start by saying a little about the background to my thinking when I came to draw up this report. Firstly, Parliament had waited a long time. The Council decision on this proposal was taken in May 1965. Secondly, this proposal has been in the hands of Parliament and ECOSOC and has been exhaustively discussed for some 17 months. Above all, I was conscious — as indeed are all members of the Committee on Regional Policy, Regional Planning and Transport — of the great difficulties which comparable provisions in the field of road transport have encountered over the years.

It seems to me that, at least in part, this was due to a certain lack of flexibility in those proposals. I remember that in the debate a few months ago Mr Mursch said it was no good making laws if no one obeys them. My reply was that it is no good producing bad laws which are impossible to enforce. Accordingly, it seemed to me that there was a real danger that, if this present proposal were not flexible enough, it might encounter not the *same* difficulties but *greater* difficulties in its application than have the social provisions in road transport. To my mind, to adopt legislation which cannot be applied effectively, is much worse than not legislating at all. This is always a risk when the legislation in question is too detailed. I think this perhaps could be the case here.

Mr President, when I started, I was of the opinion that the Commission was attempting too much. I think I still hold that view. But I am aware that the Commission is under social pressure, even from our own Committee on Social Affairs, Employment and Education, to do more. For this reason I sought first and foremost, therefore, to make sure that the proposals were as flexible as possible. I would like to deal with this aspect of my work in the first instance.

The House will see that I suggest Article 7 should be entirely rewritten. The purpose of this is to ensure that any derogations from the provisions of the regulation concerning manning (and basically these are set out in Articles 5 to 9 and the Annex) should be based on the physical characteristics of the various types of inland waterways and the vessels that work there. I provide for this in paragraph 3 of my new Article 7. This means that there will be no national derogations as such, but rather that crew requirements will depend on the type of waterway. This I think is important, because the crew requirements provided for in the annex to this regulation are modelled on those in force on the Rhine, and the Rhine is of course in navigational terms a very different proposition from a small virtually currentless canal which may not be susceptible to major variations in depth and so on. And, in fact, I sense that differing types of waterways may be giving rise to differing national attitudes to

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these proposals. My revised Article 7 does, however, contain in paragraph 4 extremely careful provisions to ensure that crew reductions are only made after both sides of the industry have been consulted and that they do not represent a step backwards in the social field. And I attach very great importance to this.

I should like to mention Article 8 which concerns female crew, and was, in the opinion of my committee, drafted in a way which, however unintentionally, might have proved prejudicial to women and to their right of equal employment. You will see, therefore, that we have amended Article 8 drastically by spelling out the fact that there should be no discrimination in the employment of women, beyond the benevolent discrimination of not permitting women to work as active crew members after the sixth month of pregnancy or before the end of the third month following their confinement. I might say that I attended the ECOSOC debate on this a week ago and it was indeed interesting and constructive. You will notice that we do not say, as the original Article 8 (4) said, that women shall not be *employed* during this period; we leave this possibility open by saying that they shall not be able to work as active crew members.

I now come to the most difficult part of the report, that covering sections IV, and V, namely Articles 10 to 17, which deal with hours worked at the helm, rest periods and so on. The House will notice that in Mr Albertsen's opinion — and I should mention that I have managed to work very closely with Mr Albertsen and the Commission and regret that he is not here for this debate today — a great deal of attention is given to specific points about the length of the working day, duration of rest periods and so on. I quite deliberately decided to avoid these issues, because it seems to me that Parliament was not the best body to consider these highly technical details. At one stage it seemed to me that we might have hoped for guidance about them, but the independent report requested by the Commission, which I refer to as the Interfides report, was unable to come to any really concrete conclusions as to what the effect of the Commission's proposals would be on the industry. And it also seemed to me that the Economic and Social Committee was a forum more likely to be able to give full and effective consideration to these sections than Parliament.

During the committee stage I, therefore, made an amendment to put in a new article, which was intended to ensure that after a period of observing what the actual effects of these sections were on the industry, the Commission would be able to amend them, but again only after consulting both sides of the industry. And I very much hope, therefore, that the Assembly will reconsider the alternatives before us. This amendment was defeated in committee, but its substance is repeated in Mrs Kellett-Bowman's amendment to the motion for a resolution, which we shall be considering shortly. What I want to say now is that

I think there may have been some misunderstanding. It was never my intention that my amendment should operate against the interests of the employees. Perhaps I am to blame for not having made this explicitly clear when I drafted it in committee, although Mr Albertsen, I am certain, understood my objectives. And I will now, therefore, give that assurance to the House. What I think justified my amendment entirely was a discussion we had in committee following its rejection, when we found ourselves immediately going into detailed but unproductive examinations of these sections of the proposal. And it was also justified, in my view, by the fact that at the end of last month — and I have referred to this — at a meeting that I attended, the Economic and Social Committee and the Commission were able to reach agreement over certain modifications to these sections. And I might say that, in principle I accepted and welcomed these modifications but I do not want to suggest today that we recommit this proposal in order to try and write in the same modifications that have been agreed by the Economic and Social Committee. Mr President, you very kindly allowed a postponement of this debate so that I could listen to the Economic and Social Committee, who in this case have made a valuable contribution to the work of this Parliament. But firstly it would take a long time — and we have already spent a long time on this proposal — and secondly it may, I think, in the light of experience, be shown to be necessary in a few years to make further modifications. Mr Albers has put forward a proposal of 8 to 12 hours, but I have to bear in mind his proposal in relation to a variety of Economic and Social Committee proposals to Article 14, and I am not certain to what extent his proposal would be acceptable to both sides of industry. And, therefore, I think my approach is right — whether I agree with Mr Albers or not — I, personally, unless I have very good arguments to the contrary, will vote against this because I think we are dealing with details that should not be the meticulous concern of this Parliament. Therefore, I would strongly urge this House to support Mrs Kellett-Bowman's more comprehensive and flexible amendment, which spells out this possibility. I think these, Mr President, are the main points I wish to make on my report.

For the rest of my amendments, I think I should say that they are all acceptable to the Commission and, to the best of my knowledge, to both sides of industry. I have tried in the explanatory statement to set out extremely briefly the reasoning behind them, but I think for the most part they speak for themselves. If, however, any Member wishes me to explain them more fully I shall be happy to do this when I reply.

I should like to turn in conclusion to three more general points which I shall pose as questions to the Commission. First, what impression has the Commission formed of the extent to which these proposals are

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now acceptable to national governments most directly concerned? My own enquiries suggest there is little likelihood of the Council of Ministers endorsing these proposals without even further substantial amendment, because of perhaps conflicting national pressures and attitudes. We have found this in other fields.

Secondly, I should like to know the working assumptions of the Commission with regard to the cost to the industry of implementing these proposals. I am sure the Commission will agree with me that at a time of widespread economic difficulty in the industry, involving the laying-up of large numbers of vessels, it would be irresponsible in the highest degree to lay proposals before this House without detailed calculations on the cost of implementing them. And I think a repetition of what we heard in committee would be of value.

Thirdly, I would like the Commissioner to state again for the record exactly which of our member countries have waterways which fall within the scope of these proposals? This should, I feel, have been made clear from the beginning. But I know that in my own country there is still a considerable measure of uncertainty about our inland waterways and the extent to which these proposals will affect them. There are only two or three hundred barges above 150 tonnes and I think five pusher boats. The average voyage is ten miles, against the hundreds over here, and the longest normal journey is from Rotherham to Hull, which because of the locks takes two and a half days. And anyhow most of the people on board go home at night because they can take their cars with them. In addition, inland waterways in Great Britain only take one-tenth of 1 % of all freight movements.

I would just express, in conclusion, my great gratitude towards all those who have collaborated and co-operated with me as rapporteur, not only the staff of the Commission, the staff of the Rhine Commission, representatives of employers' and employees' associations, but also the Economic and Social Committee. It is my hope that the House will adopt the motion for a resolution and the amendment which my colleague, Mrs Kellett-Bowman, will be putting forward.

It remains for me to wish the new Commission, and perhaps COREPER, every success and every good fortune in submitting worthwhile proposals, which the Council of Ministers will feel to be effective and which will be practicable.

*(Applause)*

**Mr Albers.** — *(NL)* Mr President, may I begin with an expression of appreciation to the Commission for submitting this proposal. I realize of course that the present Commissioner was not there at the time but I should like through him to congratulate Mr Scarascia Mugnozza and his colleagues for drawing up this proposal — especially as it forms part of a series of proposals dealing with the common transport policy. There are evident links with other branches of transport, in

particular road transport, and we must also view this proposal in connection with those that we dealt with at previous part-sessions in the area of the freedom of establishment of inland waterway operators, reference tariffs and the laying-up fund for inland waterway navigation. The proposal has a bearing on social progress, waterway safety and of course also conditions of competition. The proposal is not equally important to all the Member States. I have just returned from Mr Burke's own marvellous country and I have the impression that inland shipping is of little importance there.

May I also express our great appreciation to the rapporteur for the way in which he dealt with this subject in the Committee on Regional Policy, Regional Planning and Transport and to Mr Albertsen who was the spokesman for the Committee on Social Affairs, Employment and Education. Both of them put in a great deal of hard work, much more in fact than might have been expected; a hearing was organized in March of last year at which it was possible to consult the social partners to ascertain the views of the employers and workers on these proposals. In repeated discussions with the Central Commission for Rhine Navigation we were also able to observe all the developments in inland waterway navigation. That is of course very important because the difficulties in this sector are very considerable, especially as regards the position of small, independent ship operators. This is repeatedly apparent from all kinds of campaigns conducted by them. On the occasion of the proposal concerning the laying-up fund we were able to see how concerned the shippers are about their future. Our own view is that inland navigation must retain its importance in those countries where it already plays a role.

Considering all the problems created by overloading of our roads, it seems obvious that we should do all we can to advocate the preservation of inland navigation and employment in that sector. Now we find, as the rapporteur, Mr Osborn, made clear just now, that inland waterway navigation has shown a quantitative increase — of 24 % in a period of some ten years — but that the proportion of total goods transport accounted for by inland navigation in the same period has fallen. The competitive position of inland navigation in relation to the other transport sectors is clearly unfavourable. It is therefore particularly satisfactory that the rapporteur has not been content with a superficial study but has instead carefully weighed up the pros and cons and accurately assessed the importance and consequences of these proposals for the economic performance of inland navigation. I fully agree with him and I have been just as concerned as him at the possible implications of the proposals, because in previous years our experience of regulations on road transport has not been particularly happy. It became clear that the provisions in this transport sector were too stringent and could not be applied or controlled properly; moreover few sanctions are imposed in the event of infringements.

## Albers

It is therefore very important to know what the consequences will be for inland navigation if this regulation comes into force. My group fully supports the rapporteur in his appeal for the rights of the Central Commission for Rhine Navigation to be recognized and upheld, like those of the Moselle Commission; the Central Commission should be involved in all discussions with third countries concerning the application of the regulations, including those which relate to navigation with third countries. Cooperation between the European Commission and the Central Commission can only be welcomed.

A difference of opinion remained between the draftsman of the opinion of the Committee on Social Affairs, Employment and Education, Mr Albertsen, and Mr Osborn on the weight limit of ships covered by this regulation. The regulation is based on ships with a minimum tonnage of 150 tonnes although Mr Albertsen considered that a minimum of 15 tonnes should be stipulated, exactly as in the case of Rhine navigation. We in the Committee on Regional Policy, Regional Planning and Transport agreed that 150 tonnes was a good minimum limit, especially having regard to the measure of uncertainty surrounding the effects of this regulation in this particular transport sector. A number of ships will thus remain outside the regulation and I should like the Commission to indicate approximately how many will be so excluded and how the total will break down between the different countries.

My group fully agrees that there must also be a regulation for passenger transport. The resolution calls for a proposal to be made within five years. We shall lend our full support to this and we also fully endorse the suggestion that the persons directly concerned in the industry should be consulted when changes are under consideration.

We consider it imperative for the employers and workers to be consulted when amendments to a number of articles come up for examination.

We also fully agree with the rapporteur that it should not be left to the Member States to formulate proposals. We believe that the Commission should determine which provisions to apply after consulting the sectoral interests concerned. I fully realize the sense of Mr Osborn's words when he says that a single norm cannot be applied because there are so many different kinds of waterway. Obviously a busy river like the Rhine poses special problems of navigational skill and safety standards are of the utmost importance; that does not hold good to the same degree on some canals. It will therefore be interesting to discuss this point in more detail in the near future with the parties directly concerned.

The rapporteur also made a proposal concerning the abolition of discrimination against women. He wants to leave this matter too for discussion in the industry and we fully agree with his position. But we cannot go

along with the rapporteur when he in effect expresses serious reservations on sections IV and V, Articles 10 to 17, of the regulation. I know that opinions still differ widely on this regulation and in particular on those chapters. I pointed out on a previous occasion that we would need to see the reasoned opinion of the Economic and Social Committee to know exactly why the parties cannot agree on this regulation. In a public debate like this in the European Parliament (a debate which naturally attracts attention) all relevant data should be available to us.

The rapporteur was present at the meeting of the Economic and Social Committee where he wanted to ascertain the wishes and requests of the partners. I too have received some data but it would be desirable for us to have the full text of the reasoned opinion to consider in our debate. Once again I believe it is very important in future when we have to decide how to vote on matters like this, to know exactly what the views of the industry concerned are. I have been told that the shipping agents and self-employed carriers (in some instances a combination of both) were not consulted in the drafting of this regulation. They do not belong to the Joint Advisory Committee for Social Problems in Inland Navigation. I think that a pity. The shipping agents and self-employed carriers play an important role in this sector and must be consulted. They must also be involved when changes of the kind to which I referred just now are considered. There is unrest and uncertainty in these circles. There are certain points of conflict and it is therefore all the more necessary for this regulation to be enforced properly if it is introduced. There must be controls and sanctions for which both rapporteurs want the Community to be responsible. This task must not be left to the Member States, otherwise there is a risk that unfair competition will again develop.

We have seen how long the negotiations lasted. Perhaps not all the partners were called in, but in future the procedure can be improved. We have seen how carefully this matter has been prepared and we know how things stand in the inland navigation sector; we know too what the shortcomings are and that other proposals are pending which aim to put an end to certain problems resulting from over-capacity. Looking at all these points, our group is forced to conclude that there is at least an impression — although I know that the rapporteur does not mean it this way — that the social provisions applicable to inland navigation are no more than an afterthought. Our group certainly does not want that to be the case. We consider that the introduction of social provisions and social measures cannot be made dependent on operational results. That is entirely the wrong approach. If social measures result in higher costs and if those social measures apply in full to all concerned, then it must be possible to take the cost of those measures into account in calculating prices. If that is

## Albers

done in practice and difficulties nevertheless remain, other measures will have to be taken. I have already advocated such measures previously. Structural measures will then be necessary and it will no longer be sufficient to lay ships up temporarily; on the contrary they will have to be taken out of service completely through ship-breaking regulations of the kind already in force in some Member States. But these structural measures will then have to play a greater role.

This is the reason why we cannot support the amendment tabled by Mrs Kellett-Bowman which tries to water the provisions down severely, especially as regards social measures. The Socialist Group would not like that to happen. We certainly do not wish to give the impression that social measures are only a secondary consideration. We consider that social measures must be taken and, what is more, that structural measures are needed in this sector to put inland navigation on a healthy footing again. That is the crux of the problem.

We have run up against one particular problem in the area of semi-continuous navigation where provision is apparently to be made only for a subsequent rest period of 8 hours. In our view the rest period in semi-continuous navigation should be at least 12 hours. The information I have received from the Economic and Social Committee shows that the union movement also subscribes to this view.

*(Applause)*

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

**Mr Noè.** — *(I)* Mr President, ladies and gentlemen, the Christian-Democratic Group has entrusted me with the task of expressing its support for the report by Mr Osborn whom I should like to congratulate most warmly on the job he has done; coming from a country with a great maritime tradition but, as he himself pointed out, little inland waterway activity, he has succeeded in dealing with the matter with great competence and efficiency so that his motion for a resolution passed through the committee stage more rapidly than is usual. I also wish to thank Mr Albers, deputizing for the draftsman, Mr Albertsen, for his intelligent cooperation which makes it easier for us to assess the merits of this issue.

I do not want to repeat things that have been said already. I should simply like to express my agreement on the need for the crews of passenger boats to be covered by similar proposals at the earliest possible date. I welcome the emphasis placed on the role of the Rhine Commission; the Rhine is a special entity as regards both pollution and navigation and is always considered as a whole; that was the view of this Parliament a few years ago when Mr Jahn drew up a first report on Rhine navigation and we have always main-

tained this position. Moreover this substantial part of Community inland navigation will become still more important with the opening in the near future of the Rhine-Danube link.

Article 7 of the proposed regulation has received special attention from Mr Osborn: he stressed, and I agree with him, the need for the composition of ships' crews to be subject to modification during the transitional period if changes appear necessary. I particularly agree with him on the classification of waterways, and I think Mr Albers will be in agreement too. Such classification is important because of the substantial differences between navigation on a fast-flowing river, on a canal or waterway created by a barrage where the current is practically non-existent or, finally, on an artificial canal where the current is practically constant; these differences should clearly be reflected in the training of crews and in navigation standards, for example, those relating to the use of radar.

In my country which, like England, does not have a great tradition of inland navigation, a vigorous debate took place on a subject which has a bearing on the classification of waterways to which Mr Osborn referred. The debate in Italy concerned navigation on the Po when it was necessary to decide between the actual river bed and an artificial canal specially built alongside. I favoured the second solution which would have ensured navigability 365 days of the year while navigation on the river itself is hampered by floods and period of fog or drought.

I wish to thank Mr Osborn and Mr Albers once again at this stage and shall not take up much more of Parliament's time. I would just like, on behalf of my group, to ask the Commissioner to ensure that action is taken on the failure by some Member States to comply with the regulation on road transport to which Mr Osborn referred just now. We know only too well how infrequently the Council of Transport Ministers meets. My group which has asked me to make this point on its behalf, would like the Commissioner to raise at the next Council meeting the question of the failure by some States to apply the unified norms concerning commercial vehicle driving hours; harmonization is essential and it would be a great pity if we should fail to solve such basically simple problems whose disappearance would make for more humane methods and forms of work in the transport sector.

*(Applause)*

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

**Mr Terrenoire.** — *(F)* Mr President, ladies and gentlemen, the text now before us sets out to harmonize and improve certain social provisions applicable to inland waterway navigation in the Community countries as well as the minimum safety rules.

### Terrenoire

As you know, the origin of this proposed regulation can be traced back to the decision of the Council of Ministers of 13 May 1965 whose objective was essentially economic: the elimination of disparities which are liable to result in serious distortion of conditions of competition in the transport sector. This economic objective must be achieved in a spirit of social progress, harmonization of certain social provisions being only one of the necessary instruments.

The two other objectives concern fiscal provisions and arrangements for certain State intervention, particularly in the railway sector.

The Paris summit gave the green light for social progress in this sector. In the spirit of the decision of 13 May 1965, the elimination of disparities must apply not only between modes of transport but also to each given mode. As Mr Osborn points out in the explanatory statement of his excellent report, unlike road and rail transport, the transport of goods and passengers by navigable waterway is only in part a Community problem. In four Member States the volume of traffic and the tonnage of ships are insignificant, as too is the number of persons employed. Denmark, Ireland, Italy and the United Kingdom will not really be affected by the application of this proposal. Without systematically attempting to present France as a special case, which it is not my habit to do, I shall now take it as a characteristic example of these differences.

The proposal now before us is based in large measure on the Rhine; but this disregards the fact that the Rhine, which washes a large part of northern and north-eastern Europe, has very special characteristics regarding, among other points, its length, water volume and traffic density. French traffic on the Rhine represents, however, only 10 % of overall French traffic. An attempt to impose on the whole French waterway network rules which in reality concern only 10 % of its traffic seems to me as far-fetched as it would be if France were to propose for the whole of Europe the type of navigation existing on the river Loire, which likewise accounts for 10 % of French traffic. This text, which bears the stamp of the Rhine, thus disregards the characteristics of other navigable waterways, in particular their geography, infrastructure and commercial organization.

To give just one example: the maximum difference in level has a great influence on the structure of the waterway; the greater this difference the more locks and other civil engineering works are needed and the shorter will be the straight runs. In France this difference in level is over 350m, 378.22m to be precise, whereas in Germany it is only 70m and in the Netherlands practically zero. If these geographical facts, which will affect infrastructures and commercial organization for a long time to come, are now disregarded, the already considerable disequilibrium between the

different modes of transport will be still further heightened.

As Mr Osborn's report tells us, in 1972 the transport of goods by navigable waterway accounted for only 13% of overall transport in the Community, a fall of some 19% from the 16% of overall transport in 1962. If the weakness of river transport is accentuated it may be condemned to disappear, and that at a time when its chances may be improving, particularly through major infrastructural changes.

I should not like these essentially economic considerations to give the impression that our group is opposed to the improvement of working and safety conditions in the area of inland waterway goods transport. However, we should not like to see a number of enterprises driven out of business on the pretext of social improvements which would increase their overheads and lead to redundancies, themselves contributing to a worse social climate.

With these reservations we approve the Commission's proposal and we shall vote in favour of the motion for a resolution contained in Mr Osborn's report, but, Mr President, we should like to see this regulation applied in a sufficiently progressive manner, giving the parties directly concerned the temporary derogations necessary so as not to endanger European inland shipping.

*(Applause)*

**President.** — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

**Mrs Kellett-Bowman.** — Mr President, I would like first to congratulate the rapporteur, Mr Osborn, on the very hard work that he has put in on this report and the practical way he has got down to the job. Not for him, if I may say so, the armchair rapporteur. He travelled on a pusher barge to Strasbourg, and travelled overnight from Rotterdam to Duisberg and, not only that, he actually took the helm and also looked in on the radar screen. In March last year he helped to organize and led a very useful discussion with employers and unions and with the Rhine Commission. As a result he has published a very useful document with the help of Mr Albertsen and later Mr Albers, he has banished some of the blemishes of the original Commission document, particularly — and I am very happy about this — their original proposals on women, which would undoubtedly have infringed the Commission's own regulations on equal opportunity. How very sensible too are his proposals on paragraph 3 of Article 7, which make the regulation fit the type of waterway, provided of course that both sides of the industry agree on the variations. I fully agree with Mr Terrenoire's remarks in this particular regard.

But there are nevertheless still certain aspects of the report which cause anxiety to my group. Perhaps it is

**Kellett-Bowman**

easier for a UK Member of the European Parliament to voice this anxiety since, as my colleague observed, inland waterway transport accounts for only one tenth of one percent of our freight traffic in the United Kingdom. The main cause of our anxiety arises from the sheer unpredictability of the financial and employment repercussions of these proposed regulations, again referred to in this excellent speech by Mr Terrenoire, and it was with this in mind that on behalf of my group I put forward Amendment No 1.

Mr President, the purpose of my amendment has already been touched on by the rapporteur and can be stated very simply. It is to make explicit provision for amendment of this proposed legislation, particularly Sections IV and V, should it have a damaging effect on the inland waterway industry. There was considerable anxiety in the Social Affairs Committee as well as the Committee on Regional Policy on the possible financial and employment repercussions, particularly those affecting the future of the self-employed boatman. I think that the Commission and the Members of this House will agree that the effect on operating costs in proposals of this kind is extraordinarily difficult, in fact impossible, to determine in advance. Accordingly, it is the view of my group that we should approach this matter not solely in terms of laying down the law, but of doing it in such a way that the law can be made rapidly responsive, before too much damage is done, to different circumstances and unforeseen effects. In other words, Mr President, flexibility is absolutely vital if the cooperation of all concerned is to be secured, and possible disasters averted. Clearly we would not wish to bring these matters back into the arena, as Mr Albers put it, unless they were proving positively harmful in their operation after a certain period of time.

Now that is the purpose and spirit of my amendment to the resolution, and I would ask the House to accept it when the time comes.

*(Applause)*

**President.** — I call Mr van der Mei.

**Mr van der Mei.** — Mr President, I have read Mr Osborn's report with great interest, just as I noted carefully the opinion of the Committee on Social Affairs, Employment and Education. My great interest in these two reports is attributable in part to the important role of inland navigation in my home country, the Netherlands, in our national economy; many of our inland navigation companies provide a service which goes far beyond our national frontiers. Like the previous speakers, I wish to congratulate the two rapporteurs on the work they have done.

I strongly support the plea for negotiations with third countries. As one of the reports rightly stresses, a regulation on inland navigation can only be effective if it is also applicable to ships from third countries.

The problem is not particularly pressing at the moment. But it must be realized that the situation may undergo a far-reaching change when the Rhine-Main-Danube canal is opened. Ships from East European countries which sail under completely different conditions from vessels in the West, will then have direct access to our waterways and may cause serious distortion of competition. I would therefore stress the need for negotiations to be opened in good time with third countries, partly with an eye to this aspect.

In both reports, the rapporteurs express their concern at the consequences of the Commission's proposals on the position of self-employed shippers in particular. Both reports contain passages which must surely lead even the most objective reader to adopt a critical attitude towards the Commission's proposal. Both reports show great concern about the future existence of self-employed shippers and I believe that concern to be well justified.

What is the role of self-employed shippers in the inland waterway navigation sector? I think it is no exaggeration to say that their role is important. The report of the Committee on Social Affairs shows for example that the self-employed sector predominates in the Netherlands and that 70 % of the Rhine shipping market is held by self-employed shippers often working with relatively large vessels. This is an important category of inland navigation and still more reason to follow the consequences of the proposed measures with particular care.

The Osborn report clearly shows that the proposed measures will cause operating costs to rise by percentages ranging from 4 to 30 %. Self-employed shippers may be particularly hard hit by this. In my own country a careful, scientific study has been made of various aspects of economic activity in the inland waterway sector. The Economic Bureau for road and waterway transport has and still is doing important work in this area. The study shows that the earning capacity and capital assets of the self-employed sector are particularly bad. It is therefore no exaggeration to say that the self-employed may suffer greatly under the measures proposed by the Commission.

The Committee on Social Affairs goes much further. It says that the Commission's proposal may spell the end of the independent shipper. From whatever angle the Commission's proposal is approached this is of course perfectly unacceptable. The Osborn report makes it quite clear that if people are to be obliged to leave employment in the inland navigation sector it must not be through social regulations such as this. I would add that this regulation of a social nature — having regard to the consequences which both committees fear for self-employed shippers — may give rise to a situation for these independent shippers which is socially quite unacceptable. That cannot have been the Commission's intention.

Van der Mei

In a situation such as this the Commission cannot be content, as the Albertsen opinion puts it, with a laconic reply that it does not expect the livelihood of self-employed shippers to be threatened. The Albertsen opinion then rightly advocates fuller study by the Commission of the chances of survival of this profession before putting its regulation into final shape. I emphatically endorse the view that the probable consequences must be studied with the greatest possible care.

A few additional remarks on the Osborn report. I have already said that it points out quite rightly that if people are to leave the inland navigation sector, it must not be as the consequence of a regulation of a social nature like this one. In conformity with our initial position, the Osborn report expresses particular reservations about parts IV and V of the proposal for a regulation. A good deal could be said about this, but I shall not go into the matter now. Allow me simply to quote from the report :

'For reasons which are both social and economic then your rapporteur considers that the present proposal should be more flexible than at present drafted and that the situation where a large part of the operators might be forced out of the market as a result of a regulation designed primarily for social considerations should be avoided.'

I particularly like that passage. In my remarks I have given particular attention to the position of small self-employed shippers. The term small, independent inland waterway operators might perhaps be more appropriate. Not that I am unconcerned by the position of larger operators or consider that no social improvements are required in the inland waterway sector. The reason I have given such attention to the small operators is that they are a group who, in the words of the Albertsen opinion, may be dealt a death blow by this proposed regulation. They are an important group of enterprises in the inland navigation sector made up of small and medium-sized businesses. That aspect deserves to be stressed. We are living in an age in which the positive aspects of small scale in business activities are again receiving greater emphasis. It is coming to be increasingly recognized that small undertakings have a vital role to play in our production system. Against that background too, the proposed regulation deserves criticism.

*(Applause)*

**President.** — I call Mr Giraud.

**Mr Giraud.** — *(F)* President, I had not intended to speak in this debate but the words of the previous speaker call for one small remark.

Whenever social reforms have been introduced in our West European countries over the past century, be it the reduction of working hours, the introduction of paid holidays, the abolition of night work for women

and children and the abolition of night work in bakeries, well-meaning opponents have always claimed that this would be the end of a particular branch of economic activity. On the contrary, experience has proved that the ability of enterprises to respond is infinitely more effective than had been thought. That is why, having regard to the long discussions in our Committee on Transport, and to the precautions taken, while without wishing in any way to see harm done to the independent operators, I hope that Parliament will adopt the text now before us as passed by its committee. If we listen to those who always fear the worst there can never be any social progress !

*(Applause on the left)*

**President.** — I call Mr Burke.

**Mr Burke, member of the Commission.** — Mr President, I would first of all like to congratulate, as have others this evening, Mr Osborn, the rapporteur, on this excellent report, and to couple with these congratulations the Committee on Regional Policy, Regional Planning and Transport and the Committee on Social Affairs Employment and Education for the constructive and competent work which constitutes a very valuable element in the progress towards the introduction of a social regulation in Community inland waterway navigation.

With great satisfaction, I note that the resolution proposed by the Committee on Regional Planning, Regional Planning and Transport on the basis of Mr Osborn's report generally welcomes the Commission's proposal. The Commission can, with certain reservations, support the resolution and the amendments which are requested. The proposed modifications aim, in certain instances, at clarification by more precise definitions — for example, application of more favourable conditions in Article 20. In others, however, they constitute basic changes, as in the case of the employment of women in Article 8.

As we have heard already, the Economic and Social Committee at its plenary session on 26 January last delivered its opinion on this proposed regulation. This opinion also offered a general welcome to the proposal. Moreover, the amendments proposed by the Economic and Social Committee often correspond to those in Mr Osborn's report. The most important amendments proposed by the Economic and Social Committee concern spreadovers in Article 10, work at the helm (Article 11) and the daily rest period (Article 14).

In the draft opinion of Parliament supporting the Commission's proposal concerning these articles, more favourable social arrangements than those envisaged by the Economic and Social Committee are maintained. Mr Osborn has shown his preoccupation with this problem in his request to the Commission

## Burke

to keep under continuous review the financial effects of sections IV and V of our proposal. This, indeed, is the purport of Mrs Kellett-Bowman's amendment.

Allow me to make a very short comment on the most important amendments proposed in the report, without going into the details of the various technical improvements made. The first point is crew composition. The amendments proposed for crew composition in Article 7 constitute one of the major modifications in the report. The new proposal provides that the Commission, five years after the adoption of the present regulation, should propose a new regulation concerning crew composition, which is to be based on the Rhine system, as is the Commission's proposal in its annex, but which will contain differentiations in relation to the characteristics of all the different waterways concerned. The criteria set up for the differentiation of the waterways are valuable, but they should not exclude the possibility that, on the basis of further experience, the Commission will adduce other criteria. During the period from the adoption of the present regulation to the adoption of this integral set of measures, the regulation proposed by the Commission would apply as a transitional measure. The advantages of the proposed modification can be seen in the possibility it offers of introducing in relatively short time a complete unification which responds better to the Council's decision of 13 May 1965, whilst at the same time providing for the regulation of crew composition during the transitional period. The proposed modification therefore meets with the Commission's approval.

The second point which merits our particular attention is the question of the employment of women as laid down in Article 8. The amendment proposed aims at removing all restrictions to the employment of women which could be interpreted as discriminatory and which would hamper access to the profession. In full agreement with the Commission's proposal, the amended text maintains the express stipulation of the prohibition of discrimination and ensures protection for women during pregnancy, for a period of three months before and three months after delivery, that is a total of six months. It should be recalled that in our view the existing Rhine regime, the Regulation on Inspection of Shipping, discriminates against women in particular by prohibiting more than one female crew member, and that therefore a change is necessary. The modification therefore in general has the Commission's support.

Allow me to say a few words on the question of control procedures and penalties, Articles 21 and 24. I think this is a very important point, and I appreciate the emphasis placed on it in the report. The Commission will do its best to draw up regulations concerning the means for control in good time, that is, the model of an individual record book and a log book, so that the application of the proposed regulation is subjected

from the start to a common and efficient control system. As to the penalties, the amendment in your report proposes to set out expressly the principle that penalties should be harmonized. However, it should be noted that the Commission envisages such harmonization, that our text of Article 24 does not exclude such a possibility. I would however remind you that, in view of the difficulties in such matters and the different legal regimes in each Member State, such a harmonization could require a considerable length of time. Moreover, I think now may not really be the opportune moment to fix the legal form that such a regulation should take. With these minor reservations the amendment proposed could be fully supported by the Commission.

In his address to Parliament this evening Mr Osborn put three questions to the Commission, and I propose now to reply.

The first question was the extent to which these proposals are acceptable to the national governments concerned. In reply to Mr Osborn I would say that so far the Council working groups have been rather reserved, and that it is really too early to say what the final positions of the governments will be.

In regard to his second question about cost estimates, the question of costs was first raised after the regulation was made. It was considered by a scientific institute which has reported that the institute's estimates vary very considerably according to the particular case being studied. Perhaps a plenary session of the Parliament is not the best forum in which to discuss this, but if the Parliament wished it could set up a working group to examine this very complex matter.

In regard to question 3 asking exactly which of our member countries have waterways which fall within the scope of the proposals, I think all our countries have such waterways, but as to the question of which Member States would be less affected by these, I would perhaps indicate Denmark and Ireland.

In reply to the various points made in the debate, if I may begin with Mr Albers, I can assure him that we certainly intend to push the common transport policy forward. We want to continue to study the position of the industry. In regard to the limits of 15 tons as against 150, the Commission is in favour of 150 for reasons of efficient control. The statistical question posed needs some research, and I shall undertake to give a reply in writing to Parliament when the information becomes available to me.

In regard to the question of controversy about the economic consequences, there seems to be a misunderstanding about what was termed divided opinion the Economic and Social Committee. I would like to ask Parliament to realize that there is now a unanimously agreed compromise in the Economic and Social Committee. Mr Noè spoke about the problem of rest hours. ECOSOC has proposed twelve hours, and the

**Burke**

Commission is willing to modify its own proposal from eight to twelve.

Mr Noè spoke about passenger transport. I would like to point out to the honourable Member that the question of passenger transport will come later. In this regard a lot of research is necessary; we must have talks with industry and various interested groups. Mr Noè also asked me to ensure that the transport norms already legally enforceable are in fact enforced. May I point out to him that the Commission is now very active in making new regulations, and the matters of application will form the object of our work. When I met the Committee on Regional Policy and Transport, I undertook to see that the transport norms would in fact be obeyed in so far as we can possibly do so.

Now may I reply to the intervention of Mr Terrenoire. I agree with this delegate that equalization of conditions of competition is a very important aim. I would fully support him in most of the points he made.

In reply to Mr Giraud, I would indicate that the Commission has shown by its proposal that social progress is dear to its heart, and I take his point and I agree with it that many of the social changes that have taken place over the last decades and over the last hundred years, in fact, have shown that enterprises have a great ability to survive, and in fact that the social changes which we indicate and which we advocate will also bear fruit and will be successful, and that the worst fears of some of the speakers in the debate will not in fact come to be.

**President.** — I call Mr Osborn.

**Mr Osborn, rapporteur.** — Mr President, I shall only intervene at this stage very briefly to thank Mr Burke for the full reply to what to me has been a very interesting and constructive debate. He has answered my questions reasonably fully, but of course the industry will be concerned, and Mr van der Mei, from Holland, stressed this, that we have got the economic calculations right. Mr Terrenoire has indicated that one country, France, may have varying attitudes depending on whether it looks at the Rhine or its other rivers. I think the British will be a little disturbed to find that their name is not included with Ireland and Denmark, because the understanding is that it would not affect British waterways, but as it is so small no doubt this can be dealt with by that member government and the Council of Ministers.

Now, what we have is a basis of agreement from which the Commission can go forward. Mr Albers has pressed or put forward an amendment that has been agreed by ECOSOC, but so many other amendments have been put forward by ECOSOC, and if we let in one we might as well let in all of them. I very much hope that, having registered his view that this perhaps may be the most important one agreed by ECOSOC

flet and there is unanimity on a dozen or so items, particularly on summer- and winter-time working — he will not press his amendment.

The final difficulty is my colleague Mrs Kellett-Bowman's amendment. This in fact is the very challenge that this Parliament, the idealists in this Parliament and particularly those representing perhaps the interests of those who work in our industries, have to face. My advice is still for flexibility. My Conservative colleagues who are here will back me on this, but we do not want to seek a vote tomorrow, Mr President, we would like to have it tonight, because I think my colleagues express the view that if the Commission is going to have a chance it must not have its hands tied behind its back by this Parliament, as has been the case before, but be given the maximum flexibility. I very much hope, therefore, that this Parliament will accept Mrs Kellett-Bowman's amendment. If Mr Albers puts his amendment forward, I must say I would agree with it, but I want to put a lot more in, so I hope he won't press it. If he does put it forward in spite of the fact I agree with it, I would ask my Conservative colleagues and the others to oppose it, because it is only one of many that ECOSOC have agreed.

All this highlights the difficulty that Parliament, the Commission and eventually the Council of Ministers face in trying to implement an ideal. I hope Mr President, that we shall show tolerance when we come to vote. At all events, let us take the vote and see how this Parliament feels.

**President.** — The general debate is closed.

On the proposal for a regulation I have Amendment No 2 tabled by Mr Albers on behalf of the Socialist Group:

Article 14, paragraph 2  
replace the word '8' by the word '12'

I call Mr Albers.

**Mr Albers.** — (NL) Mr President, I have already pointed out that, on making a detailed study of the proposal, our group reached the conclusion that it was not right to stipulate a rest period of only eight successive hours in the case of semi-continuous navigation. We therefore suggest that the figure of eight should be replaced by twelve.

**President.** — What is Mr Osborn's opinion?

**Mr Osborn, rapporteur.** — I just want to add that I am obviously trying to represent the views of the Committee on Regional Policy, Regional Planning and Transport and I hope, in fact, that Mr Albers will not press this, because there are many others that could come forward as well. I would recommend that this particular one is rejected — not because we disagree but because there are many more that ought to come in as well if you let in one.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (*F*) The Socialist Group attaches especial importance to this amendment because it considered that of all the problems raised by the Economic and Social Committee this was the most important from the human angle.

**President.** — I put the amendment to the vote.

Amendment No 2 is adopted.

We shall now consider the motion for a resolution. I put the preamble and paragraphs 1 to 3 are adopted. After paragraph 3 I have Amendment No 1 tabled by Mrs Kellett Bowmann on behalf of the European Conservative Group aimed at the inclusion of a new paragraph :

'3a. Noting that there is considerable disagreement concerning the financial effects of Sections IV and V of the proposal, requests the Commission to amend it so as to provide for the possible amendment, subject to the agreement of both sides of the industry, of the provisions of Sections IV and V in the light of the effects that they have on the financial well-being of the industry and its employees; any amendments so made should take into account the necessity of avoiding distortions in competition between the various modes of transport.'

I call Mr Kellett-Bowman.

**Mrs Kellett-Bowman.** — I move formally, Mr President, to insert a new paragraph 3a as on the order-paper. I did deal with this fully in my opening remarks, as did the rapporteur.

**President.** — What is the rapporteur's position?

**Mr Osborn, rapporteur.** — I would support this amendment.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (*F*) Once again, on behalf of the Socialist Group, I must oppose Mrs Kellett-Bowman's amendment. We are well aware that regulations and directives offer all kinds of loopholes which experts know only too well how to open. If our text already offers a stick to beat us with, why vote it at all?

(*Applause from the left*)

**President.** — I put the amendment to the vote.

Amendment No 1 is rejected.

I put paragraphs 4 to 6 to the vote.

Paragraphs 4 to 6 are adopted.

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

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

#### 17. *Decision on transport competition*

**President.** — The next item is a vote without debate on the report (Doc. 537/76) drawn up by Mr Giraud on behalf of the Committee on Regional Policy, Regional Planning and Transport on the

proposal from the Commission of the European Communities to the Council for a decision amending the decision on the harmonization of certain provisions affecting competition in transport by rail, road and inland waterway.

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

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

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#### 18. *Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Tuesday, at 10 a.m. and 3 p.m. with the following agenda :

- *Question Time*
- Joint Debate on the Giraud and Guldberg Reports on energy prices.
- 3 p.m.: Introduction of the Tenth General Report and the Commission work programme.
- Memmel and Lagorce reports on the rules of procedure (vote)
- Schuijt interim report on direct elections to the European Parliament
- Lautenschlager report on European Cooperation Grouping
- Ardwick report on investments in transferable securities

The sitting is closed.

(*The sitting was closed at 8.15 p.m.*)

<sup>1</sup> OJ C 57 of 7. 3. 1977.

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## IN THE CHAIR : MR SPÉNALE

### *President*

*(The sitting was opened at 10.00 a.m.)*

**President.** — The sitting is open.

### *1. Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

### *2. Receipt of the Tenth General Report on the activities of the Communities*

**President.** — I have received from the Commission the Tenth General Report on the activities of the European Communities in 1976 (Doc. 555/76).

In accordance with Rule 20 (2) of the Rules of Procedure, the various sections of this General Report have been referred to the appropriate committees.

### *3. Question Time*

**President.** — The Next item is Question time (Doc. 551/76). We begin with the questions addressed to the Commission, to which the appropriate representative of the Commission is asked to reply, as also to any supplementary questions.

Since we have 20 questions to deal with, I urge everyone to keep his questions and answers as brief as possible.

Question No 1, by Mr Berkhouwer :

**Subject:** Fixed link between the United Kingdom and the Continent

Can the Commission state whether it no longer intends supporting plans for a Channel Tunnel now that the European Investment Bank has granted a loan to British Rail for the purchase of new hydrofoils for the Dover-Calais/Boulogne routes, although some preparatory work has already been done with a view to building a tunnel?

**Mr Burke, Member of the Commission.** — By way of general background, I should perhaps recall that the Commission has put to the Council proposals for the concertation of transport infrastructure development programmes within the Community and for a system of Community contributions towards individual projects of potential Community interest. Under these proposals, projects would need to be presented by the Member State or States concerned and evaluated in common. Parliament has given a preliminary opinion of principle in favour of these proposals, but has still to consider them in detail. The Economic and Social Committee has given a favourable opinion, a token entry has been included in the budget to cover the general principle of such contributions. At the moment the Commission is awaiting the outcome of the deliberations of the Council of Ministers. Within such a general scheme, the Channel Tunnel, alternative cross-Channel links and other projects elsewhere of Community interest would, if presented, be assessed in terms of costs, benefits and relative priority. As the Member rightly suggests, the European Investment Bank is already able to make loans for transport development. I need hardly add, of course, that the Bank is an independent institution. It has, I understand, granted a loan of £5 million towards hovercraft enlargement and improvement in 1976. Improvements to the hovercraft, which are already in use, do not prejudice the question of the tunnel for the future.

**Mr Berkhouwer.** — (*NL*) Is the Commissioner aware that the European Investment Bank was able to link Europe to Asia by financing a bridge across the Bosphorus? Is the Commissioner willing, within the framework of all the work now under way, either in cooperation and consultation with the Council, or on his own, to look more closely into the possibilities of turning the construction of a link between Britain and the continent into a Community undertaking — in other words, not an enterprise involving one or more governments but a project involving the European Community as such? Is he also prepared to consider the possibility of involving the whole population of Europe by issuing popular shares?

**Mr Burke.** — I could say that I am prepared to investigate this proposition, but we have to think about mechanisms. If the honourable Member would take that as an interim reply, I can assure him that we will continue our interest as heretofore in this project.

**Mr Dalyell.** — Is the Commissioner aware that, in discussions with their parliamentary friends a fortnight ago, Mr Sid Weighell and the executive of the National Union of Railwaymen asked that this subject should be supported in the European Parliament? On the issue of the European Investment Bank, while we know that it is independent, may I ask the direct question whether the Commission would recommend to President Laporte and his colleagues on the board of the Bank their support for starting again the Channel Tunnel project? Is this, in fact, not part of the energy-saving policy to which we as a Community are committed? And could we have the undertaking that there will be very active investigations into restarting this worthwhile project?

**Mr Burke.** — The answer to the first part of the supplementary is that I am so aware. In regard to the second, the Commission is in fact in close touch with the European Investment Bank and I can give the assurance that this matter is in fact being examined by the Bank. It is a little too early in the tenure of the present Commission to say anything firmer at this stage.

**Mrs Dunwoody.** — Is the Commissioner aware that in fact he is simply saying that we are in a position to start again? What we really need is rather less concert and rather more brass because, in fact, all of the preliminary work has already been done. In fact there has been a certain amount of digging started, the Channel Tunnel actually virtually exists. What we need from the European Community is not just talk but a little bit of money.

**Mr Burke.** I am sure the Honourable Member realizes that the European Community is not in possession at the moment of the vast resources which will be needed for this project. Would the Honourable

Member indicate where these resources might be obtained? The Answer is that these resources have to be used for other projects and other aspects of Community policy, but I wouldn't like anybody to understand that money is readily available in such large quantities. I would like to indicate that we will pursue our studies of this matter as before, but I am not able to give the Honourable Member an indication that money is freely available in the large quantities required.

**Mr Fletcher.** — In making a further assessment of the possibility of a Channel tunnel, will the Commissioner not be totally hypnotized by the cost of this project, and will he also bear in mind the benefits that will accrue to contractors, subcontractors and suppliers, particularly at a time of high unemployment, and measure the benefits to trade generally in the Community that would accrue from this investment?

**Mr Burke.** — I can assure the Right Honourable Member that all these aspects will be taken into account in any continuing examination of the situation.

**Mr Osborn.** — Would the Commissioner bear in mind that the link across Chesapeake Bay can now be covered in 17 minutes and a good land link, whether by bridge or tunnel, enabling the transport of goods and people in that time is an immense improvement in communications and prosperity? Going back to this question, would he carry out an overall survey? In the English version reference is made to hydrofoils: I think it means hovercraft, because there is a role for hovercraft, ferries and land transport, whether by tunnel or bridge.

**Mr Burke.** — Yes, I can assure the Member that all the elements mentioned will be taken into account in our further examination of this project.

**Mr Durieux.** — (*F*) Mr President, does the Commission not consider that a decision such as this might jeopardize a number of infrastructural projects already completed or now under way on the French side in the Département du Nord and with the participation of the regional authorities? I am thinking of the town of Calais, situated at the entrance to the tunnel, and the towns located on Calais-Basle line. This is a real North-South link. Will the effort in favour of hovercraft not tend to favour rail transport to the detriment of transport by road?

**Mr Burke.** — Yes, the Commission is aware of the effects of such project, not only on the UK side but also on the north of France. I can assure the Member that we will, in fact, take into account the infrastructural, regional and traffic aspects of the problem and their effects on the north of France as well as on the south of England.

**Mr Evans.** — Will the Commissioner bear in mind that not every one in the United Kingdom thinks that the Channel Tunnel is the finest project that has ever been invented? Will he appreciate that there are many people in the northern regions of Great Britain who are very worried about the regional implications if that Channel Tunnel is built, and about the effects it will have on investments in the northern regions of the United Kingdom? We are not all delighted with it Commissioner — will you bear that in mind?

**Mr Burke.** — Having visited the Committee on Regional Policy, Regional Planning and Transport of this Parliament (of which the Honourable Member is chairman) I quite appreciate the point which he has now made here. We had a discussion in that committee of the various aspects of the problem. I can assure Mr Evans that I am going to take all aspects of this problem into consideration — those who are for this project and those who consider that it is not advantageous to all regions of the Community.

#### 4. Decision on urgent procedure: Middle East

**President.** — I call Mr Terrenoire to speak on a point of order.

**Mr Terrenoire.** — (F) Mr President, Rule 14 (1), second paragraph, of the Rules of Procedure is explicit:

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

We are now at the beginning of the sitting on the day following a request for an urgent debate on a motion for a resolution tabled by our group.

I am therefore surprised that we have not begun by taking the decision on urgent procedure as stipulated in our Rules, and I would ask you, Mr President, to ensure that this is now done.

**President.** — Strictly speaking, Mr Terrenoire, you are right, and I appreciate your reference to the Rules of Procedure. Nevertheless, if I open the sitting at 10.05 a.m., I am reproached for not having opened the proceedings at 10.00 a.m.; if, on the other hand, only 7 Members are present at 10 o'clock, I cannot ask them to decide upon the urgency of a debate for the proposal of which 10 Members were required. I therefore decided that it would be preferable to wait until there were a few more people in the Chamber.

(Applause)

However, I shall now proceed to consult the House. I call Mrs Dunwoody.

**Mrs Dunwoody.** — I am sorry to interrupt, but surely when we have started Question time and you have made it clear that we have a very limited amount

of time, could you not ask the Member, on this one occasion, if he would not have the courtesy to wait until the end of Question time before he puts this vote?

(Applause from certain quarters on the left)

**President.** — Mrs Dunwoody, I think Mr Terrenoire's point of order has made perfectly clear the intentions of the Group of European Progressive Democrats, and that is why I refrained from suggesting that the point be deferred for yet another hour. Naturally, we shall extend Question-time by a few minutes in order to allow for time taken to decide the matter.

I consult the House on the request for urgent debate in respect of the motion for a resolution (Doc. 553/76), tabled by the Group of European Progressive Democrats, on the last meeting of the Council of Ministers concerning the Middle East.

The request is rejected. The motion for a resolution is referred to the Political Affairs Committee.

#### 5. Question-time (contd)

**President.** — We resume Question-time. Question No 2, by Mr Cousté:

Subject: Maximizing the benefits of research at Community level

In order to maximize the benefits of research at Community level, is the Commission able on the one hand to set up a rapid and comprehensive information system for the results of research which takes account of technical, social, economic and legal aspects and on the other hand to increase the efficiency of the deliberative and decision-making structures concerned with scientific policy in collaboration with the Community's economic, industrial and commercial experts?

**Mr Brunner, Member of the Commission.** — (D) This question is concerned with the problem of the utilization of research results. We held a symposium on the subject in Milan and I would remind you too that we have consultative research committees, each of which has three representatives of the Member States. We also have a committee of expert officials and a committee of research specialists to advise us. Taken together, there are a good many committees, but I am willing to concede that our performance in this area could be further improved. We have therefore also established contacts with industry. We have a link with UNICE, the umbrella organization of industrial producers. They have suggested that we should set up an industrial committee to look into these questions. We naturally also have contacts with the national institutes, such as the Institut français de valorisation. We are thus moving towards an improvement of our structures. I shall, if possible, report back to Parliament in a few months' time on the results of our efforts at reform.

**Mr Cousté.** — (F) The very number of the bodies, groups and committees to which Mr Brunner has referred is felt as an obstacle to the dialogue between the Commission and the groups interested in the application of research. I would therefore ask the Commissioner when he will report to us and whether he will introduce greater efficiency into the Commission's internal bodies and better communication with the outside world on the exploitation of research results.

**Mr Brunner.** — (D) We are now working on our report on the medium-term aims of Community research policy. We shall consider this matter in detail in our report, which will be available to you in a few months' time. We shall then be able to look at the problem more closely.

**Mr Osborn.** — May I intervene, Mr President, as one of the few Members of Parliament who were at Milan, and say that I very much hope that the Commission will give us a follow-up programme urgently, indicating how the Milan proposals will be implemented?

With regard to information services between scientists, the various institutes already have a very good abstracting service, so that there is communication between scientists. What is essential is that at Community level we should have a coordination of national as well as industrial research and development. I put the emphasis on development policies. Whilst welcoming him this new position, I very much hope that Dr Brunner will take up the challenge of outlining a programme on how to coordinate the work which is already going on in a rather disunited and disorientated fashion.

**Mr Cousté.** — (F) Exactly, I agree.

**Mr Brunner.** — (D) The present form of coordination is less disorganized than it seems. There are, it is true, several bodies, but they work very well together. Mr Osborn is quite right that cooperation with the scientists is satisfactory. What we still need is a means of transferring the results to industry; that is our weak point. We shall deal with this aspect in more detail in our report on the Community's medium-term research-policy aims. I hope that we shall then be able to hold a debate on the basis of more comprehensive results. In the meantime, I must say that our efforts at coordination are making some progress. However, given the low share of Community research appropriations as compared with the Member States' own research expenditure (1 % now and 2 % in 1980), it will not always be easy in the foreseeable future to ensure effective coordination in every individual sector.

**Mr Leonardi.** — (I) Does the Commissioner not consider that it would be desirable in his future report to take one or two specific examples in order to illustrate the path followed by information to Members of Parliament and public opinion?

May I mention a few specific sectors such as safety research and research into new forms of energy, such as solar energy, so that in his general report the Commission can give a few concrete examples in particular sectors?

**Mr Brunner.** — (D) That has been my precise aim since I have belonged to the Commission. I always try to stick to concrete facts, and shall certainly try to do so in this research report. But we must not make the mistake of supposing that the Commission already has enough staff to perform all the work you want to see and which is in fact necessary — well and efficiently.

The Commission is not a European government: it finds great difficulty in obtaining the necessary information. It also needs more technicians than it has had up to now, and it is running up against budgetary problems. All these improvements can be made gradually, but let us not imagine that a European body whose specific function has over the years been to initiate legislation can suddenly become an effective coordinating instrument for research in Europe. That cannot be done overnight, but our efforts will continue.

**Lord Bessborough.** — While I appreciate the encouraging reply of the Commissioner and especially his remarks about his conversations with UNICE, could he be a little more explicit as to what precise mechanism the Commission would propose to bring together the industrial firms and the research institutes and others which have perhaps complimentary engineering or technical skills, to achieve some of the major projects which we might have in mind? Would he not agree that there are perhaps in the defence field embryo models for this activity in defence and aero-space, which some Member States have already achieved?

A second question would be this: would he on the other hand perhaps think that the functions of CREST and CERN might be extended, rather than creating a new body?

**Mr Brunner.** — (D) The honourable Member has proposed one possible solution. We could expand somewhat the Scientific Committee, in which industry is already represented. A further possibility would be the one proposed by UNICE—namely, the formation of a consultative industrial committee. We are already in the process of communicating information to companies in a great many cases. We obtain their addresses from UNICE, the association of European industries. We should gladly extend this service, but to do so would require rather more money than we have at present. We must see what we can do with the available funds and when useful work is extended, problems of the kind mentioned by Lord Bessborough sometimes arise.

**Mr Noè.** — (I) While recognizing the efforts which have been made, does Commissioner Brunner not think that it might be useful for the better dissemination of information to establish a terminal — for instance at the Commission in Brussels — of the type which I was able to visit with Mr Cousté and Lord Bessborough at the IBM research centre at La Gaude, near Nice, where the reference numbers of existing documents and a list of documents could be obtained instantly for a whole range of subjects?

**Mr Brunner.** — (D) That is a very good suggestion. We have already taken it up in fact and hope by 1978 to ensure that Euronet, the information system we have now developed, has a facility of that kind.

**Mr Cointat.** — (F) After the observations by Mr Cousté, the details given by Mr Brunner on UNICE and the proposals made by UNICE, has the Commission decided to set up joint committees involving industrialists once it has the necessary funds?

**Mr Brunner.** — (D) Yes.

**Mr Veronesi.** — (I) Does the Commissioner not feel that the Commission might, on its own initiative, inform Parliament at regular intervals — by publishing a suitable document — of the progress made with the results of Community research activities?

**Mr Brunner.** — (D) The Community's research programmes are constantly being reviewed. Parliament is informed of each of these reviews, which summarizes the new orientation and contains an evaluation of the results. Parliament receives all these documents.

**President.** — Question No 3, by Mr Johnston, for whom Mr Durieux is deputizing:

Subject: EEC forestry policy

What consultations are being, or have been, undertaken with a view to working out a common EEC forestry policy and what progress has been achieved?

**Mr Tugendhat, Member of the Commission.** — In 1974 the Commission proposed measures of afforestation as one means of improving the agrarian structure. Despite approval by the Parliament, the Council has not yet decided on this matter. The Commission now has in hand a more far-reaching study of forestry policy and is consulting the Member States' forest services and those organizations existing at Community level which have made their interest known to us. National forest interests have also been consulted *via* the Member States' forest services. We hope to report later this year.

**Mr Leonardi.** — (I) With particular reference to my own country, has the Commission considered a study or a programme for the development of the cultivation of seedlings which grow quickly in areas where

deterioration has reached an advanced stage, such as the Italian Apennines?

**Mr Tugendhat.** — I am afraid I am not in a position to answer that question, but I will try and communicate the information to the Honourable Member as soon as possible. We have consulted with national forest services, and it is the responsibility of the national forest services to draw our attention to those matters which they think are important within their own countries.

**Mr Cointat.** — (F) Has the Commission decided to reincorporate timber and all forest plants and seedlings into Annex II of the Treaty?

**Mr Tugendhat.** — As I said in answer to the main question, we are indeed at the beginning of a study of the whole matter, and therefore I am afraid it would be premature to reach a conclusion of that importance.

**President.** — Question No 4, by Mr Laudrin, for whom Mr Terrenoire is deputizing:

Subject: GATT

Can the Commission say whether it has had contacts with the new United States administration on the multi-lateral GATT negotiations and what the results have been?

**Mr Davignon, Member of the Commission.** — (F) I am engaged in ongoing consultations with the United States on GATT negotiations, and we did, of course, take the opportunity provided by Vice-President Mondal's visit to sound the intentions of the new administration. The answer was that the new administration attached high priority to the success of these negotiations and hoped they would result in the recognition of mutual and reciprocal advantages between the partners; it also agreed that consultations would continue between the Commission and the United States on the best way of achieving this result.

**Mr Terrenoire.** — (F) We learned this morning that the Community had decided to increase by 20 % customs duties on ball bearings from Japan. I would like to hear whether the Commission considers the three months' period set for this increase sufficient to bring about an upturn of the European industry in this sector, and also whether the Commission has considered the consequences this might have on the GATT negotiations?

**Mr Davignon.** — (F) I shall gladly answer that question, but I am not altogether clear how it relates to the previous question.

The Commission decided, after a legal procedure involving the consultation of all parties, to apply the measures which it is entitled to apply under the anti-dumping regulations. There was a complaint by three

**Davignon**

Member States, a long procedure of consultations to determine whether dumping was in fact taking place, and, at the end of this procedure, the Commission, using the powers vested in it, decided to apply a 20 % duty.

This is a temporary duty running for a period of three months and it is not intended to enable the Community industry to be reorganized during those three months; the period is stipulated to enable appeals against the decision to be lodged with the Commission. During this period we shall see whether the arguments which might be invoked against this decision by the Commission hold water or not. At the end of the three months, the temporary duty of 20 % will become permanent. That is the situation on this matter.

As to the influence this will have on the GATT negotiations, my answer is equally clear: there will be no influence, because this is a legal procedure which enables international trade to be administered on the basis of the rules jointly laid down by all the GATT partners; this is simply one application of the rules and does not affect the negotiations now in progress.

**Sir Brandon Rhys Williams.** — Will the Commission bear in mind, in all its contacts with the United States administration, but also with GATT, OECD, the IMF and the major institutions of the Western world, not only the importance of cordial and close relations, but that it should be an established fact that the Commission is speaking for a united Community on behalf of all the members?

**Mr Davignon.** — (F) I am in complete agreement with the honourable Member on these two points. I mentioned the United States because the question referred specifically to our consultations with that country, but we also consult all the partners in these negotiations — not only the industrialized nations but also the developing countries — to achieve this result and the Commission knows full well that when it participates in consultations its strength derives from the unity of the Member States.

**President.** — Questions No 5, by Mr Kaspereit, and No 6, by Mr Nolan, are postponed until the next part-session.

Question No 7, by Mr Cointat:

Subject: Protection of the American footwear industry

In view of the recommendation by the International Trade Commission of the USA aimed at protecting the American footwear industry by introducing tariff quotas, how does the Commission intend to react to this growing tendency towards protectionism in the United States?

**Davignon, Member of the Commission.** — (F) The actual situation is this: a majority of members of the International Trade Commission in the USA favoured

the introduction of a tariff quota for footwear. That information is correct, but has not yet been made public. As the honourable Member knows, the United States has sixty days to take up a position on this recommendation, and it has in this particular case until the end of March or early April, if we understand things correctly, to decide. The Commission is fully aware of the situation and we shall be making suggestions on the footwear sector in connection with a number of industrial-policy proposals which we intend to put forward. We realize that European footwear suppliers have lost ground on the American market, just as American suppliers have on their own domestic market because of competition from the developing countries, and I can assure the honourable Member that we are in contact with the United States on this matter to bring about a solution which accords with our interests.

**Mr Cointat.** — (F) I am grateful to Mr Davignon for those details, although I should have preferred a little more firmness from the Commission if the United States confirms the decision within the sixty-day limit.

American imports of shoes from the EEC fell from 84 million pairs in 1973 to 61 million in 1975, and I should like to put the following supplementary question: in regard to the European Community, are you resolved to protect the Community industry against imports from Spain, Brazil and elsewhere?

**Mr Davignon.** — (F) Once again, I must point out that the connection between this question and the main question escapes me somewhat. However, since I am also responsible for the European footwear industry, I shall give you the following answer.

In this sector of industry, which is experiencing considerable difficulties, we are studying a twofold problem: the problem posed by imports from third countries whose industrial position is more favourable than ours, particularly as regards labour costs, and the need to ensure the efficiency and indeed the very survival of this sector in Europe. I can assure the honourable Member that once our consultations have been completed — in the near future — both with industry and with the unions in this matter, we shall be able to make proposals to the Council and to keep Parliament's responsible committee informed of the various measures which we intend to take. I think the honourable Member will agree with me that it is not desirable to dissociate the internal aspect from the external problem. As he said himself, I think that in the long run the solution will not lie solely in protective measures, since the European footwear industry is an export-oriented sector. Our intentions towards the United States are altogether precise and concrete, but I do not want to be defeatist on an issue such as this before the decision has even been taken.

**Mr Durieux.** — (*F*) Mr Terrenoire spoke to us of the 20 % tax on ball bearings from Japan. We recognize that this tax is justified as an anti-dumping measure, but does the Commission not consider that it would be dangerous to embark on a protectionist spiral with our American partners, which would in the long run be prejudicial to all international trade? I should like that spiral to be avoided because other industries are also concerned — I might just mention the protection of our textile industry against imports from the Far East. I hope Mr Davignon will not mind my mentioning these other aspects of the same problem.

**Mr Davignon.** — (*F*) I am grateful to Mr Durieux for his comments and share his views but, as I said in reply to Mr Terrenoire, this 20 % duty is not a protectionist measure. It is, on the contrary, a provision which exists in trade legislation, enabling us to protect ourselves when another country fails to apply the rules correctly. There can thus be no question of a protectionist approach — which is why I wanted to establish the link between international restructuring and external problems — because the Commission is convinced that the Community's industries cannot develop normally behind a screen of protectionist measures. It is in no way our intention to take that line.

**Mr Normanton.** — I hope that this House will always stand firmly and resolutely for the liberalization and therefore the expansion of world trade, but will the Commission take still more seriously the deep anxiety being felt in many parts of the Community, where the shoe and slipper manufacturing industry — I repeat, the slipper manufacturing industry — is facing impossible trading conditions as a result of dumping and other dubious and devious practices? Will the Commission therefore enter into the earliest possible negotiations with the new Secretary of State for Commerce of the United States to reach a common agreement on this particular sector and its problems, bearing in mind the fact that world negotiations are currently being held on the multi-fibre agreement, and avoid thereby unilateral action being taken, by any major industrial State in the world?

**Mr Davignon.** — (*F*) I am able to assure the honourable Member that we are as concerned as he is with the development of a number of industrial sectors, which is why we have decided to undertake certain internal studies to ascertain how these industries can be given the necessary efficiency and competitiveness, which is the best long-term solution. Meanwhile, whenever it appears that our trade partners do not apply with the same degree of rigour rules agreed jointly by us for the liberalization of trade, we shall take all the measures necessary to respect these arrangements and, in this connection, we shall talk to the new US Secretary of State just as we shall talk to any other partner interested in these questions.

**Mrs Dunwoody.** — Is the Commissioner satisfied that, in fact, the anti-dumping procedures that he has put into operation are really effective? They are very cumbersome, they take a long time to operate and in fact there is very great hardship in the footwear industry. Is he really satisfied that this is the most adequate, the most efficient way that he can protect the interests of the workers in this industry?

**Mr Davignon.** — (*F*) There is no question at this stage of anti-dumping action in the footwear sector. Measures were taken in the case of ball bearings. In the specific case of the footwear industry, the question was what we proposed to do if the American administration followed a recommendation made to it by a tariff committee. I answered that we did not wish to see the European footwear industry losing still more ground on the American market, and that is the basis of our position on the question put to us. I also replied to several speakers that we did not think we could recover equilibrium in this sector by taking protectionist measures. Finally, I want to stress one last time that anti-dumping measures are not the same as protectionist measures: they merely represent recourse to a procedure which enables countries to protect themselves against others which fail to honour commitments given by them.

**President.** — Question No 8, by Mr Dondelinger, will be answered in writing as the author is absent and has not appointed a deputy.<sup>1</sup>

Question No 9, by Mr Howell:

Subject: 1977 farm price proposals

Does the Commission agree that the 1977 farm price proposals will be meaningless if the present green-currency distortions continue to exist; that there are no common prices, and therefore no real common agricultural policy?

**Mr Vredeling, Vice-President of the Commission.** — (*NL*) I wish to remind the honourable Member in answer to his question that at the end of last year the Commission submitted a proposal for a system providing for the regular automatic adjustment of the monetary compensatory amounts. This proposal is now with Parliament to ascertain its opinion. This proposed new system does not encroach upon another more practical arrangement whereby — as has happened more than once in the past, on the occasion of the annual fixing of prices in particular — the green currencies can be adjusted. I can inform you that this year again, when the 1977 price-proposals are made, a series of adjustments to the green currencies will be proposed. The aim both of the special system and of the more pragmatic adjustments is to ensure as soon as possible restoration of the unified market and complete application of Community prices.

<sup>1</sup> See Annex.

**Mr Howell.** — While thanking the Commissioner for his reply and for telling us of the proposals which have been put forward by the Commission, may I stress the urgent need for drastic action to remedy the farcical green-pound system, which is doing so much damage to farmers in certain parts of the Community, in particular the livestock producers of the United Kingdom? I am sure that he realizes that some of the livestock producers are receiving as much as 40 % less than producers in other parts of the Community and this situation simply cannot go on. Grave damage is being done to our industry. Will the Commissioner say by what date he envisages common prices will be the order of the day throughout the Community? It is becoming increasingly obvious that the date of January 1978 can no longer be met, but would he say what date the Commission is aiming at for common prices throughout the Community? And if no such date exists, will he say so?

*(Applause from certain quarters)*

**Mr Vredeling.** — (NL) I can assure the honourable Member that the Commission will work with the greatest energy towards the removal of these monetary compensatory amounts, which create difficulties for the management of the agricultural market. He is quite right on that score, although I must point out that the difficulties should never be taken as an excuse for unilateral national measures. As to his question concerning the date, the Commission hopes to complete its proposals this week on 11 February. Then the matter will be in the hands of Parliament, which as you know, must deliver an opinion before the Council takes its decision. The Commission believes it will be able to submit its proposals on time.

**Lord Bruce of Donington.** — Will the Commissioner agree that one factor that goes right to the root of the Common Agricultural Policy, to such an extent that, as the questioner says, it barely exists, lies in the fact that the intervention prices in many cases are far too high and have resulted in massive stocks being held in a number of fields to the detriment, not only of the Common Agricultural Policy itself, but also of consumers throughout the entire Community?

*(Applause from certain quarters on the left)*

**Mr Vredeling.** — (NL) In answer to Lord Bruce's point, I would not readily concede that the prices to producers are too high. The Commission is, however, well aware of the adverse effects to which he drew attention — namely, that the intervention price system leads to the constitution of stocks; the Commission is hoping to come forward with more detailed proposals in certain sectors, particularly milk powder.

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

**Mr Howell.** — Mr President, the Commissioner

completely misunderstood my two supplementary questions. Could I ask him to answer them now?

*(Protests from the left)*

**President.** — Question No 10, by Mr Dalyell:

Subject: Negotiations between the Commission and the People's Republic of China

What progress has been made in negotiations between the Commission and the People's Republic of China for the achievement of a trade agreement?

**Mr Davignon, Member of the Commission.** — (F) Sir Christopher Soames pointed out to the European Parliament on 18 June 1975 that during his visit to China in May of that year the Chinese authorities had signified to him their interest in opening discussions with a view to the conclusion of a trade agreement with the Community.

Since then there have been regular contacts between the Commission's services and representatives of the mission of the People's Republic of China in Brussels in an extremely relaxed and cordial atmosphere, but — for a number of reasons, with which you are just as familiar as the Commission itself — the Chinese authorities were unable to concentrate on these negotiations during that period. There has not been a real start to negotiations between the Community and China.

**Mr Dalyell.** — While understanding that the Chinese may have other things to think about, nonetheless is the Community doing all possible to keep in contact with the technocrats in the export agencies in China, and also to maintain the contacts that Sir Christopher Soames and others made outside Peking, establishing direct links with the very powerful administrations in Shanghai, Kwantung and other cities?

**Mr Davignon.** — (F) Yes, the Commission's departments maintain with all the Chinese authorities with which it is possible to enter into contact — and those you mentioned are among the authorities of interest to the Commission — relations aimed at stepping up the development of trade.

**Mr Normanton.** — I welcome the longstanding enthusiasm of the Commission for the expansion of world trade in general and the interest in expanding it as far as China is concerned, but will the Commission assure the House, and also the industries of the Community, that the Commission understands the way in which the State-trading economies of the world cost their products and fix their export prices? Having understood this point, will they make sure that in any commercial agreements entered into with State-trading countries, and China in particular, this point is firmly held in mind and reflected in their policies?

**Mr Davignon.** — (*F*) Once again my answer is in the affirmative: we are particularly careful — as I had occasion to say just now in answer to other questions — to ensure that in the area of external trade a proper assessment is made of the advantages and drawbacks to the Community's own industrial development, and we shall be still more careful in future.

We are very well aware that in relations with State-trading countries it is essential to make sure that the agreements include provisions on prices and the way in which export prices are calculated. You may therefore rest fully assured on this point.

**Mr Berkhouwer.** — (*NL*) Have I understood you correctly — and it will only take a moment to clarify this point — to say that the dialogue on trade relations between Europe and China has been put into a lower gear by the Chinese themselves?

**Mr Davignon.** — (*F*) There will be two aspects to my answer. The first is that the contacts which exist between the Commission's services and the Chinese authorities are as good as they were in the past. There has been no change in that respect. I think we have all noted the extremely clear and precise positions adopted by the Chinese authorities. As to technical development, I am bound to agree with the honourable Member.

**President.** — Question No 11, by Mr Evans:

Subject: 'Sail for Europe'

What advantages will result for the citizens of Europe as a result of the expenditure on this project?

**Mr Tugendhat, Member of the Commission.** — 'Sail for Europe' is an independent, non-profit-making association of sailing enthusiasts who wish to further the sport of sailing as well as to promote the Community ideal. As the venture is likely to symbolize this ideal for many, the Commission has given its patronage to the project.

(*Cries of 'Hear! hear!' Laughter*)

**Mr Evans.** — Will the Commissioner accept that it was widely reported in the British press that a very substantial sum of money had been given to this project by the Commission and will he confirm that no money will be given under any circumstances to this project? Will he accept that I have no objection whatsoever to people spending their own money on their own thing, but that there are far better uses for Community money than 'sail for Europe'?

**Mr Tugendhat.** — The Commission has made no financial contribution to the association, though it has provided small sums to enable the association to take stands at sailing exhibitions in London, Paris and Düsseldorf.

**President.** — Question No 12, by Mr Herbert, is postponed until the next part-session.

Question No 13, by Mr Yeats:

Subject: Burden of taxation on newspapers

Will the Commission as a matter of urgency draw up proposals to relieve newspapers of the excessive burden of Value Added Tax, which in many cases endangers their continued existence and makes more difficult their essential task in a democratic society of informing and educating the public?

**Mr Burke, Member of the Commission.** — The charging of Value Added Tax on newspapers is supported by the proposal for a Sixth VAT Directive, agreed in principle by the Council on 16-17 December 1976. As parliamentarians will be fully aware, the sole aim of the Sixth Directive is to achieve a uniform basis of assessment for VAT in Member States, and not the harmonization of the rates. The harmonization of the latter is not foreseen either now or in the near future. In these circumstances, Member States remain free to fix the level at which the rate is charged, subject, however, to two considerations: firstly, that a zero rating may not be introduced and, secondly, that a rate may not be established at a level so low as to prevent the deduction in full of the tax which is allowed to be deducted under the VAT system. It is the Commission's view that in those Member States which charge VAT on newspapers, the rate is usually so low that it does not constitute an excessive tax burden for newspaper publishers. The Commission does not feel, moreover, that VAT can be used as an effective instrument for dealing with the problems besetting newspapers throughout the Community. This is because these problems are caused by factors other than those resulting from the imposition of tax — the high cost of paper, competition with other channels of information, reduction in the market demand for newspaper publicity. In these circumstances, the Commission does not think it advisable to make new proposals in this sector.

**Mr Yeats.** — Whilst one can only express great disappointment at the absence of any intention of action on the part of the Commission, will the Commissioner say whether he does not consider that a rate of VAT of 10 %, which exists in some cases in the Community, is an altogether excessive burden on newspapers?

**Mr Burke.** — Taking into consideration the points made in my reply that the cost of paper, competition from other channels of information and other factors constitute the major problem for newspapers, I would find it difficult to agree with the Honourable Member that this is excessively high.

**Sir Brandon Rhys Williams.** — Is this not a golden example of the value of the British institution of the

**Rhys Williams**

zero rate, which is what is applied to newspapers in Great Britain?

**Mr Burke.** — In the last two years, as the Honourable Member probably is aware, the cost of paper has increased by 100 %, according to figures supplied by the Association of Newspaper Editors. The incidence of the cost of paper and the cost of production is therefore very high.

**Mrs Kellett-Bowman.** — The Commissioner would not consider the rate of 10 % high. Would he not consider the standard rate of 20 %, which applies in Ireland, to be unduly high?

**Mr Burke.** — The rate on newspaper sales is not 20 % as I understand it. It is 10 %, as mentioned by Mr Yeats.

**President.** — Question No 14, by Mr Noè :

Subject : Agronomic Research

Would the Commission provide Parliament with details of the progress made in the work provided for by the Regulation on the coordination of agricultural research (EEC) (No 1728/74)<sup>1</sup> and in particular on the stage reached in drawing up the inventory of agricultural research projects provided for therein ; does the Commission intend to allow the Member States access to it ; and, finally, does it intend to use the software employed in this work in other sectors ?

**Mr Brunner, Member of the Commission.** — (D) Mr President, a Committee on Agricultural research was set up in 1975. It has met five times, devoting its attention mainly to projects relating to cattle-raising, animal leucoses and vegetable proteins. We are now engaged in drawing up an inventory of these projects. A total of 138 contracts to a value of 10.3m u.a. have been awarded. So far the inventory has been recorded on tape and we are now in the process of having it transcribed. We do not know yet what software we shall be using for the inventory.

**Mr Noè.** — (I) At the risk of appearing monotonous, I would repeat what I asked in connection with Mr Cousté's question, the second one taken today — namely, whether the Commissioner thinks it will be possible in future to store the results of this research so that they can be more readily communicated to anyone interested in them.

**Mr Brunner.** — (D) That is our intention.

**Lord Walston.** — Could the Commissioner assure us that the funds which are made available for this research are, in fact, a net addition to the amounts spent on agricultural research in the Community and are not merely deducted from the national contributions in the member countries ?

**Mr Brunner.** — (D) We want to re-arrange the results of research as quickly as possible for the sake of the Member States. For this purpose, some small additional amounts will have to be made available.

**President.** — Question No 15, by Mr Scott-Hopkins, is postponed until the next part-session.

Question No 16, by Mrs Squarcialupi, for whom Mr Veronesi is deputizing :

Subject : Construction of a radioactive waste dump in the canton of Ticino

What action does the Commission propose to take to protect a Community Member State — namely, Italy — in the face of the projected construction of a radioactive waste dump in the canton of Ticino, which might have disastrous and unforeseeable consequences on the adjacent hydrogeological basin, affecting Italian territory ?

**Mr Vredeling, Vice-President of the Commission.** — (NL) Word has reached the Commission too of the concern aroused by the rumour that radioactive waste is to be dumped in the Swiss canton of Ticino. The Commission is confident that the appropriate Italian authorities will approach the Swiss authorities concerned. Under the Treaty the Commission itself has no direct powers in this connection *vis-à-vis* non-member countries, but it will not fail to keep close watch on this development. Should the Swiss provide definite information to the Italian authorities, thus giving the Commission an opportunity to act, then it will not fail, if necessary, to make an approach to the appropriate authorities in Switzerland.

**Mr Veronesi.** — (I) The Commissioner's answer does not satisfy me. As there have been other cases of pollution, real or presumed, affecting non-member countries and settled through intervention by the Community, I would ask the Commissioner whether some thought ought not also to be given to this particular aspect of pollution of territory, for it strikes me as being of extreme importance for the future of energy developments, both in Europe and in the rest of the world.

I would point out, among other things, that the Committee on Energy and Research of this Parliament is already taking an interest in the problems arising from the dumping of radioactive waste from nuclear power-stations.

**Mr Vredeling.** — (NL) I would by no means deny that the consequences of any dumping or other practices in non-member countries which could create dangers for Community countries are a matter for the Community as a whole. Nor would I in any way discourage the Honourable Member from pointing out in the Italian parliament that this is not merely a matter of interest to the Italian government but one that may have consequences for the Community.

<sup>1</sup> OJ No L 182, 5 July 1974, p. 1.

**Mr Noè.** — (I) I should like, first, to ask the Commissioner whether he does not think that treating radioactive waste and then permanently storing it is a more advanced process than leaving the waste in suitable recipients or pools.

Secondly, would he not agree that before a serious opinion can be expressed on this matter, three things must be known, namely: (1) the type of treatment the radioactive waste undergoes, (2) the liquid or solid substance in which it is finally stored, and (3) the geological conditions at the site where it is deposited?

**Mr Vredeling.** — (NL) Mr President, the Honourable Member has thrown light on certain aspects of the problem, and I can only endorse what he has said.

**President.** — Question No 17, by Lord Bessborough:

Subject: British aerospace, shipbuilding and ship-repair industries

Has the Commission studied the Bill reorganizing the British aerospace, shipbuilding and ship-repair industries and will the Commission confirm that the Bill conforms with the provisions of Community law, and that it does not discriminate against, or adversely affect, the industries of other Member States?

**Mr Davignon, Member of the Commission.** — (F) The legislation Lord Bessborough is referring to in his question relates to the system of property ownership of the undertakings in question. The EEC Treaty, according to Article 222, 'shall in no way prejudice the rules in Member States governing the system of property ownership.' Member States must, of course, comply with all the provisions of the Treaty, among them those contained in Article 90, which provides that all public or private undertakings are subject to the rules contained in the Treaty.

**Lord Bessborough.** — The Commissioner has referred to Article 90. I would like to ask him this: What steps would the Commission propose to take after nationalization, if it happens in the UK, to control subsidies which are made to these industries? As we know, Article 90 (2) states that revenue-producing monopolies shall be subject to the rules on competition. How will the Commission ensure compliance with Article 90?

**Mr Davignon.** — (F) I do not think anything new is likely to turn up in this matter. The Commission will go on trying to bring to light any activities carried out by Member States which do not come under the heading of aid, as defined in the Treaty, and which create distortions. We have some experience in this field, and shall take advantage of it in any case that may arise.

**Lord Bruce of Donington.** — Is the Commissioner aware that this matter is the subject of domestic

controversy within the United Kingdom? Will he accept my assurance that the United Kingdom parliament is quite capable of solving this matter without referring it to the Commission?

(Cries of 'Hear, hear!' from certain quarters on the left)

**Mr Davignon.** — (F) I have taken careful note of the comment that has been made, and can assure the honourable Member (Speaker proceeds in English): I was aware that this was the subject of domestic controversy within the United Kingdom.

**Mr Evans.** — Is the Commissioner aware that this vitally important bill has been lengthily delayed by the irresponsible behaviour of Lord Bessborough and his Conservative friends in the unelected British House of Lords to the detriment of many thousands...

**President.** — Mr Evans, that is not a question!

**Mr Evans.** — ... I want to finish the question, Mr President, because it is important. Will the Commissioner accept that many thousands of workers' job in the United Kingdom have been threatened because of the controversy which has been created in the United Kingdom? And will he confirm that under no circumstances the Commission will get themselves involved in domestic British legislation which would only further the activities of the Tory House of Lords?

**Mr Davignon.** — (F) The practice followed by the Commission in these matters is well known, and I should like to confirm it.

**Mr Prescott.** — Will the Commissioner confirm that the great crisis facing both the aircraft and the shipbuilding industries is due as much to discrimination by America and particularly Japan against European products as to anything else and that the great challenge for us is how to reorganize these industries and how to give them orders, both for aircraft and ships, rather than the smaller detail of revenue-producing monopolies? That is the issue for this industry.

**Mr Davignon.** — (F) As I pointed out in my answer to questions on shipbuilding, one of the Commission's main concerns is to put forward suggestions on ways and means of maintaining an aircraft industry and a shipbuilding industry so as to ensure that Europe retains its proper share of the market.

**Mr Berkhouwer.** — (NL) Does the Commission, and particularly the Member of the Commission here with us today, share the view that the question under discussion relates to a specific sector as regards which we can, and indeed must, hold ourselves aloof from controversies waged at national policy level as to whether or not this sector should be nationalized?

**Berkhouwer**

Does the Commission agree with me that what matters at Community level is that there should be no discrimination in competition policy as between nationalized and non-nationalized undertakings, and that this is the nub of the question?

**Mr Davignon.** — (F) In all the answers I have given, I have tried to make what the Commission is concerned about quite clear. Its first concern is the future of the shipbuilding and aircraft industries in the Community, as regards which it is up to all of us to take measures often of a difficult nature; its second concern is to ensure that the activities of each of these industries conform to the provisions of the Treaty.

**Mr Jahn.** — (D) It appears, therefore, that the matter we are discussing is not just of national interest. Quite clearly, the question — and I would ask the Commissioner to provide an answer — is whether the bill in the United Kingdom is consistent with Community regulations. This is something we should have liked to have known, as also whether the bill discriminates against, or in any way harms, the industries of other Member States. This is a perfectly clear question, since it involves the Community's industrial policy.

**Mr Davignon.** — (F) The clear responsibility of the Commission lies in ensuring that the Treaty, and particularly Article 90, which rules out any distortion of competition, is correctly applied. I pointed out that the Treaty, as it itself expressly indicates, in no way prejudices the rules in Member States governing the system of property ownership. What concerns us is whether an industry, be it nationalized or not, is complying with the Treaty rules. This is the consideration that will govern the action taken by the Commission.

**President.** — Question No 18, by Mr Nyborg:

Subject: State aid to the shipbuilding industry

Following its enquiries into the credits extended by Italy to the USSR in connection with the sale of three ships, is the Commission now contemplating invoking the procedures provided for under Article 93 of the EEC Treaty to prevent distortion of competition in the shipbuilding sector?

**Mr Davignon, Member of the Commission.** — (F) On this difficult question of the conditions under which credits may be extended in connection with the sale of vessels, there exists a Council directive which provides that the conditions laid down within the wider framework of the OECD must be complied with. The Commission is at present considering, jointly with the Italian government, whether the conditions that attended the sale of Italian vessels to the Soviet Union do in fact conform to this arrangement. That is where matters stand at the moment.

**Mr Nyborg.** — (DK) All that is involved in this particular case is some money to help three ships from Italy on their way. But, except in the case of Luxem-

bourg, the shipbuilding industry is of such importance to all Community countries that we as a Parliament must make sure that the Commission keeps a close watch on any developments in this sector. I was therefore very pleased to hear the Commissioners' answer. I hope, too, that the approach adopted on future occasions will be the same as it has been up to now.

**Mr Osborn.** — Is the Commissioner satisfied that the provisions of Articles 92 and 93, regarding aids granted by States, particularly to State industries and national industries, are being complied with, and in particular, is he satisfied that the accounts are sufficiently transparent to give an adequate interpretation of these two clauses?

**Mr Davignon.** — (F) For the moment, we are making an immense effort to safeguard the shipbuilding industry in the Community. Incidentally, I shall be able to report to the Council on the matter this afternoon in Brussels. I shall be passing on to it the results of a number of discussions which we have held with partners outside the Community and which have created difficulties for the Council in this sector. I shall point out that it would be idle to imagine that the problem can be solved merely by securing reductions in capacity outside the Community. We must also, acting all together, take measures to restructure the industry in the Community. Such measures will require national aid systems to be coordinated, and will also raise the problem of the worth of the information passed to us and of the effectiveness of the methods we use to evaluate it. This is what I wanted to say for the time being, even if I have to come back later, in committee, should the need arise, to certain technical aspects of the question put to us.

**Mr Normanton.** — Would the Commissioner not agree that shipbuilding is probably the classical example of the futility of Member States' independently and autonomously pursuing economic and industrial policies based on subsidizing both production and sales of their industrial products?

We are delighted to note that he recognized that in Europe at least there is a long overdue need for modernization of this old industry, including restructuring, reorganization, new methods, new technologies. Would he care to indicate to the House when he will be in a position to present a considered policy, an industrial policy, for debate here in the House on this important area?

**Mr Davignon.** — I am always careful, at this stage, about specifying definite dates. What I am in a position to do is to confirm what I have agreed with the chairman of Parliament's Committee on Economic and Monetary Affairs — namely, that I will make a statement on a number of aspects of industrial policy in mid-February. By then I hope to be in a position to give a more precise indication of when we can present a general policy statement.

**Davignon**

I shall also have an opportunity this afternoon to draw the Council's attention to the need to press ahead with our vigorous action in the field of external policy and with our modernization measures simultaneously. Clearly, the Council's reaction will be one factor in the time it will take us to bring this project to a successful conclusion.

**Mr Martinelli.** — (I) As the question concerns an agreement concluded in Italy, I should like to put forward a number of factual and legal observations to show that this contract meets the conditions laid down by the OECD on the subject. If the Breda shipyards, which are situated in a region hit by last year's grave natural disasters, had not concluded that agreement, they would have had to put 3 500 workers on unemployment benefit. It was this that led the Italian authorities to avail themselves of the derogation permitted by Article 8 of the OECD Agreement relating to credits for the export of vessels, and to resort to a written consultation procedure. The OECD Agreement states that, where the consultation procedure is adopted and no reply is received within a specified period, the country concerned has the right to adopt the decisions relating to the operations in question.

**President.** — I am very sorry, Mr Martinelli, but we are not having a debate. All you may do is to put a brief supplementary question.

**Mr Martinelli.** — (I) Nevertheless, I still maintain the action taken by the Italian authorities was, under the circumstances, within the law.

**Mr Cifarelli.** — (I) I would ask the Commission whether, after considering the special features of this case, it sees in this a dumping arrangement — that is, a lawful favour granted to a national industry — or, rather, a consequence of the system of agreements with the Soviet Union, which, as is well known, requires credits from anyone who wishes to export to that country.

**Mr Davignon.** — (F) The technical position in this area is extremely complicated. So is the OECD Agreement, which provides, under certain conditions, for the harmonization of conditions for the granting of credits when vessels are sold abroad.

As I said the first time I spoke, we are checking jointly with the Italian government, on the basis of the information it has furnished us, to which an Honourable Member has just referred, whether or not the sale complies with the agreements concluded. In the process, we shall naturally take into account both the need to preserve a shipbuilding industry and all the social implications of the case.

**President.** — Question No 19, by Mr Radoux :

**Subject :** Belgrade meeting

Will the Commission take part in the preparations for, and the work of, the Belgrade meeting on 15 June 1977 provided for in the final Helsinki Agreement, and, if so, to what extent ?

**Mr Davignon, Member of the Commission.** — (F) As far as the CSCE is concerned, the position is quite clear. When he signed the Final Act in Helsinki, Mr Moro, President of the Council at the time, pointed out that he was signing for the Community, and that the Community would intervene on any matters falling within its area of competence according to its own procedures.

What took place, therefore, in Helsinki was what we called a 'double signature'. It is therefore only to be expected that in the preparation of the Belgrade Conference, which is required precisely to check how the Helsinki Agreement is being applied, the Commission should play an active part both at Council and at political cooperation level, especially as regards the problems of Community competence, 'Basket 2' at Helsinki.

**Mr Radoux.** — (F) Mr Davignon has kindly given me an affirmative answer concerning the Belgrade Conference. Could he give me some additional information as to the actual running of that Conference and say whether it is already known who will be attending it from the Commission and the Council ?

**Mr Davignon.** — (F) As the Honourable Member knows, the Commission was already helping in the preparation of the Final Act of Helsinki, having taken part in the work of the preparatory meeting in Geneva and spoken there. We are at present considering what would be the best way for the Community to be represented in Belgrade in the light of the subjects to be discussed. But as the preparations are not yet concluded and the procedure will largely depend on the form the Belgrade Conference is to take, we are still studying the matter. The final decision, as might be expected with another five months to go before the Conference opens, has not yet been taken. The whole question, however, is naturally being considered in the light of the Community's participation in the Conference, as announced by Mr Moro in Helsinki.

**Mr Jahn.** — (D) Mr Davignon, if I understood you rightly, you said that special account would be taken of 'Basket 2' in preparing the Conference. Do you not feel that particular attention ought to be paid to 'Basket 3', which provided for the free circulation of information, the protection of human dignity and freedom of movement throughout Europe, at a time when human rights are being constantly withheld and violated in the entire Eastern bloc ? I am thinking of Czechoslovakia, of Poland and the Soviet Union, and the German Democratic Republic.

**Mr Davignon.** — (F) In the answer I gave to Mr Radoux, I said that we are paying particular attention to 'Basket 2' because it relates to something with which the Commission is competent to deal under the Treaty. It is the Commission that represents the Community.

I also pointed out that the Commission was taking part in the entire work of preparing the Belgrade Conference, particularly as regards the matters you have raised, which clearly exercise a basic influence on the type of society we have in the Community, the one in which the Commission is predominantly interested.

**Sir Peter Kirk.** — Mr President, returning to the very pertinent supplementary question asked by my colleague Mr Jahn, would the Commission agree that in the preparation for the Belgrade Conference and indeed the conference itself it must be very careful not to make any distinction between the three baskets and make it quite plain to other participants in the conference that the protection of human rights is a fundamental condition for any progress towards *détente* in Europe?

(Applause from the centre and the right)

**Mr Davignon.** — (F) It goes without saying that that is our position. If this was not immediately obvious from my first answer, this was because the question related to the manner in which we were taking part in the work. The question which has just been put relates to the substance of the policy. The entire Helsinki Agreement is a whole between whose parts no distinction can be made, and on this point I can say that we share the views that have been expressed.

**Mr Giraud.** — (F) Can the Commissioner confirm that this business of verification cannot be confused with interference in the internal affairs of some country or other?

**Mr Davignon.** — (F) The question is a tricky one, because from time to time what others claim to be the protection of fundamental rights is declared to be interference.

The Final Act of Helsinki clearly stipulated commitments entered into by each of the parties. One of the objects of the Belgrade Conference is to ensure that these agreements are properly carried out.

It seems to me that this interpretation can in no way be confused with interference.

**Mr Cifarelli.** — (I) I should like to know whether, even taking the narrowest interpretation of the Treaty, the provisions on the free movement of persons, the free circulation of information and the right of establishment do not contrast with the widely-deplored violations of fundamental rights, and whether, with

this in mind, the Commission is not preparing a study and a coordinated approach by the Nine with an eye on the Belgrade Conference.

**Mr Davignon.** — (F) It is precisely because the Commission has a certain experience and certain powers in these areas that it is taking a hand in preparing the position which will be defended by the Member States and the Community in Belgrade. This is what is actually taking place, and in the course of these consultations on political cooperation and at Council level suggestions have been received from all quarters, the Commission included. When we take part in a debate, we do so with a view to making some contribution on the lines indicated.

**President.** — Question No 20, by Mr Dykes, is postponed until the next part-session.

The first part of *Question-time* is closed.

I thank the representatives of the Commission for their contributions to our debates, with honourable mention for Mr Davignon, who has had a particularly heavy work-load.

(Applause)

## 6. Energy prices

**President.** — The next item is a joint debate on the reports by

— Mr Giraud, on behalf of the Committee on Energy and Research, on the adoption of, and prospects for, a system of basic prices for imported primary-energy sources within the framework of a Community energy policy (Doc. 530/76), and

— by Mr Guldberg, on behalf of the Committee on Economic and Monetary Affairs, on the effect of increased energy prices on Member States' productivity and competitiveness (Doc. 431/75).

I call Mr Giraud.

**Mr Giraud, rapporteur.** — (F) Mr President, I should like to thank all my colleagues on the Committee on Energy and Research for the help they have given me in drawing up this report as well as all the officials for the work they have done on it. I should also like to thank Mr Brunner, and through him Vice-President Simonet, for all the good will the Commission has shown. However, all Members of Parliament will understand that I cannot embark on my speech without paying tribute to two members of the Committee on Energy who have just left it and who had a large share in this work. I am referring, of course, to Mr Springorum, the chairman, whose kindly authority and high degree of competence we thought very highly of, and Professor Burgbacher, a specialist in anything to do with coal whose enthusiasm in this field was infectious.

## Giraud

The report I am submitting to you today is neither a cure-all nor, to my mind, an essential element of the mechanism which Parliament, in agreement with the Commission, has been putting together for years for the Council of Ministers. The 1973 crisis, born of the Yom Kippur war, served only to bring into the open a situation we refused to face — namely, that the industrial countries owed a large part of their prosperity and growth to the excessively low price of energy — and not only oil — and that they were squandering that energy without a thought for the future. The awakening was brutal, too much so no doubt, but so far neither our countries individually nor the Community as a whole have heeded this warning-shot to change course and take the decisions for which the situation called. We have put things off from day to day, contenting ourselves with the discussion of high principles. In this debate or in these conversations everyone has something or other to say but takes no account of the other party's views, accepting the proposals made to him only if they suit him and rejecting the others.

I wanted to say, as I started to speak to you, that I only took on this report because I felt it to be an essential, though not adequate, part of a whole, and a refusal on our part would have provided some people with a pretext for rejecting an overall solution.

What are our main objectives? They are to reduce, and at all events not to increase, the Community's dependence on external sources of energy, and to encourage energy savings and the development of new energy sources, without, however, deluding ourselves as to the likelihood, in the short term, of their making more than a marginal contribution to our requirements. We observe a definite and growing delay in the production of nuclear energy and already realize that, at the end of the day, we shall have fallen far short of the plan we had drawn up and of the ambitious targets we had set ourselves.

I would also draw attention to the excessively high cost of producing certain novel forms of energy, which are still at an early stage of industrial development and cannot be considered, in the present situation, as really competitive. The Community must therefore continue its strenuous and costly efforts, which must be backed by a wide range of measures, of which the report I am submitting today presents only one aspect. This matter of the minimum safeguard price of imported oil has been in the hands of the Council of Ministers for close on two years, but no decision has been taken. For my part, I regret that no real progress has been made in this area, and I hope to see this project on the agenda of the next meeting of the Council of Energy Ministers. According to the Council's work programme for the first quarter of 1977, for the two ministerial sittings devoted to energy policy, the minimum safeguard price for

imported oil, which is shown as a separate item in the work programme, will be dealt with, not as a specific point, but as part and parcel of the case for the protection and promotion of investments. This strikes me as both convenient and logical.

The political climate at the discussions will, however, continue to depend to a large extent on the concessions the various delegations are prepared to make on this point, which confronts the Community with a difficult choice.

For my part, I shall confine myself to drawing my colleagues' attention to the importance attaching to the basic price for imported primary sources of energy. This accounts for the fact that the report I am presenting today on behalf of the Committee on Energy and Research required for its consideration seven meetings of that committee before it was approved.

I believe that in order to preserve clarity during discussions the idea of the minimum safeguard price should be presented in a manner as simple and as uncontroversial as possible. Everyone has started out with the idea that in the course of the next ten years oil will be the form of energy that will determine the reference price of all the others. Later on, other forms of energy will play a crucial role, but at the moment the dominant role of oil is an economic fact no one will contest. This being the case, it was felt that too steep a fall in the price of oil might jeopardize all the efforts made for the development of alternative sources of energy, however timid and inadequate they may appear in our eyes. The minimum safeguard price is therefore not a specific measure but a general measure of support and protection covering all sources of energy and not intended to promote the protection of one in particular.

This price is not the ideal price at which oil should be offered on the international market. It is a price that ought to be fixed to ensure that oil is not marketed at a price below that which we regard as desirable. The role it would play would be merely that of a safety-net.

I feel, Mr President, that it ought to be stressed that this objective is that of our common policy on energy — namely, to develop alternative sources of energy in order to reduce our dependence on oil. This cannot be done without offering certain guarantees to investors in the development of these energy sources. This, then, is at the origin of the whole concept. The principle underlying it is clear, and considerable latitude should be left to the governments for putting it into practice, for the level, as contemplated at the moment, is based on economic data.

A minimum safeguard price for imported oil can in fact be put into effect through measures such as customs duties, levies, quotas and taxes on consump-

## Giraud

tion. Measures of that kind therefore form part of commercial policy and thus fall within the exclusive competence of the Community by virtue of Article 113 of the EEC Treaty.

What the level of this price ought to be has been discussed at length by the Committee on Energy and Research. Obviously there were two camps: those who possessed indigenous resources (I am thinking mainly of the United Kingdom, even of Germany), who would naturally like to see the highest possible reference level, and those who, understandably, are far from sharing this attitude because they realize they will find little or no oil — or even coal — in their own soil.

There are also countries — Italy, for example — which, while endorsing the principle itself, feel that the price-level should be kept as low as possible. We must certainly recognize that the proposed level of the minimum safeguard price is a political one, the result of a compromise reached between countries desirous of a high level and countries desirous of a low one. As I have said, all finally agreed on a price bracket of \$6 to \$8, which finished up at \$7. But permit me to say that, at least as I see it, this figure has at present very little in common with hard facts.

Mr President, ladies and gentlemen, the point of departure of our committee's reflections on the subject was the decision taken by the European Council in Rome on 1 and 2 December 1975. This was to the effect that consideration should be given to the need for a mechanism of support and protection to ensure the development of novel forms of energy.

What is new is the adoption of a constructive attitude towards the introduction of this protective mechanism on the grounds that it is rightly felt that, without it, it will be impossible to develop alternative or novel forms of energy on a scale large enough to give the Community greater independence of imported energy sources.

Moreover, assuming that in the months or even years to come the Council of Ministers will decide on a minimum price-level, such a decision will have to be supplemented by support measures for other novel forms of energy.

We do not believe that the mere application of a price mechanism will ensure the development of new sources of energy; full use will have to be made of the scope for support that exists. There is the entire range of specific support measures now available under the existing Treaties or the regulations derived from them, and even new measures.

All this should be made the subject of a package of proposals on the basis of which the Council ought to take a decision as soon as possible. If the Council fails to reach agreement, then I think, Mr President, that its credibility will once again be undermined. You will

tell me that it has already been undermined repeatedly, but there is no doubt that by such an attitude the Council will demonstrate that it has no faith in the Communities but only in the activities of the national governments.

We all know this to be one of the most serious difficulties the Community is at present facing in the energy sector.

I would point out to Parliament that my mind is not really at ease when I consider the prospects of the introduction of a common energy policy, and yet such a policy is indispensable and has been sought after for so long by our committee.

This report cannot, moreover, even in the oil sector, be more than a single element in a package of measures concerning the oil industry, among them the transparency and display of prices and the adaptation of refinery operations to the changed market conditions.

In conclusion, I should like to draw attention to two consequences which I personally — with, I believe, the backing of almost every member of our committee — draw from the contents of the report: the Community must act as a single entity in this area as in others. While there is no question of calling in doubt either the conditions of ownership or the exploitation of energy sources indigenous to the Community, it must be understood that the precautions we take must at the same time ensure that all member countries have equal access to the products we help in this way to bring on the market. Furthermore, this protective mechanism must in no case be regarded as an encouragement to still higher prices.

It is subject to these two conditions that this report, for which I request Parliament's approval, will serve as a useful element of the Community's energy policy.

(Applause)

## IN THE CHAIR: MR BERKHOUWER

## Vice-President

**President.** — I call Mr Notenboom, who is deputizing for Mr Guldberg.

**Mr Notenboom, deputy rapporteur.** — (NL) Mr President, since Mr Guldberg has to be in Denmark at the moment and I am replacing him in the chair of the Committee on Economic and Monetary Affairs, I should like to say a few words now that his report has been included in the agenda today. I shall be brief, since the report was presented on an earlier occasion. I see no point in submerging ourselves in a flood of words. I would therefore refer you to the introduction already given by Mr Guldberg at five minutes past two on the afternoon of Tuesday, 13 January 1975!

## Notenboom

I shall not attempt to repeat what he then said, but shall confine myself to two observations. First I would say, on behalf of the Committee on Economic and Monetary Affairs, that it is unfortunate that Parliament should today have to make known its views on a motion for a resolution submitted over a year ago. Owing to special circumstances, and through no fault of the committee, the report has time and time again been withdrawn from the agenda. Again and again, consideration of the report has been held over. We deplore this. I would ask Members to see Mr Guldberg's report and the motion for a resolution in the light of the time that has elapsed since the report was first submitted.

Secondly, I do not feel it so desirable that the Guldberg report and the important Giraud report should be considered jointly. This is not being done, for that matter, at the request of our committee. I would ask all my colleagues here to reflect that what we are being asked to consider are two separate matters, two reports that have only the word 'energy' in common. The Giraud report ranges from the system of basic prices to the furthering of research and the development of alternative sources of energy. The Guldberg report deals with the consequences of higher energy prices on capacity and on the competitive position of Member States. These are therefore two distinct matters which should not be dealt with together. Now that this is happening, I should like to ask all present, on behalf of our committee, to bear in mind that these are two distinct questions which should be considered separately and not confused.

I intend to confine myself to these observations, since we too want to help in your effort, Mr President, to dispose of this item of the agenda as speedily as possible.

*(Applause)*

**President.** — I call Mr Flämig, draftsman of the opinion of the Committee on Energy and Research.

**Mr Flämig, draftsman of an opinion.** — *(D)* Mr President, ladies and gentlemen, as draftsman of the opinion of the Committee on Energy and Research on the Guldberg report, I should first like to point out that when the report was referred to the Committee on Economic and Monetary Affairs in 1975 our opinion was also automatically referred. We considered this opinion again and decided we had nothing to add to it. We believe that the motions for resolutions on the energy policy tabled since then justify the position we adopted at that time.

Our opinion was based on the assumption that in order to become less dependent on oil the European Community would have to develop alternative energy sources such as nuclear power. Other measures would naturally include the application of more advanced technology to the use of coal, with efforts to minimize

environmental pollution, and research into new forms of energy.

We fully realized that even at this stage the development of alternative forms of energy called for safeguards against cut-throat competition, which would always be a possibility. The Committee on Energy and Research took the view that it would be sensible to use the price calculations for nuclear energy as a basis for the energy price system as a whole in order to ensure that all alternative forms of energy were competitive with crude oil.

We are well aware, Mr President, that consumers are often eager to make the most of short-term advantages and give little thought to long-term consequences. However, those responsible for economic policy cannot afford to do that. Instead, they must look to the long-term well-being of everyone concerned, particularly when this well-being is in jeopardy, as it is here. We therefore thought that there was a need for measures which guaranteed that the energy produced in the Community should also be economic in the long term.

The energy produced in the European Community must be protected against the risk of mass imports of forms of energy which might at any time be used as weapons against us. This was doubtless the thinking behind Mr Giraud's report on the minimum safeguard price. In committee, and in our opinion on the Guldberg report, we tackled the same problem from a different angle and arrived at the same political conclusions — it would have been illogical had we not done so. We must fully maintain our demand that forms of energy on the market which are much dearer than oil and even today scarcely cover costs should be supported by a Community subsidy system. The Community also needs this protection because it alone will give energy-producers within the Community the incentive and investors the courage to make the necessary investments. Such investment is, however, only acceptable where a country's economy is protected against cut-throat competition. The basic principle of competitiveness of Community energy sources must be preserved. Otherwise the Community would bring about its own downfall, since it would be removing from its economy an important infrastructural basis.

These points, Mr President, were covered by the Committee on Energy and Research in sections 12 and 13 of its opinion of 25 June 1975, i.e., almost one year 10 months ago. We still stand by them now, because experience has confirmed our views. However, we also believe it essential that the Community's production capacity should be maintained in the long term, because we know that, in view of our dependence on imports, there is always a risk of an artificial energy shortage. Who can guarantee that the necessary energy supplies will not overnight become more

## Flämig

expensive than ever before, for we must have them at literally any price? We cannot allow this to happen. As Mr Burgbacher once said: no energy is as expensive as the energy we need and do not have. In other words, it is better to have a moderately expensive form of energy and be able to depend to some extent on its availability than to have cheap energy which might at any time become scarce, with all the consequences this may have on employment, standards of living and political stability.

Thus, commercially speaking, our proposal may be regarded as a type of insurance premium. And such premiums are also usually included in the calculation of the cost of a product.

We regret that some important aspects of our opinion have not been included in the final version of the Guldberg report. The Guldberg motion for a resolution contains many good points which our committee could, of course, accept. However, there are some grounds for misgiving. In paragraphs 20 and 21, the responsible committee expresses the view that the Community should protect the development of alternative sources of energy only in the initial period and that, after this initial period, market forces should be allowed to determine to a greater extent which primary energy sources should be used for which purposes. The Guldberg report does not seem to contain any definition of what this initial period should amount to. There is simply a reference to a 'transitional period' in a title.

I now come to the use of the various primary energy sources after the initial period. In 1974, the European Parliament adopted a resolution on medium-term measures to alleviate the effects of the energy crisis. In this resolution we said that we were against the use of natural gas in power-stations. We should now like to know whether this decision of Parliament is to become void, like the other demands for certain energy sources to be used for certain purposes. None of us will ever again experience euphoria over the potential of a new energy source, as was the case with oil or, at a later stage, nuclear energy. Euphoria over solar energy or nuclear energy — particularly after our dismal experiences as regards the site for JET — is inadvisable in view of the long-term prospects. Thus, we shall probably have to prepare for a long period of uncertain energy supplies. How certain or uncertain these will be depends on the degree to which we develop our own energy sources.

Finally, Mr President, I should like to make one more comment on the speech by our colleague from the Committee on Economic and Monetary Affairs. We do not intend to advocate an organization of the market in energy similar to the organization of the agricultural market. We make this point in section 13 of our opinion and are, in fact, in agreement with the responsible committee on this matter. Our thinking is

also clear from the fact that we have never called for guaranteed sales for energy sources and will never do so. The minimum safeguard price which we are asking for is not a guarantee of sales. Thus, as always, we support a competitive economy within the meaning of the treaties.

In view of these considerations, we cannot accept the concept of an initial phase as it appears in the Guldberg motion for a resolution. As the draftsman of the opinion of the Committee on Energy and Research, however, I shall not be tabling any amendments on this matter. Such amendments have already been tabled by the groups, so I shall let the speakers concerned deal with them.

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

**Mr Ellis.** — Mr President, can I very briefly congratulate my friend, Mr Giraud, on his report. I thought it was an excellent contribution to what is a very difficult problem indeed. On this whole question of our energy supplies, I find that the technicalities are so enormous that more often than not I am baffled by them, and I am sure many Members will be in the same boat. I do not want to make light of the technicalities — they are extremely important. It is important that we should try to establish a kind of quantitative framework, both for the present and by projection for the future, on which we might base whatever policies we can bring ourselves to frame.

I am very glad to see in the three reports — the Giraud report, with the opinion prepared by Mr Burgbacher to it, and the Guldberg report — all kinds of statistical evidence and so forth to guide us in this very intricate area of energy policy. I was very interested to see Mr Burgbacher reminding us that the Commission calculates that between 25 and 30 % of our energy production in 1985 will be produced at a cost of over \$7 a barrel of petroleum equivalent; there are all kinds of figures that we can get at in the three reports and, indeed, in the Commission documents.

Having said all this about the complexity of the matter, it seems to me (as a simple-minded in some ways, but I hope an intelligent, simple-minded man) that there is one absolutely overriding issue which stares us all in the face and has done so for a very long time indeed. That is clearly the security of supplies at constant prices. While it might sound a platitude simply to say that, I think it would be right if I were to remind the House that, whatever truism it is, most of our governmental leaders seem constantly to ignore this truth. At least, they seem not prepared to act in a really meaningful and forthright way consonant with the truth as I see it. Voices have been warning us for so long. I happen to have had experience in one particular energy industry. I was in the coal industry, and in my country collieries started

Ellis

closing about 1958—59. People in the coal industry were spelling it out clearly (I can think of one man in particular — Mr Schumacher, the Coal Board economic adviser in Britain) in 1959, 1960 and 1961. It is quite remarkable, if you read the speeches he made then, how uncannily prophetic he now appears to be. Despite all this, the British Government just went on responding, as it seemed to me, to short-term market considerations and kept on closing colliery after colliery. Now we have reached the stage where, in my country, the Coal Board has to reverse that process and pour in money to increase capacities which only 15 years ago they were in the process of shutting. That is, I think, a typical example of the kind of Alice-in-Wonderland situation that has accompanied the whole energy field in my country and, I suspect, in the countries of all the Member States for so long.

I had quite a lot of figures I wanted to quote; but I would (if I may be so presumptuous) recommend to Members an article which appeared in the October 1976 issue of the American quarterly review *Foreign Affairs* (it is available in the library). This seemed to me a most extraordinarily well-presented and well-documented article on this issue of energy conservation and securing future supplies. Because of the shortage of time I am not going to quote from it, but would commend it, with, I hope, due humility, to Members for their perusal.

I am charged by my group with moving an amendment, and if I do so now, with your permission, Mr President, when the time comes I can merely move it formally.

In the report prepared by Mr Guldberg, in paragraph 21 of the motion for a resolution the second indent says:

After an initial consolidation period market forces should be allowed to determine to a great extent which primary energy sources should be used for which purpose.

Our amendment is that that particular indent should be deleted. It is very important, I think, that we should get down to this question of precisely what we mean by the market. I welcome Mr Giraud's statement, and indeed the basic theme of his report, that there should be a minimum floor price, because it seems to me that is one of the things that can be done with the least influence on the market. People who argue that the supply of energy should be determined by some kind of market mechanism, I think, are living in a dream world. It is manifestly clear that the market in this particular field is an extremely imperfect market indeed. I gave the example a couple of minutes ago of my experience in the coal industry and how the market response led my government continually to shut down capacity in the mining industry. This was a typical response to the pressures of the market, which was a very short-sighted and a

very misguided response, and the British Government would have been much wiser had they rejected the simple market economics of the traditional assumption of a perfect or semi-perfect market in this field. Therefore it is for that very reason that we think this indent should be taken out. Indeed, in that paragraph the first indent seems to be quite contradictory to the second. It first says that energy prices should be determined on a long-term basis, and then it says that of course this should all be done by the market. Well, the two things simply do not tie up together, if for no other reason than simple logical coherence. I would commend very heartily to the House that this particular indent should be taken out. And when the opportunity arises, Mr President, I shall formally move that particular amendment.

(Applause)

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

**Mrs Walz.** — (D) Mr President, ladies and gentlemen, as the spokesman for the Christian-Democratic Group I should first like to thank Mr Giraud for his excellent report, into which he put so much effort and which, despite the difficulties, is so clear and lucid. I should also like to thank him in particular for his tributes to Mr Springorum and Mr Burgbacher, especially since we shall miss them so much in the Committee on Energy and Research.

The Christian-Democratic Group approves the Giraud report and at the same time rejects the contradictory aspects of the Guldberg report. I suppose you are wondering why we support a minimum safeguard price system when we all know that supplies of oil and natural gas are finite and that by the end of the 1980s serious shortages will occur if we do not rationalize the exploitation of energy, actively promote energy saving, and develop more substitute forms of energy. The year 1976 was another record year for total oil production, as though there had never been a crisis and as though we were no longer dependent on the price cartel of the OPEC countries. Even though Saudi Arabia and the United Arab Emirates, which together hold more than 43 % of the world's oil reserves, have given in this time, the situation still gives cause for concern. It is dangerous to think that the power of the oil-producers has been broken for ever. For example, in the pursuit of political objectives different from the present ones, Saudi Arabia could easily drastically reduce its oil production, but, unlike the other OPEC countries, it would not as a result have to make any major cuts in its own development projects. A market shortage might then cause a new rise in prices and this would give us a great deal of trouble. We must therefore reduce our dependence on oil as much as possible. However, substitute sources of energy are expensive. The development of new tech-

## Walz

nologies involves a lengthy preparatory period, with all the attendant uncertainties and financial risks. Future customers might well wait until these technologies were thoroughly tried and tested. They might delay in making vital investments just when they were most urgently needed. In this transitional phase industry will need government support. The minimum safeguard price is one way of ensuring that investments are made. It should be applied not only in the initial stages, as Mr Guldberg suggests, but for 20 to 30 years, i.e. until the alternative forms of energy become profitable, because this is the only way to reduce our dependence on oil, with all its political and economic consequences. I refer you to paragraph 5 of the resolution contained in Mr Giraud's report.

It is extremely unfortunate that the Council of Energy Ministers on 31 September 1976 once again failed to reach any agreement, even though the European Council in December 1975 had clearly outlined the objectives. These were: first, the protection and development of energy sources in the Community; secondly, solidarity within the Community in crisis situations; and thirdly, the promotion of energy saving. In addition to these aims, the Committee on Energy and Research recommends that greater efforts be made to extend and protect the energy sources available in the Community and that very urgent attention be given to the intensification of research and development activities in order to ensure that enough new alternative sources are available when the time comes.

In this connection, I should also like to comment on the tragedy of JET. Here we have a genuine lead over America and the Soviet Union in a field crucial to securing energy supplies. In one year America makes as much money available for nuclear fusion as we have for our entire programme. And yet now we cannot agree on a site for JET. When will the Council of Ministers finally arrive at a majority decision, as provided for in the Rome Treaty?

The most important part of the resolution is paragraph 15, which derives from a formula drafted by Mr Burgbacher. It might at first sight seem surprising that we wish to involve the oil-exporting countries both in the determination of the minimum safeguard price and in the financing of alternative sources of energy. The reason for this is that the industrialized countries can only prepare for a reorganization of their economies and a change in their energy sources in the context of the North-South dialogue with the help of the oil-exporting countries. In the last three years, the latter have accumulated a large amount of superfluous capital — a total of 140 000 million dollars — which our national economies lack. This capital has gone in particular to Saudi Arabia and the United Arab Emirates. These countries, on the other hand, also have an interest in keeping their own oil-wells going as long as possible. This can only be done if alternative forms of energy are developed at the same time

and if the full technological development of these sources takes 20 to 30 years. Thus, what could be more obvious than for the oil-exporting companies to participate in the development of these substitute forms of energy, which will ensure maintenance of their present well-being even when their own sources are exhausted?

The minimum safeguard price will back up these alternative forms of energy and provide a guarantee for investors, who will have to pour hundreds of millions into this branch of industry. Even though growth might have to be reduced and qualitatively different aims set, growth as such is an essential prerequisite for any solution of our most urgent problem, i.e. unemployment. However, it must be admitted that growth and energy consumption are not absolutely dependent on each other. American studies have shown that in the thirties one-quarter of the growth-rate was absorbed in paying for additional environmental pollution, while in the fifties half of it was absorbed in social costs. The figure now stands at two-thirds. Thus, even if growth depends only partly on increased energy consumption and, from the technological point of view, energy saving and conversion must be encouraged as a matter of urgency — I refer you to paragraph 7 of the resolution in the Giraud report — the minimum safeguard price must be used as *part* of the system. If there is to be no price war, we must make sure that we have an understanding with the oil-exporting countries.

The consolidation and protection of alternative forms of energy and the promotion of the appropriate research and development are a lengthy and expensive process. All industrialized countries, however, must promote their indigenous energy sources. They must work together on the increased use of solar energy and deuterium from the oceans and on the use of uranium 238 in breeder reactors. They must tackle the problem of converting raw materials into new forms, for example coal into liquids and gases, which are easier for consumers to use. They must increase the efficiency and reliability of such raw materials on conversion and distribution, change energy consumption habits, and ensure greater efficiency for the end consumer — for example, by improving motor-cars or industrial plant. In this connection public health should be protected, health care improved, and the environment better preserved. All these things lie in the future, but they are real prospects nevertheless. Only alternative forms of energy will help us to preserve our way of life as a whole, even though it will certainly have to change in certain important details.

The Christian-Democratic Group thanks Mr Giraud and approves his report. We shall propose amendments to the Guldberg report.

*(Applause)*

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

**Mr Hougardy.** — (*F*) Mr President, ladies and gentlemen, I should first like to join the previous speakers in congratulating Mr Giraud on his report, which, like all that honourable Member's interventions, makes a lot of good sense. Dealing with an extremely sensitive matter, he has undoubtedly made a valuable contribution to the debate on energy policy.

Mr Giraud has tried to clear the ground in preparation for the drafting of a Community agreement on a minimum safeguard price, which he sees as a safety-net for investors in substitute energy sources that might prove more expensive than the primary energy sources currently used.

This matter has been raised to a level of political importance which it does not merit, especially if we bear in mind that — as we have been reminded by Mr Giraud — at 7 dollars a barrel, the meshes of this particular net are rather large. It was only to be expected that disagreements over the concept of a minimum safeguard price should have an unfortunate effect; outside, they are interpreted as a sign of the Community's weakness as opposed to the apparently solid front presented by the International Energy Agency. Nor must we forget that — as the rapporteur underlined — a number of important details will have to be settled before the safeguard price can become credible: in particular, the range of products to which it is to apply, whether basic materials for the chemical industry are to be included, and which, and how many, crudes are to be chosen for reference.

The Commission, however, has tried to extend the scope of the minimum safeguard price debate, pending other measures to promote and protect investment: Community investment loans or guarantees, for instance the Euratom loans, here come to mind. We see thus that we are in fact talking about the overall problem of financing the Community's energy policy, and on this a few comments must be made.

First, the minimum safeguard price of 7 dollars a barrel is currently discouraging the development of such energy sources as nuclear power, coal and most of the North Sea oil deposits. It spuriously encourages electrical power planners to believe that the price of extra-heavy fuel-oil may drop one day, and so prevents bold decisions on the installation of multi-purpose or nuclear power-stations.

Secondly, I consider that the real key to financing policy lies in creating a climate of confidence for the investor, with reasonable prospects of profitability. We think that investments will be automatically forthcoming if the companies concerned know that they will be able to maintain the direction of their operations and can be convinced that this confidence exists, and if they are helped to make all their operations, especially those of the refineries and of the distribution network, profitable.

Thirdly, exploration activities likely to result in important discoveries of oil or gas involve comparatively few

risks at the purely prospecting stage: industry will undertake them, provided that the costs and risks at the development stage do not prove too high. If they do, we must expect requests for subsidies at the development stage.

Consequently, no subsidies or aids at the purely exploratory stage need be envisaged, unless high costs and low probability of commercial profits deter industry from becoming involved. Exploration generally means a number of related activities such as geological surveys, seismic prospecting and test drilling. It is the last that are the most expensive. Community aid restricted to activities other than drilling, therefore, is unlikely to be of interest to investors, and if the support is to be effective it must be granted to the most costly of activities and also, of course, it should extend in time over the duration of the project. Now, here, obviously, the all-too-short budgetary time-limits are a great disadvantage.

To what has just been said must be added some comment on the fundamental question of exploitation rights, which, quite independently of the amount of financial support from the Community, will be a determining factor in the exploitation of any deposits.

In concluding, I should like to say that we must realize that the introduction of a minimum safeguard price, as it is envisaged in the report, and whatever the practical methods of its implementation — whether entry duties, levy, or consumption tax — is liable to result in the growth of a gigantic bureaucracy and an enormous support fund on the lines of our existing system of agricultural guarantees. Would it not then be advisable, before we proceed any further, to decide first of all on the numerous mechanisms which will have to be created?

Finally, I should like to thank Mrs Walz for mentioning the choice of the JET site.

I must admit that I am now totally lost, because I was under the impression that the Council of Energy Ministers was going to meet very soon to deal with this subject. Now nobody seems to know when they are going to meet. I have just heard someone saying it would be in mid-March. It is fortunate that by that time the pantomime season will be over. Gentlemen, if the situation were not so tragic it would be utterly ridiculous!

I repeat my proposal, and I address myself to you, Mrs Walz: I think we must have the courage to castigate this vaccination and timidity on the choice of the JET site; if we remain silent we shall be the accomplices of those who want to bury the whole project!

*(Applause)*

Mr Brunner was very brave when he once said that the Commission simply gave up if a decision was not forthcoming quickly. Those are Mr Brunner's actual words. With that in mind, I ask you to realize the

## Hougardy

responsibility Parliament would be taking upon itself if it were to say nothing, for certainly those on whom the responsibility lies do not seem to appreciate the importance of the question. This we should be unanimous in deploring.

(Applause)

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

**Mr Cousté.** — (F) Mr President, dear colleagues, I should first like to thank Mr Giraud. I have read and I have listened to his report: I find it extremely interesting.

As for Mr Guldberg's report, which, admittedly, as Mr Notenboom has reminded us, is already a year old, my group — I wish to state that clearly — approves it without reservation.

To return to the Giraud report, I think we should be concentrating on the question of the *minimum safeguard price*.

We must not, ladies and gentlemen, forget that the minimum safeguard price is an American invention which was introduced essentially for the purposes of American internal policy. In 1973-74, the American Government was anxious to develop and promote the exploitation of its domestic oil resources. It therefore established a profitable price, despite protests from the domestic industry, and it even endeavoured, with great perseverance, I must say, to make all the industrial countries adopt the floor-price system. Some of them actually did so. But the floor-price system, if I may remind the House, has never, so far as I know, had any legislative backing in America and, on the contrary, has prompted very lively protests to the Administration.

I even seem to discern in the United States some movement to change this trend, and we have seen how for the present the aim of preserving domestic oil resources has proved more important than the question of dependence on oil-exporting countries. So much so, that the United States have even managed to increase their consumption, raising their imports to 1 million tonnes per day. The real problem at this moment, when we are holding our debate, is what the new Administration will do. And we have no indications what the aims, and hence the methods, of American policy will be.

Now we have the Commission, emulating, as it were, the American approach, proposing to the Council a system similar to that tried in the United States. This system — and it is here that Mr Giraud's report is most interesting — can be viewed in two ways: first, in the overall perspective of a Community energy policy; and then as a specific system aimed at attaining particular objectives. I should like to discuss it in both these lights.

To begin with the first approach, we find that the principle of a minimum safeguard price has, in fact, no place in any overall conception of a genuine common energy policy. Our minds have been made up on this minimum price because it seemed like some kind of palliative for the inertia of which the Commission was being accused and for the Member States' failure to act. Paragraph 11 of the motion for a resolution is highly instructive in this respect:

... the principle of a minimum ... protection price should be one of the instruments of an incentive mechanism for the implementation of any true Community energy policy.

But how, my dear colleagues, can we have confidence in the effectiveness of a mechanism which has already been challenged when our aim should be to develop alternative energy sources and when we see the relevant Community programmes collapsing one after another?

What happened to our ambitious nuclear-energy policy? Or the policy for power-station construction? Our failures in that area were due neither to problems of profitability nor to the absence of a basic price for imported oil. In my view, and in the view of my group, the energy sources of the future, such as solar energy or controlled thermonuclear fusion energy, are not directly dependent on a minimum safeguard price any more, incidentally, than they are on the price of electricity produced by nuclear means. What is more, events are demonstrating that the proposed solution should be treated with caution: for when the price of petroleum tripled, the production costs of substitute types of energy rose almost in the same proportion, and in some cases higher. We would therefore have to fix — and this is what worries me — a very high minimum price, and that is unthinkable. But in any case the decision on the matter rests with the Council.

In fact, this mechanism, which finds fewer and fewer supporters in all our countries — even though it may many in this House — reminds me of one of those piles sunk into the bottom of a river, over which no bridge was ever built.

Would this minimum safeguard price as a specific and isolated system have any real merits? Within the framework of the Community's oil policy, the fixing of a floor-price helps to guarantee the profitability of North Sea drillings, principally to the benefit of British interests; but on the petroleum market as a whole, the mechanism would have a nefarious effect by introducing a permanently high price-level. As long as the question of oil supplies is not resolved, nor that of our relations with the oil-producing countries, nor that of the recycling of petrodollars within our own economies, how can we really go ahead with this? So we have to negotiate — and from a bargaining position which, unfortunately, is not of the best, because — we might as well admit it and I address myself to the Commissioner responsible, Mr

## Cousté

Brunner — we missed our chance when there was a comparative glut of oil on the world market as a result of economic conditions (the price fell to about 10 dollars per barrel).

We do not see, therefore, and we want to make this point clearly, why we should tie ourselves exclusively to a mechanism which presents both dangers and inadequacies when we can use other methods, which I should like now to describe.

One can envisage, for instance, a policy of individual Community aids for the least profitable operations, on the lines of the aid granted to the joint hydrocarbons prospecting project. To give Mr Giraud his due, he has noted the possibilities in his highly competent report and refers to them in paragraph 9 of his motion for a resolution. But in any event, whatever method is chosen, such a policy requires the practical existence of Community solidarity, based, not on declarations, but on binding mechanisms.

This means that the British Government, which is likely to be the principal beneficiary of this proposal, would have to accept that in the event of a crisis the Community could have access to the North Sea oil. But the British Government's attitude — and Mr Giraud has not concealed the fact — remains unclear on three points. To read the motion for a resolution in Mr Giraud's report, one might think, judging by paragraph 14, that the minimum safeguard price will provide the miracle cure of Community solidarity:

... the Community's stance on the minimum protection price problem is an acid test of the Council's political will to think and act in concert on vital questions such as energy supply.

Let me say, then, Mr President, that the proposed mechanism, while it will ensure solidarity as far as bearing the burdens is concerned, will do nothing of the sort for the profits it is going to create!

Having told you of my reservations on the minimum safeguard price mechanism, I should like, in concluding, to express my doubts as to paragraph 15 of the motion for a resolution. The idea behind it is certainly a generous one, but if we are to ask the producer countries to participate in the fixing of the minimum basic price and in financing investment for the development of alternative energy sources, two preconditions would have to be fulfilled by the producers and, all too obviously, they are not.

First, the producers would have to agree to the principle of the minimum safeguard price — and I am by no means certain that they *are* agreeable.

Secondly, their generosity would have to extend to releasing us from their stranglehold and abandoning their dominant position. We must realize that in the matter of energy supplies the Community's salvation lies solely in the introduction of a real Community energy policy promoting the development of alternative energy sources and impelled by the resolve of

each Member State or, in effect, by the efforts of each citizen.

This is why my group, while not hostile to a floor-price system for oil and readily recognizing its merits as an incentive to investment and development, makes its adoption conditional on the following three points:

First, this measure is too isolated — it does not fit into the framework of an overall Community policy. In the area of hydrocarbons policy, fundamental problems, such as transparency of the Community market, have not been resolved or even tackled, nor has the basic principle of non-discrimination in price formation been respected.

Secondly, why is there still no obligation on all sellers, including foreign ones, operating within the Community, to publish a schedule of prices at which they undertake to deliver their products, of whatever origin, to all buyers, including their own subsidiaries? In the absence of such a measure, the market and competition conditions will continue to be disturbed by privileged dealings and marginal operations.

Finally, it is indispensable that a solidarity mechanism exists, ensuring free access for all to British North Sea oil.

I know that Mr Giraud has thought about this, but he considers that this last guarantee should follow the adoption of the minimum price. For us, on the other hand, it is a necessary precondition to any decision on the matter. The Member States' policies on the development of natural resources must not be restrictive or Malthusian, and all nationals of the Community should be able to participate in the new wealth. The British Government's fine words are not enough — I know very well that I have convinced even my dear friend, Mr Giraud. For all these reasons, while we approve Mr Guldberg's report, on the otherwise excellent report by Mr Giraud we state the reservations which I have just explained.

*(Applause)*

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

**Lord Bessborough.** — I shall need less than 10 minutes.

Mr. President, I too would like to thank Mr Giraud for his excellent and most useful report: I will deal with that and not for the moment with the Guldberg report, which, I think, one of my other colleagues will be dealing with.

I would ask just two questions at the outset of my remarks. When will Europe attain political and economic freedom of decision? When will it adopt an energy policy of its own — a policy which consists of more than a relatively modest research programme in alternative sources? I agree very much with our new chairman of the Committee on Energy and Research,

## Lord Bessborough

Mrs Walz, when she said that we must step up research. On many occasions this House has debated the actions to be taken by the Community to protect the livelihood of the people of Europe and to keep them warm. The debate is timely. It provides yet another opportunity for this Parliament to remind Member States and the Council of Ministers of their responsibilities and to point out that their continuing failure to act may well oblige this Parliament to insist on the Commission's taking the kind of action which they have indeed already proposed. They proposed their action under the Community's energy objectives for 1985, and that document came out as long as a year ago. Its recommendations have been confirmed by the OECD report 'World Energy Outlook for 1977'. Year after year, the inflationary impulse of increased energy prices has succeeded in constraining the growth of the economies of the industrialized world, in limiting markets, in the under-utilization of productive capacity and in adding to the number of jobless and those forced to retire early.

We must now define the parameters which will enable the suppliers of energy to cost their product. The Committee on Energy and Research gave unanimous support to the principle of a minimum safeguard price. It is often argued that market forces should fix a fair price for energy. But there are three observations at the present time which reveal the weakness of that argument.

First, although inflation may erode the \$ 11.50 per barrel which the OPEC countries have achieved, these same countries have succeeded in achieving a 5 % increase last month; and, given some economic growth through the world, OPEC should not have difficulty in demanding a further 5 % (I regret to say) in July this year.

Secondly, sufficient investment in new indigenous sources of energy is not yet taking place. Despite the high oil prices with which the people of the Community are burdened, the OECD again reports this failure.

Thirdly, the extended cold weather in the north-eastern United States illustrates the irresponsibility of the United States' public authorities and their citizens, inasmuch as it is clear that they had insufficient gas and oil to meet a crisis which has resulted in many dead, factories closed, society frozen indeed. This criminal profligacy, this crass self-indulgence on the part of the United States, must be condemned. The lesson to be learned is that a cheap energy policy is comfortable for all while it lasts, rather like the drunkard consuming every bottle until the last, then the uncomfortable awakening.

Where are the boundaries that determine an energy price? The upper limit is defined by OPEC; that is to say, the greater the extent to which the world contents itself to use the maximum available capacity of OPEC, the more those countries will determine the price. A lower limit may exist in time if the principal energy

consumers use their engineering skills and investment to achieve a 100 % indigenous production.

The OECD report shows that, so far, the USA, Japan and the European Community lack the political will to achieve even a 50 % indigenous energy production. It is a measure of the purposeless attitude of the Council that 100 % in indigenous energy production is a dream, and 50 % at present only a mirage. Honourable Members know that a tolerable energy price, and a minimum safeguard price, lie somewhere between these limits. A tolerable energy price is that price which, through prudent energy consumption, including conservation, enables the industrial world to reassert its economic and political independence, which frees the industrial world from the anxious repercussions of political and other disturbances which affect some oil-producers, which protects the European Economic Community from the almost psychotic changes in the friendships of some national leaders. The minimum safeguard price may be regarded as the price to be paid for energy in order to protect investment in all energy sources once political and economic independence has been achieved.

Mr President, the Community is concerned with a struggle for the mastery of its own destiny. I only hope and pray that this Parliament will achieve that mastery before another generation has passed. We in this Parliament are custodians of the future livelihood of the Continent. We shall command the respect of the world in asserting that custodianship. ~~We should~~ therefore call upon the new Carter Administration in America to cooperate in stabilizing energy prices throughout the world. We should call upon our allies in the United States to join us in this struggle for mastery of our destiny, and theirs, by charging their industries fair prices for energy which would, incidentally, enable our industries to compete on equal terms.

But we are far from this ideal. Until such calls are heard and answered, the Community must pay its price so as to give increased impetus to the construction of nuclear power-stations, which we know to be clean and safe, to the construction of coal-fired stations, and to development of the novel sources of energy which have already been mentioned. And, of course, to conservation. A tolerable energy price must make this effort profitable and secure. My colleagues would then discuss their ideas for the determination of a minimum safeguard price in stable and in crisis conditions. If my own country seems temporarily fortunate (and according to Mr Cousté, we are) in its energy supplies, let it be known that it depends on peoples and governments to make prudent use of their resources. In a decade or more, Mr President, there may be no oil and gas riches either to envy or to gloat over. Let us not find ourselves in the winter of 1990 in the situation of the United States today! Are we sleepwalking through political life or are we, in truth, Mr President, a Community of unwise virgins?

*(Applause, Cries of 'Hear, hear!')*

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

**Mr Leonardi.** — (1) Mr President, on the Guldberg report we shall abstain. It is a very generalized report, containing some statements which are self-evident and others which we are unable to support. To use the problem is logically very simple, although politically extremely complicated: the world situation has changed and the individual Community countries are reacting differently, because they are structurally diverse. Until this state of affairs changes, all appeals such as Mr Guldberg's will remain devoid of substance and of little value. We shall abstain from voting on the motion for a resolution because it also contains some points with which we do agree.

The more interesting subject is that tackled by Mr Giraud in his report, on which we intend to vote in favour, particularly after having heard the rapporteur's introduction.

Clearly, the question of a minimum oil price is one of principle: and it is a principle which must be accepted if we are to have a common energy policy. But the matter cannot be considered in isolation. In fact, Mr Giraud himself treats it in his report as one of the elements of an energy policy. We regard it as a preliminary matter which, in political terms, may contribute to the achievement of that common energy policy we consider essential. This minimum price will later have to be revised, because no one today can seriously attempt to fix a minimum price for investments which will become productive only after several years. The measure, therefore, is necessary but not sufficient for a common energy policy, of which a system of incentives, a system of reciprocity, a system of solidarity and so on are also needed.

We should, moreover, remember that our Community is fundamentally dependent on external supplies, and there can never be a common energy policy without effective initiatives towards the outside world. The minimum price is precisely one of such initiatives.

When the producer countries fixed the present price, which, as you know, is twenty times the production cost, they put forward, as the sole justification of the of the enormous gap between cost and price, the argument that the high price-level was intended to promote the development of alternative energy sources in the consumer countries, to prevent the latter from exhausting this precious natural resource. We are thus simply moving along the road properly indicated to us by the producer countries, who want to protect their own resources. They want to protect their resources, we want to protect our lives.

So we must be grateful to the producer countries for showing us the way and, indeed, in paragraph 15 of the motion for a resolution the rapporteur invites the producer countries to make investments in the Community so as to help — with the ample resources

they possess — to solve a problem which is clearly our common problem — so much so that the producer countries thought it right to fix the price of their oil at twenty times the production cost.

We must, therefore, protect the resources and protect at the same time our interests as consumers. I should also like to add that a common energy policy is an essential factor for the preservation of peace in the world. The present situation of acute imbalance between the producer and the consumer areas has serious effects on money flows, on the over-valuation of certain currencies such as the dollar, on the depreciation of other currencies, and is altogether a highly disturbing factor.

The Community aims at self-sufficiency: but this is contrary to our policy and would be an absurdity in practical terms. I should also like to remind our colleagues that even if we did achieve 30 % self-sufficiency — an objective that we all know to be extremely hard to attain — we should still be vitally dependent on the outside world. We must therefore establish with the producer countries balanced relations of equality so that we are dependent on them to the same extent that they depend on us for their industrial equipment, etc. Then we shall achieve the right peaceful solution.

For these reasons we accept the motion for a resolution contained in Mr Giraud's report. We wish to repeat, of course, that the proposal must not be accepted in isolation: it is something of a preliminary step towards removing one of the obstacles to the achievement of an energy policy. Then we must see what our countries can do with it.

*(Applause)*

**President.** — The proceedings will now be suspended until 3.00 p.m.

The House will rise.

*(The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.)*

## IN THE CHAIR: MR SPÉNALE

*President*

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

### *7. Tenth General Commission Report on the activities of the Communities in 1976 — Commission work programme for 1977*

**President.** — The next item is the introduction, by the President of the Commission, of

the Tenth General Report of the Commission on the activities of the European Communities in 1976 (Doc. 555/76) and the Commission's annual programme of work for 1977.

I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, I remember being told, when I was first a Member of Parliament, that the really difficult speech to make in the House of Commons was the second one. For the first there is the disadvantage of unfamiliarity, but this is more than counterbalanced by the advantage of the friendly indulgence of the audience. For the second there are inevitably more critical eyes and ears.

This inherent difficulty is compounded by the fact that the 'Programme Speech' at the present stage of our institutions poses several special problems. First, unlike the January speech, which was a statement of personal conviction and aspiration, this one has to be more of a collective statement for my colleagues as well as myself. Second, the concept of a 'programme' for the Commission is not an easy one. To lay down a programme is to ask to be judged by one's success in carrying it out. For a government which has adequate legislative command, that is a fair test. But the Commission is not a government. And this Parliament is not yet a legislature. The Commission proposes, as has often been said, but the Council disposes. Sometimes, as after the Paris Summit four years ago and at the beginning of the life of the previous Commission, it looked as though a broad but encouraging mandate for action had been given, and the programme almost wrote itself. The encouragement proved largely illusory, as we know to our cost, but for a time it was easily possible to combine adventurousness with apparent realism.

That is not the position today. It certainly does not follow from this that we should abandon adventurousness. But it does that we must distinguish in our minds between those things we can do, and those which we would like to do. Our thinking must be infused by both, but if we put them forward upon an undifferentiated basis we shall inevitably invite scepticism about our grasp on reality.

To some substantial extent, also, what we can do overlaps with that we have to do. Looking back on the work of the Commission over the past month — and reporting to you, as is appropriate, upon it — I am struck by the extent to which we have necessarily been concerned with on-going business. We have not allowed ourselves to be submerged by this, and we have indeed held several special sessions at which we have devoted ourselves exclusively to longer-term issues. But much of our ordinary meetings has been taken up with questions of internal organization, with fish, with agricultural prices, with the renewal of the Regional and Social Funds, and with enlargement, with particular reference to Portugal.

This is not only inevitable but indeed desirable. There would be something seriously wrong if the Commission, after two decades of life, were primarily thrashing around in the abstract and not dealing with

items of practical business and decision. The reputation of governments, as we all know from our practical political experience, is often made or lost by how they handle issues which are the product of circumstances, foreseen or unforeseen, rather than by their pre-office commitments. So to some extent must be the case with the Commission. Our ability to command respect and support for our longer-term plans will depend considerably on how effective we are in helping to provide solutions to immediate problems.

I therefore begin, Mr President, with an issue which is both pressing and continuing: our policies for food and agriculture. I do so partly because, as a matter of inescapable fact, the most urgent task now facing the Community is to put forward our proposals for next year's farm prices. I do so also because the Common Agricultural Policy is, as it always has been, one of the cornerstones of the Community. It is an outward and visible sign of the political will for integration. But it is becoming increasingly clear that unless rapid action is taken to keep it in place, the cornerstone may be dislodged.

The principles on which the Common Agricultural Policy is based have been vindicated over the last few years. It has helped consumers to enjoy secure supplies, and producers, stable markets. Through all our discussions about the policy's future we must not lose sight of that central fact. But we must also realize that the policy is threatened as never before. Monetary fluctuations have disrupted the single market. Surpluses and lack of outlets limit the room for manoeuvre. Consumers rightly insist that our policies for agriculture must be consistent with our other economic objectives, and particularly with the overriding need to combat inflation. Our proposals for this year's farm prices will be framed in this context. I have no doubt that the prudent course will be one of price moderation.

As well as submitting price proposals, we must look more deeply at the underlying problems in the agricultural sector. The fundamental questions are clear. How can we assure stable markets and fair incomes for producers, and at same time guarantee supplies at reasonable prices to consumers? Should we plan, in the different and more difficult employment circumstances of today, for a continued movement of labour from the land, or should we for social and environmental reasons seek to encourage and sustain farming activity, if necessary on a part-time basis? How do we resolve the regional differences, the structural difficulties, the disparities of income? How is European agriculture to fit into the future world system, subject as it is to climatic change, population increase and demands for higher living standards? These questions cannot be answered merely by managing the existing mechanisms of the Common Agricultural Policy. We need to look closely at its long-term objectives. This

## Jenkins

will provide one of our most important priorities in the years ahead. Our review must serve, not merely to keep the Common Agricultural Policy afloat, but to chart its course in the right direction.

In the fisheries sector, the Community has to build a policy suited to the new division of the world's seas. The extension of limits from 12 to 200 miles brings within our authority a vast expanse of waters. But at the same time the extension of limits by other countries poses problems for our deep-sea fleets; and there is also the regulation of fishing by third countries in community waters. Out of these diverse elements, we have to create a policy satisfactory to all, which truly meets the common interest. Only in this way can the sea's resources be equitably managed and garnered, thus ensuring the conservation of fish stocks and a fair division of the harvest. Each day's delay in the achievement of this policy puts at risk the resources of the future.

If the Common Agricultural Policy, Mr President, has always been at the heart of the Community, so even more centrally has the wider process of economic integration itself. Here, too, we face a real danger that, so far from making further advances towards economic union, we may slip back and imperil the advances made by our predecessors. It is to that danger — and to the policies which will be needed to overcome it — that I now turn. It is, I believe, by far the gravest danger facing the Community at the present time. Few would now dispute that the road towards economic union is longer and harder than it seemed likely to be in the early seventies. But to abandon the goal merely because the road towards it is difficult would be an abdication of responsibility. If we fail to move forward towards greater economic integration, we shall sooner or later move back. And if we move back, it will not be in the economic sphere alone.

We face here three formidable, and interlocking, obstacles to advance. The first is the stubborn persistence of high unemployment. Second are the high, though varying, rates of inflation throughout the Community. The third is the widening gap between the economic performances and real standards of living of our Member States. These three obstacles reinforce each other. The weakest economies have the highest rates of inflation, and therefore the weakest currencies; currency depreciation adds fuel to inflation. High unemployment in the weak economies holds back recovery in the strong as well; and as the gap between living standards widens, support for the process of economic integration is undermined. If we are to move forward, we must move to overcome all three obstacles together. That will provide the central theme of our economic policies in the period ahead.

We must pursue it first through the further development of the existing system of national policy coordination. This means working with the Member States in the Council and in the official Committee system.

It also means working with the social partners organized *across* our Member States, and, of course, with Parliament as well. I have been encouraged already by the realistic and positive attitudes of the delegations of the European trade unions and the employers' organizations, which both came to see me at the end of last week: we look forward to building on the Tripartite Conference initiative of last year. For if a Community economic strategy is to be devised, the Commission, Parliament, the Economic and Social Committee and the Social Partners will have jointly to define in what ways, in what degree, and on what terms a new kind of Community economic solidarity is to be formed. Together with the Council, we have to forge practical links between the predominantly national economic policies of individual countries; to provide soundly-based technical solutions to Europe's economic problems; and to underpin these solutions by consensus not only between governments but between the interest groups concerned.

The work of analysis and coordination is only a beginning. It must be supported by the selective intervention of the Community in the European economy as a whole. One of the first steps the new Commission took was to reorganize its portfolios so as to assure a proper policy coordination and budgetary control of our existing funds. The present tools are of two kinds. First, there are the structural instruments, the Regional and Social Funds and the European Investment Bank. Second, there are loans to assist in balance-of-payments financing. Proposals will soon be made to renew the Regional and Social Funds. But these funds provide only small openings into two of our fundamental policy priorities. 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 (*Applause*); by the same token, social and employment policy go much wider than the Social Fund.

Further initiatives are therefore needed as well. In the first place, the Commission undertakes to devise a *general* policy to concentrate its present and future financial resources on the central problem of economic divergence. But that is not, in itself, enough. On the one hand, the existing funds are extremely small — both absolutely, and in comparison with the sums spent by the Member States on similar purposes. For example, the Community's Regional and Social Funds are operating at rates of around one-sixth to one-tenth of national expenditures in the same field. The Funds are also restricted by narrow and rigid criteria. On the other hand, we have a Community loan mechanism which has proved itself useful in the past, but which has been designed to deal essentially with balance-of-payments problems.

I believe, Mr President, that between these two kinds of financial activity there is a gap which must be filled if the Community is to be of genuine help to its

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weaker economies. We must devise a more diversified and flexible means of responding to the urgent needs of various parts of the Community economy — a means which takes account of the fact that the underlying causes of cyclical problems are often structural. We need the means to enable the root causes of economic weakness to be tackled vigorously but flexibly. We shall work out our ideas and consult Member States about how they can best be put into effect.

Of course, policies that cost money are always controversial. In particular, it may be said that the gap between our Member States is so wide that no conceivable Community intervention could narrow it significantly: that resources devoted to narrowing it would disappear into a bottomless pit. I reject that view as a counsel of despair. The gap between the Member States is certainly wide, but so are the gaps between the richest and poorest regions of many of the Member States themselves. On recently available figures, the income per head of Schleswig-Holstein, the poorest of the German Länder, is 55 % of the income per head of Hamburg. In the United Kingdom, Northern Ireland's income per head is 62 % of that of the South-Eastern region. In France, that of the Midi/Pyrénées is 58 % of that of Paris. In Italy, Calabria's is 41 % of that of Lombardy. Indeed, the same order of discrepancy appears in developed States outside the Community. In the United States, Mississippi has only 57 % of the income per head of Connecticut, and in Canada, Newfoundland has only 58 % of that of Ontario. Italy a little apart, the concentration throughout the world around a percentage in the high 50s is indeed remarkable. But what should be noted is that these discrepancies *within* nations apply after the massive modern mechanisms of public finance have been applied. Within the Community there has so far been no such massive mechanism, only the recent and relatively puny efforts of the various funds. Yet the national discrepancies, while greater and now growing larger, are not in my view, impossibly or hopelessly dauntingly so. They are not of a totally different order of magnitude. Ireland's income per head, for example, is 46 % that of Denmark. All enlightened modern States — certainly all the Member States of the Community — redistribute income from their richer regions to their poorer ones; none accepts the argument that because regional imbalances are hard to overcome, no attempt should be made to do so. What the Member States do within their national frontiers, we should seek to do in the Community as a whole.

Of course, Mr President, a solution cannot be found overnight, but nor can we choose deliberately a long delay before action. If Europe had been advancing rapidly towards greater economic integration in the past few years, there might be a case for pausing to take breath: if events were carrying us forward of their own accord, we could sit back and let them take their course. But that is not the situation that now

confronts us. The blunt truth is that there is no costless way of mastering the forces of divergence. But the weaker economies should not, in my view, be helped unconditionally. As the Community funds are developed, the Community must seek methods of ensuring that proper disciplines are observed. That does not alter the central fact: We must not *act* disunion while *talking* union. If economic union is to be more than a phrase, both the richer and the poorer nations of the Community must accept the reality of the Community's role.

The third area in which a new advance is needed is that of industrial policy. Europe's industry is the principal creator of wealth; and the role of the Community is to create conditions in which manufacturing industry and commerce can prosper. The freeing of trade within Europe's internal market has contributed to economic expansion over the last two decades. We must pursue the practical work of removing barriers to trade through harmonizing company law, competition law, and taxes. These are useful bricks with which to build economic integration in Europe. But we must not lose sight of the practical objectives of our programme. We should not indulge in a bureaucratic game of harmonization for harmonization's sake.

(Applause)

Unless we can be sure that our proposals will lead to more trade, and better conditions for producers or consumers, there is no point in making them.

As well as setting the overall framework for industrial integration, the Community has to take action in individual sectors such as steel and shipbuilding where Europe's vital interests are at stake. We all realize that in the storms which have lashed these industries over the last few years — storms which have by no means yet abated — national solutions offer scant protection. Europe as a whole must act to sustain its competitive position. We also have a role to play in industries such as textiles and footwear which are in difficulties because of increased competition from the Third World. Here we have a double responsibility. We have a duty to cooperate in a sensible international division of labour. We must respect the needs of producer countries with far less sophisticated resources than our own. But we should not impose excessive and sudden strains upon our own industries, and we have a right to ask for cooperation and equality of effort from other industrial countries of the world. At a different level we have, I believe, an even more important role in the area of advanced technology — the aircraft and computer industries provide two obvious, spectacular examples — but there are others where the private sector cannot undertake investment on the necessary scale, where State intervention is therefore indispensable, and where common action promises significant economies of scale. A Community strategy for these sectors is urgently required, and one of the main priorities of our industrial policy will be to achieve such a strategy.

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Fourth, the Community must develop a coordinated energy policy. At a time of expensive energy, the Community must face up to the need for conservation and increased self-sufficiency. This requires the development of new energy sources, where risks can be great and investment costs high; the JET thermonuclear fusion project, which the Commission is now impatient to see agreed, provides, perhaps, the best example.

*(Applause)*

The interests of the European tax-payer of today demand a quick decision and the interests of the European citizen of tomorrow demand a positive one. At the same time, we should give a lead in developing a Community strategy for handling the fission nuclear energy problems, in particular in emphasizing our concern for nuclear safety. In the nuclear field choices have to be made, involving a balance of economic, environmental, technological and strategic considerations. The short-term economic case for a big immediate investment in nuclear power-stations must be weighed against the possible environmental dangers. It would be intellectually dishonest to pretend at the moment that either we, or anyone else, know precisely how the balance should be struck. These questions are being debated in all our Member States, but if the debate is to produce satisfactory results it should be conducted on a Community as well as a national level. The most valuable contribution we can make at present is to do what we can to ensure that it is openly so conducted, and to take the lead in stimulating this debate. This we shall do.

*(Applause)*

Fifth, we must help in attacking the problem of structural unemployment. The broad decisions which determine total demand are matters for the Member States. We should do all in our power to persuade them to coordinate their policies so as to achieve a balanced economic recovery which does not feed inflation throughout the Community. We should not assume a responsibility for demand management which we cannot fulfil.

Structural unemployment, however, Mr President, is a different matter. Full employment cannot be achieved now simply by stimulating demand, and an unacceptably high level of unemployment may well persist, at any rate in the more vulnerable areas and among the more vulnerable groups of workers, even when economic recovery is running strongly. Here we shall try to promote coordinated labour-market policies throughout the Community, working closely with the member governments and also with both sides of industry. It will be necessary to use the Permanent Committee on Employment to prepare for the next Tripartite Conference, which should be neither too hastily prepared nor too long delayed. The autumn we

think, might be a good time for this. We shall also be studying the role of the Social Fund, particularly in the promotion of programmes for industrial training.

Such policies have a double significance. They help to combat one of the central economic problems now facing us. They also help directly to improve the lot of the citizen, and it is to the Community's role in the life of the citizen that I now turn. In our concern with the great issues of economic and industrial policy, we must never forget the need to carry the people of Europe with us. If they fail to see the need for common solutions to common problems, then common solutions will not, in the end, be adopted. If they fail to recognize that the general interests of the Community can transcend the particular interests of the Member States then the general interests of the Community will not prevail. But a sense of common European identity cannot be fostered just by exhortation. We must make the Community a practical reality in terms of everyday life.

The Commission General Report for 1976, and the Memorandum annexed to this address, which I present to you today, contain specific examples of our detailed work, touching the lives of all our citizens. In the coming year, the Commission will either be preparing new proposals or pursuing proposals already made to combat water pollution and protect aquatic life, to see that international conventions against the pollution of the Rhine and the Mediterranean are put into effect, to improve safety standards in nuclear power-stations, to protect consumers against misleading advertising, to eliminate unjustified restrictions on the right of migrant workers to receive social security benefits, to safeguard the interests of employees whose firms go bankrupt, to provide vocational training for young workers threatened by unemployment, to make it easier for professional people to exercise their skills in Community countries other than their own, to secure minimum housing standards for handicapped workers and to encourage worker participation in industry.

This catalogue, not exhaustive but illustrative, is not presented to you at random. Running through it are certain common principles which I believe should guide us. We have a duty to ensure that the Community lives up to the ideals on which our civilization is based — to protect the environment against the dangers of unregulated industrial growth, to protect the weak against exploitation, to safeguard individual freedom and to enhance opportunity. But our resources are limited, and where our Member States can act alone effectively and consistently we should not attempt to duplicate that work. On the other hand, certain fundamental problems, common to all the mature industrial societies of the West, cut across frontiers and can only be tackled satisfactorily by common action in a Community framework. For

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example, no individual Member State can secure full interchangeability of professional qualifications, with all the widening of individual horizons that that can bring. In a common market, the protection of the consumer against unfair trading practices and the protection of the worker against exploitation by his or her employer are also by definition a matter of common concern. It is in these and similar areas that we should act with both realism and imagination.

In the period immediately before us, Mr President, leading up to the direct election of this House, these practical, often detailed, proposals have a special importance. They will be examined both by you and by the future electorate of the Parliament, with more than ordinary care. It is too soon to tell exactly what the role of a directly-elected Parliament will be, or precisely what effect direct elections will have on its relationship with the other institutions of the Community. But two things are clear. The first is that, as the Community develops and the Community budget increases in size, the need for direct democratic accountability becomes steadily more pressing.

*(Applause)*

The old principle of 'no taxation without representation' cannot be fully honoured by an indirectly-elected Assembly, however scrupulously it discharges its responsibilities. To deny the need for direct elections at this stage in the Community's history is in fact to deny one of the fundamental axioms of representative democracy.

*(Applause)*

Second, it is clear that direct elections will in themselves help to foster a sense of common identity among the electors. The Members returned in these elections will come here as Europeans. They will seek to promote the interests of their constituents at a European, rather than at a national level; they will base their claim to re-election on their performance in a European, rather than in a national, forum. Each time the directly-elected European MP has a speech reported in his local newspaper or appears on his local television programme, he will bring the Community home to his electors in a vivid manner; each time he is able to demonstrate that by his activities the interests of his constituents have been directly considered he will win support, not only for himself but for Europe.

I have already promised that this Commission intends to treat the present Parliament as it will treat the directly-elected one; and that, in particular, we shall send no proposal to the Council without seriously and systematically considering whether it is likely to receive the support of a majority here. I repeat that promise now. We must strengthen and deepen the traditional partnership between Parliament and Commission.

*(Applause)*

Our concern with direct elections does not end there. The authority of a Parliament derives first from the fact that it is elected. But it also depends in part on the proportion of the electorate which takes part in the election, and on the extent to which the electorate, is able to comprehend and judge the issues on which the election is fought. The nature of the election campaign and the character of the issues which will be debated in it will, of course, be mainly determined by the political parties and candidates concerned. The Commission, as such, cannot be engaged in the electoral battle. But I believe that we have a role to play in helping to ensure that the voters who will determine the outcome can judge the issues for themselves.

In less than two years' time — I believe substantially less —, an electorate of 180 million will be called upon to determine the composition of this House. If the voters are to make an informed decision in the polling booths, they must know how the Community works, what questions have to be decided at a European level and why, and what are the different proposals being put forward. We have two clear objectives: to ensure that each voter is aware of the ways in which his own life is affected by decisions taken at Community level and of the way in which he can affect the tendency of those decisions by casting his vote and, at the same time, to ensure that we are aware of the attitudes and aspirations of the voters whose interests we seek to serve. It is a formidable task. It will provide one of the central themes of the Commission's information policy.

Mr President, as well as strengthening the Commission's relationship with the Parliament, we must take action to strengthen the Commission itself and to make it more effective. When I spoke to you last month, I set before you some of the changes which had just been made in the allocation of responsibilities between Commissioners in the light of our assessment of political priorities. We are reviewing the structure of the Services in the light of political and administrative requirements. We are creating a process of inspection and review: first, to ensure that each service is as efficient as possible in relation to its objectives; and, second, that the work-loads, which inevitably change with time, are distributed reasonably between the different Services. A good example is the decision the Commission took last week to create a Directorate-General for Fisheries, where the responsibilities will grow. If we have to ask for any increases in staff, you may be sure that it will only be to respond to new priorities and to the increasing tasks which flow from Community decisions.

To achieve the right pattern and quality of work, we must build on the decisions of the previous Commission and work out staff policies which recognize the particular difficulties of this multinational institution and provide the opportunities which those that work

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within it have the right to expect. We shall seek to improve the career prospects of officials by improved selection methods and greater mobility within the Services. I hope that this will enable promotions at senior level to be less limited by problems of national balance. Candidates for promotion should be seen more as experienced and dedicated members of a European service than as individuals with national labels around their necks.

If the internal management of the Commission and the morale of its staff were to be neglected, we would limit our ability to prepare the necessary policies in the areas I have covered. So far these have dealt mainly with the problems of the internal cohesion of the Community, with the problems of the internal cohesion of the Community, with the interests of the individual citizen in it, and with the need to adapt to the changes of the coming years. All these aspects are brought together, but in a new dimension, as we face the question of the further enlargement of the Community.

Our attitude here stems from our dedication to the ideals of European unity enshrined in the Treaties. Having proclaimed a new way of learning from the bitterness and the weakness of the past, a new way of transcending the restrictions of national sovereignty, we cannot convincingly say that these benefits should be limited only to some European countries. We cannot proclaim a European ideal and a European solution and yet refuse to let European countries anxious and democratically qualified to join from participating in it.

*(Applause)*

As a Community, we can indeed take pride in the fact that there are applicants at our door: it is a sign that we are a rallying point both for democracy and for economic advance. But the prospect of enlargement also presents us with both responsibility and difficulty. We are rightly committed to do everything within our power to give support to the new and therefore frailer democracies of Europe. But we cannot surge forward to enlargement aware only of that commitment and its popular support. Such a growth requires conscious adaptation and adjustment. It requires frankness on both sides of the negotiating table. Our talks with applicant countries have to be carefully planned to face overtly the major problems which enlargement will present both for the Community and for applicant countries. We must examine closely the impact of enlargement on the Institutions originally designed for six nations and then made to accommodate nine. The relative political and economic cohesiveness of the Nine is one reason why other countries wish to join. There would be no sense, either for them or for us, in allowing it to be weakened in the process. That would indeed be self-defeating. The Community must

therefore strengthen itself in order to support further enlargement. We must be ready and sympathetic to letting the building grow; but we must not imperil the coherence of the whole structure. It is therefore our determination that the Community takes an overall approach to the question of enlargement. We must appraise what the balance and solidity of the whole edifice will be in the eighties. This should be well understood by our partners in the future negotiations. By placing our future talks on grounds of both realism and perspective, we shall be more likely to make a genuine and effective contribution to European unity. The Commission will be sympathetic to enlargement, but it will insist that the problem involved in it be faced and not glossed over.

*(Applause)*

That unity, Mr President, must also be sustained outside Europe in handling our external relations. The Community must endeavour to speak with one voice to the world. There is a desire and expectation outside that we should do so, and I received an encouraging example of this when I met Vice-President Mondale a fortnight ago in Brussels. The new Commission and the new American Administration took office at the same time and for the same period.

We shall play our full part in achieving a firm cooperation between Europe and the United States. There never has been any contradiction between European unity and as close as possible an Atlantic relationship. 'L'unité économique et politique de l'Europe ... et l'établissement de relations de partenaires d'égal à égal entre l'Europe et les États-Unis permettront seuls de consolider l'Occident et de créer ainsi les conditions d'une paix entre l'Est et l'Ouest'.<sup>1</sup> So proclaimed the Monnet Committee 15 years ago. This remains essentially the position today. The United States, especially in its approach to the Summit, expects and will welcome a stronger and more coherent European lead. The Commission will play its full part in seeing that it is forthcoming.

In particular, we must be determined to continue to promote constructive cooperation between industrialized countries. We remain committed to the free flow of world trade and to the need for a more than ever determined resistance to the snares of protectionism. The Commission will continue to assist governments in this task, and it will play its own part in the major forthcoming multilateral trade negotiations and also in the various forums of the United Nations and other international organizations.

The economic and political unification of Europe ... and the establishment of relations between Europe and the United States on a basis of equal partnership are the only way to consolidate the West and to create the conditions for peace between East and West.

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The impact of these discussions and negotiations, Mr President, will not only be felt in the industrialized countries but will vitally affect trade policies towards the third world. In this area we must continue to develop the policies initiated by the Lomé Convention and other development aid schemes. The Commission will certainly take the necessary steps to ensure that the Convention is respected and to prepare for the negotiations of what has already been described as Lomé II. We shall continue our efforts to refine and improve the system of generalized preferences and seek to perfect its role as a means of channelling assistance to those countries in greatest need. We plan to develop the Community's food aid scheme.

There are those who from time to time would challenge these development priorities. I would say to them simply that if we are determined, inside the Community, to make clear our concern for our own weaker regions, to deal so far as we can with poverty and unemployment, here within our frontiers, we cannot divide that internal concern from the world outside. Concern is indivisible and it would be a mockery of our sense of community were we, because of our own difficulties, simply to lock the gates of our estate and tend our own gardens. Nor should we see in such concern a merely eleemosynary approach, however desirable in itself that may be. There is in the Third World, perhaps, a unique potential for giving a non-inflationary stimulus to the stagnating economies of the industrial world. Rather as in the decades of the recent past national economies have proposed 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.

It is an acknowledged fact that the external appearance and performance of the Community is a story of achievement. The origins of this success are not difficult to identify. First, despite our inner strains and difficulties the Community can, and does, act in the outside world as a community. Second, an increasingly interlinked European economy, built on a population of 250 million people, accounting for almost half the world's trade, is an economic bargaining force of massive strength. Third, the Community embodies in its constitution and history the unrivalled traditions of Western European democracy, of freedom for the individual within the rule of law, spanning a lively diversity of cultures. For large parts of the world, therefore, the Community serves as a model of successful democratic cooperation.

However, if this inheritance and its inherent potential for growth and for good is to be sustained, we cannot simply rest where we are. The approaches and the objectives which I have outlined are based on the need to increase the internal strength and coherence of the Community. There is an indissoluble link between the efforts we must take in that sphere and the pursuit of an effective and significant policy towards the outside world. To continue to command its attention and respect, we must match our external actions by a search of greater internal cohesion.

We have here to strike a difficult and delicate balance. We must not promise, as a Commission, what we cannot achieve, for if we do so we shall merely add to that cynical disillusionment with political persons and institutions which is today one of the greatest menaces to democracy. But at the same time we must not limit our real possibilities of achievement by a deadening caution or an inability to lift our sights. We want our deeds to be a little better than our words. Let us always do more than we promise to do. In this way, the great institutions we represent will in a real and practical sense be the means by which we go forward, the very engine of Europe.

*(Prolonged applause)*

**President.** — Mr Jenkins, the applause punctuating and following your speech is evidence of this House's keen appreciation in the way in which you have presented the difficult problems at present confronting the Communities, of the spirit of commitment and determination with which you and your Commission intend to tackle them, and of the broad lines of action which you have laid down after only a few weeks in office.

We thank you for your presentation, and in particular for what you have said concerning the election of the European Parliament by direct universal suffrage, for the undertaking made by your Commission to treat the present Parliament as it will treat the directly-elected one, and for the desire you have expressed to strengthen the traditional cooperation between Parliament and Commission.

A survey which is so broad and at the same time so rich in content does not lend itself to an improvised debate. That is why it was decided, when laying down the order of business for this part-session, to hold a debate organized pursuant to Rule 28 of the Rules of Procedure on 10 February at 9.00 a.m. The time-limit for entering names on the list of speakers has been fixed for 5.00 p.m. on Wednesday, 9 February.

I should like, however, to take this opportunity of thanking you on behalf of our Parliament for your all-embracing and detailed survey of policies which are at the same time realistic and fired with enthusiasm, and to ensure you that this Parliament will do all in its power to assist you in their achievement.

8. *Amendment of Rule 48 of the Rules of Procedure (Petitions) — Setting up of sub-committees (Vote)*

**President.** — The next item is the vote on the motion for a resolution contained in the report (Doc. 409/76) by Mr Memmel, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Rule 48 of the Rules of Procedure (Petitions) and the vote on the motion for a resolution contained in the report (Doc. 461/76) by Mr Lagorce, on behalf of the Committee on the Rules of Procedure and Petitions, on problems raised by the setting up of sub-committees (Rule 39 (2)), which were postponed during the sitting of 12 January 1977.

I call Mr Broeks on a point of order.

**Mr Broeks.** — (NL) Mr President, I would appreciate it if the amendments to the Memmel report could be referred to committee so that the committee could judge them for itself and then give us its opinion. Yet further wishes have been brought forward in the form of amendments, but as, on the last occasion, the voting had already begun these amendments could no longer be taken into consideration.

**President.** — What is the committee chairman's view?

**Mr Hamilton, Chairman of the Committee on the Rules of Procedure and Petitions.** — Mr President, I prefer to take these amendments and I hope the House will have an opportunity to vote on them immediately.

**President.** — Ladies and gentlemen, since the majority required under the Rules of Procedure for these votes cannot be attained, I propose that these votes be postponed to a subsequent part-session.

Are there any objections?

That is agreed.

I call Mr Dalyell on a point of order.

**Mr Dalyell.** — Mr President, the point of order is a somewhat hasty one, but the fact is that suddenly a vote is taken with people having just slipped out for a minute not knowing that the vote was going to be taken. If in fact we spring a vote on ourselves, we should not be surprised that there are not enough to vote. Should there not be some information given?

**President.** — Mr Dalyell, the vote on the motion for resolutions contained in the Memmel and Lagorce reports was placed on the agenda after the speech by Mr Jenkins. This arrangement of the order of business was not fortuitous, inasmuch as the speech by the President of the Commission was bound to be well attended.

9. *Energy prices (continued)*

**President.** — The next item is the continuation of the joint debate on the reports by Mr Giraud (Doc. 530/76) and Mr Guldberg (Doc. 431/75).

I call Mr Brunner.

**Mr Brunner, member of the Commission.** — (D) Mr President, the topic which we have been dealing with this morning and which we are now returning to is of the utmost importance to the future of Europe and the future of this Community. It is extremely important, because if we do not now make it clear this Community will end up if it fails to develop a common energy policy in the next few years, we shall be responsible for crippling the future economies of all the Member States of this Community. Moreover, we shall be creating an unemployment situation which the working people of this Community will justifiably hold against us for many years to come.

What is the present situation? What can we do to make sure we gradually overcome it? First of all, the effect of the rise in oil prices on this Community is very different from its effect on the United States or Japan. The last increase alone cost the Community 3 200 million dollars. By comparison it cost the United States 2 700 million dollars and Japan 1 700 million dollars. Thus, Europe is the worst hit. And Europe has in the last few years been unable to work out a common policy. Moreover, it will still take a long time to do so if we do not now, in the next few months, reach an agreement on the individual problems and generate confidence in joint projects. Only confidence can form the basis for the solidarity we need.

To what extent is our European Community dependent on oil? Before the crisis we were wasting oil in the Community. The truth is that for many years we did not use this important source of energy correctly. We squandered it. This is something we must all face. However, that situation is now at an end. You might say that we have now reached the point where the society which simply threw things away, the society which was always eager for innovation, will have to change radically if it wants to survive. This is the present situation in the Community.

And what about our great plans? In 1975, after the oil crisis, we said in the Council of Ministers that we wanted to ensure that by 1985 we were no longer dependent on imported oil. We wanted energy imports to be cut back by about 50 %. What is the position now with our objective for 1985? In 1985 we shall be rather worse off than we are now. We shall certainly be 55 % dependent, i.e., we shall be in exactly the same position as today.

**Brunner**

This is the reality of our present situation. The Community set itself ambitious aims. It said that by developing our own resources we could find a balance. The great hope then was North Sea oil. In fact we shall be able to increase the production of North Sea oil from about half-a-million barrels day, as it was last year, to 3 million barrels in the 80s. This is true. But what kind of balance is that when we consider our needs? Three million barrels will be equivalent to about 25 % of our imports. So what will the overall situation as regards oil be? In the 80s we shall still be importing 50 000 million dollars' worth of oil, just as we are now. And yet we still cannot find any joint method for developing an energy policy. We cannot do so because our interests are at variance. But then these are only theoretical interests, since, in the final analysis, a burden on the weakest states in this Community — and these are the ones whose balances of payments are most affected — simply places on the Community as a whole another burden which all of us — every citizen and every tax-payer in the Community — must bear together.

What would happen if one of the Member States of this Community really got into balance-of-payments difficulties? The other Member States would naturally have to help. And what would happen if this Community could not fulfil its obligations to the developing countries which do not produce oil? This would, of course, ultimately also place a burden on the tax-payers of this Community in the form of international aid, the postponement of the repayment of debts, and other forms of support such as food aid, etc. Would it not be better step by step to adopt, on the basis of a reasonable and balanced energy policy, the necessary measures to help others and to prevent them from becoming weak, because in the end we shall in this way only be helping ourselves?

How do we set about it? What can the Community do in this situation? In 1974 we said that we could not continue in this way and that we had to save energy. And what is the result? In 1976 energy consumption in the Community increased by 5 % over the previous year. And that was during a recession! This means that we have not done enough. So what can we do? The solutions are obvious and you have discussed them there this morning. However, if we do not soon take practical action, instead of continuing to wallow in such questions as what form the minimum safeguard price for oil should take or whether we shall succeed in working out a common import policy, I am afraid we shall neglect what is necessary and we shall not take the steps which are now essential.

These measures relate to three fields. First, we must develop our own energy sources. Secondly, we must pursue a reasonable energy-saving policy, and thirdly, we must ensure that these measures ultimately lead to

the solidarity which this Community needs if it is to emerge safely from the crisis. We must not allow a repetition of the disgraceful situation in 1974, when, at the high point of the crisis, the Netherlands had to be supplied by the multinational companies because the Community did not have an energy policy or an emergency plan.

We must develop our own sources. I have already mentioned North Sea oil. This will fall far short of our needs. We could also report to alternative forms of energy. We could try to develop solar energy. Make no mistake about it, ladies and gentlemen, we are in fact developing solar energy. In Ispra we are carrying out research in this field. But I tell you here and now that in 1985 solar energy will at the most account for only 0.3 % of the Community's entire energy production. That is the situation.

Take geothermal energy. Production in this field might perhaps account for 1 % of total production in 1985. What alternatives are there? Whatever we do we have to come back to what we already have, i.e., to coal and to nuclear energy.

What action can we take in the coal sector? The situation is bad. The production costs of coal are comparable with the costs of imported coal in only one Member State of the Community, namely the United Kingdom. Last year the Member States of this Community imported three times as much coal from the United States as the year before. It will take us a long time to get out of this situation. We must take the necessary measures to promote national coal production. To this end we have submitted proposals to the Council of Ministers. A support plan for coking coal has been worked out. We also have a plan for the storage of coal and for building up coal reserves. We hope the Council of Ministers will now take a decision on these matters as soon as possible.

What else can we do? We now come to the difficult problem of nuclear energy. The President has already mentioned this in his speech. The decisions to be taken in this field are difficult ones. We told the people of Europe that we intended to ensure that by 1985 nuclear energy accounted for 13 % of total energy production. We now know that this aim will not be achieved. At best it will account for only 9 %.

And, ladies and gentlemen, the people have opinions and these opinions must be taken seriously. It is not enough to tell the citizens of the Community that these are emotional reactions. Emotion reactions, ladies and gentlemen, are political realities. We must therefore acknowledge that in the coming years there will also be delays in this field. Forty-nine nuclear power-stations are at present in operation in the Community and 37 are being built, but it will be extremely difficult to bring into operation the additional 37 nuclear power-stations planned for 1985.

**Brunner**

Thus, there will be obstacles in this field and these obstacles will not be easy to overcome. Anyone who tells European citizens that in this situation we can afford to theorize, we can afford to argue for months on end about an overall conception or philosophy without immediately taking the necessary measure is a hypocrite and a deceiver.

The citizens of Europe must know that in addition to these efforts we have to save energy, and we must begin doing so straight away. What steps should we take? We have also submitted proposals on this matter to the Council of Ministers. And we have also told the Council of Ministers that there is a lot we can do to save energy. We could use better insulation in Europe. We could make a number of changes to household appliances. In addition, we might also be able to ensure that energy is saved by means of new instruments. All these measures, however, must be applied systematically. It is not enough for a useful start to be made here and there in individual Member States. Isolated measures will not bring us any further forward at all.

What is needed is an overall approach. I shall be submitting proposals to the Council of Ministers on this matter, and these will be practical proposals.

In this debate much has been made of the minimum safeguard price. I believe this is important. We shall also have to discuss it in the Council of Ministers. But we should not deceive ourselves. Practical proposals are the basis for a systematic Community energy policy. By means of such proposals we must ensure that the interests of the Member States converge. By means of such proposals we must convince the Member States that without a minimum of solidarity we shall all suffer in the long term, because we shall use up our meagre energy reserves too quickly and because our financial and economic position will deteriorate. We shall all suffer because we are all in the same boat; and even if we do not all notice it, the boat is rocking everywhere and might very soon sink.

*(Applause)*

**IN THE CHAIR : MR SANTER***Vice-President*

**President.** — I call Mr Clerfayt.

**Mr Clerfayt.** — *(F)* Mr President, I had not intended to speak in this debate, but the Rules of Procedure more or less force me to.

On 20 January I tabled an oral question to the Commission for Question-time this morning on the conclusions to be drawn from the difficulties at present being created by the United States and Canada about supplies of enriched and natural

uranium. But the Secretary-General of Parliament informed me by letter yesterday that it was not admissible under Rule 47 A of the Rules of Procedure, which state that questions may not relate to points on the agenda of the current part-session, and my question, he said, related to the topics discussed in the reports by Mr Giraud and Mr Guldberg.

It is true, Mr President, that there is an indirect connection between the content of the reports and my question. That is why I have taken the floor. I shall certainly be brief and even abrupt, to give food for thought. In any case, I am forced to do so by the lack of time. It would take time to say all that deserves to be said after a close scrutiny of Mr Giraud's excellent report. I shall raise only one point, which seems to me to be the basic weakness or, if I may say so, the Achilles' heel of the political choices made in the energy problem in the past three years.

Experts and politicians were shocked by the sudden discovery that we were dependent for energy on oil-producers, particularly in the Middle East, and, finding the risk of blackmail in this situation intolerable, they have been saying for the past two or three years that we should have to develop nuclear energy to become independent because of the danger of relying too much on coal, natural gas and hydroelectric power and the uncertainty in the short term of exploiting geothermal, solar, wind and tidal energy intensively. At his press conference on Thursday, 3 February, Mr Brunner, the Commissioner responsible, took up this theme, as he did again in his speech a few minutes ago. It has been a sort of leitmotiv for the past two or three years.

If I am to believe Agence Europe, he said that a substantial nuclear-energy programme seemed necessary because greater energy independence made nuclear energy unavoidable. Nuclear energy has thus been clearly opted for, and that is why we are discussing this proposal today.

Mr President, it seems to me that current events, the embargo by the United States and Canada on deliveries of natural and enriched uranium — even if only temporary and imposed for seemingly moral and political reasons — should give us cause for thought. We should think about it all the more seriously since, apart from the resources in South Africa and the limited uranium resources known to exist on the territory of the Community today, there are practically no other sources of uranium or other potential suppliers available today. As a means of escaping from our dependence on the oil-producing countries, the nuclear option therefore seems to plunge us into another form of dependence and to expose us to just as great a risk of blackmail. This point was also made by Mr Guldberg in paragraph 29 of his report.

## Clerfayt

In the circumstances, we must ask ourselves whether it is in fact reasonable to choose to develop nuclear energy, whether this new dependence is less embarrassing than the former and whether American blackmail is more bearable than any other. I, for my part, could not answer yes to any of these questions: I am not at all convinced that greater independence for Europe is to be found through nuclear energy, and I would be happy if some of my colleagues had the same reservations.

Today, Mr President, we are being asked to approve a resolution which includes the decision to introduce a minimum safeguard price for imported energy, particularly oil, which is high enough to protect nuclear investments and make them profitable. And that means that the price will be very high. We are being asked and this is where my reasoning becomes rather oversimplified, but that is merely to give food for thought — to accept a principle which, if applied, could mean that for 20 or 30 years we should be paying a higher price for energy which we could undoubtedly get much cheaper. And we shall have to pay this higher price in order to develop a form of energy — nuclear energy — for which there are no supply guarantees today, which in the present circumstances makes us even more dependent on the United States, which requires very costly investments that might even be financially impossible, and which raises serious ecological and safety problems because no satisfactory solution has yet been found for the treatment of radio-active waste. In brief, we must agree to hamper our economic activity and our ability to compete internationally by paying a higher price for energy merely to become more dependent on the uranium suppliers, particularly the United States. A truly noble objective!

Mr President, honourable members, this policy, this nuclear choice is in my view a result of collective hallucination, of massive self-deception. To implement it would be masochistic and to do so in the name of independence would be the height of hypocrisy. Do not think that I am opposed in principle to nuclear energy: I am merely concerned about Europe's independence and, like more and more citizens of Europe, about the many nuclear-energy questions still not answered today. And that is why the nuclear option, at the price we are being asked to pay for it, is in my eyes excessive and unjustified.

In conclusion, Mr President, if the Community energy policy is to be based on such options when they are so psychologically disturbing, so politically dangerous, so illogical and so costly, I cannot endorse it. I do not think that such a Community energy policy is either responsible or in the economic or political interests of Europe. I shall record my disapproval by voting against the motion for a resolution.

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

**Mr van der Mei.** — (NL) Mr President, like the previous speaker I would like to limit my remarks to a number of brief observations. I too would refer to the Guldberg report of some time ago. I listened with great interest and approval to the speech given by the Commissioner responsible for energy policy. He explained clearly the major problems facing the Community and the particular Member States as a result of the great changes which have come about in the sphere of energy supplies. The increase in energy prices has confronted the Community and the Member States with radical changes. Not without justification the motion for a resolution contained in Mr Guldberg's report states that the relatively low price of crude oil has been one of the most important factors in the high standard of living in the industrialized countries. If this is so, it means that the increase in the price of crude oil which we have witnessed in the past few years will considerably influence our standard of living. In a rush of optimism we could say that there is no agreement between the OPEC countries on further increases in the prices of crude oil. This may be so, but I consider it an especially weak argument. We must never lose sight of the fact that the era of cheap energy is past.

So there is no point in hoping for some disagreement between the OPEC countries on the price of crude oil. The hard fact is that the era of cheap energy is past. What we now have to do is to incorporate this hard fact in the structure of our economies, and this in itself is a very comprehensive problem of which I should like to elucidate a single aspect. One of the inevitable consequences must be a change in many of the habits of our society for example, the change in the trend of incomes and the development of wages, in which it will no longer be possible to overlook the consequences of increased energy prices. Any improvements in real income are rendered less feasible by the increase in energy prices and the recognition of the hard fact of increased energy prices.

If we disregard this fact, then we shall continue to try to spread the burden of increased energy prices over the rest of society, and this in itself represents an extra inflationary factor. One thing we certainly do not need in our economies is an extra inflationary factor. The recognition of the fact that structurally higher energy prices will effect the development of real incomes also implies that wages can no longer be automatically adjusted to price increases. This confronts us with the problem of cost-of-living compensation, which is a very topical subject.

Van der Mei

Here there are at least two questions. We may ask ourselves whether cost-of-living adjustments are still justified. And secondly we may ask, if we have answered the previous question in the affirmative, whether it should not be established that the structural increase of price-levels, due *inter alia* to higher energy prices, should be excluded from consideration in cost-of-living adjustments. This is, of course, not the time to go any further into the question of how to approach the problem of cost-of-living adjustments to incomes. But I wished to touch on this aspect of energy price increases since I certainly do not believe it is without importance, especially against the background of our fight against inflation and unemployment.

I would like to take this opportunity of drawing the attention of Parliament to two amendments tabled by the Christian-Democratic Group. Amendment No 1 proposes that the words 'in the initial period' in paragraph 20 of the motion for a resolution in the Guldberg report should be deleted. The resolution speaks of an initial period and this might give the impression that we are only concerned with a period of limited duration. This might well, therefore, give rise to misunderstanding. The Giraud report speaks of a period of 20 to 30 years, and I would have thought this was a better basis. This is why I think that precisely in order to avoid any misunderstanding it would be good to drop the words 'in the initial period' from the motion for a resolution in the Guldberg report.

Amendment No 2 is identical to Amendment No 3, tabled by Mr Ellis, and refers to paragraph 21 of the motion for a resolution. Here we want to delete the clause 'after an initial consolidation period market forces should be allowed to determine to a great extent which primary energy sources should be used for which purpose'. This reference to an initial consolidation period might also give rise to the misconception that the period concerned was a short one. So, in order to align this with the views laid down in the Giraud report, we would propose that this clause be deleted from the Guldberg motion for a resolution. This is the reason for Amendment No 2.

**President.** — I call Mr Normanton.

**Mr Normanton.** — Mr President, I should like to preface my contribution to this debate by a brief comment to my friend and colleague Mr Cousté, who unfortunately at this moment is not in the hall. But he did make several references to the North Sea and North-Sea oil. May I remind him that it would be a highly profitable exercise to study in great detail the comments made from the Commission benches by Mr Simonet when he made his views very crisp and clear on this subject? And if I could be allowed to paraphrase some of the points which have been made

by Mr Simonet, I should do so in these terms. Oil is a worldcommodity, and in political terms North-Sea oil is as much part of the European Economic Community as this Parliament and those honourable Members who are committed to building a new Europe. That is the way I see North-Sea oil and the whole question of considering and formulating policies on that subject. It is a sterile argument which consistently comes only from those who are isolationists in their thinking and who are continually crying 'Hands off'!

May I now turn to the Giraud report and join with others in offering my congratulations to Mr Giraud for the highly concentrated wisdom which I believe is contained in it? I wish Mr Guldberg were here, because I would like to address a number of comments to him personally. I do not believe that these two reports are quite separate and distinct each from the other, for the reason that energy is in my opinion a global concept, not a series of disconnected technical matters. On the question of the Giraud report I believe that the Community should accept, as a matter of economic and energy policy, the fundamental principle of the minimum support price as an essential instrument. It is not a question of whether we fix the price at \$7 or \$17 a barrel. It is a question of the machinery which is available to contribute to future growth and to its security for the Community as a whole. In 1973 the industrialized Western world was, metaphorically speaking, caught with its trousers down. We were caught off guard politically; we were caught off guard on almost every single issue. Let us hope that we are not going to expose ourselves to such indecency and such irresponsibility, either in the short term or the long term in future.

Now there are many honourable Members in this Chamber who may well say that the minimum support price is not necessary in terms of — and I quote — 'stable conditions'. In a perfectly balanced, well-tuned world this may well be a true assessment. But this is not a perfect world. It never has been and never will be. And even if it were I still believe that this is of such fundamental importance that even in stable conditions we should consider the concept of the minimum support price as an essential mechanism, if we are to achieve the following six objectives, most of which have been referred to by Commissioner Brunner:

Firstly, if we are to achieve the husbanding of the oil and gas resources available to us either inside the Community territories or for which we depend on importation; these resources are finite, and we should act responsibly in that spirit: secondly, if we are to achieve a really efficient conservation of energy by such means as insulation and more effective utilization of energy in all its forms: thirdly, if we are to invest in new non-oil power-generation capacity,

## Normanton

whether coal or nuclear — and in this context I couldn't endorse Commissioner Brunner's comments about nuclear energy more strongly — whether in the medium-term future or otherwise: fourthly, if we are to invest in research into quite new and at present probably unknown power sources; here one thinks, of course, in terms of fusion: fifthly, if we are to achieve a degree of safety and security — what I call a safety margin of a minimum of 15 % of excess capacity over normal peak demand: and lastly, if we are to have a Community machinery to make a Community energy policy effective, then this cannot be left to the random policies of individual Member States; we must have, I believe, a Community energy agency to act, be responsible and indeed take a positive and dynamic lead in this field.

May I therefore enlarge very briefly on just two of those six objectives? First, research. We as a Community must avoid falling into the trap of spending public monies on research purely for the sake of scientific innovation; if we do that, I believe we are wasting most of that public money. Research in energy must be influenced by the principles of cost effectiveness, both in the course and, above all, in the eventual product of that research. And only the minimum support mechanism, in my opinion, provides a benchmark against which to make these comparative evaluations of expenditure on research and the production cost of energy at the end of the day. Such research should be, quite clearly, at all levels: Community, international and Member State. But the coordination of all those activities is of crucial importance; not concentration, but coordination is the key if we are to achieve a combination of economy in investment with effectiveness in operation.

Here I come to my last point, the Community energy agency. The House will be well aware that on many occasions in the past I have pleaded for the establishment of a Community energy agency with power and responsibility. And yet the more I reflect on this, the more I am bound to say that all the evidence is building up to show that a new and original agency ready-made. I refer of course to Euratom. And here in my hand is the text of the European Atomic Energy Community Treaty. If we look carefully at the first five paragraphs of that Treaty and paraphrase them carefully and succinctly, I believe we have the basis for such a readymade organization, so long as there is the political will to use them in that sense. And here is the main point which I would like to leave this House with. I feel that this Euratom institution must be updated, it must be given the responsibility, it must be given the power and authority, and I am quite certain that if we do this then we, Europe, will be for the first time in our history able to defend ourselves in economic, scientific, technological and certainly in energy terms, and be assured of not being

caught short as we were four years ago. I would just draw the attention of the House to Article 40 of the Euratom Treaty, which covers investment in new energy undertakings. We have that embryo instrument for a Community energy agency. We must use it now, we must use it effectively for the benefit not just of this generation but of generations still to come.

Lord Bessborough concluded his remarks by speaking about the unwise virgins. I wonder whether the broad-minded Members of this House would allow me to mention that I look at the minimum support price in its relationship to energy rather in the way that sin is related to prostitution. It never goes away; it is a fundamental feature of life in this particular field and I really believe that this is why this subject is of crucial importance to the future of the Community.

*(Applause)*

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, I want to talk quietly and gently to the Commission about the way that they handle communities when uranium and other materials are found in the environment of those communities.

Now I refer to the position which has arisen in the Orkney Islands, to the north of the Scottish coast.

The real difficulty is, I suspect, that somehow or other the first approach was not properly handled. This is my understanding of the position in talking to Orkney Islanders. If drilling is going to take place, if there is the likelihood of considerable upset, especially if it is in an area where there have been endless arguments about how the environment should be protected in relation to oil, if in these circumstances the approach is not handled with the greatest amount of tact, of course there is likely to be local resistance. It's only human.

I think it would be worth the Commission's while, since Commission money is involved, to look in depth into how the approach was first made in the Orkneys, where things have gone wrong, why there is such resistance from the local people and if it was really necessary.

In the public mind, the Commission, because they have provided cash, will carry the proverbial can.

I know the Orkney people quite well — they are a very shrewd, hard-working Viking people — and my feeling is that had the proposition been put to them properly in the first place, that there was a great need inside the Community to develop our own uranium resources and that in fact their interests would be taken care of, there would not have been all this trouble.

## Dalyell

Therefore the suggestion that I put to the Commissioner is this: In circumstances where, for example, uranium is found, guarantees should be given at a very early stage that if there is disruption, if there is upset, if farmland is taken over, at the end of the day monies will be set aside for total and complete reclamation. If these undertakings are given at a very early stage, then resistance will not in fact arise.

So my question is about the way the Commission sets about these delicate matters. The initial approach is all-important.

I must say to Commissioner Brunner that I was a bit put out at the meeting of the Committee on Energy and Research in Brussels the week before last, when a distinguished official — I don't criticize him personally, because that is not my nature, I don't start criticizing officials personally, especially officials who give very able explanations — when Mr Orlowski came along to the committee and said that they were compiling a list of places in the Community where we could perhaps have dumping of nuclear waste. As soon as I heard that, I as a politician wanted to take off from a launching pad, on a rocket of apprehension. You see, once lists are compiled of communities likely to be affected by nuclear dumping, these things leak — and for all its virtues the Commission in Brussels is not exactly leak-proof, information can get around pretty quick — and there are endless troubles. I would recommend that even as busy a man as the Commissioner ought to call for the papers of what happened at Dalmellington, a village in Ayrshire, when suddenly it became clear that consideration was being given to the dumping of nuclear waste products. That community immediately had village and town meetings and they wondered what was going to happen to them.

This is a very delicate question and I realize that nuclear waste has got to be stored somewhere and none of us want it in *our* backyards. This is something that has got to other people's backyards. But communities, however remote, have rights and so I beg of the Commissioner to think how, in fact, before any decision is taken even about formulating a list, the Commission, in the greatest secrecy, can at least be sure that in fact it is a serious proposition, that something unpleasant is going to happen to a particular community. As a politician it is extremely irritating having all sorts of fears raised, having public meetings, the proverbial hornet's nest round one's ears and then finding at the end of the day that in fact one need not have worried at all, because the decision was purely speculative.

So I end up simply by saying please, please, please reflect and come back and report on how this question first of all of drilling and that kind of upset, and

secondly of dumping can be best handled by the Community, because the Community will be judged, just as Roy Jenkins says the Commission will be judged and governments are judged, on how they handle specific situations, quite as much as on the policies that are put forward in general.

*(Applause)*

**President.** — I call Mr Osborn.

**Mr Osborn.** — Mr President, in contrast to Mr Dalyell, who spoke quietly about the Orkney situation to start off with, I think I would like to concentrate on the real issues of this debate, although I intervene at a late stage.

I want to talk about the impact of the energy crisis on industrial policy, that is the Guldberg report, the implications of the OECD report which has been referred to, how we pay to develop and set about developing alternative sources of energy, which is the theme of the Giraud report, and, perhaps following Mr Brunner's intervention, what we do now.

Mr Brunner reminded us that we have a bill of 3.26 billion dollars and gave a warning. The real warning is that we are running out of energy, and those energy sources are at risk anyhow. Mr Clerfayt, who spoke very well about the dangers of a nuclear programme, Mr Van der Mei about price, still, I think, evade the real issue, and not enough people understand it. We are running out of energy unless we develop other sources, and this is the message from Mr Brunner.

But, firstly, I would like to congratulate Mr Giraud on the work he has done. He has discussed his work with the Committee on Energy and Research, and many of the points he has raised are a challenge to the purists in the Conservative Party in Britain as they are a challenge to some of the purists in other parties. I valued the contribution by Mr Flämig, of the Committee on Energy and Research, to Mr Guldberg's report.

First of all, what has been the impact of the energy crisis on industrial policy? Well, the cost of energy, as we know, has increased. The industry of the Community is in competition with American industry and the development of American industry was helped initially by the low cost of energy in the United States. To put it more bluntly, the horsepower to the elbow of a manual worker in the States has been two or three times that available in the Community. But now energy, particularly in the Community, is costly. These values must inevitably change.

What about the energy crisis and Community production? Taking 1970 as 100 units, the 1973 figure was 113.3 units and for 1975 it was 113 units of production, taken from selected statistics for January this year. What about unemployment? In 1973 it was

## Osborn

2.1 %, in 1974 it was 2.5 %, in 1975 it was 3.9 % and in 1976 it was 4.5 %, with Britain in that time leaping from 2.6 to 5.5 % and with the Minister for Employment suggesting there would be 2 million unemployed — an unbelievable figure only two or three years ago.

So, the impact on industry of the high cost of energy has led to an uncertainty unprecedented this century. The OECD report — and a summary has been submitted by the Committee on Energy and Research — has made specific recommendations on standards for motor vehicles and speed-limits for motor vehicles and in fact uses the expression 'pricing energy at world market levels'. That means we shall have to pay more for our oil. Regarding the elimination of waste, which Mr Brunner mentioned, I would add that not only in the Middle East but in the North Sea we are still flaring petroleum gases, in spite of measures to ameliorate this. This is a waste which we must quickly overcome in our society.

Turning back to the OECD report, oil imports to the OECD countries grew at 5.1 % annually from 1960 to 1973. We have scenarios based on a low growth of 3.6 % annually, a high growth of 4.6 % annually, suggesting oil imports in 1980 of 35 million barrels daily based on 4 % growth. But the present OPEC capacity of 38.5 million barrels a day, which perhaps could be increased to 45 million barrels per day, indicates that in the foreseeable future, bearing in mind the increasing demand in the States, there is going to be a crisis whatever the price from 1985 onwards.

The third point I wish to touch on is the fact that there is a shortfall in our nuclear programme. Originally set for 1985 at 200 million megawatts, it has now dropped to 135 and may even be lower, although I am not in possession of the latest figures. Mr Flämig, in the opinion annexed to the Guldberg report, pointed out:

As the Community is in the process of developing its nuclear energy potential, although unfortunately not to the degree we consider necessary, nuclear energy now already needs protecting against ruinous competition.

In our committee we have talked about the price advantage of nuclear energy in the foreseeable future. This has ranged from 25 % to perhaps 40 %, but the initial capital investment is great.

I would like to come back to the Giraud report because we have had to work on his recommendations. The first six recommendations deal with how, as we are consuming existing sources of energy now, we finance new projects. I rather agree with the Commissioner that the issue whether we should have a minimum price for oil or not is perhaps debatable.

The attitudes of the oil industry, ministers and the political parties have wavered in Britain and elsewhere.

If a world surplus of oil were to develop, because of energy conservation or new sources of energy — and Middle East oil is probably ten or fifteen times as cheap to extract as North Sea oil — then there is concern that the profitability of investments on Continental shelves, including the North Sea, would be insecure. The impact would be to damage investment, perhaps owing to deliberate political, rather than commercial action. Then, there is the alternative view that we shall always have a world oil shortage from now on. Therefore, the minimum price is irrelevant. Mr Giraud has tackled this issue, and I commend his conclusions to you.

The next issue — and I am not keen to support Mr Ellis's amendment — is how to achieve development of alternative sources of energy. This, of course involves investment and research. It involves investment in long-term capital projects, the high-temperature reactor, fast-breeder reactor and fusion, which Mr Brunner has emphasized.

The OECD report, referring to the rising US demands for oil pointed out, and Lord Bessborough has also pointed out, that in the last month the United States have realized the vulnerability of their own sources of energy. I would suggest that the blizzards of Pennsylvania, the blizzards of New York and Buffalo today could be the blizzards that face our children as existing energy sources dry up unless we in the Community through the Energy Agency provide alternatives.

Now the control of domestic fuel prices and natural gas is an important issue. In a truly capitalistic society, a free enterprise world, if the oil companies had their own resources and there were not state-run oil companies in the middle East, if there were not nationalized companies extracting oil and gas in the North Sea, those capitalist enterprises would realize their source of revenue would dry up in 15 and 20 years and they would be investing to a much greater extent in nuclear energy and other energy sources, including hydrogen. But in Western Europe, in the Community, state involvement is so great. In Britain alone coal, gas, electricity, oil are state enterprises. Therefore, states and the Community must provide finance.

What do we do now? Mr Giraud has pointed out that in the short term we must secure the profitability of investment in oil extraction in new areas, particularly the Continental shelf or remoter areas. In the middle term we must ensure that those who consume oil primarily, and to a certain extent natural gas, are in fact providing revenue for development and by that I mean not only research but positive development. Therefore I welcome these two reports. Unless the Community and the Energy Agency act on them we are in trouble.

## Osborn

Now, Commissioner Brunner, you have taken over a new assignment. You have outlined, as Mr Giraud did, the need to develop new sources, to economize, to work for conservation and solidarity. I agree. The Commission must now appreciate where we stand in 1977, and in the approach to the 1980s. Let it list decisions it wants the Council of Ministers to take, so that perhaps we in Parliament could put pressure on. Indeed, I look forward to a detailed programme of how the Commission can guide national policies and indirect action and concerted action in every field, so that we meet our energy needs tomorrow from new sources other than oil and natural gas.

I have much pleasure in supporting these two reports.

*(Applause)*

**President.** — I call Mr Lange.

**Mr Lange.** — *(D)* Mr President, ladies and gentlemen, this joint debate on the Guldberg report and the Giraud report seems to me to show that two things are being confused here which should be kept apart. The original idea of the Committee on Economic and Monetary Affairs — and at that time I was still its chairman — was quite simply — those who were members of the committee at that time know this — to determine what effects the changes in crude-oil prices were having on the competitiveness of the European economy. That was the job we had in mind and that alone. That certain conclusions have been drawn is obvious from the Guldberg report; that is perfectly clear. However, at that time Mr Springorum, chairman of the Committee on Energy, Research and Technology, felt that this was too little. We have tried to make it clear that it has never been our intention to encroach upon the specific responsibilities of his committee. The Committee on Economic and Monetary Affairs subsequently — after 1973-74 — always gave the Committee on Energy, Research and Technology its support whenever it called for a uniform energy policy within the Community or stressed the need to reduce our dependence on primary energy sources to an acceptable level. This was primarily a political rather than an economic question. My point therefore is that the Guldberg report and the Giraud report are two quite separate things.

Now I willingly admit that in the meantime events have overtaken us somewhat. If we had adopted Mr Guldberg's report when he submitted it over a year ago, we should not be arguing about these matters today. I am sometimes astonished when I see Members of Parliament who claim to be reasonable people sometimes behave as though they were not.

I also regret, of course, that this debate cannot be held in the presence of the former chairman of the Committee on Energy, Research and Technology, Mr Springorum, or my worthy colleague Mr Burgbacher. I

would willingly have crossed swords with them both here. I have no further comments to make on the Guldberg report; Mr Notenboom has said what needed to be said. I do not need to go any further into that matter. I can only say that I for one have no objections to the two amendments tabled by the Christian-Democratic Group or to the amendment by the Socialist Group.

There is one other point I should like to make, however: if we are all agreed on the need to reduce substantially our dependence on imports of primary energy, I also agree with the goals which the Commission has set itself when it says that we want to try to cut imports by 50 % by 1980. So far so good. No one questions that. Nor does anyone question the fact that we must safeguard our own investments. We have said this clearly on previous occasions, when dealing with previous reports in this House. I have, however, very grave doubts about the formula which was previously called floor price and is now referred to as the minimum safeguard price.

Firstly, this floor price is an American invention. I have nothing against the Americans, but the American position as regards energy, including oil, is completely different from the position of the Europeans.

Secondly, those who are so vigorously recommending this minimum safeguard price should give some thought to how they are going to deal with the oil discovered in their own European area if they regard a safeguard price such as that indicated in the report as acceptable. They would go bankrupt. If we were to protect North Sea oil adequately against imported oil we should without doubt need 15 or 16 dollars a barrel. The proposed price of 7 dollars would not be enough, nor would a price of 10 dollars, which has also been suggested on one occasion. We must make one or two things quite clear. Firstly, if this source of independent energy supply is to be safeguarded, the Community as a whole must agree to use the resources available within its frontiers. It must then agree on the price at which the United Kingdom, for example, should sell the remainder of its oil, now called European oil. The same applies to natural gas and other energy supplies within the Community. All this needs to be discussed. My British colleagues know that at one meeting of the European Summit some quite interesting talks took place between two particular heads of government, the British Prime Minister and the German Chancellor. The latter agreed that the necessary safeguards should indeed be provided and that investments should be suitably protected. That means, however, that we must use the oil here in Europe and that it cannot be exported elsewhere.

Another matter is causing me particular concern. A failure to control crude oil and primary commodities in general, at international and European level, might

## Lange

set a precedent for other adjustments in the primary commodities sector. In this connection I am thinking of the Nairobi Conference. Fortunately it was again agreed to postpone the decision on these matters for a year. In the meantime they want to think certain things over. One thing does seem necessary to me, though. There must be agreements ensuring supplies without political pressure. That naturally also implies stabilizing, to a certain extent, the export earnings of the raw-materials exporting countries. It also means that both the purchaser and the supplier must fulfil their contractual obligations and there should, of course, be a certain period of consultation on the prices, to be agreed in each case, which are supposed to help stabilize export earnings. These points will need to be discussed again and again.

What we must not do is to combine a solution based on the concept of a minimum safeguard price or floor price with the idea that there is on the one hand a producers' cartel, whose agreement must be obtained, and on the other hand a sort of purchasers' cartel. That would mean the complete cartelization of international economic relations in crucial areas. I am not sure whether we can give our assent to such a cartelization of our external economic relations, or rather I do not want us to do so. I regard it as irresponsible. This is one point I wanted to bring to your attention. The Commission has got to come up with something a bit better than the minimum safeguard price.

Bilateral agreements must therefore be concluded on supply and purchase. When one considers how much the quality of the individual types of crude oil varies and the individual uses to which they are put, it is impossible to accept that supplementary differential earnings should be accorded, in the form of a minimum safeguard price, to the oil-exporting states and possibly also to the commercial undertakings, some of which belong to the states while others operate independently of them.

We are all agreed, ladies and gentlemen, on the need for a uniform energy policy in the Community, provided that all the available sources of primary energy are used. I cannot, however, approve of this supply of primary energy being safeguarded by measures which would entail a repetition of all the errors of the agricultural policy in the raw materials sector. I cannot therefore support the Giraud report. I shall vote against it, since the predominant theme of this report is the need for a minimum safeguard price, and in future I shall reserve my comments to documents which I can answer for myself.

*(Applause)*

**President.** — I call Mr Giraud.

**Mr Giraud, rapporteur.** — *(F)* Mr President, the way this Parliament works, no debate ever closes as it began. I should only like to say that I deplore the

chance which brought together in the same agenda two reports, Mr Guldberg's and my own, which do not deal with the same subject and only have this in common, that they are both concerned with energy.

I should first like to thank the many colleagues from all the political groups who were kind enough to support me in this debate. They know, for many of them are members of the Committee on Energy, that I was not trying to present a personal report but was simply attempting to draw up a synthesis of the proposals on all sides. It was to deal with a specific point — and that is how I wrote it. I am, indeed, in no position to deputize for the Commissioner in replying to the numerous questions which have been raised.

I should first like to make it clear that, contrary to what some speakers might have suggested, I have not made any reference, either in my speech or in my report, to the International Energy Agency or to the preoccupations of the United States Government. We are gathered here in the European Parliament, and our business is to deal exclusively with problems that concern Europe.

To my friend Mr Cousté, I should like to say that when I speak in this House I am not speaking in the French Parliament: I am a delegate of the elected representatives of several countries and I must take account of the interests of all the countries concerned.

*(Applause)*

Were I to do otherwise, I should be engaging in a debate which is none of our own. I should also like to say to him, since he seemed to be worried by the fact that the minimum safeguard price was to be granted without the certainty of a recompense in exchange, that it will be the governments, in the Council, who will be dealing with these problems. I am only too confident, alas, that they will be defending their national interests. My friend can rest assured: the French Government, in particular, is very adept at applying the policy of the empty chair and blocking tactics.

Now I should like to turn to more specific problems. Those who refer to lack of solidarity, to measures taken with no reference to other measures, are mistaken. I had to deal with one specific point, but no one can contradict me when I say that this specific point only has meaning within the system as a whole: what we are committing ourselves to, therefore, is not the minimum price but a Community energy policy.

Again, another of our colleagues, Mr Clerfayt, seemed to me, in his brilliant speech — at least if it was my report he had in mind — to have missed the target; for if the report expresses any resolve it is, not to centre the Community's policy exclusively on nuclear energy, but, on the contrary, to permit the maximum development of petroleum production in the Community.

**Giraud**

There was also mention of excessive optimism on my part in agreeing to the inclusion in the text of a reference to the participation by producer countries in fixing the minimum price and even in investment in our own industries. But, my dear colleagues, while we have been accused of lining ourselves up against the producers, this paragraph proves we are willing to work together with them, all the more readily because their aims are also ours: first, to save energy; second, to produce new types of energy — that is, to use up less quickly the oil of the producing countries. It follows that this appeal to the producer countries fits in completely with their own concerns.

To my friend Mr Lange, with whom I have had occasion to debate at length this point, both in this House and elsewhere, I should like to say that the fundamental difference between this minimum safeguard price and the common agricultural prices is that the former involves no commitment to buy up any quantity of Community oil whatever; the buyer will have a free choice. We are not here being caught up in the meshes of a common policy, with all the implications that that may have in the agricultural sector.

Finally, in answer to my colleague Mr Hougardy, I want to say that when in this document we refer to a number of methods for implementing the minimum safeguard price, this does not necessarily imply the kind of bureaucratic procedures which he very rightly condemns. I trust the creative imagination of the Commission to find, when the time comes, and when the governments give the word, all the necessary measures for attaining our aim. With that, I think that most of the Assembly will wish to vote for this text and what it contains.

*(Applause)*

**President.** — I call Mrs Walz.

**Mrs Walz.** — *(D)* Mr President, Mr Giraud has cut some of the grass from under my feet. I would, however, like to say to the former chairman of the Committee on Economic and Monetary Affairs that I think he has misunderstood our whole report.

Firstly, we certainly mentioned the price in the report, but we went no further than that. It is quite possible that there will be further developments in the price question. I doubt whether it will go up as much as you say, Mr Lange, but I certainly do not know whether it can remain at \$7.

My second point is much more important. You mentioned the possible formation of producer cartels which would then be opposed by purchaser cartels. The whole point of the Giraud report is that a minimum safeguard price should be accorded while encouraging investors to invest in alternative sources of energy, since we cannot free ourselves from our dependence on oil unless adequate sums become available for alternative forms of energy. That is why it is

necessary to give investors some security. I would therefore urge you to reconsider voting against the Giraud report, because I think you may have been misled.

**President.** — I call Mr Lange.

**Mr Lange.** — *(D)* Mrs Walz, I have read Mr Giraud's report very carefully and I have said why I am voting against it. I am not convinced that Mr Giraud is right as regards the possible comparability or non-comparability with the agricultural policy and its consequences. You mention the minimum safeguard price in paragraph 13. In the same paragraph you even mention the system of levies, and it is therefore impossible for me to vote for this report as a whole because this minimum safeguard price — as this whole debate has shown — is at the very heart of your whole argument. As far as the other matters are concerned, there are no differences of opinion between us. But this point is so crucial to me that I am not able to vote in favour. I have not been misled. I only hope that we shall have an opportunity in the near future to discuss these matters again in a rational manner. But you must allow me to express my doubts if I think it right and proper to do so.

**President.** — I call Mr Brunner.

**Mr Brunner, member of the Commission.** — *(D)* Mr President, this debate has itself shown why it is so difficult to agree on a common European energy policy. However, that does not mean that the debate was not worth holding — on the contrary. We have discussed the matter of the minimum price, we have discussed nuclear energy and we have talked about energy conservation. Finally we considered the problem of how to establish a more rational relationship between producers and suppliers. And one of the positive things about this debate has been that it has shown us how important it is for us to reach some sort of agreement, despite the profound differences of opinion between us, not in the extreme posture of a cartel setting itself up against another cartel but as a Community able to defend its many and occasionally divergent interests with respect to the rest of the world. This has become clearer in this debate than ever before.

We have also seen in the course of the debate in what areas we at the Commission have things to learn and in what respect our own ideas have not gone far enough. In certain cases, specific examples of this have been brought to our attention.

Consider, for example, the question raised by Mr Dalyell. That gentleman asked me what the situation was with regard to a project which is to be supported by Community aid. The situation is that aid is guaranteed up to 60 % of the costs. And I have learnt something valuable from his comments — namely,

**Brunner**

that we must be extremely cautious when examining these applications for aid. He has shown me that it will not be enough to approve the aid and ignore subsequent developments. He has reminded us of our responsibility and he was right to do so. At the same time, I would, however, ask him to bear in mind that this Community, this Commission, is still in many respects in its infancy. As Mr Osborn said, we are still learners. And we do not have the administrative machinery to carry out the planning and administrative work which is done in other organizations. As I said, the Community is still in its infancy.

There is something I must again stress before you — and it will certainly apply to many future debates too: in many respects the Commission is like the emperor with no clothes in Andersen's tale. We are only just beginning, but we are at least in a position to bring many things to the fore by ensuring the simultaneous discussion of everyone's interests, and this constitutes the embryo of a future policy, the energy policy of the Community, can be built only on a concrete foundation. In the next few months, therefore, we shall increasingly have occasion to talk about specific proposals from the Commission to the Council of Ministers. We shall be discussing the Euratom loan, we shall be discussing aid to prospecting, we shall be discussing other projects in the nuclear sector, and finally we shall be discussing projects related to energy conservation, and in these matters you will have to give us a straight yes or no as an answer. You must vote either for or against them, since these projects will, after all, cost money.

Our Council of Ministers will have to decide on the basis of your advice whether to spend this money or not. If we intensify this sort of action and at the same time show the general public that there is a link between all these various aspects of energy policy, living standards and employment in the European Community, we shall eventually achieve a coherent policy which will offer us a little more security in the world at a time when Europe's future with regards to energy supplies looks very gloomy indeed.

**President.** — The general debate is closed.

We shall now proceed to consider the motion for a resolution contained in the Giraud report (Doc. 530/76).

I call Mr Broeks on a point of order.

**Mr Broeks.** — (NL) Mr President, I would greatly appreciate it if a separate vote could be taken on paragraph 13 of the motion for a resolution.

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

**Mr Normanton.** — Mr President, will you allow me to give an explanation of vote when we come to Amendment No 3 rev., tabled by Mr Ellis?

**President.** — I call Mr Waltmans to give an explanation of vote.

**Mr Waltmans.** — (NL) Mr President, as long as the rapporteurs of the committees of the European Parliament and the representative of the European Commission continue to indulge in propaganda for nuclear energy, I shall be compelled to vote against all proposals which imply an encouragement of nuclear energy.

**President.** — 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 called Mr Giraud.

**Mr Giraud, rapporteur.** — (F) I should like to suggest to the House, as did to my group, that in paragraph 13 the words 'achieved by a system of levies' be deleted and the text thus amended put to the vote. The point is that a number of Members agree with the principle of the minimum safeguard price but are against the system of levies — and I admit that I am inclined to agree with them. I should like, therefore, a vote on the text of paragraph 13 thus amended.

If that is not possible, I shall willingly submit to the decision of the House on the text of paragraph 13 in its present form.

**President.** — Does the House agree to accept the rapporteur's oral amendment to delete, in paragraph 13, the words 'achieved by a system of levies'?

That is agreed.

I call Mr Broeks to give an explanation of vote.

**Mr Broeks.** — (NL) Mr President, I must say that I am not very happy with paragraph 13, since I am not very happy about a minimum safeguard price, but Mr Lange has already said a number of things to this point. At all events, it seems that the major difficulty caused by the system of levies has now been eliminated, and I shall therefore no longer vote against.

**President.** — I put to the vote paragraph 13 in the form in which it has been orally amended by the rapporteur.

Paragraph 13, as amended, is adopted.

I put paragraphs 14 to 20 to the vote.

Paragraphs 14 to 20 are adopted.

I put to the vote the motion for a resolution as a whole, in the form in which it has been amended.

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

We now proceed to the motion for a resolution contained in the Guldberg report (Doc. 431/75).

I call Mr Normanton for an explanation of vote.

<sup>1</sup> OJ C 57 of 7. 3. 1977.

**Mr Normanton.** — I and my friends in the European Conservative Group propose to vote against the amendment standing in the name of Mr Ellis for two reasons.

First and foremost because the inference which we draw from the proposed deletion is that interventionism — that is, intervention by a Member State or by the Community — should automatically be a permanent and therefore dominant feature of the Community's economic and political policy for the future. This we reject completely.

Secondly, we believe that the public generally, and industry in particular, should be free to exercise their discretion in the choice of energy they wish to use and this is what the indent says, market forces being equated with personal choice.

For that reason we shall vote against the amendment.

**President.** — I put the preamble and paragraphs 1 to 19 to the vote.

The preamble and paragraphs 1 to 19 are adopted.

On paragraph 20, I have Amendment No 1, tabled by the Christian-Democratic Group:

In this paragraph, delete the words:  
'...in the initial period...'

What is the rapporteur's view?

**Mr Notenboom, deputy rapporteur.** — (NL) Mr President, the Committee on Economic and Monetary Affairs has, of course, had no time to study this amendment, and therefore I, as rapporteur, am not able to assess it. I do not believe that it makes a great difference with regard to the aim of the Guldberg report. I would leave this point to the discretion of Parliament.

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

I put paragraph 20, thus amended, to the vote.

Paragraph 20, thus amended, is adopted.

On paragraph 21, I have Amendment No 2, tabled by the Christian-Democratic Group, and Amendment No 3/rev., tabled by Mr Ellis on behalf of the Socialist Group, the wording of which is identical:

Delete the second indent of this paragraph:  
'— after an initial consolidation...purpose'.

I call Mr Hamilton.

**Mr Hamilton.** — May I formally move the amendment, Sir?

**President.** — What is Mr Notenboom's view?

**Mr Notenboom, deputy rapporteur.** — (NL) Mr President, as you have just remarked, the two amendments are quite identical and so there is no problem. As for the substance, I would repeat what I said on Amendment No 1 — namely, that the committee was unable

to consider in and that an amendment to this effect would not substantially change Mr Guldberg's resolution. So I would also leave this question to the discretion of Parliament.

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

Amendment No 3/rev. consequently becomes void.

I put paragraph 21, thus amended, to the vote.

Paragraph 21, thus amended, is adopted.

I put paragraphs 22 and 23 to the vote.

Paragraphs 22 and 23 are adopted.

I put to the vote the motion for a resolution as a whole, incorporating the various amendments which have been adopted.

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

#### 10. *Information policy with regard to direct elections to the European Parliament*

**President** — The next item is the interim report (Doc. 526/76) by Mr Schuijt, on behalf of the Political Affairs Committee, on

the European Community's information policy with regard to preparations for the first direct elections to the European Parliament.

I call Mr Schuijt.

**Mr Schuijt, rapporteur.** — (NL) Mr President, the motion for a resolution which the Political Affairs Committee is presenting today is the logical consequence of a number of budgetary decisions taken by this Parliament. In the 1977 budgetary procedure, the Commission requested 400 000 u.a. as extra appropriations for an information programme in preparation for direct elections to the European Parliament. The European Parliament and its committee increased this amount to 1 million u.a., freezing the appropriation until 'the European Parliament has approved the detailed programme of projects which the Commission intends to carry out and until this programme has been coordinated with Parliament's programmes in this field'. What we are concerned with here is a not inconsiderable amount for an activity which directly concerns the European Parliament, a point which Mr Jenkins has just stressed.

According to the justification appended to this amendment by the Committee on Budgets, this is to be non-partisan information.

The primary object of this motion for a resolution is to enable the budgetary resources to be released as quickly as possible. Time is money, in information activities as elsewhere, and in this case speed is all the

<sup>1</sup> OJ C 57 of 7. 3. 1977.

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more necessary, since the success of non-partisan information is an indispensable precondition for the success of the political election activities which should induce as many European voters as possible to the polling booths in the first half of 1978.

According to recent opinion polls published in the latest Eurobarometer, public interest in Europe has increased since the Council's decision of 20 September. The need for information will therefore increase accordingly. The large number of people interviewed who still had no opinion to express about the European Community shows as well that the awareness and motivation of large parts of the population are still so small that intensification of basic information must be the very first priority if they are to decide where they stand.

In view of these considerations, this resolution therefore calls on the Commission to submit its information programme in preparation for direct elections to the European Parliament before 30 March 1977. We hope that this deadline will make it possible for the new Commission to work out an overall plan for its normal information activities. Here priorities are usually fixed as a rule, and last year the Ortolí Commission had already decided that direct elections should enjoy the highest priority in the information programme for 1977. The Political Affairs Committee will have to go into the matter of how the general and specific information programmes dovetail with each other, and if necessary it will also have to investigate whether the objectives envisaged at this stage can be realized with the help of the resources available at present. After all, in preparing these elections, the Community will have to address the masses more than it has ever done before. It will have to get through to all strata of the population over the whole territory of the Community and pay special attention to the peripheral areas. These areas already suffer too much as a result of their non-central geographical position. For this reason it is in their interests that they should have an opportunity of making their concerns felt at the European level through their representatives in the European Parliament. Apart from direct information *via* the mass media and the special information activities for the various classes or groups of the population, there should also be a regionally orientated information campaign for the peripheral areas.

Mr President, I am aware that with these few words I have outlined a project which is more ambitious than anything attempted in this field by the Community hitherto, and I realize that the resources available are very limited, especially if we remember what amounts have been spent in our Member States simply to encourage an awareness of the meaning of certain measures. As soon as the Political Affairs Committee has taken note of the Commission's information programme which we have asked to be submitted before 30 March next, it will bring out a report on it

as soon as possible for the House, which will then have to make a decision on the release of the budgetary resources concerned. In doing this, it will have to look in particular at the extent to which coordination of the information programmes of the Commission and of the European Parliament is vouchsafed in accordance with the justification attached to Amendment No 457/4 by the Committee on Budgets. This task represents the last part of the motion for a resolution before you today.

Speaking as I am for the first time in the presence of the new Commission on the information problem, may I say, as rapporteur for information matters since 1961, how much I appreciate the fact that, in the allocation of responsibilities among the Commission, information policy has been taken over by the President. In Parliament's resolutions of 1962 and 1972 which rounded off consideration of the reports which I had the honour to draw up at the time on behalf of the political Affairs Committee, one consistently expressed desire was that information policy should be the responsibility of the President of the Commission. It has also been the opinion of this Parliament that there should be the greatest possible unity in that part of the Commission's machinery which deals with information. There are signs that the Commission is endeavouring to create this unity. This *rapprochement* of viewpoints is for me a reason for personal satisfaction. It is also a further reason for the adoption of the present motion for a resolution.

(Applause)

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

**Mr Seefeld.** — (D) Ladies and gentlemen, I shall be very brief. The members of the Socialist Group agree that there should be no debate of principle here today about the information policy of the Commission or about the European Parliament. What we want — and this is why we support the motion for a resolution — is quite simply to fix certain dates and thereby reach an agreement — with the Commission's approval too, I hope — on how matters should proceed from now on. I should therefore like to comment on three points in the motion for a resolution.

Firstly, we should like the Commission to make its intentions clear during the month of March. Secondly, we request that there should be coordination between the Commission's normal information policy and its additional information activities in connection with the forthcoming direct elections. I would point out that in its information programme for 1977, of 9 December of last year, the Commission said itself that one of the main subjects of its information programme should be the major political event of 1978, i.e., the direct election of the European Parliament, thus acknowledging the very great importance of information policy in this matter of direct elections.

## Seefeld

The third point which we should like to stress and which is contained in the motion for a resolution is that there must be a close link between the programmes of the Commission and the European Parliament. Duplication must, wherever possible, be avoided. The Commission and Parliament are partners in this area too. And we must agree on what each of us should be doing and not make things difficult for each other by taking on twice the necessary load if this can be avoided.

What the motion says is therefore quite logical. If the Commission submits its report in March and we then discuss it in May we shall have the opportunity to hammer out any differences of opinion between us and the Commission.

In conclusion, Mr President, I should like to make the following comments. Two things have given my group and myself great pleasure today. Firstly, the fact that the new President of the Commission has assumed personal responsibility for information policy. I think this is highly significant, since it means that the Commission wishes thereby to stress that information policy perhaps requires stronger emphasis and that the Commission has now taken responsibility for it in the person of its President. We thank Mr Jenkins for taking this additional responsibility upon himself. We take it as a recognition of the need for public opinion to be better informed.

Secondly, the President of the Commission has in his speech today made certain comments which underscore what I have said on previous occasions. Mr Jenkins pointed out that the electorate must understand why the election is being held, and he also stressed the importance of the turnout at this first direct election. He also said by analogy on behalf of the Commission that it must contribute to furthering public understanding of this process of integration in Europe, and he again emphasized before this Assembly that information policy was an area of crucial importance. So, Mr Schuijt, some of the recommendations made in our motion for a resolution have thus already been upheld by the President of the Commission. Perhaps he already knew about our resolution and wished to conciliate us indirectly in advance.

Mr President, we support this motion for a resolution and look forward to the Commission's report and the debate which we will hold in May on the various technical subjects, assuming this motion for a resolution is adopted here today.

*(Applause)*

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

**Mr Jahn.** — *(D)* Mr President, ladies and gentlemen, I should first like to thank Mr Schuijt for the years of

effort he has put into urging the need for an information policy in this Parliament. The report we have before us today represents the continuation of his efforts, which are supported by us all, to intensify the information policy of the European Parliament, the Commission, and the Community as a whole.

Ladies and gentlemen, information is everything. We feel — and here I agree with my friend Mr Schuijt — that there is a tremendous need for information among the 200 million people who will be going to the polls, but that the resources which have so far been made available are relatively insignificant. There is very, very little basic information available in our countries.

I am prompted to speak by something that President Jenkins said, and I should like to make sure that it does not get submerged in the general debate. He said that in two years' time about 180 million electors would be determining the composition of this House. In order to enable electors to make a rational choice when casting their votes, they must know — as Mr Jenkins said — what the Community is and how it works. But if you were to conduct a survey among the general public asking them how the Community works you would uncover an enormous lack of information. President Jenkins added that they must know what issues must be settled at European level and for what reason, and what form the various proposals take.

We have set ourselves two clear objectives. We must make sure that every elector knows how the decisions taken at Community level will affect his everyday life and how he can influence these decisions by his vote. This is absolutely clear, and my friends and I fully support this idea.

I have read Mr Schuijt's interim report very carefully. I took part in the discussion in the Political Affairs Committee and read all the relevant documents very carefully. On behalf of my group I agree with him that in preparation for the elections the Community can, and must, address itself to the masses more than ever before. Its information activity must reach all strata of the population and every area of the Community. Mr Schuijt goes on to say that steps must be taken to ensure the coordination requested by the European Parliament between the information programmes of Parliament and the Commission.

Ladies and gentlemen, if you have heard that in the preliminary discussions the Commission has requested the sum of 400 000 u.a. and assuming you know from your own election campaigns in the individual countries how much such a campaign costs, if you bear in mind that Roy Jenkins himself said that direct elections are priority number one in this year's and next year's whole political programme, and if you also bear in mind the declaration of goodwill by Mr

## Jahn

Jenkins, then I ask you quite frankly how you can possibly expect to provide systematic information to all these 250 million people in our Community with amounts such as those which have so far been available in the information policy fund, even including the additional sums due to be allocated. If information can have a crucial impact on how people will vote, then I think we have a lot of ground to make up in this respect.

I conclude with a remark on behalf of my group. If these elections are to contribute to arousing among electors a feeling of common identity and if the representatives elected are to enter Parliament as real Europeans, you must surely agree with me that we in this Parliament must give careful consideration in our discussion during the general debate what we are doing is enough to achieve this major objective in the coming year. The Christian-Democratic Group has gone into this question very thoroughly. We support the motion for a resolution, but we believe that more could, and must, be done to make information available to our peoples and that we could all play a part in this.

(Applause)

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

**Mr Cifarelli.** — (I) Mr President, honourable colleagues, I should like first of all to say that we are fully in agreement with this motion for a resolution. I remember, however, that when this million units of account was allocated we all thought it a necessary, and essential, gesture of goodwill — but only a gesture. For it would really be absurd to imagine that 1 million units of account could be enough. Much more is needed, and due allowance must be made for it in next year's budget.

Let me also add, Mr President, that what we support above all in this motion for a resolution is its sense of urgency. The motion requires that proposals be put forward by March and that Parliament debate them not later than May. Information is a very important thing, and anyone of my own age — and I believe there are many such colleagues listening to me — knows that information is what gives substance to propaganda. We have had the experience of propaganda-information aiming to transform the national spirit into nationalism, and we have seen this lead to two enormous domestic wars between Europeans: that of 1914 — 18 and that of 1939 — 45. I should like now to see the same dynamism employed in propaganda-information guiding public opinion towards a goal in keeping with our times and worthy of our great national traditions and our great responsibilities, in the cultural and civic fields, towards present and future generations.

In this spirit we are perfectly willing to answer in the affirmative to the two questions posed by our friend

Mr Schuijt. The first concerns the coordination of the propaganda effort by the Commission and by Parliament. Basically, the two offices existing side by side in all the European capitals are only justified as expressions of goodwill. Their activities must therefore be coordinated and we must ensure that they act in concert.

Moreover, the whole of the Community's activities must be encompassed in the general information programme. This is what the President of the Commission, Mr Jenkins, said today when he, rightly — and to the accompaniment of widespread applause — emphasized the importance of the 1978 elections, in which 170 million voters will take part. He stressed that everything that the Community does is a point in favour of the Community. Everything that we achieve — our successes, our seriousness of purpose, our loyalty to ideals, promises that are not belied by facts, considered promises that arouse neither discontent nor disbelief — all these are evidence for the Community, proof of the existence of Europe.

While Mr Jenkins was speaking, I was wondering what would be the thoughts of the electors in my native region, farthest Apulia, for whom the Community means integration in terms of olive oil. It means that they will be able to keep the old, historic, beautiful olive-groves. It means integration in terms of support for durum wheat or for wine, as, in other regions, it means support and integration in other agricultural sectors. You see, the citizens of Europe have come to think of all these problems in practical terms. And this is extremely important.

I should now like to clear up a point raised by the rapporteur, Mr Schuijt: the statement that information should be neutral. If 'neutral' means that information must be neither Liberal nor Socialist, nor Christian-Democratic nor Conservative, then we agree. But if 'neutral' means that we should talk about Europe as if we were indifferent to it, then I do not agree. If this well-advanced attempt to build a united Europe should one day fail, we shall not be able merely to say that we have gone back to square one: a failure of this attempt would be the ruin of the hope that the citizens of the Europe of the 1970's can be given a multinational political organization in keeping with the needs of our times, it would be a defeat for the democratic cause and for the cause of freedom and civilization.

So the information should not be neutral: it should be information for Europe, for the European cause. Here, in the corridor outside, are exhibited some of the *ad hoc* Assembly's documents bearing Spaak's signature. They refer to the efforts undertaken in 1954, and tell a story which we should bring home to the peoples of Europe.

Cifarelli

The information should be geared to the specific task we are facing. What do these elections mean? This is what must be explained to the citizens of Europe. What will be the new electoral laws, about which all the nine countries are rather anxious, because constituencies will have to be modified and political forces regrouped? I, for instance, will not be standing in the elections as a representative of the Partito Repubblicano Italiano, but as a representative of one of the 14 parties which have joined in the European Federation of Liberal and Democratic Parties in the Community.

The information will therefore be also important because, in the organization of the elections, account will undoubtedly have to be taken of this tremendous novelty represented by a vote for a federation of parties. This is equally true for our Socialist and Christian-Democratic colleagues. I hope that my party colleagues will invite me to speak in their own areas and I, in my turn, invite my colleagues to come to my constituency and speak as Europeans in this joint electoral campaign.

In conclusion we ask, not for neutral information, but for information which can be a decisive stage in the political and moral construction of Europe, an essential stage in the assertion of democracy at the highest level, at the supranational, the European level. This is why we shall wholeheartedly vote for this motion.

(Applause)

#### IN THE CHAIR : MR MARTENS

*Vice-President*

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

**Mr Lenihan.** — Mr President, speaking on behalf of my group, I wish to give wholehearted support to the rapporteur's resolution, and to say that it has one important feature. That is that it sets a deadline of 30 March within which the Commission is asked to submit its programme. I regard that as very important. Furthermore, there is the deadline of the end of May for the Political Affairs Committee's report on the matter.

I regard these two deadlines as essential, because we are now on the run-in to direct elections and — make no mistake about it — I would like to emphasize the urgency and the importance of keeping these two deadlines.

Another important matter reflected in the resolution is the question of the coordination of work between Parliament and the Commission. We have already had an assurance on that point from the President of the Commission, for which we are very grateful.

One point which has already been referred to in the debate but which is not incorporated in the resolution is the total inadequacy of the funds available hereto-

fore to both the Parliament and the Commission for the enormous task of motivating 180 million people by May or June 1978. All of us here as politicians understand what is involved in this. We are embarking on a totally new experiment in regard to electioneering and in regard to elections. We are facing the very serious problem that, if we do not succeed in motivating a reasonable percentage of our people to vote, then the whole experiment of direct elections will have been a failure.

In my view, as a European, and I feel it should be the view of all of us, this presents a very serious challenge. I do not think that that challenge is met by the funds made available to the Commission and the Parliament heretofore from the Community budget. I don't think these funds represent anything like the magnitude of the job involved in really getting through to our people.

Now there is one other question I would like to refer to, and that is the whole matter of how we utilize the funds that are made available, given that these funds will probably not be adequate. I want to emphasize here that what is now proposed is totally inadequate both from the Parliament's and from the Commission's point of view. But assuming a substantial increase in these funds, how best do we allocate these resources? I would suggest here that we emphasize certain basic points, that we should not waste money by spending *via* many well-meaning European groups throughout the Community who have no political experience, but that we concentrate our expenditure on an effort channelled through politicians, through the press, through radio and through television. I believe very strongly that the people who can spend these monies best are those who can motivate the public. That means the politicians in the various national parties attached to groups in this Parliament, it means the members of the press, the national press and the local and regional press in our various countries, and it means radio and television. It is through the people who can best excite and motivate public opinion that we can best spend this money. I was very glad to hear Mr Cifarelli, speaking before me, emphasize what he would do when speaking to the people in his constituency. I believe that if he is given the resources in his constituency he can spend that money better than any bureaucrat, administrator or propagandist can spend it preparing propaganda leaflets in an office in Brussels or Luxembourg and seeking to pass on those leaflets through well-meaning European groups which can have no practical effect. I don't want to see these monies spent on mountains of leaflets which will be deposited in voluntary groups' offices only to lie there. I want to see these monies allocated to people who can do something with them. And by that I mean the practising politicians of the Community, the press and radio of the Community, the local and regional press of the

**Lenihan**

Community — in other words, the opinion-makers of the Community. And I emphasize this in particular in case the Commission have any fanciful notion that they will decide in their own bureaucratic way to spend these resources on the preparation of leaflets in anonymous offices in anonymous cities for delivery to anonymous people in anonymous organizations who have no real standing in the Community. Let us be practical and sensible about it, that is the key to this whole situation. We and our party colleagues at home in our national parliaments are the people who are going to sell the direct elections, and in alliance with us the members of the press, particularly the local and regional press, and of radio and television — these are the people who should be fostered and on whom resources should be spent by both Parliament and Commission.

Finally, I would plead for one single committee, a joint coordinating committee. We have the Bureau of the Parliament, we have the Political Affairs Committee, we have the Information Committee all dealing with this problem. We have the Commission dealing with it as well. What we need is one coordinating committee, of Parliament and Commission, to deal with direct elections. And I personally think the Political Affairs Committee is the best equipped to do that. I may be wrong, but at least let us have one committee and one committee alone. Thank you, Mr President, for your indulgence.

*(Applause)*

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

**Mrs Squarcialupi.** — *(I)* Mr President, unfortunately I arrived late because there was trouble with my flight and so I have not been able to follow from the beginning the debate on information for direct elections. Nevertheless, on behalf of the Communist and Allies Group I have something to say on this question. First, as to the 1 million units of account allocated for information in the electoral campaign, which someone has described as meagre, I should like to observe that 1 million units of account may be a lot or may be very little. It all depends on how the money is spent.

And, as I have repeatedly emphasized in the working party on information, of which I am a member, we must try to involve as much as possible the citizens of the nine Community countries in the creation of the new Europe. I see in the resolution that the Commission is being invited to submit its information programme for direct elections. Well, to me it seems that the invitation, as formulated, sounds like an invitation to spectators to assist at a theatrical performance, to observe an act dissociated from them and in which they have no part. Our approach is diametrically opposite: we want the citizens of Europe to participate in its construction, and so we want this work of informa-

tion to involve political groupings, cultural bodies, associations of every kind and, above all, local organizations. We want the Europe that is born in the 1978 elections to be one that has not been imposed from above but has been built up from below. It is not for us, the representatives of these citizens, to lay down what sort of Europe it should be; it is for them, the citizens we represent, to tell us how we should shape it to satisfy their needs and aspirations.

This is why I maintain that the 1 million units of account can turn out to be either important or insignificant. Having listened to only part of the debate on this sensitive subject, which leads us directly to decisions on what the foundations of Europe in the coming years are to be, I am confining myself to these brief remarks, which summarize our attitude on information policy in preparation for elections by universal suffrage to the European Parliament.

*(Applause)*

**President.** — I call Mr Patijn.

**Mr Patijn.** — *(NL)* Mr President, I would like to say something very briefly about election publicity. In particular, I would ask Mr Natali whether he can tell us something about his plans before the information programme is launched. There are, of course, two possibilities. The first is to say that we have available in various capitals of the Community an official machinery to which we should entrust the task of publicity. But one could also hold the opinion that this is something special for which we must conduct propaganda and for which a professional approach is necessary.

This means that the Commission must call on professional publicity specialists outside its own machinery. This is a choice for the Commission to make. It cannot think up a completely new information policy in the space of two months. The first of these possibilities could be realized with the 1 million or 400 000 u.a. since the officials are already in service. If the Commission prefers a professional approach, making use of television and public relations services, 1 million u.a. is quite insufficient. In fact, by fixing this budgetary item, we have already fixed the Commission's policy and the choice of a restricted campaign through the Commission's machinery alone.

If it is not to be so, I shall, I expect, come to hear about it as a member of the Committee on Budgets. I put this question since I fear somewhat that, having earmarked restricted amounts for this purpose, we shall be drawn into a vicious circle and will have to restrict ourselves to a campaign which fits in with these amounts.

Our premise was not that we wanted to do something important ourselves, to decide what should happen, and how, at any particular time, and to decide later what that would all have to cost. In that case, the

## Patijn

Committee on Budgets could have acted accordingly. This is more or less our dilemma. Here, of course, the rapporteur was unable to give any answer, nor have we discussed this point in the Political Affairs Committee: it would have been impossible to do so, since we ourselves do not know. A restricted information programme implies a much more stolid campaign than if we called on professionals.

Perhaps Mr Natali could indeed tell us something more about this choice. At all events, we await with the greatest interest the programme which he will submit to us ultimately in March.

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — Mr President, 1978, the year of direct elections, is looming very near us now but, at least where I come from, the man in the street is very little informed and not particularly interested, so there is a big problem to get over. I don't think he is ever going to become interested until this Parliament is more powerful and more in control of the two executive arms — the Council and the Commission. But what worries me a bit is that although we talk about the Parliament getting more powers and therefore becoming more interesting after direct elections. I sometimes wonder just a little cynically where we are going to get these powers from. Perhaps in the wind-up the Commissioner could tell us what particular powers of initiative the Commission are proposing to give up to this Parliament. I really think that is perhaps the crux of the matter, as regards interesting the man in the street. If this Parliament is going to be able to do the ordinary job of a parliament, which is to hold the executive accountable to the man in the street, then, I think, the man in the street will be interested. And perhaps even the spending of money isn't as important as getting this particular matter thrashed out.

I was heartened by Mr Jenkins' remark in his speech that he is promising to treat this Parliament as he would treat a directly-elected one. But his having said that doesn't really answer my question. Okay, he is going to treat it and the Commission under him are going to treat it as they would treat a directly-elected Parliament, but if a directly-elected Parliament just sits four weeks instead of one, is it necessarily more powerful? It will have more time of course. It will be a more capable scrutineer of the initiatives, and having to sit full time, such people as will be sent here will hardly sit idly twiddling their thumbs. They will want to have a job to do, and will presumably demand more powers. At least that is, as I understand it, the argument. But if there is, as Mr Jenkins also said, to be a common identity coming magically because of direct elections, I really must emphasize that we can only get a common identity with people who elect us if we do a workmanlike job of controlling and holding accountable the Council and

the Commission, which too often, when they are virtually legislating, keep their proceedings secret, even from Members of this House. I know that there are no true comparisons between the Council and the Cabinet, and between the Commission and an ordinary civil service, but nevertheless there are some comparisons. And greater control we must have.

I would like to congratulate the rapporteur on his report, because he has made us all think hard, as Mr Patijn has said, about this very complex question of how to get information across. Could I make one point to begin with? There is a certain discrimination, which no one can help, in that the man in the street down the road from Luxembourg is obviously going to have a better chance to be interested and informed through the local media than the man in the street in Lossiemouth, and I give an unqualified invitation to Mr Cifarelli to come to Lossiemouth — because he did indicate he was willing to go anywhere — and speak to my constituents. It's a long way away, but I am certain that if he came he would interest them from his enthusiasm alone.

But I make the point about discrimination. Our press and media do come here, but they cannot come as often as we would like them to, and much of what we do here goes unremarked, unread, unsung, and uncomplained about, if people disagree with us. That is a fact of life, certainly of my area, and I would say the whole of the UK was in that position. It is different perhaps if you come from down the road, your pressmen can go in a motor car and come along without too great an expense, and that is a form of discrimination already. There is going to be a much more burning interest around here than there is away over yonder. That is a fact, so whatever the money is used for, I would suggest, and I have suggested already, that it would perhaps be well spent, not on extending the formal information services but on giving grants to recognized, serious media, rather in the way that lobby tickets are issued to serious media in my national parliament.

The reason I make the point about information offices is this. The people who enter the Edinburgh Information Office, for example, are already in possession of enough facts to interest them. They are already interested. And it is not the person who is already going there that we are seeking to reach. It is the person who hasn't got the slightest intention, and never will have the slightest intention, of walking into the Edinburgh Information Office we have got to reach. This is a very real problem. And if we take it seriously, we have got to deal with that man in the street through his local media — the television he watches when he comes home from work. That is the reality of it. I am very glad to think we are going to get time to consider concrete proposals, because as a non-attached Member of this Parliament, but representing what is the second largest party in my country of Scotland, at least at the

## Ewing

last election — and what the opinion polls now say more or less consistently is the largest party — I am very much aware that to brush off the suggestion idly, to say, we will give it to political groupings in this Parliament, could produce such a sinister result in Scotland that it would make a travesty of the election in Scotland, because if the Scots knew that my party, for instance, got nothing and the Labour and Tory parties and the Liberal Party, which is almost non-existent in Scotland, got a great chunk, I think they would start thinking the whole place was rather strange, since it dished out money in this way.

I am basically opposed to any money being given to political parties. Absolutely opposed to it in principle. But if the others are going to get it, then I want my share. Let me put it quite clearly; because otherwise we fight at a disadvantage, and I don't like fighting at a disadvantage. I don't mind fighting evenly on the same terms as other people, as one does at an election in the UK, but I do think that to start funnelling this money through existing political groupings of this Parliament would be a most unethical, unwise and undemocratic action.

I would also like to ask whoever winds up to tell me whether the only figure allotted is 1 million units of account. Because I have read various accounts that other sums have been allotted, and I have also read variously that there have been requests from political groupings in this House for a chunk of these monies and, with respect, I do agree with Mr Lenihan's point that practising politicians in the end are the people that have got to get it across. But another thought is this: shouldn't there be some more money to allow people to come from the far-away places to see this Parliament? We see the droves of buses; I appreciate them; I am glad to see them; but they come from down the road. So we once again know that the proportion of visits, and therefore of information and interest, is going to be that bit higher where the place is nearer. So I would like to say that there are very real problems, I think fundamental democratic problems, fundamental practical problems. I would suggest that we do without money for political parties. If we must have it, we should look at political parties as they are in the Member States and not necessarily in the groupings in this House. We should not particularly try and expand information offices, because there only can be one or two in a Member State, which means the man in the street in most parts of the Member State can't get into the office anyway. I know they do a very good job by being a link between this Parliament and the institutions and business and local authorities. They do a very good job, but I don't think their function is the function we are really concerned with today, which is to interest people in direct elections.

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody.** — Mr President, it may seem slightly ungracious to appear to criticize such an excel-

lent European resolution — indeed, one might almost say it was an epitome of all that is best in European resolutions, giving a commitment to spend 1 million units of account, rather vague in the way in which it should be spent, and really placing hardly any restriction on the Commission in the manner in which they should use it.

I would hope that today, before this resolution is adopted, we shall get some indication from the Commission as to exactly what sort of information programme they have in mind. Are they seriously suggesting that it is going to take them 1 million units of account to tell the electorate of the Common Market how the machinery is going to work? Are they going to suggest that the number of Members to be found, the way in which they will represent their various nations, the way in which they will sit, is such a complex subject that it has to have an intensified information programme before it can operate accurately? I hope that, when we come to discuss this subject in the future, we shall get a very much clearer indication of exactly what it is we actually mean by an information programme. If, in fact, what we are talking about is a propaganda programme, then I think that should be spelled out and spelled out at a very early stage.

I must say of course my Irish colleagues, as always, appear to have come up with one of the most endearing suggestions. I am not sure whether Mr Lenihan was seriously suggesting that we should be able to give vast sums of money to the *Irish Times* and *Teilifis Eireann* on the assumption that they then told everybody what we are doing here: if he is, then I join with him in suggesting that it would be a lovely idea if we could nominate our own television programmes to make sure that they put the best face on the campaign.

What I would say very briefly is this. If this Parliament wishes to be taken seriously, it must tell people what it actually does. Not in public session but in private session. If you want to convince the voter, let him see how you reach your decisions. Let him come into your committees and watch you actually expressing political viewpoints, not seeking always to look for consensus politics. If you want to put forward a political platform, then do so on a basis which is recognizable as defending the interests of the average voter. When that time comes, then the Commission will not even need to ask for 1 million units of account, because the work of the European Members of Parliament will be sufficient in itself — a defence for this existing Assembly.

(Applause)

**President.** — I call Mr Natali.

**Mr Natali, Vice-President of the Commission.** — (I) Mr President, I am especially grateful to the rapporteur and to all the speakers for having extended the scope of the debate beyond that of the motion alone.

A number of extremely important and interesting suggestions have been put forward. I should like to dwell for a moment on one aspect, common both to the report and to the speeches, which was also stressed by Mr Jenkins in his speech today. The arrangements for elections to the European Parliament by universal suffrage are of fundamental importance, not only symbolically but also politically, and we should do our utmost to see that the event which we consider of essential importance in the Community's life acquires direct interest for the majority of its citizens.

I should like to make clear that this commitment by Mr Jenkins was not undertaken, as one speaker suggested, only today, to gain the goodwill of this House: it is precisely because the Commission attaches great importance to this commitment that it has charged one of its members — who is addressing you at this moment — with special responsibility for all problems concerning the election of the European Parliament by universal suffrage. These problems are undoubtedly of an institutional nature — and this is what the debate has been about — and relate to the need to mobilize public opinion.

On this, I believe, we are all agreed, and the point has been brought out in tonight's debate, as has the fact that information policy for this year and for 1978 must give priority to these elections. But here I should like to emphasize a point made both by the rapporteur and by other speakers, which is that already in December 1976 the Commission, when presenting its information programme, stressed that information activity would centre on the election of the European Parliament by universal suffrage.

I must now apologize for not being able to develop further the subject of the programme nor, as has been requested, that of the necessary coordination of the activities of the Commission and of Parliament, of the Commission's and Parliament's resources.

These matters are now under discussion at the level of experts and various departmental specialists and will be dealt with in proposals which we hope and intend to submit within the time-limit indicated in the motion. At this moment I am not able to take sides either with those who propose that particular funds should be made available to the political parties, or with those who think they should be used on publicity media, or with those who, rightly, maintain that, if they are allocated to political parties, account should be taken not only of national circumstances but also of wider European realities. On this matter, obviously, it will be for Parliament to express its opinion, using the consultation procedure and other methods at its

disposal. The rapporteur, outlining the history of the resources which are being made available, referred to Parliament's insistence that the amount proposed by the Commission be increased, to the need for a programme and for coordinated action with Parliament.

Our present activities, which will result in the submission of proposals for a programme, mean that at this moment we are unable to do more than take note of the resolution and give the Commission's undertaking that it will do its best to keep within the indicated time-limit.

There is another point on which, I believe, we should all be in agreement: the financial resources are very modest and, as I think Mrs Squarcialupi has said, the actual sums may prove to be either generous or inadequate. With this we fully agree, but instead of saying that they may prove to be one thing or the other, we should all make an effort to ensure that these resources are nevertheless suitably used for the aim we wish to realize.

This is why the research work we are doing and the programme which we intend to submit to Parliament will undoubtedly be rather complicated. I am unable at this moment to anticipate its contents; I can only confirm that we shall be submitting the programme to Parliament, that we shall maintain the coordination now developing at the level of senior Commission and Parliament officials, and that we shall be ready to discuss in detail in this House the proposals that are put forward.

I believe it is our task and our joint duty to see that the action we undertake achieves the fundamental aim of mobilizing European public opinion so as to ensure that a maximum number of voters take part in the election of the new European Parliament.

(Applause)

**President.** — I call Mr Schuijt.

**Mr Schuijt, rapporteur.** — (NL) Mr President, in view of the fact that this debate is basically a matter of procedure it will suffice, I believe, to thank those who wish to support this motion for a resolution. With reference to discussions on the substance of the programme and the programme itself, etc., I would refer to the debate which will take place as soon as the Commission's proposals are known. I thank Mr Natali for agreeing to submit these proposals in good time to Parliament.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

<sup>1</sup> OJ C 57 of 7. 3. 1977.

### 11. Regulation on the European Cooperation Grouping

**President.** — The next item is the report (Doc. 519/76) by Mr Lautenschlager, on behalf of the Legal Affairs Committee, on

the proposal from the Commission to the Council for a regulation on the European Cooperation Grouping.

I call Mr Broeks, who is deputizing for the rapporteur.

**Mr Broeks, deputy rapporteur.** — (NL) Mr President, it is my thankless task today to deputize for Mr Lautenschlager in introducing the report drawn up by him on behalf of the Legal Affairs Committee on the proposal for a regulation on the European Cooperation Grouping. This is a thankless task, firstly, since Mr Lautenschlager has dealt with this subject with his customary precision and devotion and, secondly, since the absence of Mr Lautenschlager today is not accidental. In fact, he is no longer a Member of the European Parliament, and this is a great loss not only for the Legal Affairs Committee, of which he was for many years a very active and appreciated member, but also for the Socialist Group and for the whole Parliament.

After this introductory remark, I would like to point out that the proposal for a regulation has a long history, which I shall try to resume in a few words, since this proposal for a regulation represents the first case — at least if my memory serves me right — of an initiative taken by Parliament in the area of legislation.

In August 1971, Mr Jozeau-Marigné and Mr Armengaud — the latter fondly remembered by us all — submitted to the European Parliament a motion for a resolution on a proposal for a regulation defining the characteristics of economic interest groupings in the Community on the model of the French 'Groupement d'intérêts économiques', which has been very successful in France. The intention of the authors of this proposal was that, once it had been approved by the European Parliament, it should be submitted to the Commission in order to be converted into a formal proposal to the Council. However, this initiative in itself had no direct consequences. In December 1973, the Commission submitted the present proposal to the Council; this is by and large in line with the objectives which we were seeking to attain in Parliament's original proposal. In view of this new development, Mr Jozeau-Marigné then withdrew his proposal.

Now, since 1971 and December 1973 much water has flowed down the Rhine. The reasons are clear. On the one hand, the Legal Affairs Committee had in the beginning to consider these two proposals together, and, on the other, the work of the Legal Affairs Committee has certainly not been made easier by the

lack of experience of most Member States in this matter.

The aim of the European Cooperation Grouping is to enable small and medium-sized companies and individual entrepreneurs from various Member States to cooperate over the internal frontiers of the EEC. It is an instrument for cooperation on a contractual basis. The proposal contains 20 articles, and these 20 articles are Community law. What is not settled is the position of national law, i.e., that of the Member State where the grouping has its head office, even though such a grouping may be an unknown concept in that national law.

The grouping can be set up by at least two undertakings, by two natural persons each of whom operates an undertaking, or by a natural person and a company. The activity of the grouping is limited to the provision of services to members and the processing of goods for its members. Groupings may not seek to make profits for themselves, may not exercise management functions in respect of the business of their members, and may not have more than 250 employees. The members of the grouping shall be taxed on any profits. There are no commitments as regards capital, a grouping may not issue debentures or have recourse to the capital market, but it does have legal capacity; consequently, to protect third parties, members of the grouping are jointly and severally liable and the publication of various matters is prescribed. Nullity of the grouping cannot be relied upon as a defence in actions by third parties. Each of the Member States is to have a register in which groupings which have their head office in that State are entered, and the contract is to be published in the official journal for the publication of such matters in the State concerned. The register must be accessible to the public and amendments must also be filed. The Legal Affairs Committee also would like to see publication in the Official Journal of the Community. The grouping is intended as a counterpart to the profit-orientated 'European company', within which large EEC companies can, without regard to national borders, found European 'sociétés anonymes' whose aim is the conduct of profitable economic activities.

Here we have, then, a not unsympathetic proposal to give medium-sized and small firms the opportunity to enjoy European cooperation. So why, we may ask, were there 12 votes against and only 15 for? In this connection, I would first like to raise three points. First, the proposal contains no provisions for sanctions except that a request can be made for groupings to be wound up. Secondly, there is nothing to prevent companies or individuals from founding more than one grouping, or to prevent large enterprises from doing the same thing. Thirdly, companies or individuals from outside the Community can join an existing grouping and are then bound by Community law.

## Broeks

My question to the Commission on the first point is, then, what power the Commission or the Court of Justice has if one or more groupings contravene the provisions, and what possibilities, apart from winding up, third parties or even employees of the companies concerned have to take action against the grouping in national courts. This question is even more important if the head office is established in a country other than that where the grouping operates. The proposal does allow founders of groupings from two Member States to found their group in a third Member State and establish the head office in a fourth Member State. The provision in Article 4 simply reads, 'The head office... must be situated within the Community'.

On the second point, there is no way of preventing two small or medium-sized, or two large companies, from founding one or five or ten groupings in one or more Member States. My question to the Commission is whether it thinks that this is right. It might after all, be a great temptation for undertakings in Member States where wages were high and working conditions strictly controlled to move to a country with lower wages and more flexible working conditions.

Here we should not overlook the fact that if membership of the Community is to be enlarged to embrace countries such as Greece, Portugal and Spain, this regulation will still then be in force. In my view, measures should be taken to prevent large undertakings from availing themselves of this regulation and also to prevent more than one group with the same objective from being founded in any single Member State.

My third question arises from the fact that the Commission states in the preamble to the regulation: 'Above all, the grouping should be a vehicle for cooperation between undertakings carrying on business on the territory of the Member States'. If the intention is to make participation open to members from outside the EEC, I would like to know whether they would be bound by Community law or not. Do the words 'above all' perhaps imply something else? Perhaps it would be better to delete the words altogether.

I hope I shall receive a reply from the Commission on this point in due course. It is clear from the amendments submitted why there were so many votes against the motion for a resolution in the Legal Affairs Committee. The tablers of the amendments believe that forms of industrial democracy must be incorporated in the regulation. This is an important social question, but the Committee on Social Affairs, Employment and Education was not consulted on this. This is an omission which in my view should be remedied. I would therefore propose that, by virtue of Rule 29(5) of the Rules of Procedure, the amendments be submitted to that committee. This represents a formal proposal, Mr President.

The Legal Affairs Committee wondered whether forms of industrial democracy were in fact necessary for a small business of up to 250 employees. As far as I know, the question of four, five or ten groupings' being founded by the same people in the same country has been overlooked. With the best will in the world, it cannot be said that the regulation provides reasonable protection for the employees of any grouping, although some would maintain that this protection is superfluous, or that in some countries the interests of employees are already adequately protected. This may be the case in some, but unfortunately not in all member countries, and everyone knows that protection of the workers is never a superfluous matter. This is something the Social Affairs Committee can now consider.

I therefore hope that in due course, when the matter comes up for debate again in Parliament, the Commission will be able to answer my questions. My proposal is for the present that the problem should be referred to the Social Affairs Committee, and I also suggest that the committee should reach its conclusions on the matter at an early date. I shall look forward to receiving an answer to my other questions when the report comes up for further discussion in the House. On that occasion we shall be able to discuss this matter at length.

**President.** — I call Sir Derek Walker-Smith on a point of order.

**Sir Derek Walker-Smith, Chairman of the Legal Affairs Committee.** — Mr President, perhaps I might say a short word as chairman of the Legal Affairs Committee, from which this report comes, and, in particular, in regard to the suggestion just made by Mr Broeks.

But, first of all, may I cordially associate myself with the tribute that he has paid to our former colleague, Mr Lautenschlager, and in particular to his work in the Legal Affairs Committee, which was work of great distinction and great value, as I well know for myself, having had the privilege of sitting with him for four years on that committee and having worked closely with him on several occasions.

I am bound to say, Mr President, that naturally, as chairman of this committee, I would have hoped that we could definitively discuss this report today and come to a decision, as was envisaged on our agenda. I think that would not be an unreasonable aspiration, having regard to the fact that the matter was originally referred to the committee as long ago as October 1974 and, indeed, all the matters which have been referred to have been exhaustively canvassed in the discussions in the Legal Affairs Committee. There have, in fact, been no fewer than seven, mostly lengthy, discussions in that period. In particular, the question raised by the amendment to which Mr Broeks has referred has

**Walker-Smith**

been discussed and voted on in the Legal Affairs Committee against desirability but also of its practicality in the case of these relatively small units.

Having said that, if Mr Broeks has felt that there should be a reference to the Social Affairs Committee even at this eleventh hour, I do not think it would be proper for me, as chairman of the Legal Affairs Committee, to speak against such a suggestion if it can in any way contribute anything of value which has not already been contributed by these very lengthy and comprehensive discussions which we have had in our committee. I think I ought to say that, if there was such a clear case as Mr Broeks suggests for a reference to the Social Affairs Committee for its opinion, it is a great pity that this was not done under the ordinary procedure under Rule 38 (3) when the matter was originally referred by the Parliament to the committees. But that is a matter now in the past and, as I say, for myself I would not think it proper to speak in opposition to the suggestion now made.

But I would add this, and add it with some force if I respectfully may, Mr President. Having regard to the long history of this matter, I would strongly urge the clear application of a time-limit, as provided for in Rule 26 (2), for the submission of the opinion of the Social Affairs Committee. If Mr Broeks's proposal commends itself to the Parliament, Mr President, what will happen is this, in my understanding of the matter. This will be a case falling within Rule 44 (4), since the Legal Affairs Committee, the committee responsible, has already adopted its report. That being so, the opinion of the Social Affairs Committee will come back direct to the plenary session of this Parliament for consideration by Members when they debate definitively the report of the Legal Affairs Committee and come to a conclusion upon it with the necessary votes.

So, we come then, Mr President, to the question as to what time-limit should be imposed. In my respectful submission, having regard, as I say, to the long history of the matter, having regard to the degree of consideration already given in great detail by the Legal Affairs Committee in consultation with the gentlemen from the Commission, it would be reasonable to require that the opinion of the Social Affairs Committee (if it is to be sought) should be delivered to this Parliament in time for the matter to be placed upon the agenda for the part-session in May and to be definitively and finally disposed of at that time.

If this be so, Mr President, as you so well know, the latest date by which that opinion would be available must be 12 days before the start of that May plenary-session so as to comply with the requirements of Rule 13. That I stress, Mr President, is the latest date, and I think I would carry this House (and Mr Broeks — and I see that he indicates his assent) with me if I say

it would be eminently desirable that the date to be fixed should be rather earlier than that minimum of 12 days before the start of the May part-session — some day, perhaps, not later than the middle of April of thereabouts, having regard to the commitments and the work programme of the Social Affairs Committee, which I hope and expect would be able to comply without difficulty with the sort of time-limit which I have suggested.

*(Applause)*

**President.** — Mr Broeks has accordingly made a formal proposal that the report be referred to the Committee on Social Affairs, Employment and Education for its opinion. Sir Derek Walker-Smith is evidently in agreement with this proposal, which is accordingly granted automatically. In addition, he has asked for the imposition of a time-limit, which is in accordance with the Rules of Procedure. The proposal to fix the month of May as the final time-limit has the approval of Mr Broeks, author of the proposal for a deferment.

I call Mr Rivierez.

**Mr Rivierez.** — *(F)* Mr President, the decision you have just taken that Mr Broeks's request should be granted under Rule 29 (5) is an important one. You thought that reference to committee is automatic even when the request is for reference to a committee other than the one originally responsible. That is a very important interpretation. If I personally agree to the deadline of May suggested by the Chairman of the Legal Affairs Committee, I am doing so not under Rule 29 (5) but under Rule 44, since this case the reference is not automatic, the matter is not being referred to the committee responsible: another committee is being asked for its opinion.

I agree with the proposal of the chairman of the Legal Affairs Committee, but I felt I had to make these remarks to avoid the creation of a precedent.

**President.** — I call Mr Bangemann.

**Mr Bangemann.** — *(D)* Mr President, I should like to make a brief comment in connection with this matter of procedure. I must unfortunately oppose the procedural suggestion made by Mr Broeks. I do not think that we can proceed according to Rule 26 or Rule 29, at any rate not if the Social Affairs Committee is to be asked for its opinion. My reason for saying this is that both Rule 26, which deals with reference of a whole report to committee, and Rule 29, according to which amendments may be referred back to committee, unquestionably mean by committee one which is already either the committee responsible or one that has been asked for its opinion. That, Mr Broeks, is clear from the text of this Rule.

**Bangemann**

Otherwise, Mr President, there would be no need for Rule 44, according to which the President first decides which committee should be the committee responsible and which committee should be asked for its opinion. If a committee wants to be asked for its opinion it may do so at any time, and the Social Affairs Committee has had over two years in which to apply to the President to be asked for its opinion. Its request would certainly have been granted. But Rules 26 and 29 cannot be used to invalidate Rule 42 and the following Rules, which provide for these questions to be settled by the Bureau.

In other words, Mr Broeks, you, as rapporteur of the committee responsible, may, according to the Rules of Procedure, only request either that the whole report be referred, pursuant to Rule 26, to the committee responsible or the committee asked for its opinion, i.e., the Committee on Economic and Monetary Affairs, or that the amendments be referred to committee on their own. As I understand it, you are concerned only about the amendments. If that is what you want, you may indeed refer the amendments on their own, without the report as a whole, to the committees, but only — please note this, Mr President — to either the Committee on Legal Affairs, as the committee responsible, or the Committee on Economic and Monetary Affairs, as the committee asked for its opinion. The Social Affairs Committee has not so far been involved, so nothing can be referred back to it. That seems to me to be perfectly logical. And that is why your request is not acceptable, Mr Broeks.

I might suggest, however, one possible course of action. Somebody once said — I think it was Mr Lange in your group — that lawyers were there not to complicate things but to help people who are not lawyers.

I shall therefore make a suggestion as to how one might proceed. You might now request that either the amendments or the report be referred to the Committee on Legal Affairs or the Committee on Economic and Monetary Affairs and then, when that has been done, the Committee on Social Affairs might request the President to ask it for an opinion. That is the only possible solution. If we were to decide otherwise, if we met Mr Broeks's request, we should be contravening our Rules of Procedure.

**President.** — Rule 26 (2) is, I think, here clearly applicable :

Reference to committee may be requested at any time. Such a request shall always be granted if it is made by ... the committee responsible ...

Parliament may fix a time-limit within which the committee shall report its conclusions.

The chairman of the committee responsible has supported the proposal for a reference to committee, as a result of which the request is automatically granted. It only remains to fix a time-limit : Sir Derek Walker-Smith has proposed the May part-session as the latest date for submitting the report.

Are there any objections ?

That is agreed.

I call Sir Derek Walker-Smith.

**Sir Derek Walker-Smith.** — I am so sorry, Mr President, but I think we ought to be clear on one point before Mr Broeks goes. Following on what Mr Bangemann said, it is quite clear, I think you will agree, that it is whole report which has to be referred to the Committee on Social Affairs, Employment and Education. There is no question of the amendments being referred in isolation without the report. I hope that is clear to the Parliament and also to Mr Broeks.

**President.** — That is quite clear.

I call Mr Bangemann.

**Mr Bangemann.** — (D) I'm sorry, Mr President, I do not, of course, question your decision, but I would ask you to make it quite clear to which committee the report is being referred. Not to the Committee on Social Affairs, I assume. Could you please clear this point up ?

**President.** — The report is referred to the Legal Affairs Committee, as the Committee responsible, and to the Committee on Social Affairs, Employment and Education for its opinion.

## 12. *Directive on investment undertakings for transferable securities*

**President.** — The next item is the report by Lord Ardwick (Doc. 532/76), on behalf of the Legal Affairs Committee, on

the proposal from the Commission to the Council for a directive on the coordination of laws, regulations and administrative provisions regarding collective investment undertakings for transferable securities.

I call Lord Ardwick.

**Lord Ardwick, rapporteur.** — Mr President, I am speaking not only as rapporteur for the Legal Affairs Committee but also as spokesman for the Socialist Group.

These collective investment undertakings for transferable securities, these mutual funds as one may more shortly call them, consist of unit trusts and investment companies, open-ended investment companies, that is companies with a variable capital. They have a variety of names, a variety of forms and a variety of practices

## Lord Ardwick

in the various countries. Yet they all perform a similar service, they all provide a means for the small saver, the unsophisticated investor, to put his money away and have it managed by reputable experts working under fairly strict supervision.

Now the hope of these small investors today is not of large speculative gains, it is simply the hope that they will be able to preserve the real value of their life savings, or to achieve an investment income which will cope reasonably well with inflationary price increases. But even though they may go into funds which have a widely spread portfolio, expertly managed, there is still a risk, and people who put their money into these funds need to be told that this is not a short-term investment which may be realized at any time without loss. Even the cleverest managers cannot insure them against a general downward movement in the market. Though this investment may go up, it may well go down too. In fact, in an epoch of inflation, nor can the traditional savings institutions guarantee the saver that when the time comes he will draw out money which in sum has equal purchasing power to the money that he put in. As a rule the prudent small investor today buys a house and takes out a life assurance and then, if he has additional means to make an investment which he can hold on to for five or more years, he may well go into one of these funds which will endeavour to maximize the income from this investment or alternatively its growth, or perhaps to achieve a mixture of these two desirable objectives.

During the years of affluence these funds have grown very rapidly in number and scope in Europe and in the United States. In Britain about 1¼ million people have direct holdings in units and there are nearly a million indirect holders through unit-linked insurance. The funds under management are almost five times what they were ten years ago, and a figure that was given in the middle of 1976 was about £2.6 billion. In the French unit trust industry the funds are roughly the same size as the British and it is only in the past 12 years that they have been authorized to operate. In Germany the funds under management are higher. They were worth about £3.7 billion in the middle of 1976 and they have doubled over ten years. Even in Holland, a smaller country, they total £2 billion and in both Belgium and Luxembourg there is a large fund industry.

The common characteristic of these funds is their variable capital structure. Their capital waxes as the sales of their units go up, or it wanes as the redemptions increase. Another characteristic is that the units are easy to buy and easy to sell. Usually the unit price is worked out each day; the managers divide the net asset value of the portfolio by the number of units in issue.

Usually, but not always, these funds are operated by two companies. The first consists of a management company which attracts the subscribers, chooses the investments, and then a depositary company which is the custodian of the assets. Usually the companies are quite separate and are linked by a contract, but in Britain the contract is a trust deed and the depositary company does not merely keep the assets safely, it is also a watchdog over the interests of the actual and potential subscriber. Among its other duties is to see that advertisements are not misleading or over-optimistic. In some countries the depositary company has a narrower role, and in France they seem to order these things quite differently. Their mutual funds are, I understand, joint stock companies with variable capital, and the investor, as a shareholder, can be his own watchdog.

Whatever system you find, these firms are closely supervised by the appropriate government department. Yet the legal and administrative arrangements in the Member States are far from uniform. And now the Commission proposes a directive to coordinate the laws, the regulations and the administrative provisions for these firms. Of course, complete harmonization is out of the question. The differences of form and of practice, and the ideas of what is just and necessary, vary too much from State to State to make all-out harmonization feasible. Why, then, coordinate? Well, it is desirable that citizens throughout the Community should have as wide a variety and a choice as possible when they wish to save their money in a mutual fund. And it would be to their advantage if there was greater competitiveness among these funds. The proposal now is that once one of these funds is established in a Member State, it should have a right to promote and to sell its units in any other Member State, though with some conditions about marketing. Of course there must be not only adequate safeguards, there must also be more uniform safeguards if these units are to be traded freely across the borders. The proposal is a step too along the road to the old Community goal of a European capital market. Obviously there cannot be such a market unless there is more uniform supervision of investing institutions. The present proposed directive cannot, however, have an important impact until the day when free movement of capital between Member States can be permitted. And I have no need to tell this Parliament that the Europe of a free capital market is a happy land far, far away. But in the meantime there may be some partial liberalization achieved through transferable securities, and it is this to which optimistic reference is made in the motion for a resolution.

Well, this is one of the subjects in which we as parliamentarians find some difficulty because of the limitations of our own personal experience. We may know very well what goes on in our own country, but abroad all is mystery, and all the more so since these are comparatively new institutions. However, the Commis-

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sion has done its work well, it has considered the conflicting advice of the different institutions and professional bodies. And I think that the compromises it has reached are pretty sensible. Of course the British Unit Trusts would have liked the depositary companies in other countries to have the same responsibilities as those in Britain. But one understands the reluctance of depositary banks to bear additional burdens, particularly if these are borne traditionally by the supervisory authorities.

The only substantial amendment I am proposing is one for an increase in the proportion of assets which one fund may invest in another under the same management company. You may well ask why should it want to do that. The answer is that many of these funds are specialized. You might, for example, have one fund interested in capital growth and another fund alongside it, under the same management, specializing in American and Japanese equities. The investment manager of the capital growth fund may perceive very strong growth prospects in Japan and America, but he himself has got no expert knowledge of the market nor has he got the time to watch its performance. And so he would like to take advantage of the expert knowledge and the spread of investments managed by his colleague who specializes in this field. And the provision is made that, if he does so, the investor is not to be charged twice for the same service. But the Commission would limit the amount that one fund can invest in another in the same stable to 5 %. The Legal Affairs Committee were persuaded to propose that this should be raised to 15 %. Now there is nothing sacred about this figure, it is just that the desired objective is something rather bigger than 5 %.

Now I am conscious that old Europeans are always suspicious of proposals for rather minimum coordination, and some of them may wonder why, when the provision is made that when a trust established in Member State A wishes to sell its units in Member State B, it must promote or market the sale of its units in a fashion approved by Member State B, by the State where it is trying to sell. Why should there not be uniform promotion arrangements throughout the Community? I think the answer to that is that our ideas of what is right and proper are very much bound up in our national experience. In one country units may be sold from door to door; other countries suspect such methods. In one country banks shrink from acting as principals in investment arrangements with their customers. In a third country, advertising in Sunday newspapers may be the principal method of promotion, but not all countries have a large Sunday press. So this kind of uniformity of promotion methods is not really feasible at the moment.

But is it not desirable that the Community should lay down laws about the cost, about the fees and the commissions charged for operating these funds? As it is, the Commission has left the question to find a natural solution through the laws of competition. The problem is this, I think: can you really lay down the same limit for a British unit trust specializing in foreign equities and a French investment company specializing in bonds? One of the recommendations of the motion for a resolution I am proposing is that the Commission should continue to study this rather difficult problem. Of course the great safety valve, I think, of all this is the proposal for a liaison committee consisting of representatives of the Commission and of the Member States. I think that that committee really should keep the question of operating costs and profits under review. I think that that is the best that can be achieved at present. So I commend to Parliament this directive, with amendments which are not very substantial, rather fiddling and most of which, I think, the Commission may not find unacceptable.

*(Applause)*

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

**Mr Rivierez.**— *(F)* Mr President, the proposal for a directive for the coordination of laws regarding collective investment undertakings for transferable securities of the open-ended type covers investment companies and unit trusts. It has been admirably analysed in the excellent report by Lord Arwick and in Sir Brandon Rhys Williams's opinion.

I should like to make two points. The proposal for a directive lays down common rules for the authorization and supervision of investment undertakings similar to those proposed for insurances. It lays down that in order to carry on their activities, investment undertakings must be authorized by the competent authorities of the Member State in which they are situated and that those authorities are to supervise all their activities.

Secondly, the proposal for a directive lays down a set of rules relating to the structure and activities of investment undertakings, their investment policy and the information to be published by them. They are minimum rules which will have to be respected by all investment undertakings in the Community. Member States are, however, free to impose more stringent rules on investment undertakings situated on their territory provided the rules are of general application and non-discriminatory. There is one single exception to the principle of applying the legislation of the country of origin and that, as the rapporteur has just said, concerns marketing regulations.

**Rivierez**

It is to be hoped that application of the minimum rules laid down in the proposal for a directive will bring about more uniform and effective safeguards for investors and ensure more uniform conditions of competition between investment undertakings in the different Member States. The proposal for a directive also provides a way of removing restrictions on the free movement of shares in collective investment undertakings in the Community. One of the reasons why it has not been possible to establish freedom of movement in this sector is that national legislations are so different that they do not provide savers with the same safeguards or ensure the same conditions of healthy competition between investment undertakings. The coordination of laws now proposed will remove this obstacle.

A Liaison Committee is also to be set up, composed of representatives of the Member States and the Commission. Its tasks will include facilitating the implementation of the directive and advising the Commission, if necessary, on additions or amendments to be made to it. The Liaison Committee will, of course, take account of what the rapporteur has just said.

This subject, Mr President, is extremely technical, and I admire the rapporteur's skill. We are not specialists; we merely note that the proposed text guarantees the desired harmonization and coordination. I regret that it was not possible to go further and that Member States will still be able to enforce more stringent rules than those laid down in the directive. It would, perhaps, have been interesting to fix a date by which this practice should be brought to an end, since it is an obstacle to genuine coordination. But that is merely an aside.

Lord Ardwick's report also mentions the preponderance of shares held by banks in investment undertakings. Thought will have to be given one day, and the Liaison Committee will certainly do so, to measures to safeguard savers against any abuse of dominant position that might arise. Such and such a bank could, for instance, cede shares if it has difficulty in keeping in its portfolio or in marketing to an investment undertaking.

Finally, Lord Ardwick was right to mention the loss in value of investments. We are well aware that small savers are faced with a problem when looking for investments that keep up their capital and act as a hedge against inflation. From the studies that have been made, I have the impression that investment undertakings do not provide such protection, but we must remember that they are currently a means of ensuring the maintenance and progress industry under a liberal system. But as to whether they provide savers with a hedge against inflation, that, as Kipling would say, is another story.

(Applause)

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Frankly, I am not a member of either of the committees who have had responsibility for this, but I listened to Lord Ardwick and I would like to ask just one question of the Commissioner. As he knows, in most of our constituencies a great deal of small saving is done through the Life-offices, and every year I, like many other Members of Parliament, go to the annual Life-office lunch. People visit the homes of many of our constituents, who do this saving on a very small scale, from the *Liverpool Victoria*, *Prudential* and others. Now at the last lunch I was asked about proposals for European harmonization. Frankly, I didn't know anything about it, and therefore my question may be very naïve. Do these proposals for harmonization in any way affect the Life-offices, and if so can one, in words of one syllable — or one financial syllable — explain to our constituents exactly what they mean in terms of ordinary life? If Mr Tugendhat would attempt to tackle this somewhat loose question I would be grateful.

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

**Sir Brandon Rhys Williams.** — I would like to join in the congratulations to Lord Ardwick on the masterly manner in which he introduced this complicated subject, and I would say that the Conservative Group and also the Committee on Economic and Monetary Affairs, on whose behalf I am speaking, entirely support the stand which he is taking and endorse his approval of the Commission's initiative.

We have to recognize that this is a relatively minor step, but it is an essential step in an extremely important direction, namely towards the creation of a genuine free united capital market for the Economic Community.

Progress towards the creation of a united capital market is not just a matter for governments and banks. It is not a matter which only extends to the companies and investment institutions which regularly operate in the capital markets. It is of direct concern to every small saver in our property-owning democracy. There have unfortunately been all too many disheartening setbacks in the 20th century for private citizens who ventured to put their savings into international investment projects, and it must be one of the particular concerns of the European Economic Community now to create a *secure* free-trade area for private savings as part of the whole programme of advance towards a genuine capital market for Western Europe.

### Rhys Williams

My committee looks to the Commission to create the necessary conditions. We are very far from a united capital market today with out fragmented national economies each protecting their internal structure of interest rates and investment programmes behind controls or intervention systems of various kinds. One has only to look at the enormous spread of interest rates between London and Frankfurt and Milan and Paris to see that there really is no effective *arbitrage*, and that each of these capital markets has to operate in conditions of splendid isolation. We need a Community policy for savings to restore confidence in the value of private thrift. We need a major new initiative in the direction of the liberalization of movements of funds for investment between all the Community's main financial centres, and we look to the Commission to foster a climate of confidence in the whole structure of public and private institutions handling personal funds and applying them for the creation of wealth.

This leads me to one of the subjects on which my committee was especially concerned. We need to study the whole problem of insider trading. It is not only in London that this is a problem which has been exercising people's minds very considerably in recent years. Small investors must have confidence that certain professionals or privileged operators are not able to procure access to confidential information which will enable them often, or even always, to take profits before the general body of investors can obtain the information on which to base a sound investment policy. It is no comfort to a small saver to have legal access to company data established in national company law if, in actual practice, he — or, for that matter the management of the unit trusts through which he has put his savings to work — seems only to get the news *after* the market has moved.

The proposed directive is not on a large enough scale to take in this whole problem of insider trading and of the rules governing professional practice and independence. In the main financial centres of the Community, the codes of practice imposed by tradition and established rules of conduct do indeed provide protection to the small investor. But there have been events in the market in recent years which have given genuine grounds for concern. My committee considered the derogation from the rule established in Article 8 by Article 67 (2), which allows the management companies of unit trusts to continue their association with merchant banks or insurance companies, for example, where they already exist. Now obviously such an association must give the managements the opportunity to learn of inside information about companies or whole industries which is not generally available to the market, and certainly not to the small investor. We have to trust such individuals, and such professionals, who are engaged in this work to relate

to a basic ethical standard of conduct. I think the vast majority of them do, and they treasure and protect their reputation for integrity in the handling of confidential information.

But, if we are going to give confidence to investors all over the Community, not only in their own financial centres but in the other financial centres of the Community as well, that they can rely without reservation on the integrity of the people who live and operate regularly in the capital markets, then we do need to have a background of law which can be enforced in the event of disasters or scandals. This is by no means a simple matter. British governments of different political colours have looked at the problem and have not been able to find a satisfactory solution to it. In my committee we feel that this is not something which can be left, or should be left, simply to national governments or to semi-official regulatory systems. They may be very uneven in fact in their application and, if investors lack confidence to venture their savings overseas, then our progress towards the establishment of genuine capital market for the Community will be held back.

We do not wish to alter the Commission's proposal, which we regard as a valuable step forward. But we want to draw attention to this whole question as one of urgent concern. We consider that this is a proper subject to study at Community level, and we do not wish, as I emphasize, simply to leave it to national financial centres or national governments to find their own solution. We hope the Commission will take note of our views and will take the matter in hand.

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, it gives me great pleasure to reply to a debate on unit trusts. I, myself have already believed that they offer the best and, in many ways, the safest medium for investment for small investors. 'Safest' is, of course, a relative term in the world of investment; at any rate, I think they offer one of the best and one of the safest mediums for small investors for the reasons which Lord Ardwick described.

Mr Dalyell asked whether I could put this subject into comprehensible language which his constituents would be able to follow. I think perhaps the easiest way of doing so (and I will come to his question on the life-offices shortly) is to say that what we are talking about are referred to in normal parlance as unit trusts, though they are, of course, referred to by a variety of other names and descriptions as well. Although they obviously do provide very promising opportunities for small investors, they are not, unfortunately, equally available on the same terms in all parts of the Community.

The proposal with which we are now dealing is an effort to overcome that particular obstacle. Where

## Tugendhat

there is legislation covering their operation, this differs from one country to another, and there are, at times, quite significant differences in the extent of the protection accorded to investors in different Community countries. There are also very substantial differences in the operating environment from one country to another, and of course substantial restrictions on the free movement of units. With all these difficulties to overcome, we are embarking on quite a long-term project if we are to provide the same opportunities on equal terms to people in different parts of the Community. This is, I think, a useful first step.

The directive aims particularly to make a start with the coordination of legislation covering the structure of these organizations, the equivalence of protection, the maintenance of competition and free movement from one Member State to another.

Free movement of capital should be assisted by the coordination this measure provides, and especially when this directive is supplemented by another, currently in preparation after consultation with the Monetary Committee in accordance with Article 69 of the EEC Treaty, dealing specifically with exchange-control differences. I think one should look on the problem of exchange-control differences and the steps which we hope to take in dealing with that in conjunction with the proposals which we are dealing with now.

Perhaps this might be an opportune moment to deal with the point which Mr Dalyell raised when he asked whether we were dealing just with unit trusts or whether we were dealing with life assurance and other methods of saving as well. He mentioned the way in which the life offices are so successful in bringing in the savings of small investors in the United Kingdom. The answer is that this deals only with unit trusts. The Commission has made separate proposals about some aspects of insurance, including life assurance, and I think perhaps the easiest thing would be for me to write to him on this matter as soon as possible.

The draft resolution contained in Lord Ardwick's report begins with two non-controversial points with which I with it is easy enough for me to say that we agree. Point 3 is a more substantial one, and here the Commission shares Parliament's concern that the rules governing the marketing of unit trusts should also be coordinated. We would like to see that happen; but to include marketing in this directive would have delayed its presentation and implementation, since the differences between the rules in the Member States are so fundamental. Moreover, the coordination of marketing rules really needs to be seen in the context of all kinds of securities and not just unit trusts, and this will need a special proposal of a much wider ambit.

There is, therefore, no difference of view between us. Our opinion, however, is that we should tackle what

we can now and come on the distinct problem of marketing at a later date, though as soon as possible. That, I hope, will commend itself to the House.

Point 4 deals with the harmonization of administrative procedures. Here, again, I think it is a difference of approach, not a difference of substance. We have not considered it appropriate to harmonize such procedures, because the fixing of administrative rules relating to authorization comes within the competence of the Member State where the collective investment undertaking is situated. In view of the fact that the authorities of the Member State alone are competent to authorize unit trusts and other similar undertakings, even if the latter markets units in other States, we are here dealing with something which at the moment falls very much within the competence of national governments and it seems to us that, if we try to tackle that problem head on at this stage, we shall be sacrificing other desirable objectives.

There is also some slight difference of view between us — perhaps slightly more substantial — on the amount of fees and charges of the management company. This directive does not envisage coordinating the fees and charges that companies levy, and there are substantial reasons for doing so. First of all (one only has to look at the investment pages of newspapers to see this) substantial competition exists between the different companies organizing unit trusts and other collective investment undertakings. Indeed, if one looks at the *Financial Times*, they now take practically a whole page. The competition between the different companies involved does, I believe, go a very long way towards ensuring that their charges do not get out of line. Moreover, the charges must, of course, be published in the prospectus which is subject to preliminary approval by the competent authorities in the various Member States. So, not only do the potential investors have a chance of actually comparing the charges before they put their money in, but lest the potential investor omits to do this, the competent authorities in the various member countries indeed have the duty to give or withhold their own approval. This, I think, provides a very considerable additional safeguard.

I would like now to turn to the amendments proposed to the directive. We in the Commission can accept them all, I am happy to say, with the exception of the proposed amendment to Article 27 (2). What this proposes is to raise from 5 to 15 % the proportion of its portfolio that a unit trust may invest in other unit trusts run by the same management company. I think substantial arguments in favour of that course of action have been put forward. Really, it is a matter of balancing out the advantages in allowing unit trusts to invest in other trusts run by the same management company to the extent suggested, on the one hand, with the difficulties and dangers of doing so on the other.

### Tugendhat

I perhaps am particularly conscious of the dangers that arise from allowing cross-holdings to this extent because of some of the less fortunate experiences that we have recently had in my former constituency and in the City of London, and I think one must bear recent experience in mind when making adjustments at this point. I would put to the House the following arguments.

In the first place, a unit trust's primary purpose is to channel capital from the public directly into the securities market. The primary purpose is not to channel money from one unit trust owned by one particular company into another. Secondly, it is extremely important to ensure that unit trusts maintain a spread of risk and do not take controlling interests in companies that they invest in. I think that this spread of risk is very important; indeed, Lord Ardwick specifically referred to the desirability of the spread of risk in his speech at the outset of this debate.

I think another important point is that it is very desirable that the unit holder should be able to identify the investments held by his unit trust. This becomes progressively more difficult as mutual holdings multiply between different trusts. If the management companies are the same, there is a special danger of this happening, and that is why the Commission proposed an even lower limit of 5 % in such cases.

So, taking all these matters into consideration, the Commission feels that a general limit of 10 % is about right. We would point out that in some Member States mutual cross-holdings are prohibited entirely. Other Member States take a more flexible view. Whatever one's judgment may be — and I have made the judgment of the Commission quite clear — I think we must also be very careful not to create a situation in which there is too great a spread of practice as between one member country and another, and 10 % has the advantage of falling some way between the variations which we find existing in different Member States. In these circumstances, I think that to raise the limit in Article 27 (2) to 15 %, as recommended, would be going too far in a Community context. But I hope that the rapporteur will feel that raising the figure to 10 % and thus bringing it into line will go sufficiently far on this occasion.

Finally, to take up the particular point made by Sir Brandon Rhys Williams concerning insider trading. This is something about which the Commission is acutely worried. As he said, it is a practice which can subvert the best and potentially the safest forms of investment. It is also, of course, a very wide-ranging question which does need to be studied in very considerable detail. I am happy to say that the Commission's services have already begun discussions with the working party, indeed this began in November last under the old Commission, with a view to proposing in due course legislation to cover the whole problem

of insider trading in the interests of the maintenance of the free market. It is too early to indicate when a proposal will be coming forward, but I can assure him that the work is proceeding with as much urgency as possible.

That is the response which I would like to make on behalf of the Commission. I would merely point out in conclusion that by raising the figure in Article 27 (2) to 10 % we are bringing our proposal into line with that in Article 27 (1), so the two parts of Article 27 go together.

I am happy that my first response to a debate on a subject for which I have responsibility within the Commission should be on a matter that is important to small savers. I am happier still that it should be a matter on which there is such a wide measure of agreement between the Commission and the Parliament.

(Applause)

**President.** — I call Lord Ardwick.

**Lord Ardwick, rapporteur.** — Mr President, perhaps you would guide me on procedure. What I would like to do quite simply is to accept the proposal change to Article 27 (2) and perhaps to move all the amendments *en bloc* as they are accepted by the Commission and there are no other amendments on the table.

**President.** — I would point out that no amendments have been tabled. Following the statement made by the rapporteur, I think the Commission is aware of the lines along which it can establish a final text.

I put the motion for a resolution to the vote.

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

### 13. Allocation of speaking-time for the joint debate on fishery resources

**President.** — Yesterday Parliament decided, pursuant to Rule 28 of the Rules of Procedure, to limit speaking-time for the joint debate on fishery resources (Docs 534/76 and 474/76). Speaking-time is allocated as follows:

Socialist Group	36 minutes
Christian-Democratic Group	30 minutes
Liberal and Democratic Group	17 minutes
Group of European Progressive Democrats	12 minutes
European Conservative Group	12 minutes
Communist and Allies Group	12 minutes
Non-attached Members	5 minutes

### 14. Agenda for the next sitting

**President.** — The next sitting will be held tomorrow, Wednesday, 9 February 1977, at 10.00 a.m. and 3.00 p.m., with the following agenda:

<sup>1</sup> OJ C 57 of 7. 3. 1977.

- Question-time ;
- Joint debate on the oral question to the Council and the Kofoed report on fishing ;
- Oral question, with debate, to the Council on the North-South dialogue ;

- Oral question, with debate, to the Council on the discharge of titanium dioxide at sea ;
- Kofoed report on sardines.

The sitting is closed.

*(The sitting was closed at 8.20 p.m.)*

## ANNEX

*Question which could not be answered during Question-time, with written answer*

*Question by Mr Dondelinger to the Commission*

*Subject : Application of secondary Community legislation*

Is the new Commission prepared to supply Parliament with a list of all directives and regulations whose application is behind-hand in the Member States ?

### *Answer*

As regards regulations, these are binding in their entirety and directly applicable in all Member States from the time when they enter into force. There is therefore no question of Member States being 'behind-hand' in applying them.

As regards directives, I would refer the Honourable Member to reply which was given to Mrs Dunwoody's question No H-182/76.<sup>1</sup> I would add that the Commission reviews the application of directives by Member States from time to time. Such a review is about to take place. I would prefer to answer the Honourable Member's enquiry in the light of the results.

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<sup>1</sup> Debates No 210, page 147.

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## IN THE CHAIR : MR SPÉNALE

*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 ?

I call Sir Derek Walker-Smith.

**Sir Derek Walker-Smith.** — Mr President, may I respectfully request a correction of the minutes on the regulation on the European Cooperation Grouping on page 18 of the English text. This correction has been agreed to by Mr Martens who was then in the chair and Mr Broeks who was the rapporteur. The matter was complicated and there is no blame attached to the fact that the minutes do not in fact get the right sense of what was decided. The correction should be in the second paragraph of that minute.

The words

back to the Legal Affairs Committee, as the committee responsible, and

should be deleted and the minutes should read

The report was referred to the Committee on Social Affairs, Employment and Education for its opinion on the basis of Rule 29 (5) with a fixed time-limit.

There is a consequential amendment about 6 lines further down. The paragraph should read

On a proposal from Sir Derek Walker-Smith, Parliament decided that the committee consulted should submit its conclusions to Parliament in time for the May 1977 part-session.

I would be very grateful Mr President if that correction can be made on the minutes before they are adopted.

**President.** — Since I was not in the Chair yesterday evening, I leave it to Parliament to decide.

Are there any objections to the correction requested by Sir Derek ?

The proposed correction is adopted.

Are there any further comments ?

The minutes of proceedings thus corrected are approved.

2. *Question Time***President.** — The next item is the continuation of Question Time (Doc. 551/76). We shall begin with the questions addressed to the Council. The President-in-Office is requested to answer these and any supplementary questions.

I call Question No 21 by Sir Geoffrey de Freitas :

What is the present state of ratification by Member States of the Act providing for direct election of the European Parliament ?

**Mr Tomlinson, President-in-Office of the Council.**

— The decision on the election of the representatives of the Assembly by direct universal suffrage provides that the Member States shall notify the Secretary-General of the Council of the European Communities without delay of the completion of the procedures necessary in accordance with their respective constitutional requirements for the adoption of the provisions annexed to this decision. To date the Secretary-General of the Council has not received any such notification from any Member State relating to the text adopted scarcely 5 months ago. Nevertheless, the Council is aware that in a number of Member States preparations have been made for initiating these procedures or that in some cases these procedures are already under way.

**Sir Geoffrey de Freitas.** — Many of us are aware of the legislative congestion in the British Parliament and fear its consequences. Does the President-in-Office realize that it will be very difficult to forgive the British Government if they are responsible in any way for the failure to have next year a democratically elected European Parliament ?*(Applause from the European Conservative Group)***Mr Tomlinson.** — It is not at this stage possible to say precisely when the British Government will be able to introduce this legislation. But speaking as a United Kingdom minister, I can say that the British Government intends to proceed with the necessary legislation in good time to meet the deadline and that reassurance was given to the House of Commons on Monday night of this week in a debate.**Mr Hamilton.** — No such assurance was given in that debate and we would like the minister now to take this opportunity, if he has not already done so, of reading very carefully the speech made by Mr John. He gave no such indications and it would be a very sad day if we, as democrats in Britain, refused for one reason or another to meet this deadline. We either believe in democracy and democratic elections to this European Parliament or we don't and I hope the British Government will be very forthright about this. For our part some of us are prepared to help the Government by cutting the throat of the Devolution Bill.*(Laughter)***Mr Tomlinson.** — What I said was that speaking as a United Kingdom Minister, I can say that the British Government intend to proceed with the necessary

## Tomlinson

legislation in order to meet the deadline that has been set.

**Mr Dalyell.** — While regretting, as well I might, any delay in direct elections, may I ask the President-in-Office to explain in as detailed terms as he can that there are some of us in the House of Commons who would accept the non-passing of the Direct Election Bill if that was the only way to stop the break-up of the United Kingdom and this preposterous Devolution Bill?

*(Cries of 'Hear, hear')*

**Mr Tomlinson.** — Speaking as a United Kingdom Minister I obviously take note of what the Honourable Member says.

**Mrs Dunwoody.** — Is the President-in-Office of the Council aware that, far from bending to the degree of hysteria which is occasionally demonstrated by British Members, we hope that he will take sufficient time to ensure that any direct election process is based on a proper democratic system, and that any attempt to telescope either the examination of the machinery or the creation of properly founded constituencies would be the very opposite of contributing to the democratic process and would be bitterly resented by the people of Great Britain?

**Mr Tomlinson.** — Speaking as a United Kingdom minister, I can tell this House that I am quite aware of the Queen's speech commitment of the government and I am equally aware of our obligation to use our best endeavours to get legislation through the House of Commons.

**Mr Tomney.** — The British Government has an obligation in this matter. We have over a number of years treated this Assembly with what I term a certain amount of liberty. We had a referendum forced on us by the opponents of the market, and to their great surprise the country was greatly in favour of Britain's entry into the Common Market. We now have reached the stage where we have to ratify that will on behalf of the British public. And we do not intend to delay it beyond 1978. I have read the debate in Hansard on Monday and, quite frankly, the Minister from the box did not promise direct elections in 1978. He evaded the question to the best of his ability. We have contractual obligation in international politics, and the world is waiting for the consolidation of Britain's entry and free elections throughout Europe. And what is more we demand it.

*(Applause from the European Conservative Group)*

**Mr Tomlinson.** — Speaking as a United Kingdom minister, I obviously note what the honourable Member has to say, and I reiterate that the United Kingdom Government is fully aware of its obligations

and is fully aware of the commitments that have been entered into.

**Mr Seefeld.** — *(D)* Mr President of the Council, do you know of any countries other than the United Kingdom in which problems might arise, or are there indications anywhere else of complications which might jeopardize the holding of the elections in May — June 1978?

**Mr Tomlinson.** — As the moment I am aware of no difficulties and, as I said in my original answer, to date the Secretary-General of the Council has not received any such notification from any Member State relating to the texts which were adopted barely five months ago.

**Mr Jahn.** — *(D)* May I put a perfectly straight question: does the President know in which countries or in which country ratification proceedings have in fact already begun?

**Mr Tomlinson.** — Certainly in Germany but apart from that I have no other knowledge.

**President.** — Italy also.

**Mr Waltmans.** — *(NL)* Are the difficulties about which mainly the British Members have spoken of British or European making?

**Mr Tomlinson.** — Speaking as a British minister, I have not referred to difficulties; I have said the United Kingdom Government is quite clearly aware of the Queen's speech commitment that it entered into, and is quite clear of its obligation to use its best endeavours to get legislation through in time for elections in 1978.

**President.** — I call Question No 22 by Sir Peter Kirk:

What progress can the President report from individual Member States about preparations for direct elections in May 1978?

**Mr Tomlinson, President-in-Office of the Council.** — The preparation of the national provisions referred to in Article 7 of the Act concerning the election of the Members of the Assembly by direct universal suffrage is the responsibility solely of the Member States. The council is nevertheless aware that the preparation of these provisions is in progress and that they have already been put before some parliaments.

**Sir Peter Kirk.** — Would the President-in-Office stop speaking as a United Kingdom minister and speak as President-in-Office for once ....

*(Cries of 'Hear, hear!')*

.... and accept that there is an obligation on the Council to ensure that the decision of the Council of 20 September 1976 is carried out in time, that it is the

**Kirk**

Council's duty to see that governments carry it out in time, and that he is exceptionally well placed to make sure that the one country which is lagging behind does not lag behind any longer?

*(Cries of 'Hear!, hear!' from the European Conservative Group)*

**Mr Tomlinson.** — Can I say that the Council has done its duty; the matter is before each Member State to ratify. I think the honourable gentleman, before he chastises me about the capacity in which I speak, perhaps ought to take some regard of the nature of the questions that were directed to me, which were of particular pertinence to a particular Member State, not within the competence of the Council.

**Mrs Dunwoody.** — Quite right!

**Mr Dykes.** — Will the President-in-Office agree that, whilst his difficulties are understandable his answers so far are insufficient for this House, and that he has not provided enough reassurance *vis-à-vis* the incompetent hesitation of one member government, namely that of the United Kingdom?

Bearing in mind that the process in Britain could, for constitutional reasons, be slightly longer at least than in most of the other Member States, does the Minister not agree with me that it is deplorable that the necessary legislation has not yet been published or, indeed, that no date has yet been given for the publication of the relevant bill? Will the Minister now acknowledge this and say when he expects the British bill to be published?

**Mr Tomlinson.** — I cannot agree with the honourable gentleman. I do not accept that the information that has been given is insufficient for this House, and I will not agree with the conclusions to which he comes.

As I have said time and time again this morning, the British Government fully accepts the obligation that it quite clearly entered into in the Queen's speech commitment, and fully understands and accepts the obligation of the best endeavours commitment into which it has entered.

**Mr Fletcher.** — Has the Council given any special consideration to reaching broad agreement among the Member States as to how the peripheral areas of the Community might be represented here after direct elections? I know that the distribution of seats is very much a matter for the individual Member States, but I would like to know if the United Kingdom Government is giving any lead by weighting the distribution of seats, within the United Kingdom in favour of Wales, Scotland, Northern Ireland and the north of England, for example?

**Mr Tomlinson.** — No, Sir, that is a matter for the internal affairs of each Member State. The Council

have agreed on the distribution of seats between Member States, and for the first election, the matters to which the honourable gentleman referred are matters for the internal decision-making of the Member States themselves.

**Mr Johnston.** — Is the President-in-Office aware of the report that it is widely current in this Assembly at the moment to the effect that the Members of this House from Northern Ireland are to be elected by proportional representation? If this is true — and the Minister might seek the opportunity of confirming or denying it — it would be widely welcomed in this House, since that alone would ensure fair representation of that divided Community. If it is true, it would make the election of the other Members of the United Kingdom delegation by non-proportional means even more unjustifiable, and indeed absurd.

**Mr Tomlinson.** — If I spent my life commenting on every report that circulated in the Parliament, I would never do anything constructive with the remainder of my time. I am not aware of the report, and I have no comment to make on it.

*(Applause)*

**Mr Lenihan.** — I have no wish to get into any hassle with regard to internal United Kingdom politics ...

**Mrs Dunwoody.** — Very wise!

*(Loud laughter)*

**Mr Lenihan.** — ... but I regard the question of direct elections in Northern Ireland as not being entirely without the compass of United Kingdom politics. Could I put it to the President-in-Office that the might indicate to the United Kingdom Government that in the particular circumstances obtaining in Northern Ireland, with its divided community, a system of proportional representation operating there would give full representation to the Communities in that part of Ireland, and that whatever is done in the United Kingdom in regard to a system of election, because of the particular circumstances of Northern Ireland, a system of proportional representation should obtain there?

**Mr Tomlinson.** — I am sure the honourable Member of this House would be astounded if I did anything more than take note of the interesting observation that he has made.

*(Laughter)*

**Mr Berkhouver.** — *(NL)* I do not wish to comment on Member States' internal policy nor on reports which have been published in the Member States, but personally and as a politician, I should like to ask Mr Tomlinson if he does not agree with me that in the direct elections to the European Parliament we must avoid wasting a large number of votes.

**Berkhouwer**

We can best avoid such a waste of votes by introducing a system of proportional representation, and will this proportional representation not be in the long-term interest of the political parties in the Member States, notably in the United Kingdom, with a view to a fair distribution of the seats allotted to each of our countries?

**Mr Tomlinson.** — For the first election the arrangement of the election is purely a matter for the decision-making process of the Member States. For subsequent elections, it is for this Parliament to make its proposals, and obviously each of the Member States and the Council above all will be looking forward with interest to such proposals as and when they emerge.

**President.** — I call Question No 23 by Mr Seefeld :

Will the Council consider within the first six months of 1977, with a view to its adoption, the Commission's amended proposal for a directive on the harmonization of laws relating to vehicle driving licences, on which the European Parliament gave a favourable opinion in September 1976 (OJ No C 238, 11. 10. 1976, p. 43)?

**Mr Tomlinson, President-in-Office of the Council.** — The Council has noted the European Parliament's favourable opinion on the amended Commission proposal concerning the harmonization of the laws relating to vehicle driving licences. The Council's subsidiary bodies have already begun, and are pursuing, the necessary preparatory work for the examination of this proposal by the Council. However, it is not possible at the present juncture to say when the proposal can be submitted to the Council for adoption.

**Mr Seefeld.** — (D) Mr President of the Council, can you confirm that your colleague, the British Minister of Transport Mr Rogers, is prepared as current President of the Council to take special steps to achieve progress in transport policy as a whole, that he is willing to do so even outside official Council meetings, and that especially in this particular case he will spare no effort to bring about a Council decision as soon as possible?

**Mr Tomlinson.** — This is a very important and very complicated decision which has serious ramifications affecting the citizens of Member States of the Community. Discussions are continuing. They are highly complex and I cannot give the honourable Member the assurance for which he is looking.

**Mr Osborn.** — The President of the Council of Transport Ministers has indicated that there are very few Council meetings in a year. I think it is only four. Is the President-in-Office satisfied with the number of times they come together? With regard to this particular measure I agree with the President-in-Office

that at the moment there are many items unresolved. There were many issues after the debate which were the subject of written questions and correspondence with the Commission, who have been most helpful, but in particular may I ask to what extent an infringement in another member country would deprive a driver, for instance, of the right to drive in his own country? These are the sort of issues that must be clearly resolved and adequate publicity about them must be given in the member countries.

**Mr Tomlinson.** — Dealing with the last part first, can I say to the honourable gentleman that this is an entirely different question. I think he should table a separate question on this matter. However, with regard to the first part of this question, I do not think this Parliament would expect any of the specialist Councils to meet more often than the amount of work on which they can come to a reasonable conclusion would justify, and I am quite satisfied with the programme of work the Transport Ministers have during the forthcoming months.

**Mr Cousté.** — (F) Mr Jenkins told us that the Community must have a human face. Now this is the very area in which we could strive to achieve this in a very tangible way. Therefore, Mr President-in-Office, I would ask you if, despite the complexity of the matter, the Council intends to give priority to the proposals made by this Parliament in this field, which were unanimously adopted in September 1976?

**Mr Tomlinson.** — I cannot see that this is a matter of priority, it is a serious technical question which is receiving continuous attention. If I may just make a personal observation, I would be surprised if, when people are thinking in terms of the Community having a human face, they see the greatest manifestation of that humanity necessarily coming from this direction.

(Laughter)

**President.** — Admittedly the procedures forming part of any more or less common system would be of an essentially technical nature, but the desire to see such a common system introduced as soon as possible comes under the heading of political resolve. That is what Parliament felt.

**Mr Couste.** — (F) Hear, hear!

**President.** — I call Question No 24 by Mr Cousté :

Having regard to the renewal of the arrangement between the ECSC and the major Japanese iron and steel firms to limit steel exports to the EEC, what proportion of such exports will not be controlled owing to the fact that small and medium-sized undertakings are not parties to the agreement, notably as regards certain types of steel whose sale in Europe is especially sensitive? Could the Council state what action it proposes to take to supplement the arrangement reached?

**Mr Tomlinson, President-in-Office of the Council —**

I can assure the honourable Member that the appropriate Community authorities have followed the problem of the development of trade relations between the EEC and Japan with all due care. Thus the Commission, working closely with the Council, has met the Japanese authorities a number of times to study, amongst other things, the problems referred to by the honourable Member. In this field the Commission was assured by the Japanese authorities that total Japanese steel exports for 1977 should be such as to occasion no damage to the Community. This applies both to quantities and structure. The Community will continue to follow the development of the situation closely, with a view to ensuring that any development prejudicial to the Community is avoided.

**Mr Cousté. — (F)** I must say that the Council's reply is not satisfactory. I wish to know whether the part not covered by the agreement will be covered eventually. In fact, this part relating to steel represented some 44 % of exports in 1976; you cannot limit yourself to concluding agreements only with the large undertakings. All undertakings must be parties to the agreement on the limitation of steel sales in 1977. This problem is not only economic: it has repercussions on the social and employment situation in our Community. It is a problem of vital importance.

**Mr Tomlinson. —** I am sure that the honourable Member will understand when I say to him that the contacts made with the Japanese have been fruitful here and I hope that he will be prepared to wait and see the outcome of these very wide-ranging contacts, which we hope will come to a useful successful conclusion.

**Mr Osborn. —** Will the President-in-Office bear in mind that in our country the centre of the special steel industry happens to be Sheffield and his reply deals with the overall picture involving bulk steels. Would he therefore take steps to ensure that both he and the Commission bring together the smaller undertakings, the special steel manufacturers, so that the overall picture applies to both bulk and special steels?

**Mr Cousté. — (F)** Hear, hear!

**Mr Tomlinson. —** If I may just be allowed a personal observation, as a former Councillor for a ward in the city of Sheffield, I am fully aware of the importance that the honourable Member attaches to the interests of that city.

*(Loud laughter)*

May I say that, in addition to the extension into 1977 of the voluntary export restraint being exercised by the major Japanese steel producers, the Japanese have given reassuring forecasts of the level of shipments from the smaller producers this year. I am sure that

the honourable Member will find some satisfaction in that situation.

**President. —** I call Question No 25 by Mr Nyborg:

When does the Council expect Greek membership of the EEC to become a reality?

**Mr Tomlinson, President-in-Office of the Council.**

— After a formal opening session on 27 July 1976 and a meeting devoted mainly to procedural matters on 19 October 1976, the negotiations for the accession of Greece to the Communities turned to questions of substance at a meeting at deputy level on 10 December 1976. A further meeting was held on 31 January 1977. As regards the timetable for conducting these negotiations, it was agreed on 19 October that one ministerial meeting would be held every quarter and one meeting at deputy level every month, on the understanding that the timetable could be speeded up if need be. It was also agreed between the Community and Greece that initially the various meetings should concentrate mainly on drawing up a list of the existing problems and positions, so as to have an overall view of the main aspects of the negotiations. Solutions would only be sought in a second phase of the negotiations. The honourable Member will understand that at this juncture the Council is not in a position to indicate the date of the entry into force of the Accession Treaty between the Communities and Greece.

**Mr Nyborg. — (DK)** When Parliament debates shipping, we also discuss what will happen when the Greek merchant fleet enters the scene. When we debate agriculture, the economy, etc., we also ask when Greece will come into the picture. I must unfortunately state that I know as much now as I did before the reply to my question. It is all very well to say that the Council cannot give any date, but it would greatly help us in our deliberations if we could know whether it was a question of five, 10 or 15 years.

**Mr Tomlinson. —** The question the honourable Member asks is when we expect Greek membership to be a reality and unfortunately the negotiations have only just started. The situation is vague. It is uncertain.

I have given this House as much information as I possibly could on what are very complex and very difficult negotiations. There is no easy answer just because the question happens to be very simplistically phrased.

**Mrs Dunwoody. —** Is the President-in-Office aware that in his speech yesterday the President of the Commission appeared to be throwing a certain amount of doubt on the time and the conditions of the accession of Greece to the Community? Will there be a very clear statement to the Greek people of the length of the accession period needed from their

**Dunwoody**

own point of view before they can actually expect to be full members of the Community?

**Mr Tomlinson.** — Obviously I cannot speak for the Greek Government, but I think it would be opportune if I reminded this House of what the President-in-Office said when he attended this Parliament last month. In his speech to Parliament he emphasized the strong political importance that the Council attached to the whole question of Greek membership. And I do not think I could do anything better than re-emphasize the words of the President-in-Office last month.

**Mr Lagorce.** — (*F*) Mr President-in-Office, I would have liked to ask the same question concerning Spanish membership of the Community, but after the reply which you have given to Mr Nyborg, I think that you would consider this question at the very least premature.

**Lord Bethell.** — Will the President-in-Office undertake to come before this Parliament in the future to give an interim report on the progress of negotiations about Greek entry? Those of us who are particularly interested in this problem find it very difficult to discuss it with our Greek colleagues when we have very little information about how the discussions are going, what derogations are being asked for on the Greek side and what the general timetable is in discussions between the Council and the Greek Government.

**Mr Tomlinson.** — The President-in-Office will obviously come before this Parliament and answer any questions that he is asked to the best of his ability. That applies to this as to any other question. There can be no doubt that we will try to give the most forthcoming reply possible to any question that we are asked in this House.

**Mr De Clercq.** — (*F*) Does the Council not consider that the generalized approach with regard to the enlargement of the Community must be rejected, in view of the different links which exist between the Community and the countries concerned?

**Mr Tomlinson.** — I think that that is a totally different question and opening up far wider implications than the original question that was submitted. I think it would have to be tabled separately for the Council to give a considered answer to it.

**President.** — I call Question No 26 by Lord Bethell.

Will there be a meeting of the Council of Environment Ministers before the end of June 1977?

**Mr Tomlinson, President-in-Office of the Council.** — It is intended to hold a meeting of the Council of Environment Ministers before the end of June 1977 and work is proceeding with this end in view.

**Lord Bethell.** — The House will very much welcome that news. However, I hope we will be forgiven a certain amount of scepticism due to the fact that, around this time last year, we were also promised by the President-in-Office of the Council that there would be a meeting of the Environment Council in the first six months of 1976.

This meeting did not take place, with the result that there is a very large backlog of proposals up for consideration.

Will the President-in-Office undertake to give special attention to this backlog of proposals which are yet to be seriously considered and legislated upon?

**Mr Tomlinson.** — I would be the last person to try to dissuade anybody in a parliament from having a healthy degree of scepticism. What I have said is that it is the *intention* of the Council to hold a meeting, but of course I must say that there is no point in holding a meeting of the Council of Ministers unless there is something worthwhile to discuss or something ready for adoption. We hope that that will be the case; it is our intention to try to hold a meeting of the Council of Environment Ministers before the end of June 1977.

**Mr Johnston.** — Would the President-in-Office agree that the problem of saving Venice is a very good example of something which requires urgent European initiative? May I ask whether he knows whether that item is on the agenda?

**Mr Tomlinson.** — As this House knows, the Council will respond to proposals from the Commission and I am personally not aware of any proposal from the Commission on that subject, important as it is.

**Mr Jahn.** — (*D*) This week the Commission has announced its programme for the current year. I should like to ask the representative of the Council whether the Council will waste no time in passing this programme, which will be submitted to us in the next few days and which it is to be hoped Parliament will be able to accept, and whether the Environment Ministers will place this programme, containing as it does specific proposals for health protection, consumer protection, etc, as the first item on the agenda.

**Mr Tomlinson.** — Obviously I have read the speech which the President of the Commission delivered to this Parliament yesterday. It will obviously receive the important consideration that it merits at all levels within the Community, but I cannot at the moment see that it has any major ramifications which could justify the immediate convening of a meeting of the Council of Environment Ministers.

**President.** — I call Question No 27 by Mr Osborn :

What urgent action does the Council intend to take to implement the energy and fuel oil recommendations of the OECD on 27 January 1977, in conjunction with OECD member countries and within the European Economic Community ?

**Mr Tomlinson, *President-in-Office of the Council.*** — I should like first to draw the honourable Member's attention to the fact that, while the Community maintains a very close relationship with the OECD, it is not a member of that organization and in these circumstances is not called upon to implement its recommendations. The document to which the honourable Member refers, and which I presume is the OECD report on the world energy outlook, will of course supplement the background material at the disposal of the relevant Community bodies and will, I feel sure, be of value to the Community in its discussions on energy questions.

**Mr Osborn.** — The President-in-Office must be aware that the message from that survey is that oil and natural gas will at best be expensive and at worst scarce by the turn of the century and that recent experience in the United States of America provides a vivid example of the dangers. This report underlines the views expressed by Mr Brunner in the excellent debate on the Giraud and Guldberg reports stressing the need for pricing energy at world market levels, transportation efficiency, energy conservation and alternative supplies. Is there not a need for the Heads of State of the Nine, the International Energy Agency as well as OECD member countries to take concerted action ? This is not to deny the fact there is a need for the Heads of State and Energy Ministers of the Community to look at these problems and propose action that will prevent us being cold in the next generation.

**Mr Tomlinson.** — The Council recognizes that energy conservation is of great importance. By its resolution of 17 December 1974 it adopted the objective for the Community as a whole of reducing the growth rate of energy consumption by 15 % in 1985 compared with the 1973 forecast for that year.

Mr President, speaking as a United Kingdom minister, I serve on a committee established by the government where we have a minister from each department of state meeting together on a regular basis to consider the whole question and I am sure similar action is being taken by other Member States to fulfil the decision by resolution of the Council of Ministers of 1974.

**Mr Hamilton.** — Does the President-in-Office agree that, if we are to develop the predominantly UK resources of oil and coal, the most important problem to be faced is not so much the minimum floor price as the enormous investment requirements which can

only be met on a European basis ? And will he ensure that the British Government and all other governments take that question into account ?

**Mr Tomlinson.** — I obviously note the interesting observation that the honourable Member has to make. Quite clearly Member States and the Council take all factors into account in this highly complex problem of energy and the need for energy conservation.

**Mr Normanton.** — Would the President-in-Office not agree that there is an increasing sense of disillusionment with the effectiveness and appropriateness of the International Energy Agency ? Would he not agree also that it is high time that Europe itself had its own powerful, effective and constructive organization in the form of an energy agency ? And what action or what view is the Council taking on this burning issue ?

**Mr Tomlinson.** — That question in no way arises in connection with the question on the order paper but, if I were to enter into the realms of other questions and answer it, my inclination would be to say that I in no way agree with the comments that the honourable Member has made to this House.

**President.** — I call Question No 28 by Mr Dykes :

What progress has the Council of Finance Ministers made in establishing the contribution the Community can make to greater exchange rate stability ?

**Mr Tomlinson, *President-in-Office of the Council.*** — As you know, in 1972 a Community exchange system was created which limited fluctuations in Community currencies in relation to each other. This system was not able to withstand the numerous monetary crises and certain Member States decided to let their currencies float freely. Other Member States, however, have maintained close exchange rates between their currencies. Recently, new suggestions have been made to the Council designed to bring closer together the policies of the Member States with regard to exchange rates. These measures are currently being studied by the Council, which can be relied on to make every effort to ensure greater stability in exchange rates, both between the currencies of the Member States and on a world-wide basis.

**Mr Dykes.** — If, as the President-in-Office was inferring, we may possibly — and this is just a hope rather than the product of evidence — be entering a period of greater convergence — which is certainly feasible — and therefore of more stable and calmer currency conditions, would he hope that those tentative proposals might now lead, over the next year or so, to the reconstruction of the snake system — perhaps on a different basis — with the three missing Member States coming back in, particularly France, and also

**Dykes**

with some reasonably stable relationship to the dollar and the yen?

**Mr Tomlinson.** — The Council is currently studying ideas on exchange rates which arose from the initiative of Mr Disenberg, the Netherlands Finance Minister. These proposals which were put forward in July last year, are suggestions centred on the creation of a framework for cooperation and coordination of the exchange rate policies of all Member States and the concept of target zones. These considerations are proceeding and, I believe, will prove to be very beneficial to all concerned.

**Sir Brandon Rhys Williams.** — May I say how encouraged we are by the Minister's reply? Does he realize what a tonic it would be for the revival of employment and confidence in investment, if we could achieve a realistic monetary agreement for Western Europe as a whole, such as that proposed by Mr Duisenberg, not one setting targets like rejoining the snake, which are difficult to attain, but one establishing civilized rules for management of a multi-currency system for the Community and non-member States with linked economies alike, which can be widely accepted and put into practical effect forthwith?

**Mr Tomlinson.** — I take note of what the honourable Member has said. Obviously all these points form part of the consideration of the proposals put forward by Mr Duisenberg.

**President.** — We now turn to the questions addressed to the Conference of Foreign Ministers. The President-in-Office is requested to reply to these and any supplementary questions.

I call Question No 29 by Mr Berkhouwer:

At the United Nations on 20 December 1976, five of the nine Member States voted in favour of a resolution concerning Rhodesia, but Belgium, France, the Federal Republic and the United Kingdom abstained. Why did the Conference once again fail in this case? And to take another specific case: What is the situation as regards the establishment of diplomatic relations between the Member States of the Nine and Cambodia?

**Mr Tomlinson, President-in-Office of the Conference.** — The presidency regrets that it is unable to reply to the honourable gentleman's question, the first part of which concerns a matter on which the Nine do not have a common position and the second part of which concerns the individual policies of Member States. In this connection, the Presidency would draw the honourable gentleman's attention to the conditions governing replies to questions on political cooperation matters which were set out in Mr Thorn's letter of 10 May 1976 to the President of Parliament.

**Sir Geoffrey de Freitas.** — Without in any way expecting that the Nine can have agreement on all matters at the United Nations, can the President-in-Office give us some encouragement about the degree of consultation that there is in fact between the delegations at the United Nations?

**Mr Tomlinson.** — Yes, I can give this House absolute assurance on the degree of consultation and cooperation that does take place.

**Mr Johnston.** — Could the President-in-Office indicate whether the Council has yet had any discussions with the new American Administration concerning policy in Rhodesia and Southern Africa generally, in view of the great importance of coordinating Western policy in this area?

**Mr Tomlinson.** — As this House will appreciate there are regular contacts between member nations and the new American Administration. As for the Council, as such, I am not in a position to give any assurance that they have taken place.

**Mr Spicer.** — The President-in-Office will no doubt have read of the recent horrifying massacre of seven missionaries in Rhodesia. Can he give an undertaking that this Community will on no account enter into negotiations with any country for any association agreement with the Community which is prepared to harbour, succour, aid and assist the brutal people who are involved in murders of this type?

*(Cries of 'Hear, hear!')*

**Mr Tomlinson.** — While everybody in this House, as in the Council, takes these reports most seriously and is shocked and horrified by their content, I must say to the honourable gentleman that that particular question does not arise in this particular case. But I am grateful to him for raising it so that this House has the opportunity of saying here how shocked and horrified it is by the reports that are circulating.

**Mr Molloy.** — May I ask the President of the Council whether he does not agree that there may be far worse to come than the terrible, horrifying things that Mr Spicer has related, unless this Community and the United States as well as Great Britain try to get to grips with the real problem; that it is quite useless to try and negotiate any more with Mr Ian Smith, who has cheated all along the line, and that the fact of the matter is that it would be quite wrong and disgraceful for us in this House to express our genuine shame and horror, as outlined by Mr Spicer, knowing that if we are not going to condemn Smith and Co., there will be far more horrifying things to come?

*(Mixed reactions)*

**Mr Tomlinson.** — As I said in reply to the earlier question, obviously this does not arise from the question under consideration in this House, but I think it is, perhaps appropriate that Members have expressed their horror and condemnation here of events which can have serious repercussions for world peace.

**President.** — I call Question No 30 by Mr Spicer :

What policy approach does the Conference of Foreign Ministers have in relation to the problem of Cyprus?

**Mr Tomlinson, President-in-Office of the Conference.** — The Nine believe that the intercommunal talks held under the auspices of Dr Waldheim offer the best means of achieving a peaceful and negotiated settlement to the Cyprus problem. The governments of the Nine will continue to work hard towards an early resumption of the intercommunal talks and to keep in close touch for this purpose with other interested governments. The Nine hope that the personal meeting between President Makarios and Mr Denktash on 27 January will help the two communities in Cyprus to overcome present difficulties and will lead to this early resumption.

**Mr Spicer.** — May I turn to one specific, rather small matter, but one of some importance? The President-in-Office will no doubt be aware that the Bureau of the Council of Europe overwhelmingly agreed that they did not wish the President and the Clerk of the House of Representatives of Cyprus to be invited to the opening of the new building and that that decision was subsequently overruled by the Committee of Ministers. Within that Committee of Ministers the nine representatives of this Community played a major part in overruling the wishes of the Bureau. Could he give us any explanation as to why the clear wishes of the Bureau, which made sense in the context of that opening and the difficult problems associated with Cyprus at that time, should have been overruled by the Committee of Ministers?

**Mr Tomlinson.** — Mr President, I obviously note what the Honourable Member has to say, but that is a question that really must be pursued with the Committee of Ministers of the Council of Europe. It is not an appropriate question to answer here in this Parliament in the context of political cooperation.

**Sir Derek Walker-Smith.** — The President-in-Office referred to action taken by the governments of the nine Member States, and this is of course very welcome; but would he also confirm that he is in close and continuing contact with the Commission in order to ensure that the maximum of economic incentive and persuasion can be brought to bear in this matter so that the parties come to a reasonable accommodation for the future long-term well-being of all the people of Cyprus.

**Mr Tomlinson.** — Obviously the Nine, as I have already said, have a special interest in a political settlement in Cyprus, which is an associate member of the EEC, and they have made clear their readiness to help. In expressing this readiness to help, there is obviously close contact between the Council and the Commission, as the honourable gentleman has asked me to confirm.

**Mr Patijn.** — (NL) Is the question of Cyprus due to come up in any way for discussion during the current negotiations with one of the parties involved in the conflict, namely Greece, on the accession of that country to the Community.

**Mr Tomlinson.** — No. It is not on the agenda in relation to Greek accession negotiations.

**President.** — I call Question No 31 by Mr Hamilton :

Is the Conference satisfied with the way in which signatories to the European Anti-terrorism Convention are observing its terms; has the Conference noted the almost universal condemnation of the release of Abu Daoud by the French Authorities and does the Conference not agree that this was a blatant contravention of the Convention?

**Mr Tomlinson, President-in-Office of the Conference.** — The Presidency regrets that it is unable to reply to the honourable gentleman's question, the first part of which concerns matters arising outside the framework of political cooperation and the second part of which concerns the individual policy of a Member State. In this connection the Presidency would draw the honourable gentleman's attention to the limitations on answering questions on political cooperation matters which were set out in Mr Thorn's letter of 10 May to the President of the Parliament.

**Mr Hamilton.** — Is the President-in-Office aware that I regard that answer as extremely equivocal and unsatisfactory? Does he not agree that unless all Member States strictly observe both the letter and the spirit of the terms of the Convention, then it will fail in its purpose, and will he further agree that there must be a fearless determination by all Member States to combat international terrorism and that squalid national commercial considerations should not be allowed to override that consideration? Surely the President-in-Office can give some kind of assurance on the principles that I have sought to assert?

**Mr Tomlinson.** — In view of the answer that I have given it would be improper for me even in a personal capacity to comment on the substance of the question.

**Mr Patijn.** — (NL) In view of the answers given by the representative of the Conference of Foreign Ministers, which dealt partly with questions of external

**Patijn**

policy and partly with EEC matters, does not the representative of the Council in fact consider that it is time that the right to ask questions on this matter was reviewed?

**Mr Tomlinson.** — I suggest that that is a matter pertaining far more to the business of this House than to the political cooperation machinery.

**President.** — I would point out to Mr Patijn that during the working lunch which the four Presidents will soon be having, we shall discuss this question and the way in which we must cooperate.

**Lord Reay.** — Could the President-in-Office of the Conference say what progress has been made on the study of this problem of terrorism, what the Member States can do to combat it, and what progress is being made at Community level, bearing in mind that France, when declining to ratify the European Convention on the Repression of Terrorism which was recently signed in Strasbourg by 17 nations, gave as her grounds for doing so the fact that she wishes to await an agreement at Community level?

**Mr Tomlinson.** — Yes, the question of terrorism is not one for the Community and I have nothing at this stage to add to what I have already said.

**Mr Molloy.** — May I put it to the President-in-Office with regard to political cooperation that, whilst I can understand his answers *à propos* terrorism and all that flows from it and what an evil and terrible thing it is, nevertheless when we examine what has given birth to terrorism it has sometimes been unlawful and terrorist action by a nation State? Perhaps this is one of the things that might be considered when the President-in-Office is considering the reply that you, Mr President, gave a moment ago on a re-examination of all forms of political cooperation.

**President.** — Question No 32 by Lord St Oswald is postponed to the next part-session.

Question Time is closed. I thank Mr Tomlinson for his statements.

### 3. Change in agenda

**President.** — I call Mr Cousté on a point or order.

**Mr Cousté.** — (F) Mr President, with your permission we might now consider the question put down by my Group on the North-South Dialogue. If my information is correct, the Council and Commission would be prepared to take part in this debate now. I should therefore be very grateful, Mr President, if you would consult Parliament on this proposal.

**President.** — This puts me in a difficult position. On the one hand, I am informed that Mr Gundelach, who attended a meeting of the Council of Ministers

until 5 o'clock this morning, has not yet managed to get here, so that we cannot now begin the fishery debate, and that the Commission would like to see the next items on the agenda dealt with.

On the other hand, Mr Kofoed, who has come specially from Denmark to attend this debate, must leave by 3 p.m. Lastly, the situation is further complicated by the fact that our agenda provides for a joint debate on the report by Mr Kofoed, which concerns the Commission, and an oral question by the Socialist Group to the Council.

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

**Mr Fellermaier.** — (D) Mr President, ladies and gentlemen, I think it is not worth our holding a debate on the problem which was given pride of place by the news agencies this morning unless the Commissioner who represented the Commission on the matter in the Council's all-night sitting can take part in the debate in this House. We cannot hold separate debates with two institutions, since the very reason we decided to have a joint debate was that both the Council and the Commission could be present. I would therefore propose that the debate be temporarily postponed and that the joint items Doc. 543/76 and Doc. 474/76 should not be dealt with until the Commissioner responsible for agriculture and fisheries is present, so that he can first hear the Group statements and then contribute to the debate whenever necessary, on the basis of his specialist knowledge.

**Mr Cousté.** — (F) Hear, hear!

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

**Mr Vandewiele.** — (NL) Mr President, I feel that on behalf of my Group I can support Mr Fellermaier's proposal. It seems to me that we cannot possibly split the debate and address ourselves to the Council while we are expecting major statements by the competent Commissioner. I appeal to Mr Kofoed, since we also need him in this important debate, and I hope that he can arrange to attend this afternoon.

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — (DK) In principle, I agree with what Mr Fellermaier said. It is imperative that the Commissioner responsible for fishery questions should be present during our debate. I would propose to you, Mr President, that we nevertheless start the fishery debate as soon as possible. As you may be aware, we have an election campaign in Denmark, and at least some of us are most keen to get home today. Lastly, may I be allowed to make a final comment and say that we are somewhat disappointed at the very limited speaking

## Nyborg

time: we have travelled 2 000 km to be allowed to speak for 4 minutes.

**President.** — I call Mr Spicer.

**Mr Spicer.** — Mr President, we certainly would give the fullest support to what Mr Fellermaier said. To have any discussion on fishing today, without the Commissioner being here, would in our view be quite pointless.

**President.** — I call Mr Shaw.

**Mr Shaw.** — Mr President, a point does arise on this matter and it is not about the wisdom of the proposal by Mr Fellermaier, but the fact of suddenly bringing forward other business and people who are expecting to speak on that business not actually being present here. I do feel that, at the very least, there should be a short pause in our proceedings to allow news of the change of business to circulate around the building so that the people involved in the next item have a chance of coming to the hemicycle.

**President.** — I call Mr McDonald.

**Mr McDonald.** — Mr President, I would hope that certainly it would be possible to take this important fisheries debate today, but can the Commission give us an indication of what time the Agricultural Commissioner is expected? Perhaps it would even be possible to start earlier than envisaged after lunch, so as to facilitate matters for Mr Kofoed and other people who want to get away this afternoon.

**President.** — I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, it is a matter of regret that Mr Gundelach cannot be present this morning, but I am sure it is fully understood by the Parliament that it is impossible for him to be here. What I am informed of is that he would be ready to participate in the debate from 3 o'clock sharp this afternoon, but that he cannot guarantee to be here before then.

If would, I suppose, be possible, though not very satisfactory, for part of the debate to take place in his absence, and for him then to endeavour to reply to it. But that is far from an ideal solution, and I hope, if it were possible, so to rearrange the business, that the debate could begin with Mr Gundelach present at 3 o'clock. I can assure the House that he will then be in a position, in responding to the debate, to give a full report of what happened on the relevant matters at the Council yesterday and during the night.

**President.** — I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — (DK) Mr President, I think that we should take account of the fact that the Commissioner is delayed. I think it is very important that this debate should be attended by the person responsible for fishery questions.

I should like to ask the President if it is possible to help us somehow. I shall be available here if I can manage to find a plane to Copenhagen during the night. Provided I can be in Copenhagen by 9 o'clock tomorrow morning, I can stay here as long as necessary. I think that we Danes have a duty to take part in this debate, and I regret that the Danish Government is not more favourably disposed towards the work of Parliament, and I hope that in return Parliament will help us so that we can get home during the night.

(Laughter)

**President.** — Ladies and gentlemen, firstly I think that we are unanimous in wishing to delay the start of this debate until the competent Commissioner has arrived. Therefore the fishery debate cannot take place before 3 p.m.

Secondly, if it goes without saying that we must not waste our time, I think that Mr Shaw is also right in saying that the Members who wish to take part in the next debate must have a chance to be warned of the change in the agenda.

This being so, I propose that we deal with the question on the North-South Dialogue after a short break, during which we can get everyone together.

Are there any objections?

That is agreed.

The proceedings will now be suspended for five minutes.

The House will rise.

(The sitting was suspended at 11.10 a.m. and resumed at 11.25 a.m.)

## IN THE CHAIR: MR BERKHOUWER

## Vice-President

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

## 4. Oral question with debate: North-South Dialogue

**President.** — The next item is the oral question with debate (Doc. 540/76), put by Mr Cousté on behalf of the Group of European Progressive Democrats to the Council, on the North-South Dialogue:

In its communiqué on the North-South Dialogue, the European Council states: The Community, for its part, is ready to make a positive contribution insofar as it is able.

Can the Council give details of the nature of its contribution and the steps it intends taking to ensure the success of the Conference?

I call Mr Cousté.

**Mr Cousté.** — (F) Mr President, it is a very straightforward question I have asked, inspired by a feeling of concern which is not simply economic but also political. We all know that, in view of the situation in the

## Cousté

industrialized and developing nations, and also because of the election of a new administration in the United States, the Conference on International Economic Cooperation was adjourned. This adjournment should not be regarded as the Conference's death-knell. Both sides must use this breathing space to take a calmer look at matters and to prepare the compromise solutions which are needed for the new international economic order we are seeking.

We are well aware that the Conference has to be concluded in the first half of 1977. But we also know — and this is what worries me — that it is vital for the industrialized nations to hold their summit meeting before then, unless the Council informs us of some change in the time-table. However, from what we hear from America and from the President of France — especially from his talks in Tiyadh a few days ago — it is clear that it is unlikely the industrialized nations can get together before May, probably in London. It has even been said — and I see that one or two Members are confirming this — that the summit may not be held until June. It follows that if we want this Conference to be a success we are going to have a rather tight schedule. This is the first point I wanted to make, and I hope that the Council will be able to confirm or deny what I have said about the timetable. In economic and political matters the timetable, the outward form, affects the substance.

I have one or two other points to make. In my opinion, the market in raw materials, which is of fundamental interest to the developing countries, should be organized on the basis of agreements for individual products, and these agreements would be based on stocks financed jointly by producers and consumers. We should even aim — and this is what I am getting at — at a decentralized administration of the agreements, so that they are all backed by proper financial coordination. Since the Community speaks with a single voice at the Conference, it ought to outline clearly the concept envisaged by the French government: decentralized administration hand in hand with financial coordination would imply the creation of a central fund financed by the surplus resources of the individual product funds and, if need be, by contributions from international bodies or even direct appeals for capital.

Furthermore and this is another point with regard to the organization of the raw material market — there ought to be a guarantee policy for the investments of the rich nations, so that the developing countries not only see an increase in production in important sectors, but also a diversification of production. The weakness of many developing countries lies precisely in the fact that their economy practically relies on just one or two products and is therefore particularly vulnerable. In spite of the Lomé Convention and the STABEX scheme covering a number of products, this

vulnerability is still of primary concern to the developing countries.

Lastly, and on the same subject, I feel it would be advisable — and I believe that this proposal from our Group will gain the support of the House — if, in the case of certain products and certain developing countries, we examined a system to stabilize export earnings which covered more countries than the STABEX scheme and a wider range of products than the Lomé Convention. I hope the Council will adopt this concrete proposal.

Let me now go on to the second and very delicate problem of the increasing indebtedness of the developing countries. I feel that we have to find a solution to this, as it is now giving real cause for concern. As any general solution writing off all debts is out of the question, we really ought to look at the position of each country in turn and work out a suitable solution for each of them. In other words, a general solution is not the answer, as this would only undermine confidence; we have to work towards individual solutions, country by country, based on the actual situation of both the debtors and the creditors.

In addition, we ought to reaffirm unambiguously and formally — and the European Council — leaning this way in its views on the North-South dialogue — that government aid from the rich countries should equal 0.7 % of their gross national product. This is what the developing countries are asking for.

Finally, and this is the third point I wish to make with regard to the content of the negotiations, we must reject the concept of a generalized system of index-linking. As far as international economic relations are concerned, I feel this is an absurd and unrealistic idea.

We know that such a general system would lead us onto shaky ground right from the start, since each individual case should involve exceptions. At the same time, however, we would be undertaking, in the case of individual product agreements, to review prices periodically in the light of various fluctuating factors.

With a view, moreover, to protecting the financial resources of the oil-exporting countries — I am thinking particularly of Saudi Arabia and its role, now and in the future, in the North-South dialogue — it would not be unreasonable for us to have a look at financial and fiscal terms which would guarantee them greater security.

Let me sum up briefly what I have said, Mr President. With regard to the form of the negotiations, I should like an answer from the Council on the problem of the timetable; and as for the content, I should like some answers to the questions I have asked, while reserving the right to speak again if need be.

**President.** — I call Mr Tomlinson.

**Mr Tomlinson, President-in-Office of the Council** — Mr President, I am very pleased that Mr Cousté has put this question to the Council. It allows me to take stock of the important question of the North-South Dialogue and to bring up to date what my distinguished predecessor, Mr Brinkhorst, said on 15 December last year when delivering his report from this platform on the European Council Meeting at the end of November. The hope expressed by Mr Brinkhorst that the European Parliament would give all necessary attention to the preparation of the North-South Dialogue has thus been realized. Like you, I am glad.

Since then, and because of the uncertainty at that time, the ministerial session has been postponed by common agreement between the two sides. But 'postponed' does not mean simply put off. The spirit in which the institutions of the Community were invited to continue their work was defined by the European Council. If I may quote :

The Community attaches the greatest importance to the success of the North-South Dialogue and is prepared to make as positive a contribution as it can to the extent that developments in its own economy permit.

This conclusion has been, and will remain, the basis for our approach and for our determination. Some problems of procedure, the timetable and preparation of the ministerial session, and some questions of substance, such as the finalization of the position of the Community and the industrialized countries, will have to be resolved as a prelude to the resumption of work.

In this connection, Mr President, I should like to make two remarks. First of all it goes without saying that, if the ministerial session is to be successful, there must be a real prospect of progress on the matters of substance. This means that the Community and its partners in the Group of Eight will have to be prepared to make a certain effort. It also means that we expect the same from our friends in the Group of Nineteen. The views which can be expressed at this stage, regarding the resumption of the dialogue must however necessarily be of a preliminary nature and will need to be somewhat flexible. There are still a number of uncertain factors including the following : firstly the position of the new United States' administration, which must have time to re-examine the situation ; secondly, the views of the Group of Nineteen which we shall also have to take into account ; thirdly, the development in the international situation since this matter was reported to the Parliament last December.

Mr President, that date of the next ministerial session will of course be fixed by agreement between those taking part. In our view, an appropriate time to hold the ministerial conference might be around the end of April or the beginning of May. We consider that such

a date would take into account the probable wish of dialogue while leaving the new United States' administration sufficient time to study the matter' We think that all those taking part in the conference will understand that our American friends should be allowed this period of time in the interests of a successful conclusion to the negotiations. This date would also make allowance for other international schedules and, in particular, for the European Council which is planned for 25 March. But the Community remains open on this question of the date.

Mr President, as regards the Community's position on matters of substance, it is difficult for me to give you any precise information at this stage. Work is continuing within the Community in parallel with the consultations which are in progress with the United States' authorities, with the new Japanese government and with other members of the Group of Eight. At our meeting yesterday we held detailed discussions, which the Council intends to finalize at its meeting on 8 March in preparation for the European Council meeting of 25 March. In any case, the Parliament will certainly understand that a public debate would scarcely be a suitable occasion for the disclosure of details of the negotiating position. I should like to suggest therefore, Mr President, that use be made, at the appropriate time, of the procedures agreed on between the European Parliament and the Council. The Presidency of the Council is at the disposal of the European Parliament to provide, it, by means of such procedures, with all information that may appear to be desirable.

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

**Mr Lagorce.** — (*F*) Mr President, ladies and gentlemen, I wish to take advantage of the opportunity offered by Mr Cousté's question to widen the debate a little and make one two comments on the subject of relations between the Third World and the industrialized nations.

First of all, let me say that if the North-South dialogue has been a failure so far, it is because the deaf are talking to the deaf. On the one side, you have the small group of developed nations who, having granted what they could no longer refuse — political independence to their former colonies — then feel they are quits with them and save their consciences further with their aid policy for the developing nations, although this is as far as they are willing to go. On the other side, you have the countries of the South who are bitterly aware that, as years go by, there is a growing discrepancy between their standard of living and that of the industrialized nations, and realize that their political independence goes hand in hand with an economic dependence which is increasingly resented, particularly when what they were calling for was a new international economic order.

**Lagorce**

The result is confrontation, and the South has been all the more insistent and demanding since it has managed to get together and present a joint approach at the negotiating table — something which has not been achieved by the developed nations, who have been reduced to defending inch by inch, but without any real coordination, what advantages they still have.

Things will go on like this until there are radical changes in the basis on which the North-South dialogue got under way and on which the industrialized nations still propose to continue. The most helpful contribution the Community could make would, I feel, be to influence the position of the industrialized nations by making them realize that the ball is now firmly in their court, that the age of aid in the form of charity has come to an end, and that there must be a new approach to relations between the rich and the poor nations of the world. The proof of this new approach must be the establishment of new-style relations in the sphere of economic cooperation between the industrialized nations and the under-developed countries. The former unilateral approach reflecting the dominance of the rich countries must be replaced by a 'contractual' approach, based on a system of reciprocal rights and duties between equal partners. This ought to enable the developing countries, firstly, to make themselves heard in the international organizations, secondly, to supervise private or public investments, and thirdly to escape from debts which are a growing hindrance to their development projects. These are the Socialist Group's proposals.

The developing countries will not have complete freedom of action if the problem of their debts remains untackled. It therefore seems advisable to write off the public debts in the case of those developing countries where the situation is desperate, or at least agree to interest charges being deferred or even waived completely. As for the developing countries which are in a slightly better position, we could possibly modify the terms of the debt so that they could make free use of the resources from their economic expansion. In this respect, a special fund to refinance the debt could perhaps be set up.

But although measures are an essential first step in development, they are not enough. The needs of the Third World are immense, and the help which the industrialized nations can provide must concentrate above all on increased technical aid and on the introduction of a compensatory system to allow the developing countries a smooth entry into the international economic system. The Third World's handicap is not only financial, but also technological, since without technological independence the developing countries will never be able to launch a development policy on their own.

On the other hand, technological aid to the Third World should be adapted to their needs, since the

technology we provide normally is geared to the needs of the industrialized nations. In other words, it is geared to world trade and is often so sophisticated that it creates few jobs.

Finally, we must not forget training, which has to be carried out on the spot. The rich countries must train instructors and then contribute, but only financially, to the establishment of training programmes. The implementation of this technology requires financial resources. This is why conventional financial aid from the developed nations with a market economy has to expand to the level recommended by the international organizations — 0.7 % of their gross national product. Here, too, the Community must set an example since so far only Sweden and the Netherlands have reached this level.

We feel that there is perhaps a need for this principle to become a reality, and the Community's role is to have it accepted by the other developed nations who are our partners in the North-South dialogue. The developed nations have now got their backs to the wall — just look at what OPEC has achieved — and are faced with a simple choice: either we adopt a policy of force or we negotiate. We Socialists believe that reason and the inescapable call of human solidarity must lead the rich nations to play a constructive part in a renewed North-South dialogue.

The Community has a vital role to play here. It must urge the other developed nations to work out a new concept of growth which will lead to a society in which the hopes for the improvement of the greatest number will be fulfilled in justice and in peace.

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

**Mr Jahn.** — (*D*) Mr President, ladies and gentlemen, on behalf of my Group I should like to say this. For the past year, 19 developing countries and 14 industrial countries have been talking about a redistribution of the world's wealth. Since July last year, when the second round began, we have made little progress. In effect, we are at a crisis point in the negotiations. The industrial countries and the Third World have so far been unable to agree on either the agenda or on the order of business for the work in committee. The 19 are demanding the stabilization of the purchasing power of the developing countries' exports and a reduction in the burden of their debts. And we, the Nine, have agreed on a joint initiative with regard to a central issue in the North-South dialogue — the developing countries' debts. The European Communities' proposal is that the debt burden of the less-favoured countries should be eased on the basis of case-by-case negotiations, which must however be conducted in a spirit of understanding.

## Jahn

The developing countries, however, are demanding an overall concept, and what, ladies and gentlemen, is it that they want? They want the prices of raw materials to be linked to the increase in prices of industrial goods — in other words indexing. According to the Chancellor of the Federal Republic, Helmut Schmidt, the economic consequences of giving in to this demand would be quite disastrous. Secondly, they are demanding that funds should be provided to create stockpiles of the main raw materials with which to prevent fluctuations in demand and the consequent price changes. And thirdly, they are demanding the generalized writing-off of the debts of the poorest developing countries towards the industrial nations and the conversion of the debts of the not-so-poor developing countries to longer terms of up to 25 years.

This concerns 86 developing countries with total debts of 151 thousand million, i.e. DM 365 thousand million.

These are the demands, and here there are sharp differences between the two opposing worlds. In the Committee on Development and Cooperation we have had talks with Mr Cheysson on this question, and our Group can in the main support what he said. He told the Committee — and I want to underline a few points — that as far as the North-South dialogue was concerned we were at an important turning point, since hitherto we had only discussed the questions and problems raised by the developing countries.

Up to now, therefore, we have had no concept of our own. There are in fact, ladies and gentlemen, two dominant themes. Firstly the question of raw materials, and secondly that of the flow of capital.

At the end of last year I toured a number of raw material producing areas in South East Asia, Australia and so on on behalf of my Group in order to get an idea of the possibilities, now that we in the European Communities have taken some important steps forward in relations with Canada. With regard to raw materials we should, for example, not talk only in terms of compensation stocks, such as the developing countries want, but also of supply guarantees, which are of particular importance for the Community. We must have these, because 70 to 80 % of our industry is dependent on raw materials which come partly from high-risk areas in the South. In discussions about the transfer of funds we should also be quite frank about the problems we ourselves have in our national economies and in the Community, for it is clear that our future economic recovery will be one of the factors affecting the amount of financial aid available for the developing countries.

Mr Cheysson also raised the question of the extent to which economic recovery depends on the developing

countries and can be influenced by them, and he came to the conclusion that our economy can only be revived by stimulating foreign trade, and that this revival is indirectly linked to economic growth in the developing countries. As my friend Mr Cousté said, that is of course only possible if not only we in Europe, but also the United States, adopt a clear position on this in line with our attitude. While President Carter wants to stimulate economic growth with the help of domestic demand, we want to achieve the same aim by different means.

All these questions — and I am very grateful, Mr Cousté, that you have raised this matter here today — need to be developed in a general debate in this House, for the next stage which is due in May calls for a clear position on the part of Parliament.

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

**Mr Cifarelli.** — (I) Mr President, in considering this matter we have to guard against embracing totally the cause of the developing countries — who, according to some, are always right in everything and who seem to offer a cure for all our ills — or against siding with the industrialized nations, including those of the Community.

It is undoubtedly difficult to steer a middle course. However, let us leave rhetoric aside and look at things as they stand. First of all, let me say that I am content, for the time being, with the answer given by Mr Tomlinson to Mr Cousté's question. He said that he anticipated contacts under the agreed procedure, — a procedure by which Parliament can participate in drawing up specific aspects of the position to be adopted by the Nine. This procedure obviously has to be tactful and flexible, as can be expected in the case of such complex negotiations. And if Parliament is to make its rightful contribution to this procedure, it is clear that a contribution is also needed from the Commission, which has always formulated worthwhile solutions in this respect.

Secondly, it has become apparent during the debate that two new political factors have to be taken into consideration. The first is that the United States has a new president and a new administration, which is set on outlining its own position. The second is that there is a new government in Japan. Anyone in politics knows that the timetable of political activity is not like a magistrate's court, where you have to be present on a given day or else you lose a certain right. And so, looking at the matter in this light and on behalf of my Group, I must say that we appreciate the Council attitude, especially its desire to establish a joint approach before the European Council meeting scheduled for 25 March.

## Cifarelli

A few minutes are obviously not enough to deal with the present points of such a complex matter. I should just like to say that, in spite of all the problems created by unemployment, fierce competition and dumping from outside the Community, the Member States should make a special effort to fulfil the promises made at the United Nations with regard to the 0.7 % of the gross national product to be devoted to aid to developing countries.

Then we have to take a look at the massive debts of these countries. The figures quoted by Mr Jahn are frightening. Writing off these debts would obviously be a severe setback to attempts to establish any international agreement. But it is one thing to consider what is needed, and another thing again to consider individual situations and the balance of interests. If you had a look at what was happening inside the various countries and in their international relations, you would realize that it is this aspect which is especially emphasized in order to achieve maximum acceptance of the situations which have arisen. May I point out, Mr President that many of these debts have been incurred by the developing countries in order to buy arms, and a number of our countries are to be blamed for equating advanced technology with weapons for future wars. This is a very serious matter for both sides and a cause of concern for the future. But as far as this state of affairs is concerned, I agree with what has been said in the House this morning — namely, that the serious situations which have arisen have to be considered individually, without any recourse to action of an absurd nature. Because it would be absurd to write off all debts, and equally absurd to set up a generalized system of index-linking. The practice in many countries, including my own, of linking labour costs to prices shows this tendency towards index-linking, and it simply ignores the fluctuations — which can be upward as well as downward — in the economy of the country concerned.

This is madness, since no one can ignore the ups and downs of economic reality. What is needed is an analysis of difficult situations in order to get at their root causes. For example the old method of incorporating periodic reviews in agreements on the prices of the raw materials and foodstuffs — which, in developing countries, are often the sole product and therefore the basis of a single-product economy — may be a valid proposal.

I should like to add a third comment to these first two, although of course the matter does not end here. It is clear that if we begin to examine thoroughly the social, moral and economic problems of the developing countries, we have to think of them in political

terms. In the fine speech which the President of the Commission, Mr Jenkins, delivered to the House yesterday, we heard that the economic development of these countries could boost the economies of the industrialized nations. This is a point which has to be considered not just with eloquence — and in any case I do not believe in eloquence but in political reality. Politicians must stick to reality, or else they are either not politicians or they are failing in their duty. But it is precisely in relation to real usefulness that there can be a benefit in developing standards of living, the potential for consumption, and with it a shift in balance.

Let me close, Mr President, by saying that when labour costs in these countries rise — and this is bound to happen gradually — our industries will have less to fear from dumping. When we have implemented the projects, already examined innumerable times by the Commission, to establish some of our industries in these countries, where they will provide a basis for further industrial development, we shall have laid the foundations for a genuine economic exchange between their economies and ours, which are more advanced, complex and sophisticated. It is this tangible development of our relations with these countries which are turning into modern states which must be the principle behind the correct policy for the future of the Community.

We must take an objective look at the problems, and if I may make a small joke at the expense of my French colleagues, we must look at them without 'mysteries' or 'mirages' — *sans 'Mystères' et sans 'Mirages'.* *C'est très important pour l'avenir de la Communauté.*

Mr Cousté. — (F) Hear, hear!

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

Lord Reay. — Mr President, like Mr Jahn I feel very grateful to Mr Cousté for having raised this question today, and the skillful and complete review which he gave of the major points at issue in this question has relieved the rest of us from trying to follow him in anything like so comprehensive a manner, even if it had been possible for us within the limit of 5 minutes. I think also that the full and serious manner in which the President-in-Office of the Council replied to the question has done much to encourage those of us who, like Mr Cousté, wish to see the Community making a positive contribution in the context of the North-South Dialogue and doing what it can to ensure the conference's success.

## Lord Reay

I would agree with the President-in-Office of the Council that we must allow time for the arrival to power of the new United States administration to have its effect and that they must be given an opportunity fully to study the whole matter. Indeed, I think that this event is perhaps an explanation why in recent months there has not been as much progress as we might have desired in the conduct of these negotiations. However, notwithstanding that, there has been deadlock, or at least very slow progress indeed, in the past in these negotiations and even when they are resumed there cannot be any certainty on our part that they are going to progress more rapidly. This deadlock must be one of the reasons why the recent proposal was made by Mr McNamara — and this is a matter which, if I could have the attention of the President-in-Office of the Council, I would like him to give his opinion on — that there should be an unofficial commission of high-ranking persons under perhaps — and the name was mentioned — the leadership of Mr Brandt, which would act as a mediating body to try and re-establish some degree of progress in these negotiations. Now I wonder if this proposal, which was quite widely reported and which received, I think the express support of some industrialized countries, including, I think, Canada and, amongst Community countries, the Netherlands, is still a live idea or whether it is an idea which was floated and is now falling away. In particular, is he able to give us any information on whether there is some support for it from the developing countries themselves?

With respect to the total situation, as it now is and as it will be when these negotiations, as we all hope, are resumed in full, I think Mr Jahn was absolutely and completely right when he referred to the importance of the questions of raw materials. Basically, there must be the grounds for a proper cooperation and agreement between the developing countries and the industrialized countries. On the one hand, we need their raw materials and, as Mr Cifarelli pointed out, echoing what the President of the Commission said in his speech to us yesterday, the Community and the industrialized countries as a whole can benefit from the increased purchasing-power which the developing countries will get as their economic development proceeds. On their side, they need from us capital, investment and higher technology. These facts remain true whether or not these negotiations are proceeding smoothly and successfully, and they must continue to provide the basic grounds for a successful development of them. For those reasons — if those reasons alone — we must continue to have optimism in the final outcome of these negotiations, which are so important because none of us could estimate what might be the consequences of a break-down or interruption of relations between developed and developing countries, so interdependent have we now become.

**President.** — I call Mr Molloy.

**Mr Molloy.** — Mr President, I am sure that all of us in Parliament will be grateful to Mr Cousté for putting down this question, even if it only provides us with a few minutes to underline how fundamental in importance this conference is going to be, not merely for the people of this Community, but for all mankind. I listened very intently to the remarkable contribution we had from the spokesman for the Liberal Group, Mr Cifarelli, who unfortunately always spoils his contributions by making them very well — he even criticizes us as politicians — then, having done that, leaving the House and not bothering to return to listen to any points made by anyone else. I think that has got to be said.

*(Laughter)*

The vital thing, of course, about this conference, Mr President, is that we have all understood, but do not know how to resolve, one of the most frightful things now afflicting mankind — namely, the fact that the rich nations are getting richer and the poorer nations are getting poorer. This is a very dangerous and explosive situation, and what we have to try and do is, somehow or other — and this has been said before but we have got to keep saying it even *ad nauseam*, until we can make a reality of it — to see that the immense knowledge and scientific and technological power of the Western world can be transferred to the poorer nations, and that in the meantime the aid we are providing will be the basis for the future upon which we can trade, so transforming the principle of aid to one of trade. But time is running out and we must realize that the march which I hope we are going to undertake from this conference will be a march towards the frontier of understanding, with real facts to back up our appreciation of what is a really gruesome world situation.

We must try and dispel from our minds some of the thoughts and motives which have generated action in the past, which were, quite frankly, based on the question whether a poorer nation had some military strategic influence whereby it was worthwhile aiding. Now that, I believe, is finished.

We have also got to be aware of the fact that very often — this has certainly happened in recent years — a poverty-stricken nation has suddenly discovered — or maybe we have discovered for it — that it has some remarkable resource like oil or some other great source of energy and therefore decides that for a few moments in the span of history it has the whip hand having suffered from poverty for generation after generation, and is now going to accumulate for itself a mountain of wealth with which it can grope forward to achieve the same standards as the Western nations. It ill behoves us in the West to criticize others for doing what we have done for generations. That, too, I believe has got to be understood.

**Molloy**

I believe, Sir, that this conference will either add fuel to a boiling cauldron of danger, or on the other hand it may light the torch of hope and freedom and make a contribution to world peace.

Before I sit down, I would like to ask the President-in-Office if he would also answer this for me. He referred to the date. He mentioned, quite rightly, the tremendous importance of the United States of America and, to a lesser degree, that of Japan. He said that it would be wise for us to allow the new United States administration time to assess the situation from what I hope will be a new, more enlightened viewpoint than has been held hitherto. I believe this is right and proper. But I also believe that the President-in-Office ought to tell us whether the Council will be in touch with the United States so that cohesion and cooperation about the date is won among all the nations involved, including the United States, and that there will be no great argument about the date of the beginning of this conference.

May I conclude with these words, Mr President. We are about to embark on a great debate on behalf of millions of people of very many nations. We all know in our hearts that the ordinary people of all our countries wish with all their might and soul that the answer shall be success. There is a massive well of generosity in the West. There is a desire in the poverty-stricken countries to get closer to us in the knowledge that, if they accept aid or generous terms of trade, their independence will in no way be threatened.

I believe that we can, somehow or other, incorporate the aspirations of the ordinary people on both sides — those on the rich and those on the poor side — into our political endeavours. If we can do this, then this conference will have made a massive contribution, not merely to this Community but indeed to all mankind.

**President.** — I call Mr Tomlinson.

**Mr Tomlinson, President-in-Office of the Council.** — Mr President, can I once again thank Mr Cousté for giving the Parliament the opportunity for having this debate. I think it has been a most useful and well-informed debate, even although it has been a very short one, and we are grateful not only for his causing the debate to be raised here but for the additional information that he gave to this House, information that I will certainly convey to the Council, in his particular speech.

If I could just deal with some of the particular problems raised during the debate Mr President. Can I say to Mr Lagorce that I think it was perhaps appropriate that he did raise here the very broad question about the objectives of the North-South Dialogue. I would just like to reply to him in the most broad terms and to say that the objectives which he was questioning could perhaps be stated in very wide terms,

such as the necessity of creating a harmonious and durable relationship of mutually beneficial nature in concert with all the other developed industrial nations. Within that kind of concept of the North-South Dialogue we have unlimited opportunity to make progress which will satisfy particularly the criteria of being mutually beneficial.

Mr Jahn raised a very interesting number of detailed points in his speech, but I particularly note the analysis of the problems. Of course he is absolutely right when he identifies the specific problems of the common fund of raw materials and the problem of debt. All these questions are of course not only at the heart of the North-South Dialogue, but are also central to the current deliberations that are taking place in the Council of Ministers.

I am sorry Mr Cifarelli is not here with us at the moment, but he made a very interesting speech. I would of course like on behalf of the Council to welcome what he said and to welcome his support for the endeavours of the Council and their present *modus operandi* in tackling the detailed problems of the North-South Dialogue.

May I say to Lord Reay, who raised the particular problem of the proposition that has been put forward by Mr McNamara, that he will of course be aware of the extremely reserved reaction by the co-chairmen of the Group of 19. In this light I am afraid I have to say to him that I cannot, on behalf of the Council, go further, and I ask him to note that reserved reaction at this point.

Mr Molloy I think served us all well when in his contribution he brought a very broad philosophical view of the problems underlying the North-South Dialogue, and I note what he said and I am sure that this House is grateful to him for saying it. In relation to the date I would just remind him of what I said in reply to Mr Cousté at the beginning, and that is that in the view of the Council, the appropriate time to hold the ministerial conference would be about the end of April or the beginning of May. We do think that all those taking part in the conference will understand that our American friends should be allowed this period of time in the interests of a successful conclusion. This would also make allowances for a number of other considerations. We have hopes that the timetable for the ministerial conference at the end of April and the beginning of May will be one which is realized.

Mr President, as I said at the beginning I believe this has been a very useful debate, and that honourable Members of this House will understand that a public debate is scarcely the right place or the most suitable occasion for the disclosure of a detailed negotiating position. I have already suggested that use could be made at appropriate time of the procedures which have been agreed between the Parliament and the

Tomlinson

Council. I undertake on behalf of the Council to report on the details of this short, well-informed debate to my colleagues. In conclusion, I would reiterate that the Presidency of the Council is at the disposal of the European Parliament to provide it, by the agreed procedures, with all the information that may appear to be desirable.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (*F*) Mr President, I feel that this debate has been politically opportune.

We have been told, in fact, that after yesterday's discussions the Council intends to take a more thorough look at the matter at its meeting on 8 March in preparation for the European Council meeting of 25 March. I take this to mean — and I hope public opinion will appreciate this — that the Community is now fully aware that it has a single voice at the Conference on International Economic Cooperation. Consequently, it has a special responsibility, and this House intends to keep a watchful eye on the Council.

In one or two Member States, however, there are strong doubts about the ability of the Commission and the Council to speak with one voice. We know that there are considerable interests involved, and this has been stressed by Mr Molloy, Mr Jahn and Lord Reay.

I have one simple question to put to the Council; bearing in mind what has just been said and the connection between the ministerial conference of the North-South dialogue and the summit meetings of the industrialized nations, would it not be better if we did not leave the developing countries — the Group of 19 — twiddling their thumbs and instead reached a decision next month on a date in April or May for the ministerial conference?

Let me add that this would only be advisable if the summit meeting of the industrialized nations could also be held in May, so that there could be no arguments about the two dates or about whether the meeting of the industrialized nations might be something for the ministerial conference to fall back on.

We must adopt something of a parallel approach, to avoid paving the way for a failure of the North-South dialogue, since we — the rich nations or even the Community as such — are not the only ones taking part. We must never forget the situations in which this dialogue began. And it is precisely for this reason — that we cannot forget the difficult situation in which it began — that we shall be equally mindful of the fact that the matter of the timetable must not have any fundamental effect on the basic problems, i.e. control of the prices of raw materials, financing and the question of the developing countries' debts. All this can be solved if the political resolve is there. This is what I hope the Council will have.

**President.** — The debate is closed.

### 5. Oral question with debate: *Titanium dioxide at sea*

**President.** — The next item is the oral question with debate (Doc. 542/76), put by Mrs Squarcialupi, Mr Veronesi, Mr Mascagni, Mr Masullo and Mr Pistillo to the Council of the European Communities, on the deferral of the directive on the discharge of titanium dioxide at sea:

The adoption of the directive on the discharge of titanium dioxide at sea has once more been deferred by the Council, which has drawn up a working document for further discussion.

1. Does not the Council feel that all delays in the adoption of this directive seriously endanger the marine environment?
2. Does not the Council feel that giving the Member States power to authorize the discharge of titanium dioxide waste at sea may further aggravate the imbalance in production costs between firms which have installed or are preparing to install costly purification plant and those which are exempted from this requirement by the authorization of their governments?

I call Mrs Squarcialupi.

**Mrs Squarcialupi.** — (*I*) Mr President, about a year ago, before I became a Member of this Parliament, the House approved a directive on the discharge of titanium dioxide at sea. Although this directive was adopted in January 1976, we are today faced unexpectedly with a breach of trust by the Council *vis-à-vis* Parliament since the intention is now to leave decisions relating to authorization to discharge titanium oxide waste at sea to the individual Member States. Some countries, such as Italy, are surrounded by enclosed waters, while others are surrounded by more extensive seas which are considered to be better suited to dispersion and more able to cope with pollution. References in this context to large seas and small seas remind me, Mr President, ladies and gentlemen, of an anaesthetist administering the anaesthetic according to the patient's body weight.

We should not seek to anaesthetize our seas or our economies; we should not look for false and temporary solutions to pollution; we should not look for fleeting relief from pain or stopgap solutions to serious problems such as unemployment. The Community's duty is to find permanent solutions which leave no room for national interests which — although perfectly legitimate — could provoke far more serious disasters if left unchecked, and not only for one nation, but for Europe and the entire world.

The plan adopted provided for a phased 95 % reduction in polluting waste by 1985. In other words, allo

## Squarcialupi

wance was made for the time needed by the chemical industries to make arrangements for purification treatment. This plan has now been deferred. In the meantime, however, the companies located along the Mediterranean coast which use titanium dioxide have already installed the necessary — indeed indispensable — equipment in view of the degree of pollution of that sea. The notorious red mud of Scarlino, which mobilized the workers of the Montedison factory concerned, the administrators of the 'communes' in which they lived, as well as Italian and French fishermen, has now been eliminated. But titanium dioxide, which is obtained by means of a non-polluting process using purification plants, costs 30 % more. What would happen now if the new basis for discussion put forward by the Council were adopted and the decision whether or not to make purification plants compulsory were left to the individual Member States in order to lower costs and prevent the closure of factories which have had to bear the huge expenditure involved and thus ceased to be competitive? Where in all this is the principle of fair competition which should be the Community's trademark? Where is the principle of narrowing the gap between rich and poor, which is another flag waved so proudly by the European Economic Community?

The Council's veto of the directive therefore give rise to very serious economic problems, problems of social justice and ecological problems of incalculable importance, because if the fact that a dangerous degree of pollution has been reached in non-tidal seas like the Mediterranean is serious, there will be far worse consequences when the Atlantic becomes polluted. Since 85 % of European producers of titanium dioxide dump their wastes into the Atlantic, we can already see that it will not take decades before the point of no-return is reached, for which future generations will be eternally grateful to the Council of Ministers of the European Communities.

**President.** — I call Mr Tomlinson.

**Mr Tomlinson, *President-in-Office of the Council.*** — Mr President, I can assure honourable Members that the Council is well aware of the problem of marine pollution. By way of example, I venture to remind you that it agreed to the Community taking part in the Paris Convention on the prevention of marine pollution from land-based sources, which applies to the North Sea and to part of the North Atlantic. The Community appears as a signatory among the States party to this Convention and through the intermediary of the Commission is also a member of the Interim Commission of the said Convention.

The Community is also party in its own right to the Barcelona Convention on the protection of the Mediterranean against pollution. The Council has, more-

over, adopted the directive on the reduction of pollution caused by certain dangerous substances in the aquatic environment of the Community. This directive applies not only to inland surface water and ground water in the Member States but also to territorial waters and internal coastal waters. The Council has a proposal for a directive concerning the dumping of wastes at sea under examination.

To turn more specifically to the proposal to which the honourable Members are referring, the Council first entered this proposal for a directive on its agenda at its last meeting on environmental matters which took place on 9 December 1976.

It held a general discussion on the various questions, notably ecological and economic, which this directive raises. Owing to the difficulties connected with the proposal, it was unable to reach agreement at its first meeting. However, because of the importance of the issues at stake, particularly those referred to by the honourable Member, the Council recorded its resolve to reach a decision and agreed that the proposal should appear on the agenda for its next meeting on the environment.

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

**Mr Fioret.** — (*I*) Mr President, ladies and gentlemen, the question put by Mrs Squarcialupi and others, whose misgivings I fully share, involves, over and above the immediate problem of the Council's deferral of the directive on the discharge of titanium dioxide at sea, a political problem concerning the readiness to implement a Community environmental protection policy, a readiness which I feel has not been bolstered by the explanations we have just heard.

Today's debate concerns the discharging of titanium dioxide, but there is little doubt — especially now that the industrialized nations are searching for alternative sources of energy — that we will shortly be dealing with other polluting wastes, the regulations governing the discharging of which could meet stiff opposition similar to that put forward by the United Kingdom, aimed at safeguarding the interests of national producers, thus creating a precedent whose consequences cannot be foreseen.

It should be remembered that the Council committed itself to the regulations governing the wastes from the production of titanium dioxide as long ago as November 1973 when it adopted the first Community environmental programme. This programme was approved by Parliament on 13 January 1976, as Mrs Squarcialupi has reminded us, and by the Economic and Social Committee in February 1976. Yet despite this and despite a further request from the European Parliament, forwarded in July 1976 to the Council, to implement the directive without delay, the Council has so far failed to honour its commitment.

## Fioret

At its meeting of 9 December 1976, as we have been informed, the Council was unable to adopt the directive because of opposition from certain Member States. It did, however, recognize its importance from the ecological and the economic points of view and implicitly agreed that there was a risk of a rapid and irreversible worsening of marine pollution; moreover, it highlighted the distorting effects of a type of competition within the Community which would give companies operating in countries free from anti-pollution regulations a considerable advantage at the expense of those which do have such regulations.

Putting the problem in a nutshell, ladies and gentlemen, the situation is that, firstly, the Council undertook a commitment relating to ecological safeguards as early as 1973; secondly, that the Council has recognized the urgency of the situation and the need for a directive on the discharge of titanium dioxide; and, thirdly, that the Council has not been able to adopt this directive on account of the veto of certain Member States which seek to protect the interests of their national producers.

The sad lesson to be drawn, from this is that whenever, in the field of environmental safeguards, we discuss general documents or programmes which are over-ambitious and therefore impossible to implement, the Council is prepared to adopt them, but when it comes to adopting sound provisions which would make the principles adopted binding upon Member States, all sorts of exceptions are admissible to turn the resolutions adopted by this Parliament into dead letters.

The concept of 'strong seas and weak seas' used to reject a uniform set of rules for all the waters of the Community cannot, to my mind, be upheld because even if conditions in the North Sea make it easier to assimilate biodegradable effluent, the fact that it is not very deep and that it is partly enclosed, complicates matters, as persistent substances accumulate in the mud of the seabed and can be absorbed by marine flora and fauna.

As regards strong seas and weak seas, I should like to remind Members that stringent regulations on the discharge of wastes from the titanium dioxide industry have been in force in Japan for some years and that similar regulations will be introduced in the United States this year.

No one, ladies and gentlemen, can maintain that the oceans are weaker than the North Sea.

The fact is that this distinction between 'strong seas and weak seas' is merely a cover for specific industrial interests, and the effects of failure to impose the same set of regulations on all Member States perpetuates the

distorted pattern of competition between the Community partners, constituting a *de facto* — even if not a *de jure* — violation of one of the fundamental principles of the Treaty of Rome.

On that note, and while endorsing for brevity's sake the comments made by Mrs Squarcialupi, I reserve the right to raise in another forum the problem which, despite its urgency and seriousness, the Council failed to solve at its meeting of 9 December last, and I would like to call upon Members to urge their governments to adopt a more coherent resolve shown by this House when it adopted the resolution on 13 January 1976.

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

**Mr Cifarelli.** — (I) Mr President, we are grateful to the members of the Communist Group for bringing to our attention once again this problem on which Parliament has previously had occasion to speak openly thanks to a meticulous report prepared by a member of the Group to which I belong; I am referring to Mr Premoli.

This is a very complex issue since ecological problems are here bound up with economic requirements. As has already been pointed out, Community legislation must therefore be very carefully thought out in order to ensure that the dichotomy inherent in the national provisions does not distort competition and thus boost the competitive capacity of certain industrial groups at the expense of others.

The importance and delicacy of the issue are also reflected in the general economic situation, with its continuing high unemployment and consequent difficulties for undertakings to accept the extra costs involved in combatting the pollution they cause and coping with the problem of the varying capacities of seas to absorb the wastes dumped in them. Mr Fioret has already mentioned the distinction between strong seas and weak seas, i.e. between the Atlantic and the Mediterranean. However, since the situation in the Mediterranean is more serious, the measures adopted to save the latter should be the more urgent.

Consequently, although I join the members of the Communist Group in deploring the time the Council is taking over this matter, I note the President-in-Office's comments and hope that the extra time requested will at least be used to take account of the various implications of such a complex issue. In particular, solutions must be found which will be equitable for the sector and the workers involved therein on the one hand, and for those anxious, and rightly so, to maintain an ecological balance on the other.

## Cifarelli

The interest which public opinion in Italy, France and Corsica is showing in the pollution caused by titanium dioxide, which in my own country has come to be known as 'red mud', is justified by the considerable expansion of this highly polluting industry which will double its production over the next decade, as every tonne of finished product means ten tonnes of waste. The full extent of the risk to the environment can be appreciated by considering the highly toxic content of this element which forms the basis of paints and dyes: huge quantities of fish have disappeared from the Ligurian Sea and the plankton which is indispensable to the survival, for example, of the famous blue-fish has been destroyed. It is against this background that the fundamental importance of the action taken in France should be seen. In this context, I should like to remind members of the action taken by the doyen of the National Assembly, Mr Barel, to help the Corsican fishermen whose incomes were drastically reduced. Nevertheless, we should also consider the other side of the matter, i.e. the laying off of hundreds of workers at the Scarlino plant in the Maremma region of Tuscany.

What has been said today, Mr Tomlinson, justifies our disappointment at every delay. Only a Community directive can prevent the imbalances and distortions which national legislation, all things considered, only worsens. Community regulations should be complemented by practical measures such as — and most important — systematic checks on dumping operations and continuous monitoring of the environment, along with authorizations to discharge waste issued only by the authorities responsible. On the contrary, the Council's aversion — I think I may call it that — to taking decisions, so far at least, compels us to put up with a chaotic situation the dangers of which I have pointed out.

The proposal for a directive on the whole seems well-balanced and I cannot therefore understand why the Council is taking so long to adopt it. The directive distinguishes *inter alia* between new plants and those which have been in operation for some time, and naturally lays down more stringent regulations and deadlines for the first, i.e. the newer plants.

As far as I remember, it was estimated that, all in all, it would take ten years to restore its natural colour to such a polluted sea. As things stand today, however, one wonders whether this directive will be implemented in time, in other words, while the Mediterranean can still be saved.

I am not exaggerating when I say this. When it gave its opinion, the European Parliament naturally adopted the 'polluter pays' principle. Nevertheless it was proposed that industrial reorganization could be assisted by Community subsidies particularly in the

form of credit on special terms from the European Investment Bank.

In the interests of conciliation and a quick solution, this proposal can be shelved since it would put back the deadlines by creating a heavy financial burden; nevertheless, the directive must be passed.

Since the United Kingdom has always been alive to environmental problems — the elimination of London's smog is an example — we hope that the British presidency of the Council will provide the impetus needed to implement at legislative level the important directive I have spoken about.

In conclusion, I would like to say that this action, which concerns particularly the 'red mud' of the Mediterranean found in the Tyrrhenian Sea, should be extended to other forms of pollution, for example — to maintain the colour image — to the 'yellow mud' poured at the rate of over 4 500 tonnes daily into the Seine estuary, and to carbon dioxide, the harmful component of which is no less polluting than titanium dioxide. As the Romans used to say: *provideant consules*. Let the 'consuls' therefore do their utmost, under the British presidency, to achieve positive results in the ecological field.

(Laughter)

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

**Lord Bethell.** — Mr President, there seems to be general agreement across the spectrum of Italian politics on this oral question. It will come as no surprise when you find that my view is a little bit different from that expressed by the three previous speakers.

This proposal came before us, as has been said, a year ago and was approved by this Parliament and it is extremely important. The purpose of it is thoroughly approved by my group. We are thoroughly in favour of saving the Mediterranean, as the previous speaker urged us to do. He asked whether this directive will come in time to save the Mediterranean. He referred many times to the Mediterranean and he said that the proposed directive specifically concerned the Mediterranean and this, no doubt, is why the matter is raised with such urgency by the three Italian speakers.

The difficulty comes when one considers and takes into account the fact that this directive would apply not only to the Mediterranean. It would apply to all the seas of the Community. It would apply to the North Sea, to the Atlantic Seaboard, to the Irish Sea and to the seas beyond Ireland. But dumping of titanium dioxide would be regulated with the same stringency in the North Sea and on the Atlantic in tidal oceans as in the Mediterranean. And the difficulty comes when the Italian delegates, who rightly feel

## Lord Bethell

strongly on this question and who see their Mediterranean becoming polluted, wish not only to impose restrictions which would prevent the pollution of the Mediterranean, but to impose the same restrictions on those who have the geographical advantage of a longer seaboard, a less polluted seaboard and tidal seas which surround their shores. Now this is done in the name of free trade and fairness, but I am wondering whether this is appropriate in this case.

It would of course be unfair if stronger restrictions were to be imposed on Italy, on the South of France, on the countries which have a Mediterranean coastline over the dumping of titanium dioxide. It would be very bad luck if stronger restrictions were to be imposed on manufacturers who are close to the Mediterranean than on those who are close to the northern seas. But there are so many unfairnesses within this Community, so many geographical unfairnesses and I suggest that this is simply one more geographical unfairness. It is, for instance, very unfair that we in the United Kingdom are unable to grow tomatoes without glass because our sun is not strong enough. It is very unfair that we do not have very much of a tourist industry for bathing purposes because our weather is not very suitable for making our seas warm enough for bathing. Italy and France have an advantage here. But it would hardly be suggested, I imagine, Mr President, that those Member States who have a very sunny, warm and beautiful climate should be forced to put dark glass over their grapes so that the grapes would be of a uniform quality with the grapes which are produced in the South of England. It would not be suggested that geography should be reconstructed in this way. And this, I think, is something that we are getting very close to in urging this present directive, in urging that the same restrictions on the dumping of titanium dioxide should be imposed on those parts of the Community which border on the Atlantic and those which border on the Mediterranean. And all I can say to Mr Fioret, who said that it was his information that the North Sea was going to be polluted just as much as the Mediterranean by the continual dumping of titanium dioxide, is that his information is not my information. The information that has come to me from people who have advised me is that the dumping of titanium dioxide, as done by firms in the north of Europe, is not a danger to the aquatic environment. This is my information supplied by experts and I must act upon it.

Now of course we are a Community and we wish to be helpful to the Community. I would like therefore, having made these rather critical remarks, to make a constructive suggestion. No reference has been made by the three previous speakers to the decision taken by the Council of Ministers on 8 December 1975, a decision by which it could be left up to Member States to decide on a quality objective for the

dumping of various poisonous substances at sea and that this could be done in preference to the maintaining of an emission standard. In other words, it would be possible to judge by the result achieved rather than controlling specifically the standard at the point of emission. I would suggest that this directive could go through if the proposal were modified in a way to coincide with this decision of 8 December. It was of course drafted before the decision was taken by the Council in December 1975. If this were to be done, I think the directive could go through, but not otherwise.

**President.** — I call Mr Tomlinson.

**Mr Tomlinson, *President-in-Office of the Council.*** — Mr President, I am certainly grateful to Mrs Squarcialupi raising this very important subject so we could have this brief debate on it. There have been a number of interesting contributions by Mr Cifarelli, Lord Bethell, and Mr Fioret although the emphasis of their contributions was somewhat different.

Perhaps it would help this House if I gave a brief report on progress since the meeting of 9 December 1976. At the Council meeting on that date the Commission put forward a working document containing compromise proposals, but the Council itself was unable to accept that document as a basis for discussion. The document has already been considered by the Environment Working Group and further discussions will be taking place before the subject is next considered by the Environment Ministers. The meeting on 9 December ended without general agreement and the directive has now been referred back to the Committee of Permanent Representatives. We will continue to seek a compromise, but it will have to be a compromise without prejudice to our basic objection to the directive itself. We are reasonably confident that a redrafted directive which you can accept will be adopted by the Environment Ministers at the next Council meeting provisionally arranged for May.

Mr President, it is a considerable oversimplification to suggest, as has been perhaps suggested by implication in this debate, that this issue turns on a dash of commercial and economic interests. It is, in fact, a genuinely difficult problem on which expert opinion is seriously divided. Perhaps it would help this House if I very briefly gave some of the problems causing inability to reach agreement. As this House is well aware, the proposal is designed to ensure basically three things. Firstly, that the disposal of titanium dioxide waste to land or water is controlled. Secondly, that the disposal to the sea is monitored and thirdly, that the quantity of waste disposed of in the sea is reduced by 95 % over a ten-year period.

Mr President, some Member States feel that these objectives are biased in favour of disposal to land since there are no limits, no reduction programme

## Tomlinson

and no control over treatment methods for this. These States argue the disposal to sea is in fact safer and need not endanger the marine environment, providing that the disposal site is carefully chosen so that there is a high initial rate of dilution of the waste followed by a high rate of residual dispersion. Disposal to land, however, they argue, could pose a serious threat to the environment, because the only feasible way of carrying it out would be to neutralize the waste using lime and disposing of the great volume of resulting solids. And this would dissolve slowly and could seep through into the ground water. Other Member States, whose governments are coming under pressure to control disposal at sea, are reluctant to see their titanium dioxide industries being forced to bear higher pollution control costs than are borne by industries in Member States whose governments are not coming under such pressure. These States argue that the firms throughout the Community should have to bear the same pollution control costs and they see the proposals as a means of ensuring this.

I hope this more detailed explanation will give honourable Members of this House the opportunity of perhaps understanding the conflicts that exist and the present inability of the Council to come to a decision.

But I would, in concluding, emphasize that this matter is not just a straightforward clash of the commercial and economic interests that have been perhaps suggested, but is a much more complex technical question which will require detailed further consideration before we can come to a resolution of it.

**President.** — The debate is closed.

The proceedings will now be suspended until 3 o'clock this afternoon.

The House will rise.

*(The sitting was suspended at 12.55 p.m. and resumed at 3.05 p.m.)*

## IN THE CHAIR : MR YEATS

## Vice-President

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

*6. Oral question with debate: Interim Community fishing régime for 1977 — Regulation on the conservation and management of fishery resources*

**President.** — The next item is a joint debate on

— Oral question, with debate, by Mr Fellermaier, Mr Prescott, Mr Schmidt and Mr Laban, on behalf of the Socialist Group, to the Council on the failure by the Council to agree an interim Community internal fishing régime for 1977 (Doc. 543/76):

1. Why did the Council fail to reach an agreement on 20 December an interim Community internal fishing régime for 1977?

2. To what extent has this failure been caused by lack of progress in the Community's fishing negotiations with non-member countries?

3. Does the Council not agree that this failure to reach agreement has created new and difficult problems for Community fishermen and for the supervision by the Community of fishing activities within Community waters by non-Community fishermen?

4. How can the Council justify to the public in the Community its continuing failure to reach even interim agreement on this vital subject?

— Report by Mr Kofoed (Doc. 474/76), on behalf of the Committee on Agriculture, on the

proposal from the Commission to the Council for a regulation establishing a Community system for the conservation and management of fishery resources.

I call Mr Prescott.

**Mr Prescott.** — Mr President, we begin yet again on the fishing saga that this House continually and rightly spends a considerable amount of time debating. Our questions were put down some time ago, in fact in December, then they were postponed to the January part-session, then, at the request of the Commission, to this February part-session. Therefore the question to the Council is somewhat dated. Dated by my group's feeling at that particular time. The questions reflect that. Whilst the question is somewhat dated, the issue is not. Disagreements still exist and look likely to continue to exist. Even as late as the early hours of this morning the Commissioner was fighting for his interpretation of a European fishing policy. Perhaps he will tell us how far he has advanced in that.

We address our question to the Council, who are very much involved in the negotiations regarding the fishing agreements, and our question clearly shows the relationship between the third world country negotiations and the consequential effect upon the internal fishing policy. Our questions reflect our concern about that. Certainly the key to all this argument over the fishing agreement is the policy that we are to determine, whenever that may be, to govern the internal fishing policy of this Community. It certainly is a very important political issue and one that is taking a considerable amount of time and energy. We note with interest the considerable amount of manoeuvring that is taking place between the various nations involved in this agreement and what appear on the surface to be almost incompatible demands by the various parties to the negotiations. We recall the agreement at the Hague Conference on 30 October, when it was clearly laid down that if no conservation agreement was achieved for the 1977 period, then individual nations themselves could adopt temporary management solutions in consultation with and subject to approval by the Commission.

## Prescott

Now presumably that is the kind of policy that is developing at the moment, but, in regard to the external matters affecting fishing policy, it would seem that the decisions are somewhat clearer than they are in regard to the interim agreement. We note that from tomorrow 10 February, under the agreement by the foreign ministers themselves, those countries who are not members of the Community must have an agreement with the Community to fish within Community waters. The one that has been given the most attention is of course Russia. We know that the Commission is in the process — and perhaps they could give us some information about this — of reaching an agreement with America about the fishing rights between our member nations' fishing fleets and the Americans. But Russia is the one that conjures up most colour in the debates at the present time, particularly as up to 3 February for political reasons it was not prepared to discuss the matter with the Commission, but it would seem that from 3 February the Russians have found a solution, by talking to a British President of the Council in his Community position, presumably saving them the embarrassment of having to say they recognize the Community. This yet again emphasizes the very severe political problems involved in achieving agreement in regard to fishing.

I wonder whether the Council could tell us today — and no doubt a number of these questions will be answered also by the Commissioner when he replies to the debate — just how far these negotiations with Russia have gone, because, as I understand it, from tomorrow she is supposed to accept the number of ships that we stipulate and the tonnage of fish we say she can take from our waters. Whether she will observe these conditions from tomorrow I do not know, but perhaps the Council could give us information about that and, if she does not, say how we propose to tackle the problem of enforcing what is a very important decision on the conservation of fish stocks in our waters. This applies primarily only to Russia, which has shown some reluctance to recognize the Community. It is not, of course, applicable to all the eastern European nations.

In the matter of external relationships and negotiations on fishing the country that causes the most concern perhaps is Iceland. And Iceland, of course, is a very difficult problem, as I have constantly said on the floor of the House before. The Commissioner told us last time that he was about to enter into negotiations and asked us not to discuss the problem in January. This was a fair point and this House supported him in that, but we now look forward to some information from him about how those negotiations with Iceland are proceeding. This is a familiar road to those in Britain who have had negotiations with Iceland previously. It begins to look as though since 1 December, when Britain left Icelandic waters

hoping that there would be an agreement on 1 January, nothing has materialized. There was reference to the meeting of the Icelandic Parliament on 20 or 24 January. Again those dates have passed and nothing has materialized. Every day that goes past would appear to suggest that the old Icelandic tactic of delaying as long as one could and achieving the objective at the end of the day would yet again seem to be succeeding. I understand the difficulties which are involved but I think I would like to say from this forum — particularly as a person who considers himself to have supported the Iceland position in conflict with my own country on a number of issues — that if this is to continue in this way, it is not a way to achieve agreement with the Community, nor is it a way that we should accept without some serious reflection on what action we can take in order to deal with the problems of fishing, particularly or those countries that have reached agreements with Iceland, which include not just Britain, but also Germany and Belgium.

So we are concerned, Mr President, with those matters. The problem is becoming increasingly acute. Perhaps the Council could tell us what is happening with regard to Sweden's announcement of a 200-mile limit and the problems that Germany may face in negotiating agreements with the Swedish people or discussing their fishing interests with them.

Yesterday, we read in the Press — and we would like more information — that the Commission and the Council have agreed to certain advances in conservation, such as the ban on herring-fishing. How far has this gone in producing a substantial conservation policy? We note that these difficulties are further aggravated by the advent of elections in Denmark and Ireland, which makes it extremely difficult to come to a joint agreement.

Finally, Mr President, the real key to the whole matter of fishing policy is what governs internal Community fishing policy. I am bound to say from the snippets of information we get out of these meetings that you seem to be advancing towards interim agreements that would certainly influence the nature of final policy in the European fishing community. We note that licensing is now accepted. We note that the national States will act as agents in regard to quotas and conservation. We note that Ireland is suggesting it may act unilaterally to extend certain areas and on conservation, while the Community has no policy to govern the immediate matters of conservation. Indeed, it would appear that all these measures are working slowly, but most positively, towards the solution that the Socialist Group gave to the fishing problem a few months ago in Strasbourg. It would seem that the measures are beginning to adopt the colour of what

Prescott

we said was the only possible alternative, and I hope that the Council Minister, bearing that in mind, and considering the amendment that we have to the Kofoed Report this afternoon, might give us some indication of whether we were much nearer the mark than we were generally given credit for when we had the debate in Strasbourg.

We hope that the Council now can give us further information in order that the debate that may take place on the Kofoed Report can be more informed, and that the amendments which are geared to deal with the Kofoed Report can be judged by this House with the most up-to-date information available. It is absolutely crucial we get some form of agreement, and I hope that the information the Council gives us today will show us an advance towards a solution to be expected in the next few months.

(Applause)

President. — I call Mr Tomlinson.

Mr Tomlinson, *President-in-Office of the Council*. — Mr President, during 1976 the Community participated actively in the work of the United Nations Conference on the Law of the Sea, relating *inter alia* to the future fisheries régime applicable on the high seas. In the second half of the year, however, it became clear that a number of important coastal States were not willing to wait for the result of the United Nations Conference before establishing an exclusive fishing-zone of 200 miles. In the autumn of last year, Iceland, Norway, the United States and Canada announced the extension of their fishing-zones to 200 miles as from 1 January 1977 and as from 1 March 1977 in the case of the United States.

Against this background, the Council adopted on 3 November 1976 a resolution whereby it was agreed that Member States would, as from 1 January 1977, extend the limits of their fishing-zones to 200 miles off the North Sea and the Atlantic coasts, zones which are covered by the Community rules. In the meantime, it became clear that it would not be possible for the Community to adopt a long-term fisheries policy before 1 January 1977. The Council accordingly received at the beginning of December a proposal from the Commission laying down interim measures for 1977 for the conservation and management of fishery resources, and examined this proposal at its meetings on 13 and 20 December 1976. At the latter meeting, it took a number of decisions restricting the fishing activities of certain third countries for the first quarter of 1977 and even forbidding certain other countries to fish at all. As for the other internal measures proposed by the Commission, the Council has not yet been able to adopt them, mainly because certain changes to the original proposal have been requested.

However, as honourable Members will appreciate, these measures, which must not prejudice in any way the long term policy of the Community in fishing

matters, are themselves extremely complex and involve difficult technical questions.

I would remind honourable Members that the resolution of 3 November 1976 and all the resulting measures were taken to avoid an over-exploitation of fishing resources and to provide effective protection for seriously threatened stocks. This is going to involve sacrifices by fishermen of the Community, and it is important that great care is taken to see that these sacrifices are both minimized and shared equitably. This task is made all the more difficult by the actions of those third countries who have extended their own fishing-limits to 200 miles. This has resulted in serious losses for Community fishermen. In recognition of this double necessity, conservation and restraint, I can assure you that there is a restraint by fishing fleets of the Community and that because of the decisions taken in respect of third countries, which include a large reduction in the number of vessels of certain of those countries permitted to fish in the waters of the Community Member States' fishing-zones, there will already be a significant reduction of total fishing effort within these waters. Negotiations with non-member countries on fishery matters are proceeding normally, and progress is being made.

As most of the Member States of the Community have now extended their fishing-zones to 200 nautical miles, or are about to do so, a new situation exists which is of concern to the authorities responsible for policing these waters. The problem of policing is not new. It is a difficult technical problem of policing and time is required to allow the experts of Member States to devise a system which will adequately protect the living resources of zones covered by Community rules. Poland, the German Democratic Republic and the USSR have been notified that only 5 vessels from Poland, 6 vessels from the German Democratic Republic and 27 vessels from the USSR will be allowed to fish in the waters concerned during the period of fishing still open to them under the Council decisions of 20 December 1976, i.e., until 31 March of this year. The maximum number of these vessels permitted to fish at any one time has been fixed as 5 for Poland, 5 for the German Democratic Republic and 17 for the USSR.

Mr President, in answer to the fourth part of the question, I am glad to be able to give you some very recent news — in fact the news that relates to events concluded at about 4 o'clock this morning. As you are aware, the Council was yesterday discussing precisely this fisheries question and it came to the following conclusions. First, as regards the external aspects. Last night, the Council took note of the report by Commissioner Gundelach on the highly satisfactory progress achieved in negotiations with the United States of America. It instructed the Permanent Representatives' Committee to take the appropriate steps so that a fisheries agreement between the Community and the

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United States can be signed before 15 February 1977. After taking stock of the situation regarding the arrangements currently applicable to vessels flying the flag of Poland, the GDR and the USSR, the Council signified its agreement in principle to a regulation laying down certain interim conservation and management measures applicable to vessels flying the flag of a number of other third countries — Spain, Finland, Portugal, Sweden, Canada and the United States, and instructed the Permanent Representatives' Committee to finalize the text of this regulation with a view to its formal adoption at the earliest opportunity. Approaches have been made by Poland, the GDR and the USSR asking for negotiations, and these should begin shortly.

Mr President, if I may turn to the internal régime, here the Council made considerable progress in dealing with a number of important conservation measures. It was not yet able formally to confirm its agreement on these points, since one delegation had to reserve its position. Subject to that reserve, there is agreement on principle on the following :

- (a) a ban on herring fishing in the North Sea in the months of March and April. Before the period expires, the Council will decide what to do for the rest of 1977 ;
- (b) a ban on herring fishing in the Celtic Sea from 1 March until the end of this year ;
- (c) restrictions on the use of small-mesh net will be progressively introduced and the Commission will make specific proposals by mid-March ; and
- (d) there will also be a close examination of the restrictions on the use of purse-seines.

It was agreed that the formal decisions on these items of agreement should be taken next Monday or Tuesday, when the Council will be meeting on agricultural matters.

Mr President, it is true that these items relate only to conservation measures and that other matters such as quotas have still to be resolved. To facilitate and speed up the work, the Council has decided that a high-level group should, as a matter of urgency, examine all aspects of the fisheries régime. This should help in particular to meet the concern of several delegations who stress that the problem must be seen as a whole.

(Applause)

**President.** — I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — (DK) Mr President, as Mr Prescott has pointed out, we have had many discussions about fishing policy. Mr Prescott referred to our debate in Strasbourg, during which one of the argu-

ments we put forward was that it would be better to defer the discussion until we had more information on the fishing question. I am therefore pleased that we can today present the Committee of Agriculture's report on fishing, and I also hope that it contains enough detailed information to enable the House to reach a decision on the motion for a resolution.

In this introduction I shall confine myself to a few general remarks. I think that we should welcome the measures taken by the Commission and the Council. It is to be welcomed that the 200-mile zones have now been achieved, and one result of this is that the countries of Eastern Europe and the Soviet Union have to some extent recognized the EEC as a negotiating partner. I think that that is the first positive comment we can make about the Community's fishing policy. We have thus succeeded in breaching the political wall which these countries had erected against the Common Market.

The next point I would like to make is that I regret that this motion on fishing policy was not tabled sooner. In fact, the report contains recommendations about future fishing policy, a policy which should actually have been applied from 1 January 1977. It has, however, appeared so late that it was politically and practically impossible to make the system effective from 1 January.

We must now hope that the contents of this report will, by and large, be approved by the Council of Ministers so that it may come into force on 1 January 1978, and that the proposed interim system — which is not the wisest of schemes, but may be the only politically feasible one — will apply only in 1977. I would like to say, with reference to the difficulties of defining a fishing policy, that it is obviously very difficult to define one which involves a limitation of the fishing industry's operations. In this Parliament we are all aware of the difficulties this raises. On the positive side, the Community is trying to allocate those reduced resources.

Parliament also realizes that it is easy, or at any rate not so difficult, to operate a system if there is enough to be allocated. The Common Agricultural Policy's successful start was due to the favourable economic conditions then prevailing, but catches of fish are now falling, so that we have to devise some way of agreeing on the distribution of the limited resources for which our catching capacity is too great. This situation will obviously present a golden opportunity for 'fishing' in troubled waters. I think that the fishing debate at present being conducted in Europe provides evidence of this since, when something is in short supply, people will then be stubborn in defence of their national interests, their attitude being that he who yield least gains most. I would therefore ask everyone to remember the importance of European solidarity

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and to realize that the best solution to this problem is a Community solution to which we must all contribute.

I would like to make this point, which is of crucial importance: we must implement a policy of conservation whose primary aim is to develop stocks. But the manner in which this conservation policy is applied is also important. Not enough is known of the biological aspect of this question — and not enough research has been done into it — but in my opinion we must avoid the narrow view that we can protect a species merely by no longer fishing for it. Conservation policy must take account of the food chain of all fish species. For example, if one wishes to develop stocks of herring in the North Sea, it is not enough that herring should no longer be caught; the other species of fish which live off herring should be caught in large numbers in the period in question, otherwise herring as a species will derive no benefit from a situation in which, while not being caught by man, it is at the mercy of other species which live off herring. That is merely one example to illustrate why conservation policy must recognize the interdependence of different species of fish.

Having discussed conservation policy, we come naturally to structural policy; at a time when we have to develop fish stocks and when we are putting limits on the catches made by fishermen from third countries, the Community and the Member States are jointly obliged to pay some of the costs arising from the restructuring and conversion of the fishing industry; it is also necessary that we should present a united front in these matters.

Furthermore, in relation to external fishing policy as it affects third countries, it is very easy to say that all third countries should leave our waters. However, in our report we stated that the Community's trading and other external interests should be taken into account because we agree that, while we in the Community are mutually dependent on each other, the Community is also dependent on good relations with third countries, and in our external fisheries policy we should therefore not take too narrow or too short-sighted a view of the measures we adopt towards third countries, lest those measures might in some other way be detrimental to the interests of the Community. In other words, fishing interests themselves, *vis-à-vis* third countries, should not be the only consideration in this matter.

I must here say a few words about what are referred to as internal fishing zones. In the report we do not advocate any limit other than the twelve-mile limit, because we take the view that, if Community policy is to make sense, then the reciprocity which is applicable in industrial policy should also apply in agricultural policy, the same principles should apply in both those areas.

I would also point out that fish is probably the most European thing we have. I have yet to see a fish flying the Danish flag or the Union Jack from its bow or tail fin, and I am sure that, irrespective of the limits we set — whether they be 50 or 12-mile limits — these fish will not respect the West German or French fleets nor the famous Royal Navy. Neither will Icelandic fishing boats be able to prevent European fish swimming where they will. It must be understood that the principle is as follows: if we are to protect herring and other species, then they should be protected whatever country's fishermen want to catch them. We therefore stated that, if zones are to be established, they should be based solely on biological and scientific considerations and not by special considerations of national interest.

I would also add that we made a reservation with regard to inshore fishing. I do not think it is necessary to prohibit inshore fishing in a conservation zone established for scientific and biological reasons. It makes no significant difference if local fishermen continue to fish for the usual species, even if we decide they are to be protected. It makes no difference in the long run. What is important is that large, efficient, deep-sea boats should be prevented from coming into these conservation zones and fishing there, thus interfering with breeding grounds and ruining fishing for local communities.

I hope, Mr President, that the report will serve as a good basis for debate here and will also be a good foundation for future Community fishing policy. There are only a few small points which I, as rapporteur, might have wished to change, but I can tell Parliament that this report was adopted virtually unanimously; there was only one vote against it, so I might be tempted to hand the report to the President of the Council of Ministers and to say: 'Good friends and Europeans, if you now go and hold a meeting for five minutes and adopt this report you will have an excellent fishing policy in 1978 because we in the Committee of Agriculture were able to agree on it', and I also hope that Parliament will agree on this report.

(Applause)

**President.** — I am sure I speak for all Members, Mr Kofoed, in saying that we appreciate very much the manner in which you have come here today to deliver this speech.

I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, I would first like to thank Mr Prescott for his intervention, even if it was directed to the Council. He seemed to slip from time to time into direct questions to me, to which I shall revert in the course of my intervention.

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But first and foremost I would like to thank Parliament's Committee on Agriculture, and in particular Mr Kofoed, for the extremely useful and excellent report which has been prepared by this committee concerning the common fisheries policy of the Community. I would like to say from the outset, in order that there may be no misunderstanding when we get to matters of greater detail, that this report has placed itself exactly in the area of activity and reorientation of the Commission. There is no divergence of philosophy or political orientation between this report and that of the Commission. There may be, as I will mention briefly at the end of my intervention, a few points where we have reservations in regard to details, but it does not affect our approval of the report as such. We consider it very strong support for what we are trying to achieve.

What is it that we are trying to achieve? Well, at an earlier stage the Community established a common fisheries policy of sorts. It consisted of certain stipulations concerning marketing arrangements, and on the enlargement of the Community, it involved for a period of time certain privileges for coastal fishing in a twelve-miles band around at least a major part of our coasts. It is no secret that at that time a number of us already considered that to be a policy which fell somewhat short of the realities of the new enlarged Community.

But be that as it may, subsequent events have confronted the Community with the absolute necessity of coming to grips with the fishing problems in a much more fundamental and much more far-sighted manner. And the reasons are twofold and interrelated. Raw materials are becoming trump cards in the international economy. In various ways national governments are seeking to secure for themselves the exploitation of natural resources on their territory or close thereto. One branch of these endeavours had been the worldwide movement towards the extension of fishing limits to 200 miles. It is fair to say, if anybody has a criticism against that movement, that it did not start in the Community. It started in other parts of the world, not only in the developing world but in other industrialized countries. By the end of the latest Law of the Sea Conference session earlier last year, it was evident that this movement had acquired an impetus that indicated that the 200-mile limit would be the law, not the day after tomorrow, but tomorrow, or even today. And the Community was confronted with a clear challenge to react to this movement in a way which would safeguard the fundamental interests of its fishermen.

At the same time modern technology and increasing consumption and growth have meant an increased overfishing of resources in Community waters, as in waters elsewhere in the world, resulting in a depletion, to an alarming degree, of fish-stocks. This overfishing has been carried out by third countries in our waters,

and also by our own fishing fleets. These two things therefore come together in forcing the Community to forge a policy which can meet these two challenges. Why should it be a Community policy? Not only because the Treaty demands it, although the Treaty does demand it: how can you have an economic community which reserves one important sector of the economy for national treatment? That is obviously a self-contradiction which is totally unacceptable to the Community. It must be a Community policy. But furthermore, if it is not a Community policy, it will not even be capable of meeting the first challenge to which I have referred — defending the legitimate interests of our fishermen against the pressures from countries outside our Community, be it countries with whom we are negotiating on the basis of reciprocity, be it countries we cannot give reciprocity to, be it countries that cannot give us reciprocity. These are hard negotiations, like all negotiations about a scarce commodity. If individual Community countries — even the biggest of them — were trying to conduct these negotiations on their own, I can assure you, not only as a matter of theory, but as a matter of four months experience, that the result would be lamentable. One country might succeed with a particular third country, but fail with all the others, or vice versa. The Community as such can only succeed with third countries if its members stick together and act as one unit and negotiate with all the force they have together, be it with the Eastern countries, or other countries that have an interest in the North Atlantic, or the other countries in the Western hemisphere. This is a cardinal point never to be forgotten.

The fact that the Community first and foremost accepted this challenge and decided to extend the 200-mile zones as a concerted Community act — the countries acted individually, but in concertation — and to entrust to the Commission a negotiating mandate and subsequently, as the Council representative has described, established a policy towards third countries who cannot give us reciprocity, has already yielded significant results. Overfishing by certain third countries who cannot give us reciprocity has been brought down or is in the process of being brought significantly down. The Community has proved itself capable at short notice of taking the action necessary to bring about the necessary results, and in such a way that a confrontation with the countries in question has not been provoked. What will happen in the future I shall not try to predict; I will only say that if confrontation there is going to be, it will be the kind of economic confrontation which is part of international economic life, but not a political confrontation.

Our 200 mile-limit has been accepted by the Eastern countries. Our Community has been accepted as the community responsible for those 200 miles, something which would not have been believed only a few months ago. We have made major progress politically

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but also economically, and substantially in favour of our fishing population. In our negotiations with the countries where there is fishing on both sides, the so-called reciprocity countries, we are making fair progress with the most important country, namely Norway and with another important area which is part of one of our Member States, but still outside the Community — the Faroe Islands. And whilst these difficult negotiations are going on, we have concluded a sensible gentleman's agreement with both areas which allows continued fishing on both sides at 1976 levels. In other words, no losses have been sustained by fishermen in any of our Member States in those additional fishing waters of these areas which are of great importance to our fishing fleets.

I am underlining this because, as Mr Prescott pointed out, in this otherwise positive picture we have a minus point, namely Iceland. It is fair to say a few words about these negotiations now. There I agree with Mr Prescott. Let me start off by saying that, like him, I have sympathy for the special problems of that small country. It is a small isolated country with a small population which is highly dependent upon its fish resources; they have precious few other resources. One must therefore realize that the fish around their coasts are their main livelihood. One must also therefore understand their desire to defend their fish population because that is their future. On the other hand, it is equally true that even if we place that country in the category of reciprocity countries we cannot, as fishing patterns are, offer them reciprocity in the fisheries sector. And that is one of the main reasons why it has not so far been possible to conclude an agreement concerning mutual fishing rights, because our mandate says 'reciprocity' and they can quite candidly say, 'Well, there can be no reciprocity, because we don't catch that kind of fish, nor can we', and that is true. But having said that in order to explain their position, the other side of the coin, which of course is what we present them with, is that we are an important partner to them for the future. We are an important market for their fish or fish products. We are an important partner in many other respects, and whilst respecting their need for preserving their fish — and they are carrying out a national fish conservation programme which I think the Community might envy — they could nevertheless be expected to conclude agreements with us which, to quote our mandate, avoided an abrupt decline in traditional fishing activity in the light of the type of general relationship we have with them. That is the proposition I put to them; it has not so far been refused or accepted. I agree with Mr Prescott that there comes a point where one cannot allow oneself to have too many further illusions. As far as I myself am concerned, the point has come where I have made it clear to the Icelandic Government that I have precious little more to say. I am expecting an answer. And in view of the friendly relationship between Iceland the Community I feel entitled to an answer,

and I think I shall receive an answer based on the general considerations to which I refer.

The Council representatives have referred to the agreements we have made with the United States, and arrangements have also been made for securing continued fishing rights in Canadian waters. In both cases it is of limited volume, but from the point of view of principle it is nevertheless of very considerable importance.

The conclusion of the agreement with the United States is of some economic value, but it is of even greater economic value because the agreement has been concluded with the Community as such.

This then, Mr President, is the external part of what we have set out to achieve, as far as we have got. I could add a number of other countries with whom we have entered into negotiations. I shall not drag on, since time is short. I only want to make the remark (since this is referred to in Mr Kofoed's report) that we are forgetting neither the Mediterranean nor the Baltic. Certain problems with Yugoslavia have been resolved, like certain problems with African countries, and in the Baltic Sea stability has been maintained irrespective of Sweden's extension of its fishing-zone to 200 miles. They have more to lose in the North Sea than they might have to gain in the Baltic and, therefore, I think we shall come to a successful conclusion also in our negotiations which are proceeding with that country. We are definitely not neglecting either the Baltic or the Mediterranean, but there it is more a matter of maintaining an acceptable *status quo* than of negotiating a new solution in the present circumstances.

No external policy can, however, in the end be carried to its conclusion unless it is intimately linked with an internal policy which is coherent. Here, we are naturally confronted with the difficulties to which I referred — and to which Mr Kofoed also referred — that we have to draw up a policy in a period of scarcity, in a period of sacrifice. Even in the best hypothesis concerning our negotiations with third countries, we may negotiate areas of the same volume as we are giving in our own waters, but value-wise there is a difference: we may lose more than we can gain.

We certainly have to carry out fish-conservation measures which cut down fishing activities. If this is to be done in a Community manner — and I cannot see how a Community can survive unless it is seen by citizens to be working in a Community manner — it must be in a spirit of solidarity entailing sacrifices. The sacrifices must be equally distributed among the industries of the various Member States. But will preference clearly be given by others to those fishermen who are most dependent on fishing and who are in a more precarious situation? So, this solidarity entails an obligation towards those who either for regional or for other reasons are in a less-favoured situation.

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We are convinced that the necessary limitation of fishing can best be achieved by a system of quotas allocated for species and to countries, with ultimately licences for vessels. We think that is a way in which it can be done effectively and equitably. But to that must be added certain other policies — policies which take care of that group of less-favoured fishermen to which I have referred. Hence, we have suggested a certain priority in a coastal zone of 12 miles, as a derogation from the main rules of the Treaty. Hence, we are suggesting a number of structural measures costing 400 million u.a. over a period of 4 years.

In this connection, I would reply to the Committee on Agriculture that we take the point they make in referring to the Regional and the Social Funds, but I cannot really accept the indication in Article 12 of the way in which they want to bring these funds into operation, because it goes against the rules at present pertaining to these Funds. It is no secret to this House that the present Commission is seeking a far-reaching coordination of the activities of these Funds, so I can accept the underlying philosophy of this proposal, but, for formal reasons, I cannot otherwise accept the amendment as it stands.

To the structural policy must be added special measures concerning fish conservation. A number of these measures have already reached a fair amount of agreement in the Council, to the surprise of many. I will not go into them because the Council representative has accurately enumerated them. The result of the Council meeting yesterday evening clearly demonstrates that not only in the external but also in the internal field the Community is capable of taking the necessary measures in order to protect endangered species and come to an agreement on conservation measures, be it with regard to fishing equipment or fishing methods, or — and here areas enter the picture again — to special rules for areas which are in danger. One must not forget that it does not solve our problems to play around with rules for exclusive zones. It is another matter to define zones which are necessary for the sake of protection. And that protection may also be a matter of protecting the special interests of the local fishing population in some of our regions.

The results of last night's meeting, as far as policy agreement is concerned — even if there is no formal agreement yet — indicate a great readiness on the Council's part to follow the Commission in taking measures of this kind. Therefore, I consider this, as I consider the Hague meeting in the autumn, a breakthrough for the external part of the common fisheries policy and a first breakthrough for the beginning of a coherent internal fishing policy.

Mr President, I have indicated some of the principles which I think must be the pillars of an internal policy: a quota system supported by licences. And I

agree with the Committee on Agriculture that it is necessary to have adequate control measures. I do not think we can as yet ask to establish a common inspection fleet — maybe that will come tomorrow — but the underlying idea is right, because control must be exercised on behalf of the Community. And, mind you, by national authorities on behalf of the Community, and not over part of the waters but all of the waters. If there is an undue burden on any country in exercising that responsibility for the Community, the Community must pay, because it is in the common interest to carry it out. We must be logical with ourselves, and that concept enclosed in the report, the Commission endorses wholeheartedly.

The structural measures I have referred to. I can accept all the amendments made by the Committee on Agriculture with the one exception for formal reasons in Article 12, to which I have referred. I said that control measures were necessary. There is one amendment which I cannot, however, accept, and that is where you want to penalize the fishermen of a whole country for infractions by one or several individual fishermen. I think that is unacceptable because it is collective punishment and, as such, is not a very acceptable idea in law. That is in Article 4 (4).

Likewise while I said that measures must be taken in order to support local fishermen, I do not think that the provision in Article 6 (1) of the resolution, restricting fishing within a 12 mile limit to certain persons can be squared in that form with another principle, that of maintaining historic rights. For that reason, and for that reason alone, I do not think I can accept that particular amendment. It is only for that reason.

There are a couple of amendments about fishing permits, and there must be fishing permits. But then you ask in Article 8 (3), and later on in the related question on implementing measures in Article 10, that Parliament be consulted before implementing measures are taken. I am informed that that does not conform with practice to date, and I must therefore reserve my position on that point. But what is implementation and what is not implementation in a new policy may be a big issue, and therefore I am only reserving my position on that point, not raising a formal objection, and I think we should be able to find a solution to that problem.

You ask for reports on the results of the various conservation methods which are about to be taken and others that will naturally be following. With the present staff of the Commission I cannot promise at the present stage to produce a valid report of that kind every year. I think it could probably only be valid anyway by the end of 1978. From then on I hope that the Commission staff will be built up in order to meet that requirement which I think is a sensible one, because I endorse the view expressed verbally by Mr Kofoed that conservation methods must be seen as an

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all-round proposition, with an inter-relationship between what is done with the various species, otherwise one will go wrong.

All we do for fish conservation is naturally based on advice from fish biologists and therefore your amendment to Article 13 (1) concerning the task of a scientific committee of biologists we can certainly accept; we think we have already anticipated your reconfirmation of the need. On the other hand, I have my doubts about the proposal on Article 13 (2) about support for various other research institutions. I think that might easily carry us too far afield and I think that needs further thought and study. What I am most concerned about, at this moment is the establishment of a proper system of Community advice on fish biology, because unless we move away from the present situation where we get very conflicting advice from various national institutes, I don't think we shall be able to make very significant progress.

It is undoubtedly difficult under present circumstances to establish a new policy like fish policy. I think, contrary to what has often been said, that over the last six months more progress had been made than what might have been expected.

But that is no reason for falling asleep or being complacent. The efforts nevertheless have to be extended. Whilst I feel sure about the main pillars of that policy, I still frankly admit that each new discussion, each new negotiation turns up new aspects of the problem, and therefore there is no point in going into these further discussions with too closed a mind. My mind, the Commission's mind, shall not be closed to new ideas, which I try to define. Unless we have that open-mindedness and that flexibility, together with a conviction that this can only be solved through Community measures by the Member States, we shall not succeed.

It is a matter of great concern to the Commission and a number of Member States that, irrespective of the progress which is being made, certain Member States still reserve the legal rights which they have as matters now stand — I am not contesting that for one minute — and feel that they may have to resort to national conservation methods. I think the result last night proved that it should not be necessary. The door is legally open for it, we hope that that door will not be used or have to be used too much. I have said to the Council, and I want to repeat today, that in any event the rules concerning such national methods provided for in Paragraph 6 of the Hague decision of last autumn are only an exception. They are not a main provision, but can only be used *ad hoc* in appropriate circumstances, as a temporary, non-discriminatory measure, following due consultation seeking the agreement of the Commission. I must say here as I said in the Council last night, that if any Member State infringes these principles, which are not formalities but realities, the Commission must face its responsibility as guardian of the Treaties, and it will do so.

I have, however, the hope, following last night's discussion, that this will be the exception and not the rule, and we shall indeed move forward towards the establishment of a comprehensive fishing policy externally and internally.

There have been six acts in the discussion. I sometimes felt that the meetings in the Council were not the easiest to prepare for. I therefore suggested to the Council last night — and, as you have heard from the Council this morning, this was unanimously adopted — that a high-level group of fisheries officials be appointed in order to assist the Council in treating the various proposals from the Commission. I think this is going to help facilitate the deliberations of the Council but it will also help in broadening out the concepts of this fishing policy, thereby facilitating the result which is desired in the end by everybody.

(Applause)

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

**Mr Hughes.** — I am sure the whole House, especially given the lack of sleep that Mr Gundelach is suffering from, would wish to thank him for the very full report of last night's meeting that he has given us.

I would like, on behalf of the Socialist Group, to congratulate Mr Kofoed on his report, which contains not only a great deal of technical common sense but is an example of political courage which, given the imminence of a Danish general election, has become, if anything, greater than when it was originally written. When we look at this report, in general terms my group welcomes it wholeheartedly. It goes a long way towards achieving the sort of solution to both the external and the internal fisheries policy of this Community which we have been advocating from time to time in this House.

If I may turn relatively briefly to the external problem, it is quite clear that it is an easy excuse to blame third countries for our own internal Community defects. It is very easy to blame Poland's or Russia's or any other third country's fleets for damage which is being inflicted upon Community fisheries by Community fishermen. We should not easily get away with that. Equally, particularly in the case of the British over the last few months, it has been very easy politically to react to the treatment we received at the hands of Iceland by adopting a chauvinist attitude at a national level. I would here give great credit and praise to my colleague, John Prescott, who, despite sitting for a port that more than any other was at risk, chose to support the position taken by the Icelandic government throughout that dispute. That took a degree of political courage which this House would do well to adopt in the whole discussion of external and internal fisheries policy.

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When we turn to the internal problem, which is clearly the crux of the current and immediate difficulties, we start from the fundamental dilemma that what is wanted by the fishermen of the Community and what is needed for the fishermen of the Community are incompatible. We require the political courage to say to our fishermen that they cannot have what they want because in the end that will deny them what they really need. That is the essence of our political and technical dilemma. Unless we as a Community impose upon the fishing industries of our several States a degree of discipline which they have not as yet imposed upon themselves, we will in the end allow them to be pressurized by economic forces which will bring about massive disruptions and dislocations in their livelihoods far worse than the attempts at producing a rational Community policy such as are envisaged both in the Kofoed report and in the Commission proposals to which it refers. The cyclical pattern and the technological advance in fishing methods have made totally anachronistic the concepts of so many miles from shores. All the previous historic thinking about limitations of catching capacity has been overtaken by a technology which would enable a few fishermen from within the Community to put their fellow Community fishermen out of business and into the bankruptcy courts within a very short time. Unless we provide both economic conservation for human beings and biological conservation for the fish that they would exploit, we cannot but serve the worst interests of both fish and man-alike.

There is, for example, a clear conflict of interest between the in-shore fishermen, whether he be English, Scottish, Irish or whatever, and the trawler owners. An exclusive 50-mile zone round the whole of the United Kingdom is as much a danger to the in-shore fishermen of Scotland and parts of the north of England as no regulation at all. To allow the great trawlers in does not benefit the communities in the north of Britain who depend for their very livelihood on keeping trawlers out and having access to in-shore waters. We delude ourselves as British politicians if we pretend that a 50-mile exclusive zone provided our fishermen throughout the United Kingdom with an automatic solution. It provides our fishermen with the possibility of mass genocide for the people of Scotland and elsewhere if they are not protected against their fellow British.

Equally, — and an example of this I believe cropped up in the middle of last night — in the case of processing a particular species, let us say the Norwegian pout, for fish meal it may well be that that particular species is not endangered, but if you allow unrestricted fishing for that species you accidentally damage the stocks of another species. Here you have the sort of conflicts that one is concerned with. In conservation it is not gunshot distance from a shore but marine biology that must be the base.

And in the matter of determining conservation zones my group has tabled an amendment to the report. These conservation zones must firstly be accepted by the Community. They are not an excuse to create a national private fishing area. They are a biological method of conserving fish stocks. But, for technical reasons, at the moment the only effective forces that can police those zones are the forces of the several littoral Member States nearest to them. To ask the Luxembourg Navy to police the 200 miles, or even a coastal zone, round the north of Britain is unrealistic, it has got to be the British fleet fishery protection vessels that do that, but they must do it on behalf of an agreed Community position. As was said earlier, these are not fish flying either the Cross of St Andrew or the Union Jack, these are Community fish belonging equally to all and their conservation is a Community matter in which the British, or whatever littoral State, acts as agent for and on behalf of the Community. I understand why many of our colleagues in the Community fear a perfidious Albion when they hear these sort of proposals being put forward. The suspicion is that we wish to get our 50-mile zone by means of conservation zones. I understand that fear, but can I assure this House that that is not the objective behind this Socialist amendment. It is an amendment based upon the absolutes of marine biology, not upon the accidents of national policy.

I return finally — because there are many of my Socialist colleagues who will want to speak — to a problem raised by Mr Gundelach about the equality of sacrifice. I wish, when he had mentioned this, that he would have gone further into determining how you actually weigh up sacrifice, because for many fishing communities there can be no alternative employment. No offer of Community aid to provide alternative employment at the moment appears to be remotely realistic. For many of these communities in the further regions and peripheral areas of Ireland and Britain it is either fishing or nothing, and that equality of sacrifice looks a little thin if they are asked to give up fishing without adequate protection for their fishing livelihood because there is no reality in any other livelihood where they live. Equality of sacrifice does not mean, and cannot mean, that they should be forced to leave their native home.

In conclusion, I would just ask whether in reply to the debate Commissioner Gundelach would also refer to the amendments to Article 2 proposed in the Kofoed report where, again in establishing the coastal zones, we try to deal with this question of fishermen from the littoral coast employing boats of less than a certain size. I would be grateful if Mr Gundelach could give the Commission's views on that question, because this seems to be the key point where the twin desires to maintain enough fish for Community fishermen to fish for in perpetuity and enough security for the disadvantaged fishermen of the peripheral

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areas are brought into harmony. And with those remarks I commend this report. I thank Mr Kofoed for bringing it to this House and Mr Gundelach for his remarks.

*(Applause)*

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

**Mr Vandewiele.** — *(NL)* Mr President, ladies and gentlemen, there is no doubt at all that this debate will be of great importance for the further development of the European Community. On behalf of the Christian-Democratic Group I should like to thank Mr Kofoed for his excellent report, which gives us a broad picture of the various aspects of the fisheries problem in the Member States. The draft regulation for fish conservation is in itself of sufficient importance to command our full attention. Because of the establishment of the 200-mile zone, however, we are also facing major problems over internal arrangements and agreements with third countries. The oral question from Mr Fellermaier and his colleagues expresses the dissatisfaction of the whole House at the failure to adopt these expected regulations.

The President-in-Office of the Council and the representative of the Commission have, it is true, raised certain hopes as to future regulations, but the telex we have just read is quite categorical. We must realize that we are still faced with months of difficult discussions and that a great deal of effort will be necessary. We are grateful to the Commission and the Council for the efforts they have already made, but there will still have to be months of discussions and we shall have to do our utmost if we are to implement regulations at Community level in the sense mentioned by Mr Jenkins. Some of us did not like the sound of what he said yesterday.

According to Mr Jenkins, the Community — he did not say each Member State, but the Community — must build a policy suited to the new division of the world's seas. The extension of fishing limits from 12 to 200 miles brings wide areas under our control. The President-in-Office of the Council and the President of the Commission have not said that each Member State must be given the opportunity of exercising wide-ranging authority in its own area. In accordance with the Treaty of Rome, we now expect a Community sea to be created within the 200-mile limit.

Mr Jenkins also said that we had to create a policy satisfactory to all, and which fully met the common interest. Only in this way can the sea's resources be managed equitably so as to ensure the conservation of fish stocks and a fair distribution of the total catch. That is also the great problem in today's debate. When we come to deal with the amendments which have been tabled to this very placid motion for a resolution, which had the unanimous approval of the Committee on Agriculture, it will be apparent how

divided Parliament is on this point. I do not wish to go any further into this question. Mr Jahn will deal with the political aspect of the matter in a moment. I wish to confine myself to Mr Kofoed's excellent report, and first of all I should like to pay tribute to the Commission and to Mr Gundelach's predecessor and his staff, who drew up the proposal for the regulation establishing a Community system for the conservation and management of fishery resources. This is a balanced document which was drafted after a great deal of preparation. My Group would be sorry if any great modifications were made to this document, which certainly provides a basis for Mr Gundelach's future negotiations. I hope that in this debate we shall stand by this document and not depart from it too much. It is an excellent document, as Mr Kofoed repeatedly stressed in his report.

One of the ministers of agriculture of the Community recently declared that it was no exaggeration to say that these were historic times for the deep-sea fishing industry. On 31 December last year the era of the freedom of the sea came to a definite end. A new era has now begun, an era in which a new balance must be found between the natural production capacity of the sea, the catching capacity of fishing vessels and the capacity of the market to absorb fish and fish products. The European Community now has to organize a Community fishing zone. The ultimate aim of the 200-mile limit is to gain control of the fish stocks in the seas around the Member States of the Community. In doing this, we want to protect these fish stocks as effectively as possible against overfishing. Mr Kofoed continually draws attention in his report to the fact that the problem of overfishing and the depletion of the sea's resources is a Community problem and a problem of world-wide importance, irrespective of whether this overfishing is the work of our own fleet or of third countries. Let us not be hypocritical. The question is not simply whether Russia is emptying our sea of fish, but equally whether we ourselves are not guilty of overfishing. Mr Kofoed put this quite vividly. There are of course no fish swimming under a particular flag. There are clearly no Danish fish, or Dutch fish or English fish. But it is clear that there is a European fishing zone for which we must assume joint responsibility.

We thus agree that it is necessary to pursue a rational structural policy, but this must be a Community policy aimed at building up a fleet adapted to both the production capacity and to the sales capacity of the Common Market. The question then arises of the criteria on which the geographical distribution of this structural policy is to be based. We maintain that the geographical distribution and the density of the fishing population on the Community's long coastline must be an important criterion, but not the only one. Today's debate shows that we still have a long way to go before Community interests come before national

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interests. This is why there are difficulties in fixing quotas for the Member States' permissible catch. This is also why there is so much discussion about the necessary protection measures.

Since on 1 January 1977 there was no concrete information available on the quota for 1977, and in view of the strict requirements of certain Member States, we are having to start with a provisional system. Each Member State must restrict its landings in January to the level of January 1976. If our information is correct, Britain and Ireland are now threatening to introduce measures of their own. There is no doubt that countries such as Denmark, the Federal Republic and France will oppose this. We continue to hope, in the light of what happened yesterday, that the Commission and the Council will at least succeed in introducing a provisional scheme for a period of one year.

Ladies and gentlemen, let us take our time, let us grant the Commission and the Council time to hold consultations, let us first of all see to our external arrangements and speak with one voice in external affairs. Let us for our part give the Commission the necessary elbow-room to make provisional arrangements in good time. Mr Kofoed's motion for a resolution tries to be as thorough as possible. With certain reservations with regard to a number of expressions, the Christian Democratic Group can give this motion its support. If, however, certain amendments are adopted, we shall have to review our position.

I should now like to draw attention to just four points: the preservation of fish stocks, the so-called coastal zones, supervision in coastal waters and structural adjustments.

We accept the idea of a reserved coastal zone of 12 miles, albeit with certain reservations. If only for the sake of the compromise it contains, we support this proposal. It must, however, be made quite clear what is meant when one says that fishing in this 12-mile zone will remain under the jurisdiction of the Member States until 31 December 1982. Inshore fishing is granted certain privileges and a number of exceptions are made to the principle of equal rights of access to fishing grounds. In view of the continuing dispute over what some people call the 50-mile zone, it is of particular importance to pay some attention to the interpretation to be found in the report from our Legal Affairs Committee — I refer you to the Annex to the Kofoed Report, Paragraph 13.

Should the Commission allow each Member State to preserve its coastal waters solely for its own fishermen, without taking account of the so-called historic rights of other Member States? We clearly must have an answer today on the question of traditional rights, or at least an attempt must be made to give an answer. An amendment has been tabled on this in order to clarify the position.

We are not convinced that the introduction of a 200-mile limit by the Community will lead to drastic changes in the current common fisheries policy. The Commission rightly wants to provide effective protection for existing fishing stocks. The profitability of inshore and deep-sea fishing is something that concerns us all, but we do not see why this aim can only be achieved at the expense of one of the basic principles of a fundamental Community policy, i.e. Member States' free access to each other's fishing grounds. There is a better solution. Proposals have been put forward for preventing overfishing in coastal waters by means of technical arrangements. Mr Gundelach mentioned that discussions were under way on this. The aim is to restrict access to these zones to vessels of less than a certain tonnage and engine size, irrespective of the flag under which they sail. We have so far not heard a single argument to show that these arrangements could not be effective. We accept the need for a quota system for the maintenance and replenishment of fish stocks.

And then supervision. Major measures are required for supervision and control in the reserved zones. We want there to be a Community supervision system. To give just one example: it is impossible for the Irish to supervise their sea and check all ships on their own. An effective inspection system under Commission control will require a clear agreement as to the distribution of the heavy financial burdens. In this context we would draw attention to Paragraph 22 of the motion.

In the Kofoed report we are provided with statistics on fish production, price differentials and catches inside and outside the 200-mile limit. We should just like to point out that one important statistic is missing, i.e. the number of people and families employed in this sector. I have, however, found one figure in the Commission's document: 600 000 people are involved in the fishing industry. The Commission's proposal talks of redeployment and restructuring. Now, in the nine Member States the reorganization of the deep-sea fishing industry will lead to a considerable fall in the number of fishermen. And anyone who has experienced the tragedy of redeployment in agriculture and in coalmining will remember what unfortunate conflicts this gave rise to.

The dismissal and retraining of 160 000 workers from the fisheries sector will require special measures. The fishing fleet of the Nine consists of 68 000 vessels, plus another 45 000 for inshore fishing. Because of the double restriction on fishing, these ships will certainly not all be able to pay their way. Mr Gundelach mentioned a sum of 200 million u.a., if I heard all right. But in the Commission's document it says that 400 000 u.a. will be needed for certain social measures to help the people concerned, for taking a number of ships out of service, for adapting equipment etc.

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Mr President, I think it is important that at the end of our debate we should also hear Mr Gundelach's views on this question, since restructuring will have such grave social consequences. I know that everyone in this Parliament will support us if we way that we must pursue this restructuring with as much social concern as possible.

Our Group welcomes the proposal for an amendment to Article 12 of the Regulation, in which this question is stressed more particularly. This states that 'in the framework of regional development plans drawn up in conjunction with assistance granted from the Regional and Social Funds (attention must be given to the creation) of alternative employment for land-based workers dependent on the fishing industry ... and for workers in the fish meal industry'. I hope that this proposed amendment will be adopted. Listening to Mr Gundelach just now, I had the feeling that he had certain objections to Article 12. Perhaps I misunderstood him, but I hope that this fisheries debate, which is only a beginning, will put us on the right path towards the adoption of a Community system, and I hope that our Group will shortly be able to approve the whole motion for a resolution.

*(Applause)*

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

**Mr Nyborg.** — *(DK)* Since various countries have extended their territorial waters or will do so in the near future, it is important that the Community, with the extension of the limits of its own EEC zone to 200 miles, should conclude agreements with those countries in whose territorial waters Community fishermen have their traditional fishing grounds. In this context the most important countries are Iceland and Norway. The decision of the Committee on Agriculture to agree that the jurisdiction of coastal States does not go beyond 12 miles from the coast line must be seen as a decision of considerable importance, since otherwise the concept of an EEC pond would have been entirely wrecked.

The recent Soviet approaches to the British Government indicate a change in the attitude they have adopted until now and gives grounds for hope that negotiations between the EEC and the countries of Eastern Europe will be successful. With regard to negotiations with the countries of Eastern Europe over their fishing rights in the North Sea, I would particularly stress the need to consider the considerable amount of fishing going on in the Baltic, where a confrontation would be a very serious matter for fishermen from Bornholm, South Zealand and Lolland-Falster.

In the motion for a resolution before the House, it is accepted that it will be necessary to introduce quota

schemes for certain species of fish. In principle, quota arrangements must be regarded as undesirable and extremely difficult to administer. A prominent Danish marine biologist, Dr Erik Ursin, from Denmark's Fisheries and Marine Research Department, has processed the data in the available statistics on the biomass, species of fish, fishing methods and the protection of immature fish etc. in the North Sea and has concluded that the three million tonnes of fish per year taken from the waters of the North Sea could be doubled if firm limits were imposed on the fishing of individual species and on minimum size, in accordance with the so-called 'North Sea model'.

Since 1960 the total amount of fish caught in the North Sea has doubled, from 1.5 to 3 million tonnes. The obvious question therefore is how high the catch can go — can it for example be doubled again? That seems in fact to be the case. The answer lies in the principle that the fewer fry a species eats, the more its stocks can be allowed to grow. It is possible to regulate fishing operations, e.g. the number of hours trawling per year and the minimum size fish must reach before they are caught. When one is dealing simultaneously with about a dozen species, however, there is a vast number of possible combinations of fishing operations and minimum sizes to be considered, and the calculations have to be done on a computer. After about a dozen attempts, a combination was found which gave 5.8 million tonnes per year, that is to say about twice the level of present landings, which would be caught by a fleet almost twice as big as the one operating at present. Each boat's catch should therefore be the same as it is now.

Industrial fishing is an indispensable part of this pattern. More fish are caught for human consumption (3.3 million tonnes) than for industrial purposes (2.5 million tonnes), but it should be remembered that, in addition to plaice, there are also smaller edible fish. Industrial fishing, as I have said, is an indispensable part of this pattern, without which it would not be possible to control stocks satisfactorily or exploit them fully. It is anticipated that the herring catch could quite well reach 1.5 million tonnes. One way of protecting herring would be to protect them against enemies other than man, and this would not require any interruption in fishing. One of the natural enemies of the herring is the mackerel, since mackerel eat huge quantities of herring fry.

Time does not allow me to go into greater detail but, as I have already said, our fishing industry should have the greatest possible degree of freedom. At present we are in an extremely difficult situation.

*(Applause)*

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

**Mr Fletcher.** — Mr President, we too are in general agreement with the content of the Kofoed report and, unlike other speakers this afternoon, we take some encouragement in fact from the latest deliberations of the Council. We do this for two reasons. First, because we have a new Commissioner in charge of the fisheries policy, and we have a great deal of respect not only for his ability for his skills and reputation as a diplomat, and secondly because the deliberations of the Council went on very long into the night — I believe until about 5.30 a.m. this morning and it does seem to be the fashion, as we know, that successful negotiations in the Community can only be measured in terms of all-night sittings. Therefore, if that is indeed any way to judge the future, it is somewhat encouraging that Ministers and Commissioners are going now to sit up night in an effort to find an early solution to the very difficult problems of fishing.

Some progress has been made regarding conservation measures and the relationships with third countries and this rather limited progress is nevertheless very much welcome. We all know, of course, that the big crunch has yet to come — the actual revision of the common fisheries policy. And we would not criticize the Council or the Commissioner for putting this item slightly lower on the current agenda, while they try to reach agreement by working together on some of the other important questions, such as relations with third countries and conservation measures, not least conservation measures as far as herring fishing is concerned. Perhaps this is a reasonable and sensible approach for the Council to take amid all the difficult circumstances of today.

Now of course the problem of the urgent need to reach agreement on the revised common fisheries policy will not go away, particularly as the main fishing season draws near this year. The reaffirmation of the general approach of considering quotas only as a tool of planning and of implementation of controls through licensing is very much welcomed by the Conservative Group. However, if as seems quite possible third countries, such as Russia and other East European States not only reach early agreement with us but clearly cooperate and respect the agreements they enter into with the Community, then we should bear in mind that there is a very great danger that the European Economic Community could become the laughing stock of the world if we continue to squabble and disagree among ourselves regarding the revision of the common fisheries policy. I happen to know from very recent conversations with senior people involved in fishery protection that they find that generally the Russians and East Europeans are indeed more law-abiding than some of the EEC Member States.

They know from their experience over many years that a Russian trawler captain who is found guilty of

an international fisheries offence is very lucky to escape with his life when his ship gets back to his home port. We are not suggesting that any such penal sanctions should be applied by European Member States, but I am trying to underline the fact that there is a very real prospect that agreement can be reached with these third countries and that they will obey the letter of the law, and therefore we of course must as members of this Community do the same.

Perhaps, Mr President, we could help to prevent any embarrassing situations arising within the Community if this Parliament were to recommend that the United Kingdom, Ireland and Denmark — the three major fishing countries — started informal talks now with the Commission in an attempt to reach broad agreement on the differences that we know exist between these three countries. This is not suggested in any way as a means of overriding the interests of the other six. Obviously the other Member States would be completely involved in any alterations in any final agreement regarding the common fisheries policy. But it might speed things up a little if these three countries could have informal talks at the same time as the main negotiations taking place. Perhaps we might get some response to that suggestion later on. The suggestion itself is made in the realization that Denmark has the biggest fisheries catch of all the Community's countries while the United Kingdom and Ireland have in their 200-mile zones something like 80 % of the fish stocks of the Community. So clearly if these three countries can get together, some faster progress might be made. I think the facts regarding these three countries speak for themselves and might help to concentrate the minds of honourable Members and of the Council and of the Commission and the governments of the Member States. I repeat, Mr President, that we accept in principle the report that has been laid before the House and that we wish the Council and the Commission the very best of European luck in trying to resolve this problem.

If I may just make a personal point at the end, Mr President. As I happen to be returning to the House of Commons on a full-time basis, this is the last opportunity I shall have of addressing this House. I would like to thank you, Sir, and your colleagues for the courtesy you have extended to me during my time here. Thank you very much.

*(Applause)*

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — Mr President, may I also pay a compliment to Mr Gundelach? I think one hour's sleep isn't enough for anybody and perhaps I could pay him a compliment that is a little different from that of the last speaker, Mr Fletcher, and say that from my point of view I believe him to be a sincere man with a caring heart for the fishing industry. I have certainly

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passed that view on to the fishing federations that I meet, and they have taken a little heart from this against what looks like a very uphill situation for them.

I have stood here many times, probably too often on the same subject, speaking with the best advocacy I can summon up for what is the survival of a major industry and will, if I may, put it this way: Iceland has half the population of Edinburgh and everyone appears to recognize that Iceland's vital interests have to be protected. If you were to draw a line across Scotland half way, you would have a great land mass and a small population; we have 80 % of the inshore fleet of the United Kingdom living there. If I can make myself heard on a serious subject, there is no alternative that is acceptable, there is no alternative that is available and there is no alternative that is dignified for people who have preserved a way of life that is admirable. There are whole communities going to be devastated if we do not get justice from this Community. I have said this many times, but as I have apparently not succeeded in getting my point across, I make no apology for saying it again. There are 80 000 male jobs in Scotland at risk, and indeed many inshore fishermen in the south of England are writing to me directly to ask me to make the most impassioned plea I can, so I hope that this House realizes it is not a matter of dabbling with regional policy.

It is not dabbling with a situation where men are asking for aid to be bailed out. They are only asking to get what any maritime state gets as its right and entitlement. They are asking you to consider that coastal states have a preference — a unique entitlement, where the sea has been an extension of the land; and if every maritime state in the world regards it in that light, and the EEC Member States do not, it is a little bit as if, having sunk the boat of Scottish and indeed English and Irish inshore fishing, you are going to have lengthy discussions on how to construct a lifeboat; and it looks to my fishing federations in particular, and those in the south of England, as if the lifeboat is being designed as a 7-seater, with Ireland and the UK, the ones who have given you the pond so that you can have these discussions in the first place, being the last ones to be considered. While I sympathize very much with the complexities and the goodwill that has been shown by very many Members here, while I sympathize with the need to get it right as we keep being told, can I just say that time is not on the side of this industry, because there is no confidence where there is uncertainty? And when you go back to the question of rural depopulation, if there is no certainty — it is the same as in the mining industry when there was no certainty — they vote with their feet, as the saying goes. They say to each other, 'don't send your son to sea Skipper Campbell, send him to something else'. And before you know where you are there will be whole small ports right

round the United Kingdom — 80 % of them in Scotland — where there will be no dignity, no way of life, and you with your fair hands and your goodwill will have destroyed it. And that is a responsibility that you have got — whether you like it or not.

Now, we went into the Common Market with a referendum. People voted for it but, as far as Scotland was concerned, they were given assurances by the pro-marketeters, among whom Commissioner Jenkins must take full responsibility about 50-mile coastal limits. They were given assurances that they had nothing to fear from the Member States, that justice would be done and the common fisheries policy, which the Conservative Government took us into with no right of veto, would be renegotiated. And the referendum result in Scotland, which was a very narrow 'yes', was given in good faith to you all on a basis of these assurances. When my party said, 'Don't believe these assurances', we were told 'You are alarmists. There is going to be a renegotiation.' And when people like me said 'You will only get 12 miles', we were laughed at by the pro-marketeters. I really wonder what I can go back and say if we don't make further progress with a more satisfactory coastal preference.

On another couple of points I would quickly like to comment. There is a great distinction, in my view, in a world short of protein, between fishing for industrial and human consumption. I understand very well the plight of Denmark. For very similar reasons to those that motivated regional policies in Scotland, the Danes understandably created fishmeal factories in areas which needed jobs. And I am the first to understand the problem of these communities. But the fact of the matter is that there really is no place for too much industrial fishing in the North Sea. I would like to make the point that, whatever results we come to, we must make a distinction. One must look at quotas on the basis that, if a large quota is going to the baddies, those who fish for industrial consumption, while I also understand the social reasons for doing it, one must distinguish between fishing for industrial and for human consumption. I would say we would have to look at quotas again because quotas have not worked so far but, if we are going to have them, then it must be the goodies that get the large quotas — i.e. those who are fishing for human consumption.

I don't quite know what other points to make, but I would like perhaps to make one point about the smaller end of the fleet, on which I have already had a courtesy talk with Mr Gundelach. I hesitate to make too much of it, because I am not in any sense looking for a soft option for the EEC Member States in relation to their responsibility not to destroy a major industry in Scotland in particular, and in Ireland and the south of England. For instance, one boat at the top end of my fleet went out in the first month of the year and caught as much fish in a few weeks as many

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of the small boats catch in a year. There ought to be some way of considering the small end of the fleet. There is a problem of definition which Mr Gundelach and I agree is difficult, it is not just a question of length, you can have a longer boat with a terribly low-horsepower engine. But you can find a formula. When you find a formula for what is essentially a boat that only wants to go out a couple of nights from a base and is not really in severe competition for big catches, I suggest these boats be free of quotas altogether, exempted from the system. What they are catching to sustain a modest way of life and help to keep these communities alive is not the crux of the matter. The crux of the matter is the top end of, for instance, my inshore fleet in my area, the trawler industry of course. I do take Mr Hughes' point entirely — there is a very vexed question here between the trawler industry and the inshore. There is also the distinction between all of those and the small boat. And I wonder if Commissioner Gundelach could look at that question, because it may be that that could take a lot of heat out of the situation in many ports right round the UK and also, certainly, in Ireland and in the north of Scotland.

Lastly, we can get too scientific, Mr President. We are dealing with the lives of men — and brave men at that. I really do look to the Member States for some justice for our rich pond which you are getting.

(Applause)

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

**Mr Pistillo.** — (I) Mr President, ladies and gentlemen, on behalf of my Group I should like to express our interest in the problems outlined in the motion for a resolution presented by Mr Kofoed. We, too, consider it essential to establish a consistent and systematic fishing policy as soon as possible.

By this we mean all that such a policy entails: protection and rational utilization of the fishery resources of the EEC countries, utilization and development of the possibilities which exist in this sector — possibilities which up to now have not received our full attention — the means essential for exploiting them, job protection and, in the future, an increase in the number of those engaged in this important sector in Community countries, and, lastly, relations with third countries, because it is obvious that an agreement with these countries is as urgent and as important as ever.

Another element of this policy has hitherto been action to protect particular species — and this has not always had good results. There are areas — Italy is one of them — where Community action should be aimed first and foremost at the general organizational structures of fishing, i.e. from the basic equipment to the analysis and research centres which could establish increasingly favourable conditions for the develop-

ment of fishing, leading to an improvement in product quality and to action to prevent the environmental decline of various regions, which, as we know, is caused by many factors,

I think that this is a problem which concerns not only Italy, but virtually all the countries of the Community. Moreover, this problem is rightly emphasized in the report accompanying the motion for a resolution.

After these brief general comments, Mr President, we should like to express some reservations on certain parts of the motion for a resolution. Firstly, we consider negotiations with third countries to be urgent, inasmuch as this is part — and must be dealt with as such — of a broader series of negotiations involving the countries with which the EEC as a whole desires to establish a basis for agreement and understanding. Any policy towards a given country based on a *fait accompli*, could only complicate the issue even further. Consequently, while we accept the principle of the 200 mile zone, we advocate a degree of flexibility in view of the complex and varying situations involved. We naturally feel that the negotiations, as Commissioner Gundelach stressed, should not take place between individual countries, but should be conducted by the Community as an entity. We cannot therefore — and we wish to be completely frank about this — accept the attitude of the British Members to the question under consideration.

Secondly, the motion for a resolution deals exclusively with the problem of the countries of the north-west and the north-east, while the problem of the Mediterranean countries is barely mentioned, far less tackled. Yet in view of the prospective and welcome accession to the Community of countries such as Greece, Turkey and Spain, the problem will — and, in fact, has already — become serious in this important area as well.

In any case, there can be no overall fishing policy unless existing and future problems in the Mediterranean basin are considered.

Thirdly, the motion for a resolution calls explicitly for structural measures to be drawn up in conjunction with the Regional and Social Funds to establish — and I quote — 'alternative employment for those land based workers dependent on the fishing industry who will be affected by the adjustment to 200 miles fishing zones'. We naturally agree with this proposal. Nevertheless, we ask ourselves and our fellow Members whether structural measures can be limited to this. If we consider only those countries at which the resolution is chiefly aimed, the answer is probably yes. But things are different, for example, where Italy is concerned. Structural measures would have to go further than mere material aid and deal with important aspects of the organization of fishing, from its basic structures to the planning, research and survey

## Pistillo

centres. In other words, we propose an overall policy which would give aid only when absolutely essential and concentrate rather on reorganization.

As far as I can see, there are no other alternatives. This may be — although we do not think so — a mainly Italian need. Whatever the case may be, we maintain that a coherent and harmonized policy in this sector must take account of all the problems which arise in all the Member States, and not only in some to the detriment of others.

These, Mr President, ladies and gentlemen, are very briefly the considerations which prompt us to abstain from voting on this motion for a resolution presented by Mr Kofoed and to ask that account be taken of the factors we have briefly brought to your attention.

*(Applause)*

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

**Mr Laban.** — *(NL)* Mr President, I should like, on behalf of my Group, to add a few remarks to what my colleagues, Mr Prescott and Mr Hughes have said. I should like to deal in particular with Mr Gundelach's statement on the results of the Council meeting of yesterday evening and last night. I have the impression that Mr Gundelach, whose major efforts to find solutions in the fields of both external and internal fisheries policy we greatly admire, is being a little over-optimistic about the results of this Council meeting. As far as external fisheries policy is concerned, we can fully share his optimism. As I see it, the negotiations with most countries — even with Sweden, which announced its 200 mile zone only very recently — on agreements will in fact be completed around July, and only the negotiations with the Soviet Union will take a little longer. However, the mere fact that the Soviet Union is negotiating with the Commission of the European Communities is of political significance, since this represents a certain recognition of the European Community.

However, we cannot at the present stage completely share Mr Gundelach's optimism regarding internal fisheries policy — certainly not on the basis of the statement to the press this morning following the discussions. We naturally welcome the conservation measures for sprats and herrings, as these were vital, particularly in the case of herrings. But as far as we know no other measures for fixing quotas have so far been taken. Up to 31 January fishing was carried out on the basis of previous catches, in the knowledge that January's catches would be subtracted from quotas still to be fixed. I understand that this emergency measure is no being continued. I do not know for how long exactly, but the fact remains that the catches are to be subtracted from quotas which have not as yet been fixed. This is causing us some concern, and it is one of the factors involved in the establishment of an exclusive fishing zone. I know

that some countries were having difficulties on this matter, and we fully understand this. But perhaps Mr Gundelach could tell us to what extent he is justified in taking the optimistic view that progress has been made in this area too. I have read various press reports — 'inside information' — on last night's meeting, but nevertheless I feel that Parliament too have a right to know what are the grounds for this optimism.

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

**Mr Jahn.** — *(D)* Mr President, ladies and gentlemen, the internal and external fisheries policy of the Community are not separable, as can be seen from, among other things, the motion for a resolution contained in the Kofoed report, which takes a very broad approach to the problem and deals with questions of internal and external fishery policy far beyond the scope of the Commission's draft regulation with which the report is concerned. The Oral Question by the Socialist Group also deals with negotiations with third countries. I should therefore also like to make a few brief remarks on behalf of my Group regarding external policy, which strikes me as particularly urgent in view of the latest developments. I am obliged to base my remarks on what I have learnt from news agencies and read in the papers, and on what I have heard from Mr Gundelach today.

There have been developments in the negotiations on the common fisheries policy which must be a source of concern for all of us. I am not referring merely to the demand that the exclusive zone within the Community should be extended — this has been a constant problem in the negotiations on internal policy right from the outset and has repeatedly been discussed by this Parliament. No, I am also referring firstly to the danger that, while this tug-of-war over quotas and kilometres and miles is going on, the interests of the consumer in fish as a valuable foodstuff will be forgotten or at least neglected; secondly, the trends in the establishment of a common procedure for the conservation of fish stocks and a system of supervision for ships from third countries as decided upon in December in the basic agreement; and thirdly, the question of the responsibility for negotiations with third countries, or to more precise, with countries of the Eastern bloc.

I consider it ominous, Mr Commissioner, that Council Decisions or detailed Commission proposals can be passed under the pressure of one or two Member States threatening or announcing their intention to go it alone. This applies both to internal policy, for which, according to reports, the Commission proposed in January to convert the conservation measures threatened by Great Britain and Ireland into a series of optional Community measures as well as to the procedure of making a Community policy out of unilateral national measures for the supervision of ships from third countries.

## Jahn

In order to prevent such unilateral measures, the British licensing system has, to a certain extent, been taken over by the Community. Under this system, the holders of licences must inform a supervisory body of their intended routes and activities and of their actual catches.

Mr Commissioner, this body should be a joint institution.

However, since the Commission has neither the necessary technical nor financial means at its disposal, what will happen in practice is that the Community will record those data which the Member States choose to give it.

If it is true that the President-in-Office of the Council, Mr Crosland, has stated that the supervision in national waters will be carried out only — and I stress only — by the Member State in question, since national rights are only recognized internationally in areas of the sea forming part of the territory of that State, this means that the maritime area of the European Community is in practice divided into zones which are the exclusive preserve of the individual Member States, except for quotas which may be conceded to partner countries and third countries. Therefore, we cannot really speak of European Community waters.

In its Oral Question the Socialist Group expresses its concern that lack of progress in negotiations with third countries has been an obstacle to an agreement on internal policy. The Oral Question was probably drawn up immediately after the Council meeting of 20 December 1976. Today, following the events of last week and last night, there is indeed reason to fear that one Member State wants to use the Community as an excuse to banish third countries from Community waters, while at the same time hindering the establishment of a genuine common organization of internal policy. Mr President-of the Council, I should be grateful if you would clear up this point and set out minds at rest on this matter.

The Community has made contacts easy for the Eastern bloc, who initially failed to make any move to observe the quotas imposed or to establish contact with the Community. Now that the responsibility for issuing licences has been given to the Presidency of the Council, the Community has presented the Soviet Union and the other Eastern bloc States with a golden opportunity to avoid direct recognition of the Community once again. As rapporteur on Community — Comecon relations, I have been observing this practice for ten years now.

The political significance of the first negotiations between the Community and the USSR has been mentioned — it has been said that the ice has been broken, and I hope that our attitude will not turn out to have been over-optimistic. We must wait and see what happens, however, for one thing is clear, Mr

Commissioner — the USSR has acted out the necessity to which she too is subject. We cannot speak of a change in doctrine.

The Community was faced with the question of who should negotiate with the Eastern bloc countries. It gave an unsatisfactory answer. I do not think that the mere fact that a representative of the Commission will take part in the negotiations is sufficient. This is not in accordance with the obligations arising from the EEC Treaty, nor can it be reconciled with the negotiating mandate originally given to the Commission by the Council.

It is not a question of prestige or of personal or party sensibilities if we demand that the Commission itself directly conducts these negotiations, as it does at all other levels.

It is not only a question of a general Russian recognition of the Community as the negotiating partner for trade agreements with the Eastern bloc — Moscow will in any case not be able to get round the fact that negotiations are being conducted over Community waters. What is also bothering us is the tendency for individual Member States to flirt with other third countries, and for certain third countries to try to negotiate quotas surreptitiously with some Member State — and I am not just referring to one Member State or one third country in particular! There is thus a danger of one country being played off against another, and this is something which we must avoid at all costs.

We are a Community. We want to be a Community! We have an economic area on the continent and on the waters around the continent, and the sea around England, Scotland, Ireland or what have you belongs to our common economic area. We on the mainland regard our friends on the offshore islands as a European nation within the Community, and we hope that they will organize their economic policy accordingly.

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

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, European sea-fishing has been going through a serious crisis for some years now. Tonnage caught and the value of catches have fallen whereas production costs have risen steeply.

In this context the decision of the EEC Member States to take joint action to extend the economic zone to 200 miles as from 1 January assumes a critical importance for the Community fishing industry. It also appears to present a diplomatic hazard of global proportions.

With regard to outside interests, a very strict policy *vis-à-vis* third countries is essential. It would indeed be inconsistent and incomprehensible if Community fishermen were subjected to restrictions and if those same restrictions were not respected by the fleets of

**Liogier**

third countries. Neither should there be any obstructionism by the Eastern countries, which will have to agree to the licensing procedure. Reciprocal agreements will have to be negotiated with Iceland, Norway and Finland. As regards those countries whose zones are not fished by Community fishermen, their quota of catches in Community waters will gradually need to be reduced. In this way restrictions will at last be placed on the liberty, not to say the licence of those who have habitually indulged in large-scale destructive fishing.

In this 200-mile zone, Community policy can be effective only if the control system is also effective. In the absence of a Community navy, the riparian State should be responsible for enforcement as part of a Community policy of strict controls.

With regard to internal interests, and this brings us back to Mr Kofoed's excellent report which we fully support, we must define rules for the exploitation of resources inside the 200-mile zone. In this connection we regret that the Council was not able to make a final decision. There must be a Community policy on the management of resources which would be applicable to all those who fish in our waters. This policy should aim at the full restoration of the level of catches, a stricter enforcement of measures to develop fish stocks and, finally, a ban for some years on the fishing of herring and on the catching of any young fish.

Like the rapporteur for the Committee on Agriculture, we are in favour of the principle of laying down quotas for catches. The conservation of resources would doubtless not be enough in itself if the market terms for fish products were not satisfactory. The organization of this market must allow for an adequate return on fish products so that the level of fishermen's income may remain comparable to that of other sectors.

**President.** — I call Mrs Kellett-Bowman, to speak on behalf of the European Conservative Group.

**Mrs Kellett-Bowman.** — My colleague Mr Fletcher, whose departure we very much regret, has dealt with the main topics from our group point of view and I want to address my remarks mainly to paragraphs 2, 3 and 4 of the oral question and to paragraphs 4, 6 and 27 of the motion for a resolution.

It seemed to me and to the trawlermen of the North West that the Commission up to now have taken altogether too pessimistic and negative a view of the prospects of securing an agreement with Iceland which will allow our fishermen once more to fish in Icelandic waters. Far too often in the past, the Commission, and the UK Government, seemed to accept that all the trump cards were in Icelandic hands. Now this is simply not the case and so I was delighted to hear Mr Gundelach point out this afternoon the strength of

our commercial position *vis-à-vis* Iceland. That was good to hear, Mr Gundelach. Apart from the fact that Icelandic fishermen would still like to fish some of our herring, far and away the most important fact is the need of Iceland for access to Community markets for 54 % of her fish. It is quite unacceptable for the Icelandic Prime Minister to say that he will not discuss fishing limits and rights at the same time as commercial matters. That may suit him but it certainly will not suit us, and it is not in the least chauvinistic to say so. We are entitled to fair play and the reciprocity which Mr Gundelach stressed throughout his speech. I believe, and so do my fishermen, that we should inform Iceland that we will suspend Article 3 of the Community Trade Agreement with Iceland and Protocol 6, which gives Iceland virtually free entry for table fish, unless and until the Icelanders come to a reasonable agreement over fishing. We were originally fully entitled to suspend the operation of this protocol, since Article 2 of Protocol 6 expressly reserved the right not to apply the provision of this protocol if a solution satisfactory to the Member States had not been found for the economic problems arising from the measures adopted by Iceland concerning fishing rights. And now that, in fact, the agreement that was reached then has not been renewed, we should suspend the protocol until another agreement is reached on the basis of the reciprocity to which Mr Gundelach referred throughout his speech.

My fishermen also view with some apprehension the proposals that the EEC should suspend all customs duties on prime fish species, including cod, for use in processing. This they feel would further weaken the Community's negotiating hand with countries like Iceland and they fear that it would be almost impossible to ensure that the fish coming in was *only* the species specified and would really be used *only* in the processing industry. The UK and German markets would be particularly vulnerable to dumping of fresh fish when Iceland's processing plant, serving mainly the American market, had more fish than they could handle. These commercial considerations ought, at the very least, to be used as bargaining counters with Iceland. And it was with this and wider considerations in mind that Mr Scott-Hopkins tabled Amendment No 4 to make full use of commercial relations in any negotiations with third countries — a point raised frequently by Mr Austin Lang, the Director-General of the British Federation. As he put it:

We have repeatedly pointed out that the EEC is not making sufficient use of the size, strength and stability of the European market in negotiations with third countries. Further concessions to countries like Iceland are ridiculous in the absence of any agreement with these countries, especially when they already enjoy highly favourable tariff reductions.

Regarding paragraph 6 of the motion for a resolution, the penalties contained in the Fishery Limits Bill originally brought in by the UK Government, were not

**Kellelt-Bowman**

nearly strong enough. But an amendment by the House of Lords — a most usefull working institution contrary to some views — enables the courts now to order the forfeiture of the nets or fishing gear used in the offences and the fish that had been illegally caught. So the day of derisory fines, which were regarded merely as an overhead cost, are over as far as the UK is concerned.

I was I must admit, somewhat puzzled to hear Mr Prescott, who is no longer present with us, say that Russian fishing within the UK limit would be illegal! as from tomorrow night. I understood from a statement by the Mr David Owen, the Minister of State at the Foreign Office, that in fact had been illegal since Monday night last and I would like clarification of that point.

The House will know that I shall be moving Amendment No 5 to insert a new paragraph after paragraph 27 to the effect that there should be an exclusive zone of up to 50 miles controlled for conservation purposes solely by the coastal State. We believe that it is only the coastal State which will be able to enforce the conservation measures which are vital to the survival of the fishing industry.

*(Applause)*

**President.** — I call Mr Carpentier.

**Mr Carpentier.** — *(F)* Mr President, ladies and gentlemen, I think that man's most striking characteristic is his improvidence. He knows that the resources of nature are limited but he behaves as if they were inexhaustible.

Fish stocks are not inexhaustible and if we do not put an end to the depredation which we are witnessing our children and our grandchildren will not eat fish. That is the situation which has given rise to all the problems referred to by previous speakers and in the report which is before us.

We must take measures to cope with this depredation which is being perpetrated in the Atlantic as well as in the Mediterranean. A proposal has been put to us for the establishment of a Community economic zone of 200 miles. Will we be able to enforce Community regulations within that 200-mile limit? Will we have the necessary means to prevent boats from third countries coming to fish in that zone? We will obviously have to enter into agreements with third countries, but what French boats will go and fish in the Baltic or in the Black Sea? There can be reciprocity only those countries which are in a position to offer us the same conditions. It is quite possible that we could reach agreement with the other countries of Western Europe or perhaps, more generally, with the countries of the Western World. It is in any case a major problem and in looking for a solution to it we ought perhaps to take a new initiative instead of merely

following old paths which have been used before and which, until now, have apparently led nowhere.

The French Socialists consider that the fishing authorities should supervise the activities of all joint fishing companies in order to avoid overfishing. We are in fact witnessing a phenomenon which is logical and normal in our industrialized society; shipbuilding has not been unaffected by progress and today we see huge factory ships fishing without interruption, sometimes accompanied by dozens of other boats. The damage they do is incalculable. We must therefore enforce the regulations applicable to this 200-mile zone.

In the coastal zone, which we can consider as covering 12 miles, we should take account of non-industrial fishing, which needs to be protected. It must be given the opportunity to continue its activities in the future, whatever country it represents. We know very well that developments in deep-sea fishing methods have caused other serious damage to the sea bed. Not only are these methods harmful to fish and a danger to the renewal of stocks, but they may also destroy the gear used by non-industrial fishermen. The destruction of a large number of lobster pots, for example, involves non-industrial fishermen in considerable loss. I stress this point, Mr Gundelach, because it seems to me of critical importance. Reference has been made to the provision of alternative employment for these fishermen but that is difficult to arrange. We should also not forget that it is thanks to them that we have fresh fish.

We want the Community to play a more decisive role in relation to fishing, to make an effort to conserve and redevelop stocks, to enter into agreements, agreements which — I emphasize this — should have a reciprocal element, since Breton fishermen, for example, will never go to fish in the Mediterranean or the Black Sea. Finally, we ask that the Community should make an effort to preserve non-industrial fishing, perhaps by means still to be defined or by granting financial aid.

**President.** — I call Mr McDonald.

**Mr McDonald.** — Mr President, one of the most important economic and political questions facing our Community in 1977 is how best to implement and safeguard, conserve and manage the common fish resources of the Community. I must therefore compliment Mr Kofoed on the work he has put into his report on the Commission's proposals, and indeed the way in which he endeavoured to fit in the various views.

We can of course welcome the considerable measure of agreement reached by the Council on fisheries last night. The ban on herring fishing was agreed until the end of March, and I think this must be welcomed

**McDonald**

from all sides, and the text on the net sizes was agreed on. The proposal on the purse-seiners was agreed, and I understand the Council will decide quotas for herring on the basis of scientific advice in the Commission's proposals. Of course these quotas could very well be zero.

However, no agreement was reached on the fundamental question of restriction of fishing in Irish waters. Our ministers said after the meeting last night, that Ireland will take unilateral measures in accordance with the Hague Agreement, which is not extinguished by any agreement reached at the Council Meeting last night. The exact nature of these unilateral measures will be elaborated on by the Irish Government.

I believe that any common fisheries policy adopted by our Community is bound to have great influence on the economic and political life of my country. The Irish Government share this view and have established a Department of Fisheries. Their determined approach to fisheries is expressed in the fact that Ireland is the only Member State with a government minister responsible solely for a Department of Fisheries — a senior and a most popular minister, I might add.

What is the Community, Sir, asking of my country? Well, I could make the point that Ireland would be happy to allow the Community boats to fish right up to her beaches if, in return, Irish enterprises could have free access to the coal and mining areas of France and Germany — indeed, the heart of Europe with permission, to carry away as much ore and as much coal as they liked. France and Germany and the other European countries have coal, steel and minerals. Ireland has fish. Fish is one of our few natural resources. If, however, these Community countries are not willing to allow all other Community Members to carry away their natural resources, then Ireland must insist, as a precondition to agreement on any permanent fisheries policy, on a 50-mile exclusive zone for an Irish industry, which must be given the chance to develop.

In this connection, it must be borne in mind that the difficulties now faced by the Irish fishing industry are due, at least partly, to over-fishing in the past by fellow-members of the Community. It must also be borne in mind that a 50-mile exclusive zone around the Irish coast would not only benefit our country but would also ensure conservation of fish stocks, and this could only benefit the entire Community.

Also, it is most desirable and essential for conservation that the larger fishing vessels are excluded from certain designated areas. I am convinced that conservation of fish stocks should be the first priority of any permanent fisheries policy. The common fisheries policy was originally devised by the original six Member States, and was put into effect shortly before

the three new Member States joined the Community. As a result, it reflected the interests and needs of the Six and was, in effect, imposed on Ireland as part of an otherwise acceptable Accession Treaty. The Accession Treaty allowed Ireland certain derogations from the principle of common access, but over-fishing by third countries, and indeed by some Member States, results in greatly decreased catches for Irish fishermen and poses a serious threat to the Irish fishing industry. It is because of the changed pattern of fishing with its threat to the survival of certain types and species of fish, that Ireland now insists of a 50-mile exclusive zone.

The Commission has conceded, Sir, that the Irish fishing industry is a special case because of its under-developed state. The principle has been conceded. Let us not refuse to implement the only measure which can meet its needs, and that is a 50-mile zone.

In conclusion, Sir, might I point out the Amendment No 17 standing in my name and the names of my colleagues, Mr Creed and Mr L'Estrange, should read: 'Amendment to paragraph 22' and not to 'paragraph 19', as has been printed.

*(Applause)*

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — There is one reality in this whole question of the management of fishery resources around our coasts and in my view this reality — and this is my information — was very evident in the various discussions at Council of Ministers level and particularly at the discussions last night. And that reality is that it is basically only the coastal State that can properly manage and organize the conservation of fishery resources within a reasonable zone off their coast. That makes such obvious common sense that I would appeal at this stage to the Commission to recognize it as a matter of basic common sense. If the coastal States are entrusted by the Community with the organization, management, conservation and enhancement of fishery resources within a 50-mile limit off their coasts in the best Community spirit and with the aid of Community resources, you in the non-coastal areas can be assured that we can organize these resources for the benefit of the Community as a whole. This involves a certain reciprocity of goodwill with respect to the coastal States and particularly the two islands of Great Britain and Ireland that at the moment have within their 200-mile limits 80 % of the fishing resources of the Community. If this mutual common sense and goodwill is acknowledged, then, on the basis of the organization of fishery resources within a fifty-mile zone off these coastal States by the coastal states themselves with Community aid, then we can make the appropriate arrangements with our other Community countries as to how best we can do this for the benefit of the Community as a whole.

## Lenihan

Now that is forward planning on the basis of the fishery resources that exist at the moment. And in my view it is highly unscientific for a body such as the Commission — and indeed this principle is also incorporated in this report, and I say this with regret — to propose a system of quotas based on traditional historic rights. It is precisely the exercise of these traditional historic rights, and the abuse of these traditional historic rights, that has led to the situation where fishing stocks have been depleted in the waters that we are talking about within 200 miles of the Community shores. And the main offenders in this respect over a long number of years have not been third party countries. Third countries are offenders as well, but the main offenders have been Community countries represented here in this Assembly ...

*(Hear, hear.)*

... And it has been because of their depredation of fishery stocks and resources over a long period of years, within the waters I am talking about that we are now faced with this impasse of rapidly deteriorating resources. And yet it is suggested at this stage, when we should be planning our proper conservation and management and enhancement of fishery resources for the future, that we should plan on the basis of giving quotas to member countries based on historic fishing rights. We should not be talking about historic fishing rights, which really amount to a euphemism for piracy, we should be talking about planned fisheries development for the future. And we can best do that by allowing the coastal States adjacent to these grounds, who know these grounds, whose ports would be concerned with the organization of fisheries in these grounds, to manage and control and, with the aid of Community resources, organize these waters and make the requisite arrangements with their partner countries within the Community in regard to licensing and management and size of boats and size of mesh and so on.

There is one final point I would like to make and it is this: it concerns a principle that we have debated here many times over several years now and that is the principle of a Community regional policy. We have had a Commissioner responsible for this for the past 4 years and we have one for 4 years ahead. It is precisely in the areas concerned, in the coastal States, that the greatest need for a practical regional policy arises. It is along the west coast of Ireland and the west coast of Scotland, to mention two areas with which I am familiar. It is in these areas where the greatest need exists for a transfer of resources and for the Regional Fund to have a real meaning. And these are the precise areas that are concerned with fisheries development and where the livelihood of the people depends on fishing. It is precisely the economic and social preservation of these areas that is at stake and a meaningful regional policy would encompass the pres-

ervation of these areas in that sense. If the Community is sincere and serious about having a positive and meaningful regional policy, this is the way that help can be given to small and medium-sized fishermen to earn their livelihood and sustain their way of life in regional peripheral areas, namely by allowing them substantial concessions to fish within the 50-mile zone off their shores and to manage them for their own benefit and well as for the greater benefit of the Community.

In conclusion, Mr President, I thank you for your indulgence. I have sought to highlight a few points that, in my view, are relevant to this question and, in my view, will continue to be very relevant in the minds of the Council of Ministers and the representatives of the coastal States in the Council until people see common sense in this matter.

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

**Mr Hughes.** — I would like first of all to reassure the Parliament that I would under no circumstances take up the 11 minute that is available. What is quite clear from the time-tabling of questions and the speed of movement of decisions between December and now is that, whereas the question that was put down the day after the failure of the Council of Ministers to reach agreement in December is still valid to some extent today, events have moved on. Therefore, without wishing to comment in detail upon the excellent debate that has taken place and the replies we have had from the President-in-Office of the Council and Commissioner Gundelach, could I simply close this debate by asking that through whatever channels are available, given the speed with which events are moving in the whole fishing sector of Community external and internal policy, the opportunity be created and used, both at the March and the April plenaries for the President-in-Office of the Council and the Commission to update this House on any progress that may take place in the determination of a Community fisheries policy? For either myself as an individual or for any group in this House to try and put down a question or an oral question with debate would now have to be for April and that might be too late. We are caught, Mr President, in one of these problems of the procedures of the House. What this debate has shown, and the reasons why we had to postpone it until 3 o'clock this afternoon, is that events can overtake the technical procedures of this House. When the Commission reports to this House on what has happened during the previous month at our meeting in Strasbourg and when the President-in-Office reports similarly in Strasbourg, could I just plead with them that they use that opportunity on the basis of what has occurred during this debate to inform the House yet further of the progress made in this area and simply repeat to them the words of the President

**Hughes**

of the Commission, Mr Jenkins: 'Each day's delay in the achievement of this policy puts at risk the resources for the future'. If we have to wait to get another report from Mr Kofoed and another oral question with debate, this House will be denied adequate opportunity for a proper debate. I would therefore simply ask both the Commission and the President-in-Office of the Council to give an undertaking to this House in responding to the question that was put down by my group, that at the next plenary session they will take special care to report to this House in detail of any further progress that will by then have taken place in the fishing debate.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr Chairman, first and foremost I would like to thank all the participants in this debate for their extremely valuable and inspiring comments. I will try in my concluding remarks, rather than reply individually, to reply to groups of questions. That doesn't mean that any individual contribution has not been duly noted and will be duly reflected upon. I think the clarity of the debate will be helped if I try to concentrate my answers on some main subjects which have emerged in the debate. If, in that process, I fail on this occasion to answer one or two questions, I ask for forgiveness. There will be an opportunity to correct that later on, since my first reply will be to the last intervention made.

As far as the Commission is concerned I would certainly be willing to make the undertaking subject to whatever procedural arrangements the Parliament itself makes, but as far as the Commission itself is concerned, we will certainly be willing to participate in any arrangement whereby we can report from our side on events which have been taking place in the building-up of a fishing policy externally and internally over the months which have passed since the last session. If nothing much has happened it will be short, and if a lot has happened it will be longer.

Mr Chairman, I feel inclined to take up a subject which I didn't dwell too much upon in my introductory statement because it was imposed by the report of the rapporteur, who takes, on this point, I understand with massive support in his committee, the same view as the Commission. I did not take up the question of exclusive zones but since this has been referred to in two different connections in the debate, I think I have to make a clear stand on this issue, once again knowing that it won't go away, that the debate will last for a long time, but I think I have to restate briefly the position of the Commission. There is first the straightforward demand for an exclusive zone of 50 miles for certain areas that, it is argued, cannot otherwise deal with their coastal area fishing problems. I would suggest that this is not the

right way of solving a problem which is a real problem, and I shall revert to that.

The minute one starts at one end to establish exclusive rights for certain classes of European citizens to exploit the waters, it will spread all over the Community, and we will have exclusive zones around most of our coasts, with the result that a traditional — I would suggest even a historic — industry in a number of our Member States will be destroyed, with serious consequences for employment, the national economic interest, the substantial sums invested, and not least employment.

Now I cannot easily imagine that further economic integration, that the further development of a European Economic Community in one sector — fisheries — means the gradual killing-off of a traditional industry. I cannot accept that it is some kind of piracy, as one of the speakers suggested. It is not. It is very difficult to create the type of solidarity in the Community towards the developing regions, which is an absolutely essential condition for the continued well-being of our Community, if it has to be done at the cost of directly closing down existing efficient, well-established industries in our Member States, with subsequent losses in employment in these Member States, and quite often in other regions which are also developing regions. I suggest this will have a snow-balling effect of creating beggar-my-neighbour policies, trying to shift regional development problems from one region to another without any real solution. I cannot therefore accept that the solution to specific problems lies in the creation of exclusive zones. Quite apart from the fact, as I said initially, that it is simply not in accordance with the Treaty and cannot be in accordance with the Treaty without it being changed.

An alternative version is: why not leave in the hands of the coastal States the control of fish conservation, of quotas and what have you for a 50-mile zone of their waters? But with all due respect, it seems to me to be nonsense, because the coastal State on behalf of the Community, is responsible for controlling the whole of the 200 sea miles around their coast; not just 50 miles, they have to control the 200 miles. They will all have to be controlled. And therefore I don't see the meaning of those 50 miles. I must make that clear, and I think it might be a public relations stunt, that it is not something which really has reality behind it.

Having said this, I will say to those who have hesitations concerning a coastal band of 12 miles with respect for historic rights, that this is a different matter, because there is a long tradition behind a band of that size. It will make our administrative burdens considerably easier if there is a relative degree of freedom within an area of 12 miles, and it will go some way at least towards meeting to some of the concerns relating to coastal fishing problems. It is not

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a perfect solution, but at least it is something one understands and has lived with for quite a long time.

Having said this, I want to reply to Mrs Ewing and to others who raised this subject. I tried to make it clear in my introductory statement that this Community solidarity I am talking about is of no value if it does not include a special responsibility towards those who are placed in a more difficult situation than others — be it geographically or otherwise, but often it will be geographically. So in my concept of Community solidarity, which is the cement of building a community, the kind of problem which was elucidated most strongly by Mrs Ewing, but also by others, must have a very high priority in the establishment of our fishing policy. We have not been willing to take the responsibility for depopulating mountain regions and other areas. We cannot take the responsibility for major areas, or in Brittany, or certain parts of Italy, becoming depopulated because there is not a dignified, social acceptable basis for the only industry, namely fishing, which seems to be valid in those areas. The question is how do you go about it? I do not believe that the exclusive zone is a magic word. Nor do I believe that artificially keeping alive a museum type of fishing is necessarily the right answer either, because that might not quite be in accordance with the justified demand of Mrs Ewing for a dignified local society. That must be a society which is not, as another delegate indicated, in need of constant assistance, but which is helped to reorganize itself and its fishing activity in such a way that it becomes a profitable proposition for the future. For that they need initial help over a period of time. But it should not be a matter of continuing subvention systems, because I do not believe that is in accordance with the concept of human dignity. I believe that the main part of the answer does lie in a fully-fledged structural policy for the Community must make available the necessary amount of money — and, Mr Vandewiele, I did say 400, not 4 000 — 400m u.a. over the next four years, and that I consider to be the minimum necessary for the Community to make its contribution in this area.

But I am not necessarily saying that this always can be done. I think further thinking will have to go into the solution of this problem which is difficult, but not only in fishing. We have it, as you very well know, in agriculture. We have it in the textile industry, in the shoe industry and in many other areas of our society. How are we adapting to new modern techniques in a way that does not permanently create unemployment? The answer cannot be found solely and exclusively in the fish sector, even if that is of highest importance to certain regions in parts of our Community; it must be part of an overall answer. There can, however, Mrs Ewing, be no doubt that this is one of the main problems which must be solved in the establishment of this common fishing policy.

I have been asked why I expressed some optimism as a consequence of last night's discussion in the Council. There has been a general feeling that there was some reason for satisfaction so far with developments on the external front, with the situation concerning Iceland, which I referred to and which other delegates have referred to as well, but there was a feeling that nothing had happened in the internal field which seemed to be justifying optimism or, in other words while certain progress was being made, it was only under the threat of one or two other Member States using their legal rights under the Hague resolution to take national conservation measures. How much was progress under those circumstances worth?

My answer to this is that everything naturally is relative. I did not express a general satisfaction that everything was now fine in the internal field, but I did express the opinion that there was some kind of a breakthrough in the internal policy last night, and that I still maintain. Because during 3 or 4 months' discussions in the Council, very little time has been devoted to the internal aspects of the fish policy. I have been concentrated on the external side, where there were emergency problems to deal with. For the first time, one has spent a very great deal of time on the internal side. And one has been able to resolve a number of difficult issues like the herring ban, how to deal in a short while with mesh sizes, all the concrete measures which were listed by the representative of the Council, and which I don't want to repeat because that enumeration was absolutely complete. It was all there. Seventy-five percent of the proposals submitted by the Commission, which covers more or less the ground which various Member States wanted to have touched, was in actual fact politically agreed. What happens hereafter at the procedural level due to various other aspects is another thing. It doesn't change the fact that there was political agreement about seventy-five percent and fairly clear indication that agreement could be reached about more. That in my view is some kind of a breakthrough and a step forward.

Then comes the question by Mr Jahn: is it really progress, because it was done under pressure — the pressure that, otherwise, the United Kingdom or Ireland will take national measures? My answer is, as I said in my introductory statement, that it is indeed bedevilling the deliberations in the Council and elsewhere that this danger of national policies is hanging in the air. I said it. I repeat it. There we agree. As long as that threat is hanging there we are going to operate in an extremely tense atmosphere, which will not make things any easier. But as far as last night is concerned I do not feel that results were achieved under threat, because all the proposals, all the conservation measures which were being debated stem from the original Commission proposals months ago, proposals which have for a long time had a wide range of

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support among a number of other Member States. It was thus not just something one or two delegations wanted and others felt they had to swallow, otherwise they would get in some other way. They were matters where there was for quite a long time a very considerable consensus. I must therefore say that irrespective of the regrettable situation in regard to possible measures, so far one has been acting in what I would call a responsible communitarian manner and therefore not under threat, but in a manner which is worthy of the Community and therefore also worthy of being described as a considerable step forward. That does not diminish the fact that we will be living under that cloud and that will make our life difficult until the time, hopefully in the not too distant future, where we have a full or regular common fisheries policy, final or intermediary, whereby that provision of the Hague protocol will disappear out of the picture. But it will be yet a little while before we arrive at that point.

In regard to the special problems of Ireland to which reference has been made, there again I would like to say that I do not believe that the solution lies in 50-mile exclusive zones. I do believe, as I said before, in regional policies. Regional policies which will enable a region to produce and sell — sell where? To other parts of the Community. But how on earth can you expect solidarity where you give a region money and help in order to sell to yourself, when you are told in the meantime you can disappear out of our waters. It just doesn't hang together. It can't be both ways. What you can expect is that as part of development policy, Irish fishing should be developed. That has been accepted. That is why it has been accepted that higher quotas for catches should be established for Ireland, and lower quotas than previously for countries fishing in Irish waters, thereby allowing Irish fishing to be extended. Furthermore, now that we are living on a sort of gentleman's agreement concerning continuous fishing, but not excessively so, it has been suggested that in Irish waters within 12 miles, one should go down to 80 % of catches of last year. One is still discussing the matter of boat sizes within 12 miles. One has clearly indicated to Ireland that if there are other areas where there is a fish conservation problem, one is willing to take special measures. Just as one has done in the case of the special area for herring, and one has done it for one Irish area, the Celtic Sea, where fishing of herring will also be banned. It is therefore not fair to say that progress has not been suggested in regard to solving the Irish problems but I must confess that it appears to me that sometimes these ideas of exclusive zones take on a certain element of emotion, more than a real substantive argument.

And those will be my concluding remarks. I have no doubt that in a question of this delicacy, emotions will still be involved. I am equally clear in my mind that

unless one is willing to look upon it to a reasonable extent as a practical proposition which lends itself to a reasonable solution at a European level within a European framework in a solidary manner, we shall all be involved in a very bloody mess. It does not think that anybody in any Community institution would like to see the type of situation which developed between one of our Member States and Iceland start developing between the Member States themselves; that will be the result if we can't stick to a Community line.

*(Applause)*

**President.** — The joint debate is closed.

We shall now consider the motion for a resolution contained in the report by Mr Kofoed.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 4, I have two amendments:

— Amendment No 4, tabled by Mr Scott-Hopkins:

This paragraph to read as follows:

'4. Urges that negotiations be concluded without delay with a view to phasing out fishing by third countries in Community waters; that access for third countries be strictly controlled by licences, within the Community 200-mile zone, and negotiated only in return for access by Community fishermen to their fish stocks; and that commercial relations with third countries be used in negotiating access for Community fishermen to their waters.'

— Amendment No 13, tabled by Mr Vandewiele on behalf of the Christian-Democratic Group:

This paragraph to read as follows:

'4. Urges that negotiations aimed at the gradual cessation of fishing by third countries in Community waters be concluded without delay, and that the access of third countries to these waters be strictly regulated by means of concessions as regards the Community's 200-mile limit granted exclusively in return for rights enabling Community fishermen to fish in the waters of the countries concerned.'

These amendments are mutually exclusive, but they may be taken together.

I call Mrs Kelett-Bowman to move Mr Scott-Hopkins' amendment.

**Mrs Kellett-Bowman.** — Briefly, Mr President, I move Amendment No 4 on behalf of Mr Scott-Hopkins. It is all very well talking about historic rights of third countries, but, as Mr Lenihan pointed out, it is precisely these countries that have caused so much of the havoc in our fishing industry by gross over-fishing with no regard whatsoever for conservation and any agreements reached thereon. We would respectively suggest that these rights should be balanced by duties and responsibilities, and our commercial muscles should be brought into play. I commend this amendment to the House.

**President.** — I call Mr Vandewiele to move his amendment.

**Mr Vandewiele.** — (NL) Mr President, the amendment to paragraph 4 which I tabled on behalf of the Christian-Democratic Group originally incorporated a part of Mr Scott-Hopkins' amendment, namely the whole first part up to the words 'access by Community fishermen to their fish stocks'. In consultation with the rapporteur, and after careful reading of the original text of the resolution, I am prepared to withdraw this amendment. I shall ask my colleagues to reject the Scott-Hopkins amendment, unless the rapporteur changes his mind. I therefore ask Mr Kofoed to make a clear statement of his position. If he repeats what we have just discussed I shall propose to the members of my Group that we withdraw our amendment and reject the other amendment.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr Scott-Hopkins' amendment is mistaken, since one cannot talk of excluding third countries and then ask for negotiations afterwards. I therefore feel that the text as it stands amply and better fulfils the purpose behind both Mr Scott-Hopkins' amendment and, in particular, Mr Vandewiele's amendment, since it takes account of the fact that friends cannot suddenly be excluded and then asked to start negotiations. I cannot accept the two proposed amendments and must add that it is not only third countries which are responsible for the fact that we have fished too much of our stocks. The Community countries are also responsible, and third countries alone cannot be blamed for this state of affairs. Therefore, I think that our version of paragraph 4 reflects the situation better than these amendments.

**President.** — I call Mr Hughes.

**Mr Hughes.** — Mr President, I am sorry to delay matters, but this is in part an explanation of vote on behalf of my group. There appears to be a crucial element in the Scott-Hopkins' amendment which we would urge should be included, and that is the concept of control by licences, which is not in the original paragraph 4. We accept the concept of reciprocity, but we feel that the wording in the Scott-Hopkins' amendment, which includes the phrase 'by licences', carries with it an important element that ought to be in paragraph 4. Therefore, we are inclined to support the Scott-Hopkins' amendment in that respect, even though I accept what the rapporteur has said about other parts of it. Without this concept of 'by licences' paragraph 4 has a weakness but I would be quite happy with the wording of this paragraph if 'by licences' could be included. I wonder whether the rapporteur could make a comment on that.

**President.** — Does the rapporteur wish to add anything?

**Mr Kofoed, rapporteur.** — (DK) I can understand that there is a desire to see a system of licences put into practice, but ladies and gentlemen, how on earth can you believe that it is possible to make rules unless you also provide for control? Surely there does not have to be a complete set of instructions for every paragraph. In my opinion, paragraph 4 states that compliance with paragraph 4 implies that there is also control. That is my view. I do not think that it is necessary to spell it out in any further detail. One detail will lead to another, resulting in less room for manoeuvre.

**President.** — Amendment No 13 is accordingly withdrawn.

I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6, I have two amendments:

— Amendment No 6, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats:

At the end of this paragraph, add the following:

'... and insists on the total exclusion of those third countries whose fishing methods are damaging to fish stocks;

— Amendment No 14, tabled by Mr Vandewiele on behalf of the Christian-Democratic Group:

Add the following to this paragraph:

'... and insists in particular that all fishing methods prejudicial to fishery resources should be precluded';

These amendments are mutually exclusive, but may be taken together.

I call Mr Lenihan to move Amendment No 6.

**Mr Lenihan.** — Mr President, my amendment is self-explanatory. I feel that in a matter of this kind we should be very strong and I think we should insist on the total exclusion of those third countries whose fishing methods are damaging to fish stocks. We have the information at the moment. It is available to all the coastal countries involved, and we can take immediate action if we incorporate this amendment in paragraph 6.

**President.** — I call Mr Vandewiele to move Amendment No 14.

**Mr Vandewiele.** — (NL) Mr President, the purpose of these amendments is obviously the same. We tabled our amendment because we object to the explicit statement that third countries must be excluded if they use harmful fishing methods. Therefore, the only reason we tabled this amendment is that we want to eliminate all harmful fishing methods —

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including those used by Member States — irrespective of who practises them, and this is indeed an important nuance. I must uphold my amendment.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I think that the first amendment conflicts somewhat with what we agreed to in paragraph 4, since we cannot decide in paragraph 4 to propose that negotiations be concluded without delay, thereby achieving a sort of reciprocity, and then announce that they will be excluded. I would propose that we reject the amendments and adopt paragraph 6 as it stands. I would also say to Mr Vandewiele that the question of fish conservation and equipment belongs more to conservation policy in paragraph 23 and 24. I believe we are covered as far as these points are concerned.

**President.** — Do I understand, Mr Kofoed, that you would support the adoption of Amendment No 14 on paragraphs 22, 23 and 24? The problem is that it has been put down to paragraph 6.

**Mr Kofoed, rapporteur.** — (DK) It is a little difficult to speak Danish and expect it to be translated perfectly everytime. I am saying that I cannot accept the amendments put forward and I uphold my own proposal for paragraph 6.

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — In view of the remarks made concerning the adoption of the previous amendment on which we have voted, I withdraw that amendment.

**President.** — Amendment No 6 is accordingly withdrawn.

I put Amendment No 14 to the vote.

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

Amendment No 14 is rejected.

I put paragraphs 6 to 8 to the vote.

Paragraphs 6 to 8 are adopted.

After paragraph 8, I have Amendment No 1, tabled by Mr Bangemann, seeking to add the following new paragraph:

- 8a. Requests the Commission to come forward immediately with a proposal for vessels and aircraft responsible for the enforcement of Community fisheries conservation policy to display a distinctive Community insignia.

Since Mr Bangemann is not present and no one is prepared to move the amendment on his behalf, Amendment No 1 falls.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

On paragraph 10, I have two amendments:

— Amendment No 7, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats: This paragraph to read as follows:

- '10. Insists that the internal fisheries system give due recognition to the needs of those peripheral coastal regions which are particularly dependent on fishing

and the essential requirement to conserve and increase the Community's fish stocks:

considers that the most effective means of protecting the fishermen in peripheral coastal regions and conserving the Community's fish stocks is to create national exclusive zones of 50 miles; rejects any system of quotas in determining the Community's internal fisheries policy;

— Amendment No 16, tabled by the Socialist Group:

After subparagraph (c), insert the following new subparagraph (d):

- '(d) coastal fishing conservation zones policed by the coastal State for the purpose of conservation of Community fish stocks;

These amendments are mutually exclusive, but may be taken together.

I call Mr Lenihan to move Amendment No 7.

**Mr Lenihan.** — Mr President, this particular amendment incorporates the views that I expressed during the actual debate. We are seeking to have paragraph 10 read differently. At present it asks for an internal fisheries system, based on fishing quotas, limiting of fishing effort by licensing arrangements and reserved fishing zones. We seek instead a wording which insists that any such system should recognize the needs of those peripheral coastal regions, which are particularly dependent on fishing, in other words, regional policy criteria are to be applied.

The second paragraph of the amendment suggests that the most effective way of achieving this regional objective in peripheral regions and conserving the fish stocks is by the creation of exclusive zones of 50 miles; we also propose that in the determination of any such regime or system we reject a quota system as such. The present wording of the paragraph baldly incorporates fishing quotas without any further elaboration on what they can mean. The second part of paragraph 10 in the report goes on to say that the system should give due recognition to the historic fishing rights of Member States. There is nothing scientific whatever, from the conservation point of view, in basing any future fishing regime on the recognition of historic fishing rights when, in fact, these historic fishing rights have got us into the dilemma in regard to the depletion of stocks in which we find ourselves.

**President.** — I call Mr Hughes to move Amendment No 16.

**Mr Hughes.** — In moving this amendment, Mr President, I would remind the House that on 16 December, a resolution by the Socialist Group containing precisely the words in this amendment was passed. There has been, I gather, some small confusion as to the precise meaning and when, as a Socialist Group, we accept wholly and without reserve the wording in paragraph 22 which says 'carried out on behalf of the Commission' the acceptance of that wording at a later stage in the resolution carries with it explicitly that we understand by the wording in this amendment that the policing of coastal fishing conser-

**Hughes**

vation zones by the coastal States, for the purpose of conservation of Community fish stocks, is carried out on behalf of the Commission, acting as agent for the Commission. That is absolutely explicitly involved in this amendment by our support of paragraph 22, and everything we have ever said. Therefore, I recommend this amendment in those terms to this House. Regrettably in asking my colleagues to reject the Lenihan amendment, it seems to me that unless there is an element of quota involved, we cannot support the redraft of paragraph 10 that he is suggesting. Therefore, I would urge my honourable friends to reject the Lenihan amendment and then support this one, on the clear understanding that these zones are policed by the coastal country on behalf of the Commission and that there is no question whatsoever of this being an exclusive national activity.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I cannot accept Mr Lenihan's amendment because, as several speakers have said, the problems of inshore fishermen will not be solved by having a 50-mile limit, since within these 50 miles it is perfectly possible to have large trawlers which prevent the inshore fishermen from catching anything. Therefore the 50-mile limit is no answer to the problem.

I regard the quota system only as a necessary method of letting fish stocks recover. Therefore I cannot accept the solutions put forward by Mr Lenihan, and I hope that they will be rejected.

I can accept the Socialist Group's amendment if the words 'coastal fishing conservation zones policed by the coastal State on behalf of the Commission' are inserted. That, I would say, is in line with our concept. If 'on behalf of the Commission' is not inserted in this sentence, it may be misinterpreted by people who are willing to do so to mean that it is only the States which exercise this supervision.

I would ask Mr Hughes whether he is prepared to insert these words.

**President.** — I call Mr Hughes.

**Mr Hughes.** — In my own name I can gladly accept the writing-in of that change, and I would urge it on all my honourable friends in the Socialist Group because that is implicit in our beliefs. There are some, however, who may find that the reservation of national interests makes it impossible for them actually to vote for it in that hard form. Therefore, while I myself will gladly accept that wording and vote in favour of it, I must accept that there will be Irish and some of my British colleagues who feel that it conflicts with national interests. I accept it on my own behalf, but I cannot accept it en bloc for the whole of the Socialist Group.

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — (DK) As was obvious from the speech which I had the opportunity of giving earlier in the day, I do not consider that the quota system is good for the fishery policy: I therefore request that the vote on Mr Lenihan's amendment be taken in two parts so that we can vote separately on the last section of the amendment.

**President.** — I call Mr Vandewiele.

**Mr Vandewiele.** — (NL) Mr President, after the rapporteur's statement I shall be able to support Mr Hughes' amendment, but only if he gives a clear undertaking that he accepts the addition of the words 'on behalf of the Commission', as requested by Mr Kofoed. In that case I will invite my Group to support the amendment.

**President.** — I put Amendment No 7 to the vote. Amendment No 7 is rejected.

Would Mr Hughes first read out Amendment No 16 slowly in the form in which he proposes to move it?

**Mr Hughes.** — Certainly, Mr President. I would suggest the following wording:

'Coastal fishing conservation zones policed on behalf of the Commission by the coastal State for the purpose of conservation of Community fish stocks'.

**President.** — Are there any objections to taking Amendment No 16 in this form?

Since there are no objections, I put Amendment No 16, as orally amended, to the vote.

Amendment No 16, as orally amended, is adopted.

I put paragraph 10, as amended, to the vote.

Paragraph 10, as amended, is adopted.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

On paragraph 12, I have Amendment No 8, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats:

At the end of this paragraph, replace the words:

'in regionally limited reserved zones of variable extent' by  
'and through the creation of national exclusive zones of 50 miles'.

I call Mr Lenihan.

**Mr Lenihan.** — I won't delay the House. The amendment is self-explanatory, it is again on the 50-mile exclusive zone principle, and I will just leave it at that. The House has already, I think, made its view known on this, but we will go through the formalities of the vote on this.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) The same comment as before, Mr President.

**President.** — I put Amendment No 8 to the vote. Amendment No 8 is rejected.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

On paragraph 13, I have Amendment No 3, tabled by Mr Scott-Hopkins:

After the words 'require strengthening', this paragraph to read as follow:

'but calls upon the Commission to reject quotas as a tool of control of fishing, and insists that quotas are a tool only of planning; licensing of fishing-boats and their equipment is considered the proper method of control';

I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — I move formally, Mr President.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I am against this amendment. Quotas are the only means by which we can make a start on conservation both in planning and in practice.

**President.** — I put Amendment No 3 to the vote. Amendment No 3 is rejected.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

I put paragraphs 14 and 15 to the vote.

Paragraphs 14 and 15 are adopted.

On paragraph 16, I have Amendment No 9, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats:

In this paragraph, replace the words:

'quotas of levels'

by

'an internal fisheries policy'

I call Mr Lenihan.

**Mr Lenihan.** — Mr President, I must say I profoundly disagree with the view that quotas are the only method that one can adopt in regard to organizing a fisheries regime or system. If one has to do that, I feel a licensing system would be far preferable. For that reason, I don't see why we should tie ourselves in paragraph 16 here to quotas again, with the establishment of quotas of levels that would be effective for conservation. The implication there is that quotas, and quotas alone, are the only means of organizing and managing a fisheries regime. We therefore suggest in our amendment that we delete 'quotas of levels' and instead state 'an internal fisheries

policy'. That is a much wider, more flexible phraseology that can embrace a wide number of variable systems that can be adopted in the course of organizing and managing a proper and appropriate fisheries conservation regime.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) Mr Lenihan has misunderstood things. This paragraph simply states that if, for example, quota systems are introduced, this may have certain consequences which will require a structural policy. In fact, I would ask Mr Lenihan to withdraw his amendment.

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

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

I put paragraphs 17 to 21 to the vote.

Paragraph 17 to 21 are adopted.

On paragraph 22, I have two amendments:

— Amendment No 10, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats:

The beginning of this paragraph to read as follows;

'22. Considers that the basis of internal fisheries policy must be the establishment of national exclusive zones of 50 miles, and that the Community... (rest unchanged)';

— Amendment No 17/rev., tabled by Mr McDonald, Mr Creed and Mr L'Estrange:

This paragraph to read as follows:

'22. Considers that the basis of an effective conservation policy must be the establishment of exclusive coastal bands of 50 miles around some areas of the Community, notably Ireland and Northern Britain, with supervision by the Member States concerned acting on behalf of the Commission and with financial assistance from the Community';

These two amendments are mutually exclusive, but may be taken together.

I call Mr Lenihan to move Amendment No 10.

**Mr Lenihan.** — This again is the very same point that has already been made and it is quite self-evident. It concerns the 50-mile exclusive zone.

**President.** — I call Mr McDonald to move Amendment No 17/rev.

**Mr McDonald.** — Mr President, I have already dealt with this. Even the Commission and all the experts agree that there is a great need for conservation. There has been full agreement for the suspension of fishing for herring. One must take some corrective measures and I think that this is necessary as a first step.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) The basic idea behind both these amendments is the same. They call for a 50-mile limit, and I do not think that we can accept this.

**President.** — I call Mr Hughes for an explanation of vote.

**Mr Hughes.** — Mr President, conservation policy must extend for the whole of the 200 miles and I cannot accept the validity of 50 miles. Therefore I must vote against the amendment. Because conservation zones, for marine biological reasons, need to go right out to 200 miles, I cannot vote in favour of a 50-mile limit.

**President.** — I put Amendment No 17/rev. to the vote.

Amendment No 17/rev. is rejected.

I put Amendment No 10 to the vote.

Amendment No 10 is rejected.

I put paragraph 22 to the vote.

Paragraph 22 is adopted.

On paragraph 23, I have Amendment No 15, tabled by Mr Vandewiele on behalf of the Christian-Democratic Group:

This paragraph to read as follows:

'23. ... for each species, and cannot accept any allocation of quotas on "past performance";'

I call Mr Vandewiele.

**Mr Vandewiele.** — (NL) Mr President, we would point out that the allocation of quotas does not have to be based exclusively on the levels of past catches. In this we are taking account of the arguments in Mr Kofoed's excellent report. However, I have the impression that the English translation of our amendment sounds somewhat too mild. The Dutch text reads '... quota's uitsluitend wordt gebaseerd op ...'. As far as I can judge, the English text should therefore read '... quotas based exclusively on'. I would ask Mr Kofoed if he can accept our amendment with this minor change.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I agree with Mr Vandewiele's amendment if that word is included. The Danish translation is correct, and if the word 'only' is inserted in English, that version will then also be the same. I therefore accept the amendment.

**President.** — I understand that the word concerned appears in the French text, so that if the amendment is adopted there will be no difficulty about regularizing the language question.

I call Mr Hughes.

**Mr Hughes.** — I wish only to clarify the matter Mr President. Am I to understand that the wording in the

English text would then be: 'rejects the concept of any allocation of quotas being *exclusively* on past performance. Is that what the sense is? That is what I understood from Mr Vandewiele, but before I am asked to vote, I want to be absolutely clear because I could certainly vote in favour of that. If it is saying something else, I am rather perturbed.

**President.** — I understand, Mr Hughes, that the French text runs: ... *cannot accept any allocation of quotas based exclusively on past performance*. The next text on which we shall be voting will be based, in the various languages, on the French text.

I put Amendment No 15, thus modified, to the vote.

Amendment No 15 is adopted and its text will be regularized in the various languages in accordance with the French version.

I put paragraph 23, so amended, to the vote.

Paragraph 23, so amended, is adopted.

I put paragraphs 24 to 26 to the vote.

Paragraphs 24 to 26 are adopted.

On paragraph 27, I have Amendment No 11, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats:

This paragraph to read as follows:

'27. Suggest that in future reviews of the internal fisheries policy account should be taken of the degree to which Member States respect the conservation measures to be established;'

I call Mr Lenihan.

**Mr Lenihan.** — What is suggested here is that the paragraph should be redrafted again with a view to eliminating quotas, to which we are firmly opposed. We suggested again that the phrase 'internal fisheries policy' would embrace a broader and more flexible approach than the insertion of 'quotas' in this particular paragraph.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I think that the present version is as forceful as it can be in paragraphs 26 and 27. I cannot accept Mr Lenihan's proposal.

**President.** — I call Mr Hughes.

**Mr Hughes.** — Could I just ask the rapporteur whether he would be prepared even at this late stage to delete the three words 'to Member States'? At an earlier point it did appear that we were going to treat third countries on matters such as this adversely, as compared with members of the Community. It does seem to me that any country, whether it is a Member State or a third country, that does not observe adequate conservation fishing methods ought to be equally penalized in the reallocation of future quotas.

## Hughes

I would therefore just ask the rapporteur whether he is prepared to accept the deletion of the three words 'to Member States.'

**President.** — I call Mr Kofoed.

**Mr Kofoed, rapporteur.** — (DK) If it is the internal fishery policy, it is clear that it only applies to Member States. But if it is fishery policy as a whole, it must apply to everyone. In the light of the warning sounded by Mr Gundelach, I would say that this is a correct means of sanction, and therefore I am a little wary of making the provisions any stricter. The wording of our text is better, and it can be used as one of the means of sanction. I cannot accept the text of Mr Lenihan's amendment.

**President.** — I put Amendment No 11 to the vote. Amendment No 11 is rejected.

I put paragraph 27 to the vote.

Paragraph 27, I have two amendments tabled by Mr Scott-Hopkins:

— Amendment No 5/corr.:

After paragraph 27, add a new paragraph 27a worded as follows:

'27a. Considers that there should be an exclusive zone of up to 50 miles controlled for conservation purposes solely by the coastal state.'

— Amendment No 2/corr.:

After paragraph 27, add a new paragraph 27b worded as follows:

'27b. Requests the Commission to define the term "historic rights", and to furnish a catalogue of details of all zones as thus defined which are located in Member States' and Community waters.'

I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — I move an amendment to the new paragraph 27a, Mr President. As Mr Hughes put it in his opening remarks, the only effective forces who can police these zones are the littoral states. We agree with that view as he expressed it, and sought to express it in this amendment, which we hope that the House will support.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I cannot accept this, since we cannot be satisfied with supervising a 50-mile zone for conservation purposes, and I would merely point out to Mr Hughes that this applies just as well to a 200-mile zone. Therefore I cannot accept this proposal for 50 miles.

**President.** — I call Mr McDonald.

**Mr McDonald.** — Mr President, I should like to support this amendment. In doing so Mr Hughes made a very valid point when he said we ought to

have conservation measures right across a 200-mile zone. But he knows very well that presently there are no conservation measures, and the only effective way is to try and have an adequate zone in which it would be possible to control or prohibit the factory-type flotillas that actually vacuum clean the seabed. We must keep them out. There is no point in talking about conservation. What's happening now is eradication. And surely people cannot close an eye to this. Even the Commission must accept that stocks are being eradicated.

**President.** — I put Amendment No 5/corr. to the vote.

Amendment No 5/corr. is rejected.

I put Amendment No 2/corr. to the vote.

Amendment No 2/corr. is rejected.

I put paragraph 28 to the vote.

Paragraph 28 is adopted.

On paragraph 29, I have Amendment No 12, tabled by Mr Lenihan, Mr Gibbons, Mr Herbert, Mr Nolan and Mr Yeats and seeking to delete this paragraph.

I call Mr Lenihan.

**Mr Lenihan.** — Mr President, this is the point about quotas again. There is no need for me to elaborate on it; everybody knows the arguments for and against it.

**President.** — What is the rapporteur's view?

**Mr Kofoed, rapporteur.** — (DK) I stick to the same arguments as before.

**President.** — I put Amendment No 12 to the vote. Amendment No 12 is rejected.

I put paragraph 29 to the vote.

Paragraph 29 is adopted.

I put paragraph 30 to 32 to the vote.

Paragraphs 30 to 32 are adopted.

I put to the vote the motion for a resolution as a whole, incorporating the various amendments that have been adopted.

The resolution is adopted.

(Applause)

## 7. Regulation on prepared and preserved sardines

**President.** — The next item is the report by Mr Kofoed (Doc. 529/76), on behalf of the Committee on Agriculture, on the

proposal from the Commission to the Council for a regulation supplementing Regulation (EEC) No 100/76 with regard to arrangements for importing prepared and preserved sardines.

I call Mr Kofoed.

**Mr Kofoed, rapporteur — (DK)** Mr President, with regard to the problem of sardines, I can refer the House to the report. I would simply say that the problem for the Committee was the need to draw up such a comprehensive technical system for a relatively small problem. But we finally settled on a wording by means of which the Commission's proposal could be accepted, while expressing our criticism and the hope that a better system might be arrived at in the future. I should therefore like to recommend the adoption of the report.

*(Applause)*

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

**Mr Laban.** — *(NL)* Mr President, the rapporteur presented his report very briefly, and I shall also try as far as possible to be brief. I would, however, like to make a few comments on behalf of my Group. I fully share the view that this is a case of a completely bureaucratic system being introduced. Of all the factors given for the calculation of the minimum price, we may assume that it is the Community — i.e. in this case the French — production costs which are the determining factor. We are afraid that this system does not afford the producers any real protection, and that with such a complicated import system there will be a shortage which will force up consumer prices. I should therefore like to join the rapporteur and most of the members of the Committee on Agriculture in asking Mr Gundelach to withdraw this proposal and draw up a new system which caters more for the interests of consumers and third countries and removes the bureaucratic difficulties for importers.

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

**Mr Pisoni.** — *(I)* Mr President, ladies and gentlemen, we are somewhat puzzled by this proposal for a regulation, because of the negative effects it might well have, since it also proposes large-scale action to help the processing sector. In fact, in calculating the price it is rather difficult to separate the cost of the basic product taken from the sea from the cost of processing, which is what gives us the finished product.

There is also a danger of protectionism in this proposal. This is, furthermore, a danger which is difficult to avoid and which, insofar as the Community tends to protect its own industries, could well lull these industries into a false sense of security with regard to their technology, so that they fail to modernize and search for new methods. This would place us even farther behind those countries which can offer the Community the same type of product.

As if this were not enough, the wording of the proposal gives rise to the fear that the mechanism of the

regulation would set prices at too high a level and ultimately harm the consumers. If they were no longer protected by the free-market system which gives them access to the markets where the product costs less, they would be forced to accept the minimum price which, if it were too high, would in fact be to their disadvantage.

There are some advantages in this regulation, of course, especially if the minimum price is set at a level which makes it competitive with Portugal, as has happened until now. It is a fact that we import sardines from Portugal under the same procedure we use to import tomato concentrate, and we have never had cause to complain about drawbacks of any kind. If we managed to fix a sufficiently low minimum price for sardines, this would be of immediate benefit to the consumers, who would not have to fear spiralling prices and could rely on relatively stable prices. We should be able to keep a hold on our own producers — both fishermen and processors — who would have to keep costs down if they did not want to be priced out of the market. If the Community minimum price were set at a low level, this would help to safeguard both the consumers and the competitive position of the industries involved.

Lastly, let me say that the choice of methods is embarrassing in its variety. The proposal for a regulation mentions alternative systems based on variable levies, quota restrictions and so on. Unfortunately, as things stand at the moment, I am unable to give any opinion one way or the other on these alternative systems — at least as far as the Christian-Democratic Group is concerned, whose views I am giving here. Speaking personally, however, I favour the method proposed by the Commission. It is my belief that, judiciously applied, this method might benefit both the consumers and the sardine fishing and processing industries.

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

**Mr Liogier.** — *(F)* Mr President, ladies and gentlemen, what a coincidence it is for the European Parliament to be considering a report on sardines just when the problems of the fishing industry are the cause of bitter argument and discussion within the Community. This wide-ranging debate has not yet caught the sardine industry in its net, but, all things considered, this industry is something of a tiddler, just like the sardine itself. However, we must not underestimate the significance of this report and the Commission proposals on which it is based. The aim of the Commission proposals is to establish Community arrangements for importing prepared and preserved sardines, in order to ensure proper protec-

## Liogier

tion for sardine production in the Community. Our Group welcomes the proposals which are based on these aims.

Although the sardine industry is fairly concentrated within the Community — only France and Italy are affected — it is nevertheless an important source of jobs. In France there are 2 460 men employed in sardine fishing with 310 fishing boats; in Italy there are 4 700 fishermen and 500 fishing boats. The Commission calculates that the total number of persons engaged in sardine fishing and allied industries, i.e. fishing, preserving, the manufacture of nets and fishing boats, marketing and distribution, is in the neighbourhood of 100 000. There are not my figures; they come from the Commission itself. It would seem, therefore, that the sardine industry has a certain importance in that it provides 100 000 jobs. I do not think I need to stress the importance of creating new jobs and safeguarding those which still exist within the Community. You will remember that during the January part-session we debated at length the problem of unemployment and it was unanimously decided that the Community would do everything in its power to ensure that these citizens obtained or remained in employment.

In this respect, and in keeping with the principle of putting the Community first, we shall back any measure designed to protect a Community industry from outside competition. It is a pity, of course, that the sardine industry is only to be found in such a small area of the Community, namely, the Mediterranean region. For those living at the other end of the Community, this is a relatively unknown and foreign sector. They buy sardines in tins, and basically all they are worried about is the price. That is why the representatives of the consumers have opposed the Commission proposals. Personally, I find their attitude quite inconsistent, since these are the people who are up in arms when it comes to protecting jobs. Let me ask them this question: how are you going to protect jobs in the Community if you do not protect your own industries which provide these jobs? There lies a basic social aspect to the problem. What we have to remember is that the working conditions of those in the sardine fishing industry are not at all pleasant and that their earnings are low.

We also have to bear in mind that this is a regional industry. If the competition from outside the Community were too fierce, there would be serious social and economic repercussions, especially in parts of France and Italy, and this would produce a situation which would be difficult, if not impossible, to remedy.

Let us not forget that the Community produces only 50 % of the sardines it consumes. For the rest, we are very much dependent on imports. The problem here is not how to stop imports from reaching the Community market; the Commission proposals would simply

enable imports to be controlled by a system of minimum prices and import licences. There is no doubt — and I think I made this clear to the Committee on Agriculture — that this is the best system that can possibly be devised at the present time to protect the industry in question.

Our Group therefore opposes the motion for a resolution submitted by the *rapporteur* in the form of two paragraphs which have in any case been watered down following our comments:

1. Believes that there are drawbacks to the system of minimum prices proposed by the Commission;
2. Invites it therefore to make its proposal more flexible by putting forward solutions more in line with the requirements of Community producers and consumers and of exporting third countries.

You have not misheard me, ladies and gentlemen. The *rapporteur* is calling on the Commission to satisfy the requirements of exporting third countries. What does this mean, for heaven's sake? What about the principle of safeguarding Community production if we are to satisfy the requirements of exporting third countries? We all know that in the end this means throwing our frontiers wide open and being submerged by products the manufacturing price of which is often way below our own costs. And why? Simply because there are vast differences in standards of living and labour costs, to say nothing of dumping on our markets in order to get hard currencies, or deflection of trade which is fast becoming standard practice. This is true in the case of sardines, just as it is true of everything else: cloth from Hong Kong and Japanese ball-bearings are just two examples, but there are thousands of others, believe you me.

If we meet these requirements, or indeed, if we encourage them by calling on the Community to satisfy them in our own official documents, we might as well stop talking about combating unemployment, since any effort in this direction must first involve measures to protect ourselves from market distortion and unfair competition on the part of third countries.

Looking at Paragraph 18 of Mr Kofoed's report, we see that far from defending the Community position, the *rapporteur* condemns the excessive protectionism of the Commission proposals and the violation of GATT rules, although we have quite rightly asked for these rules to be thoroughly reviewed and amended. Is this not unsound policy, ladies and gentlemen? The same is true of Paragraph 19, where the report proposes irrational and unrealistic systems of direct subsidies, abolition of customs duties and the introduction of variable levies on the basis of supply and demand. The report goes on to recommend the adoption of a system of reference prices which can only be used — and the *rapporteur* ought to know this — for perishable goods like fruit.

## Liogier

Moreover, we know only too well the drawbacks of such a system and the loopholes it offers. In the case of peaches, for example, we have had to introduce official compensatory amounts to counteract fraudulent dealings. And this has been going on for years.

The Group of European Progressive Democrats upholds the rules of the Common Market and has no intention of increasing unemployment which already has us with our backs to the wall. Consequently, we are ready to assume our responsibilities and ask the House to delete Paragraphs 1 and 2 in the motion for a resolution and to replace them with a single paragraph, worded as follows :

1. Accepts the system of minimum prices proposed by the Commission.

This is the only system which, without harming anyone, can offer the sardine fishing and processing industries, employing some 100 000 persons in the Community, the kind of protection which we can only refuse by betraying our own legitimate interests.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, I can be fairly brief because Mr Pisoni has nearly made my speech for me. Having inherited this proposal from my predecessors my first reaction was that this was a rather big gun to shoot a sparrow with. When I then examined the alternatives I came to the conclusion that they looked a great deal worse than the proposal itself.

One could ask oneself two questions : first is it necessary to do anything at all and secondly, are there not other alternatives than the one mentioned ? The question about whether or not to do something can fairly easily be answered. The present system, where a number of Member States have different import systems, obviously is not compatible with the existence of a customs union, a common commercial policy. We cannot operate with different systems, even in regard to a limited product. If it happens with one product, it will happen with another and then in the end we will have undermined the existence of a common commercial policy and a customs union. The *status quo* solution really is not acceptable because we have a number of different systems some of which, by the way, to answer that criticism in the report, are in themselves in conflict with our international obligations because they involve the use or possible use of quantitative restrictions. There is nothing in GATT which is more unacceptable than quantitative restrictions. Other things are actually normally considered less reprehensible. This is considered to be really the mortal sin and therefore even the maintenance of the present system from the point of view of international obligations would not be acceptable.

Furthermore, it would not be acceptable to our trading partners. Contrary to what is stated in the report our trading partners in that part of the world — Portugal and the Maghreb countries — want the new system. The report is not right in suggesting that they do not want it. They definitely want it because it gives them that kind of stability in their trade with the Community and in prices which developing countries generally are seeking in trade relations nowadays. The reason why it has not been implemented is therefore not because they really do not want it ; it is because there is one element lacking in the overall pattern, namely the lack of an agreement with Spain. The minute that agreement is reached, which it must be in a short period of time — I am not speaking about the accession of Spain or anything of that kind but the missing agreement with Spain to align it with the conditions of an enlarged Community — then they will happily accept the minimum price system.

So much for the necessity of doing it ; there is an internal need and an external one. Something must be done to produce a system different from the one we have at present.

Now for the alternatives. It is quite obvious that a levy system with fluctuating levies, or a reference system and added to it the levy system, from the point of view of international obligations is worse than the minimum price system because with this system for a long period of time you know where you are and the international trade community know where you are. It is not all that different from operating a tariff system.

The uncertainty involved for other parts of the world in a levy system is something which is not liked. It is one of the difficulties which we have in the operation of the Common Agricultural Policy, as you very well know. There it is needed, it is unavoidable for a number of commodities. But it is not needed for this commodity, so why adopt something which is worse and which will cause us very great difficulties in international relations and would not be acceptable to our major trading partners to whom reference has been made here.

The subsidy system, which will cost an awful lot of money, is not the way we should solve our trading problems. You may say : it's a limited sector, why give them any protection at all ? The whole fishing sector which we have been debating so hotly this afternoon — and quite a number of Members of this House have been very moved by the difficulties in the fishing sector — consists, we should not forget, of a number of sardine fisheries. It is not one big huge industry when there are one or two small sidelines. It is an agglomeration of sardine fisheries, herring fisheries etc., and a few big combines. But there are a lot of small ones. So, if you say we don't need any protection for sardines, then we don't need protection for a lot of other things, either.

**Gundelach**

You could then ask why we do not have a tariff. But a tariff would not be all that different from the exercise of a minimum price system. It would in many ways be sufficient, but it would lack one important element which is of interest to these third countries with whom we have a close relationship, and to our own consumers, namely the stability of prices. I don't think one should underestimate this; it is important.

Having done this balancing act, I come to the conclusion that something has to be done. What is suggested by the Commission is better than any of the alternatives which have been listed in the report, or any other alternatives I can think of. You may consider it an evil, but at least it is a lesser evil than any other system which has been thought of or which I can think of at the moment. I don't think it is all that evil; I think it is possible to make it a reasonable system.

Whether it is reasonable or not depends, as Mr Pisoni said, precisely on the question of where one fixes the price. It is just like the Common Agricultural Policy — whether it is a reasonable policy depends on where one fixes the price. It would not be my intention to fix a price at a level which was unreasonable from the point of view of the consumer. It will have to be a balance between the interests of the consumer and the legitimate interests of the producers. I think that can be done, and when it is the system it will be better than the tariff system which, in my view, is the only possible alternative, because it will have the element of stability which we owe to our suppliers and our consumers, and which we most definitely owe to our partners in Portugal and the Maghreb countries whom we have promised to make a special effort to assist.

I must warn you that, if this Parliament adopts tonight a resolution to take away the minimum price system for sardines for these countries, I am going to be in very severe diplomatic difficulties, because you have been misled by the report into believing that they do not want it. They do want it, and they will not take it as a friendly act if you take it away.

Finally, is it too bureaucratic? That may be. The reason for the system of two guarantees is to avoid people paying cautions if they have a certain licence. I am perfectly willing to go into the administrative side of this whole proposal to see whether it cannot be done in a more simple manner, and that seems to be the main point of the criticism from many sides. There will be at least some Members in this House who will know my record in the field of simplification — they know that I mean what I say. I think it will be possible to simplify this system further, but I cannot accept the alternatives, and therefore, on behalf of the Commission, I cannot accept the resolution. I must insist that the resolution be centred around the

minimum price system, and must warn the House that I am going to be put in severe difficulties with partners like Portugal whom we have promised to help, if this House, misled by a report, votes in favour of the resolution suggested.

**President.** — 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 and 2, I have Amendment No 1, tabled by Mr Liogier on behalf of the Group of European Progressive Democrats:

Replace these two paragraphs by the following text:

'Accepts the system of minimum prices proposed by the Commission.'

I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, I moved this amendment during my speech, in which the arguments just put forward by Mr Gundelach on behalf of the Commission were anticipated.

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

Amendment No 1 is 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.<sup>1</sup>

### 8. Agenda for next sitting

**President.** — The next sitting will be held tomorrow, Thursday, 10 February 1977, at 9 a.m., 3 p.m., and possibly in the evening with the following agenda:

- Debate on the Tenth General Report and the Commission's work programme for 1977;
- Report on human rights;
- De Keersmaecker report on Community law and criminal law;
- Prescott interim report on the Community shipping industry;
- Sandri report on trade cooperation with developing countries;
- Oral question, with debate, on human rights in Uruguay;
- Schmidt report on the recommendations of the EEC-Greece Joint Parliamentary Committee.

The sitting is closed.

(The sitting was closed at 7.35 p.m.)

<sup>1</sup> OJ C 57 of 7. 3. 1977.

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## IN THE CHAIR.: MR SPÉNALE

### *President*

*(The sitting was opened at 9.10 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. Statement by the President*

**President.** — At its meeting yesterday the enlarged Bureau decided to include in the 'General Instructions of the Bureau' annexed to the Rules of Procedure the following text concerning the application of Rule 11 (1):

Entry into the Chamber will be controlled by ushers. Only Members may occupy places in the area reserved for Members. When a vote is announced all persons who are not Members shall withdraw from this area.

I ask all concerned to note this text and the chairmen of the political groups to help ensure that these rules are observed.

### *3. Petitions*

**President.** — I have received from Mr Marcel Paul, on behalf of the French Buchenwald-Dora Association and numerous other associations, a petition on the systematic glorification of the Hitler era in the Federal Republic of Germany.

This petition has been entered under number 17/76 in the register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on the Rules of Procedure and Petitions.

### *4. Tenth General Commission Report on the activities of the Communities in 1976 — Commission work programme for 1977*

**President.** — The next item is the debate on the introduction of the Tenth General Report of the Commission on the activities of the European Communities in 1976 (Doc. 555/76) and the Commission's annual programme of work for 1977.

For this debate Parliament decided on Monday to allocate speaking time in accordance with Rule 28 of the Rules of Procedure. The allocation is as follows:

- Socialist Group: 110 minutes;
- Christian-Democratic Group: 90 minutes;
- Liberal and Democratic Group: 50 minutes
- Group of European Progressive Democrats: 35 minutes;
- European Conservative Group: 35 minutes;
- Communist and Allies Group: 35 minutes;
- Non-attached members: 12 minutes.

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

**Mr Fellermaier.** — *(D)* Mr President, ladies and gentlemen, I shall refrain from commenting to any great extent on the Commission's 1976 activity report, since my comments would have to be very critical, because not only is the enumeration of what has been attempted of interest to us politically, but there should certainly also have been a parallel presentation which would have allowed comparisons to be made from one year to the other. I should therefore like to start off 1977 by asking you, President Jenkins, to work more with comparative facts and figures, so that on the one hand the actual achievements and on the other hand the lack of achievements — as a result of hold-ups in the Council of Ministers — become more clearly identifiable than is the case in the Commission's 1976 activity report.

## Fellermaier

But I think that today we should concentrate our attention more on the future. Before this House on Tuesday President Jenkins explained on behalf of the new Commission the programme for the months, indeed the years, to come. In my view this speech marked a memorable moment. On the one hand it was the statement by a new Commission under a new President, and on the other hand it involved — at least I hope so — the last Commission to have to present its programme to a Parliament not elected directly.

Admittedly the 'programme statement' by a Commission of the European Communities ought not to be compared with a statement by a national government, since one should not try to equate unequal things. The European Commission is a collegiate body which, as I can see by looking at its members, represents various currents of political opinion in Europe, and for this reason this programme can only be the result of compromises, since the Europe of the future will also have to be a Europe of compromises, or there will be no way of achieving a united Europe. But this programme with its compromises is of course also a programme, and in fact — as the statement by the President of the Commission shows — a programme with all the inevitable strengths and weaknesses. We in this Parliament have a great deal of experience with Commission statements. We listen to them with interest and undoubted good will. However, ladies and gentlemen, the crucial question is and remains how far a Commission can achieve the aims it sets itself and fulfil the promises it makes.

*(Scattered applause from the left)*

And this is where I see the primary role of this Parliament, namely to be a controller and guardian through its committees and the whole Assembly.

In his speech President Jenkins spoke of the traditional partnership between Parliament and Commission, a partnership which must be strengthened and deepened. I can say on behalf of all the Members of the Socialist Group that we were pleased to hear Mr Jenkins renewing the promise — and I quote literally — that this Commission intends to treat the present Parliament as it will treat the directly elected one. To affirm this does not however mean to blur the distinction between the necessarily different responsibilities of these two Community institutions. The European Parliament is chiefly a control body and a platform for the interests and opinions of the citizens of the European Community. No matter how we strive to achieve good cooperation with the Commission, it is nevertheless inevitable that conflicts of interest arise from time to time. In no more than a few weeks, when the new agricultural prices in the Community are being fixed, we shall have tangible evidence of the way in which the Commission and Parliament are cooperating. This, Mr President, is where you will soon be able to follow

up with actions the announcement of the new relationship. I very much hope and wish that the Commission will demonstrate that courage which it has in fact already demonstrated in its first statement before this House.

Unlike a marriage, ladies and gentlemen, in which the aim is normally to achieve a two-way partnership, the European Community needs a successful three-way relationship in which the Council, Commission and Parliament can effectively carry out the tasks allotted to them by the Treaties. During this Commission's period of office the relationship between the Community institutions will undergo a fundamental qualitative change. I refer to the elections planned for 1978. The Commission will not — nor can it — involve itself in the forthcoming election campaign. But, President Jenkins, one of the issues to concern the voters will be policy and the effects of this policy, since the policy which the Commission, as guardian and driving force of the Treaties, evolves should not be an end in itself but a policy for the good of the citizens, and therefore the activity of this Commission will be one of the things to be judged on the testing ground of direct elections. In other words, this Commission means something entirely different and cannot be compared in any way with any of the previous Commissions, since other Commissions were appointed by governments and other Commissions could have been dismissed by this Parliament. Through his vote the citizen will for the first time be able to say what he thinks of Brussels.

This is a great opportunity for the new Commission. I hope that it will indeed take advantage of it. Therefore I urge the Members of this Commission, whenever they are adopting measures in the future in their various fields of responsibility, to take account not only of what this European Parliament thinks of the Commission's measures, but even more of what European voters as a whole think of them.

From the statement by the President of the Commission I should like, if I may, to single out something which was received with great satisfaction by my Group, namely that the President of the Commission stressed the significance of the Commission's information policy. I would add that, laudable as this aim is, one of the measures of its achievement will, however, be whether the Commission succeeds, for example, in replacing the 'Eurospeak' of its regulations by plainer language intelligible to the individual citizen.

*(Scattered applause from the left)*

In our view this is an important step towards improving the individual citizen's understanding of the Commission's activity.

On this point I should just like to point out in passing that we have a European media link-up. We know Eurovision, and within the Community we also

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know the programme 'It's a Knockout', which the French call *Jeux sans frontières*. I think that we should now appeal to the radio and television companies not only to put on *Jeux sans frontières* but to include *Politique sans frontières* in the European television network, so that the citizen can be presented with a somewhat more credible picture of Brussels, Strasbourg, Luxembourg and the European travelling circus than has hitherto been the case in purely national programmes.

*(Scattered applause from the left)*

Since you have taken over responsibility for information yourself, Mr President, you actually have good scope for action, since with your responsibility you could, in a dialogue with the television companies of the Nine, make this attempt to prepare the citizens for the 1978 election, so that they recognize that it can add a new dimension to democracy in Europe. But it will also require the Commission to emerge from the anonymity of its technocratic machinery. It must prove that it really is a responsible, politically conscious institution of a democratic Community.

I shall now turn to some questions which will be dealt with in more detail during the debate by other members of my Group.

Industry, full employment and the fall in the standard of living in Europe are three central points. The Socialist Group gives absolute top priority to combating cyclical and especially structural unemployment in the European Community. Social peace, and indeed political peace, in our Community depend to a large extent on how far we succeed in drastically reducing the millions of unemployed. We simply cannot afford, as a Community of, on a world scale, comparatively wealthy countries, to leave millions of people without work indefinitely. For us Socialists the right to work is and will remain one of the basic conditions for human fulfilment.

*(Scattered applause from the left)*

When the direct election of the European Parliament takes place, the citizens will not be voting on pretty speeches but on the practical steps being taken in the Community to get rid of this socially unacceptable state of affairs. We have been told that the Commission attaches great importance to this problem. As the Socialist Group, we shall actively support the Commission in all its efforts, but it should not be left unsaid that, for all the Commission's undoubted goodwill, in the final instance the most important thing is how far the Member States of the Community are able to agree on common efforts and measures, and to judge by past experience this ability seems somewhat doubtful. The strength and readiness to compromise must be greater than any national self-interest, and this European Parliament will ultimately be the only institution which, with its appeal to the parliaments in

the Member States and to the Heads of State and Government, constantly draws attention to the fact that the fight against unemployment, our monetary system and the fall in the standard of living are all questions which do not stop at national frontiers, but which can now only be solved at a supranational level.

Therefore we think that the Tripartite Conference will also be very important, and I hope that now our old friend Henk Vredeling, who sat for many years on these benches and was a respected social expert in this House, will, in view of his successful parliamentary activity and now that he is in charge of social policy and employment, devote particular attention to the Tripartite Conference, since it is only if employers, workers and the governments of the Member States, encouraged by this European Commission, work out common policies that it will be possible to persuade the citizens that unemployment is not going to be an ineluctable feature of this European Community.

*(Scattered applause from the left)*

The world-wide recession in recent years has heightened economic differences in the Community and thus also aggravated the fall in the standard of living. We agree with President Jenkins when he says that we must not resign ourselves to this trend. But on the other hand it would be idle to maintain that all these differences between the Member States and within the individual Member States can be effectively eliminated with the limited resources of the Regional and Social Funds. This is all the more unlikely since the use of these resources is in many cases still a matter of national responsibility and they are still distributed according to the 'watering-can' principle. All in all, however, the EEC cannot perform miracles in sectors in which the Member States have in some cases for decades been trying in vain or with only slight success to find solutions. Considerations of national prestige must at last give way to Community solutions.

The ever-widening gulf which has separated the currencies of the Member States in recent years has led to an ever-increasing gap in the economic development of our Community. The most visible sign of this is the increasing number of very alarming signals from individual sectors in recent months. I need only mention the steel sector, shipbuilding and the textile industry. We await with impatience concrete Commission plans to deal with this.

To this end, sectoral industrial policy must be given a more important role than in the past.

*(Applause from the left)*

When viewing all these problems, which will certainly be referred to by other speakers in this debate, when viewing all these problems and the solutions which are being sought, we must not forget that the European Community is not an island, but rather a part of

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a complicated, continually changing system of all the states in the world.

If we advocate — and we Socialists do so unreservedly — a more just distribution of wealth within the EEC, many Third World countries consequently also demand a transfer of wealth in their favour. Taking full account of the consequences of such a step, we must declare ourselves willing to accept a world-wide division of labour, and for this reason the Community's external relations, looked after by the Commissioner for external relations, will also have to play a very important part in the practical policy of the new Commission. Taking into account what I have just said, we must also declare ourselves prepared to discuss in good time any necessary proposals for structural changes, and we call on the Commission to submit them in good time.

I now turn, if I may, to the problem of agriculture. The new President of the Commission announced in his speech that, in its policies for food and agriculture — we were very pleased to hear food being mentioned for the first time alongside agriculture, which strikes a new note in Commission statements — the Commission would aim at a — and I quote literally — prudent course of moderation. My feeling is that in adopting this course of moderation it should nevertheless beware of being too prudent, for in recent years we have had the impression that the Commission was sometimes too prudent. The Commission should no longer fall into the trap of believing that the key to the success of the agricultural policy is to be sought only in a constant fluctuation of prices and monetary compensatory amounts. The common agricultural policy, once the mainstay and cornerstone of the Community, now swallows up more than two-thirds of the total budget of the European Communities.

But these sums are not being spent, as the Socialist Group has always demanded, on structural improvements. No, they are serving now as before mainly to get rid of permanent surpluses. In the speech which Mr Gundelach, the Commissioner for Agriculture, made at the opening of the *Grüne Woche* in Berlin, we caught a slight hint of an intention to bring this situation under control. We hope that Commissioner Gundelach will now follow up his Berlin speech by proving that actions speak louder than words. Our good wishes accompany you, Mr Gundelach, on this thorny path.

We must be in no doubt as to one thing: the path followed until now by the agricultural policy long ago reached and passed the limit of what is tolerable for the European taxpayer and consumer. Therefore we expect the new Commission to come forward with bold proposals for the future course of the agricultural policy. As long as two-thirds of the EEC budget funds are spent on measures in the agricultural sector, I am afraid that, as we have seen, all the Commission's

economic and social objectives continue to be somewhat unconvincing. As a result of the ever-increasing complexity of the system of monetary compensatory amounts and of the jungle of constantly changing regulations, which give rise to yards of telex messages to national customs administrations, the common agricultural policy is in fact becoming, let us be honest, more and more of an illusion. In his speech, President Jenkins described this policy as one of the cornerstones of the Community.

In recent years this cornerstone has lost a great deal of its stability. Unless there are immediate and far-reaching changes in the priorities of the agricultural policy, no future builder of European union will any longer be able to build his house on such crumbling foundations. On the contrary, the agricultural policy, once the very fabric of Europe, can tomorrow become, if nothing is done, the powder keg to blow Europe apart. Mr Jenkins did not mince his words when referring to the many problems in the agricultural sector. Not only this Parliament but also the European public are now impatiently awaiting the Commission's proposals for solving them. We know that agricultural questions not only involve the Community's internal relations but influence to a great extent its external relations, to which I should now like to refer briefly.

The Socialist Group is aware that all the internal developments in the Community obviously have far-reaching effects in the field of external relations also. This applies not least to the question of enlargement. It is impossible to overlook the relationship between the internal consolidation of the Community and its external relations. We Socialists emphatically reject the false 'either-or' concept. The consolidation and the possible enlargement of the Community are closely interrelated. Only a healthy Community capable of dealing with its own internal problems can claim and exercise world-wide responsibility.

On the other hand, other countries must not suffer as a result of such a community's internal difficulties. The Treaties state clearly and unambiguously the conditions governing the accession of new Member States to the Community. Furthermore there are binding assurances given by the Community to Greece and Turkey. For years we stipulated as a condition for opening accession negotiations that democratic structures should be restored in Greece and on the Iberian Peninsula. It would now be politically irresponsible not to give our vigorous support to the process of democratic development which has been launched in these countries. This means that we Socialists attach the utmost political importance to the approach to the EEC which is being sought by these countries, including Turkey. Even if economic and social problems arising from this further complicate matters, they still cannot outweigh the affirmation by would-be Member States of the value of democracy and the idea of a free, socially-oriented and united Europe.

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Ladies and gentlemen, I should like to sum up by saying that in its programme the new EEC Commission has not reached for the stars. Excellent plans, which cannot also be implemented in the short and medium term, are left waiting on the threshold of European reality. Think of the plans we have had already? The Werner Plan, Economic and Monetary Union, and then the monster of the Tindemans Report. Where has it got to? It is gathering dust on the shelves of the Heads of State and Government, and I would say to you, Mr Jenkins, that you have given proof of your realism by refraining for the first time from speaking about great plans. We think it is better to have a policy of small but sure steps than to have great plans under which the ice ultimately cracks, as we have experienced in this Community all too often in the past.

But one of the decisive factors in the run-up to the direct elections to the European Parliament will be whether all the Community institutions — and this is where the Commission plays an essential part — succeed in finding ways and means of bringing home to almost 260 million EEC citizens the advantages of integration and the need for Western European solidarity. In this first direct election politicians will for the first time be weighed on the European scales. With their voting papers the citizens will not be deciding about European pipe-dreams, but about the tangible everyday reality which is the European Community. This process will usher in a new age in European development, comparable only to the centuries-old development of western democracies. Whereas it was often only the will of the mighty or the outcome of bloody wars which originally shaped these democracies, the EEC voters will be deciding by peaceful means which political, economic and social course this Community is to embark on.

President Jenkins said at the end of his speech that the Commission wanted its deeds to be a little better than its words. That is a sentence which, I feel, should be repeated: that the Commission's deeds should always be a little better than its words, for otherwise — the President went on — the citizens of our Member States would be cynically disillusioned with politicians and political institutions. This warning, this appeal, applies to all the institutions of the Community, including this European Parliament. Parliament will judge the Commission by this standard which it has set itself. Parliament itself will have to submit to the judgement of the citizens of Europe in direct elections. To this extent the hour has struck to usher in a new European era.

*(Applause)*

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

**Mr Alfred Bertrand.** — *(NL)* Mr President, at the beginning of this debate I should like to look back

very briefly to what Mr Ortoli said on behalf of the previous Commission on its retirement from office. Today, at the beginning of the four years of office of the new Commission we should like to say how grateful we are for what the previous Commission did under particularly difficult conditions. It really succeeded in keeping the Community and its achievements alive so that today we are able to conduct a debate on the programme for the first year of office of the new Commission which will be able to build upon the achievements of the Ortoli Commission. We should like to take this opportunity to say a last word of thanks to the previous Commission.

*(Applause from the right and centre)*

Mr President, it was very clear from what Mr Jenkins said at the beginning of his second speech that he realized that a maiden speech is always easier since, more often than not, it only consists of general political observation, whereas people listen more critically to a second speech. This was indeed the way we Christian-Democrats felt as we listened to your second speech. We recalled that at the beginning of your maiden speech you said that the Commission should be a political rather than a technocratic body and that you therefore hoped to emphasize the political aspects of the Commission's activities, which meant that cooperation with Parliament would become more central and would have to be organized as efficiently as possible. In both your first and second speeches you said that you intended to treat Parliament as if it was already directly elected. We are glad of this and thank you for the intention which is apparent here to establish a real partnership by means of increased cooperation between the two institutions, particularly in view of the forthcoming direct elections to Parliament — a partnership which will enable these direct elections to be prepared thoroughly. We therefore welcome the considerable attention you devote in your first work programme to the significance of European elections, the need for the 160 million voters in this Community to bear in mind that in a year and a few months they will not only be called upon to cast their votes, but also to indicate what direction they wish European integration to take in the future, on the basis of practical programmes proposed by the various parties. You can rely on the full support of the Christian-Democrats, Mr President, in your efforts to make the voters aware of our role in future European integration. I should like to take this opportunity of reminding you that this very week, on the basis of the Schuijt report, Parliament adopted a resolution requesting you to submit your programme for non-partisan information in 1977 to Parliament as soon as possible so that Parliament and the Commission will be able to work together to ensure that the voters are thoroughly informed about the forthcoming elections.

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Even after your first speech I voiced a certain amount of criticism of the fact that the political composition of the Commission was unbalanced and that certain political currents in the Community were inadequately represented. This is not your fault, but is the result of the decisions taken by the governments in nominating the new Commission. I should therefore like to ask you not to forget that it is important under these conditions that you take particular account of the viewpoints of the groups which feel themselves to be inadequately represented in the new Commission.

It is in this spirit, therefore, that the Christian-Democrats will examine your programme. I propose to make a number of general remarks regarding your statement and other members of my Group will deal with individual aspects of your programme, devoting particular attention to the five priorities you yourself mentioned, i.e. agricultural policy, economic integration, industrial policy, the coordinated energy policy and the fight against structural unemployment.

I got the impression from your statement that you had made a great effort to conceal the fact that you have not yet been able in the Commission to work out a complete policy or approach to the five priorities you singled out. We can understand this, since you still have to find your feet, and have not yet had sufficient time to present a complete and fully thoughtout programme. We had hoped, however, that you would have admitted this to Parliament, that would have begun by explaining this, rather than trying to give the impression that you are already clear about the direction you wish to take with the new Commission.

On reading your programme we cannot help thinking that it is first and foremost a list of the problems — a sort of catalogue in which you devote too much attention to the difficulties, the limited means and the problems, but fail to give adequate concrete information on the basis of which we could assess your proposed activities. The chapter dealing with the agricultural policy is obviously not yet ready. Generally speaking, we go along with the agricultural policy you describe, the adjustments to changing circumstances. We can accept that your agricultural policy will continue to be based on the principle that the agricultural policy must both ensure adequate food production and guarantee reasonable incomes for the producers, together with the most favourable prices possible for the consumer. We go along with this completely, but in those areas where we had expected you to put forward definite views concerning this important integrated sector, you started by asking a number of questions. You have not yet given us any answers, however, and it is difficult for us, therefore, to work out exactly what your intentions are as regards the agricultural policy. You said that the fundamental problems are clear. You ask how we can ensure stable markets and fairer incomes for the producers while at

the same time guaranteeing adequate supplies at reasonable prices to consumers. You put this question, but you do not yet know the answer. You go on, and I quote, 'Should we plan, in the different and more difficult employment circumstances of today, for a continued movement of labour from the land, or should we for social and environmental reasons seek to encourage and sustain farming activity, if necessary on a part-time basis? How do we resolve the regional differences, the structural differences, the disparities of income?' And you continue asking questions in a similar vein. We do not, however, expect the Commission to put questions to Parliament. We expect the Commission to propose solutions. That is surely self-evident. You said in the same chapter that monetary fluctuations have unsettled the market. We all realize this, but what do you suggest we should do about it? Do you intend to continue with compensatory amounts or to abolish them? Or are you looking for another solution? We would have liked to hear the Commission's views on this matter. You also mentioned the stagnation in economic integration and said that further progress towards economic union is vital for the continued viability of the Community. You speak of 'economic union' but I presume you are referring to 'economic and monetary union', since I do not think it would be possible to establish economic union in the midst of the monetary chaos we are currently experiencing.

We therefore agree with you when you speak of the need for further integration and the three formidable and interlocking obstacles which must be tackled simultaneously if we are to reach a sound solution, i.e. the persistent high level of unemployment, the varying inflation rates and the constantly widening gap between the economic performances and real standards of living in the different Member States. These three elements together represent the major obstacles to a solution. Having made this point, you say that the existing system for coordinating national policies must be further developed in consultation with the Member States and in the Council. However you do not say how you intend to promote this coordination. You make no practical proposals.

You speak about the urgent necessity for the resumption of the Tripartite Conference, and we agree that continued concertation between the social partners is of vital importance for the implementation of a policy. However, I should like to ask on behalf of my Group what possibilities are open to the Commission to promote reasonable agreements between the social partners. You will have to make the necessary proposals. What we are talking about here is a three-cornered relationship between the Council, the social partners and the Commission. I attended two of the Tripartite Conferences as an observer and saw that the two sides of industry demonstrated their mutual disagreement and stressed their individual viewpoints

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as employers or employees and that finally, following a debate between the Council and the social partners, the Commission was asked to make the necessary proposals with a view to putting into practice the ideas put forward by the Conference in a compromise resolution. I am speaking particularly to my old friend Henk Vredeling when I say that the task before him is such that it is only as a collegial body that the Commission must evolve specific and realistic proposals, and this is what we are waiting for today, particularly as — and you know this better than I do — in the social sector collective agreements are dependent on decisions which are still taken at national level by the social partners. You will possibly meet much more resistance from labour and management than from the various governments if you try to override nationalistic thinking and establish a Community system.

This is a problem to which the Commission will no doubt have to devote considerable attention. We agree, Mr Jenkins, that the process of economic integration should be continued with all the means at our disposal. After the efforts of the previous Commission and the proposals they submitted to the European Council with a view to making the Member States commit themselves to a definite economic programme, if the Commission's proposal for such a programme were adopted by the Council, I should like to ask you what, in your view, are the chances of convincing the Member States that obligations regarding the economic programme are binding and must be fulfilled. If the Member States had adopted your proposals and carried them out we would never have witnessed the great divergence in economic development we are faced with at the moment in the various Member States. We agree that the realization of Economic and Monetary Union is the only possible way to stabilize European integration and promote European Union. I was surprised, therefore, that you said nothing about the important meeting between President Giscard d'Estaing and the Federal Chancellor Helmut Schmidt in Paris, at which they declared that the dialogue between France and Germany would not, in the future, be restricted to two sessions per year, but would be extended to four times a year, and they stated in a solemn communiqué that further European integration will only be possible if Economic and Monetary Union is in fact achieved. You did not say a word about this. But we would like to know about this as the communiqué stated that they would make the necessary proposals. I am aware that the Treaty provides for governments making proposals to each other on monetary matters not covered by the Treaty, but on questions of the Economic Union, only the Commission has the right to take initiatives and make proposals. We should like to know your opinion on this solemn declaration by heads of state to the effect that they will make proposals. Is this the start of a real *Directoire*? We are surely entitled to ask this question now that you are beginning your period of office since we would like to

know that the Commission thinks about this and about submitting the necessary proposals in the near future with a view to giving a new stimulus to the development of Economic and Monetary Union.

I wish to turn now to what you did not deal with in your speech, Mr Jenkins, as this strikes me as important too. I should like to say that I am a little surprised at the thinking behind your statements to the effect that 'the Commission is not a government', 'Parliament is not yet a legislature' and 'the Council disposes'.

I must say that this idea is at variance with the real significance of the Commission in accordance with the Treaty. The Council does not dispose, it can dispose only if the Commission proposes. Otherwise it cannot. This is why it is so extremely important that you have declared to us once more today that you are firmly decided to make full use once again of the right of initiative which the Commission enjoys by virtue of the Treaty. We hope that you will also say that in making use of your right of initiative and your right to make proposals you will work together with the Parliament with a view to ensuring that the Council, which is in a chaotic state, acts once again in a Community manner.

It is remarkable that over a period of four or five years the Council has turned into a meeting between governments. It has ceased to be a Community institution in the sense in which this term is used in the Treaty. In my view, the Council should still be a Community body striving to find joint solutions on the basis of proposals from the Commission and in the light of the national interests of the various Member States represented in the Council. This element is no longer present nowadays in the attitude and behaviour of the Council at its meetings, and it is absolutely essential that Parliament and the Commission should cooperate intensively to get the Council back on the rails, and restore new life to the decision-making machinery.

In summing up your priorities, you said that we must eliminate the great discrepancies between the various regions. We support you in this. On the sixth page of your text you quoted alarming figures for the differences in income per head of the populations not only between different Member States, but even between different areas of individual Member States themselves. In some cases people in one area were earning twice as much as people in another area. We will therefore support your efforts to develop a regional policy with aims different from those towards which we are currently working with the Regional Fund.

We all know that possibilities for transferring capital from the rich areas and countries of the Community to the poorer areas are very limited. I therefore

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wonder whether or not it would be a good idea for the Commission to pursue a more stringent policy regarding the investment of capital and the establishment of registered offices of undertakings in certain backward areas, as part of a new-style regional policy.

While we conclude from Mr Jenkins' speech that the Commission is fully aware of the problems facing it, we notice that he has failed to make the necessary concrete proposals. There is not even an indication of whether the Commission has any clear idea of the direction it intends to take in solving the specific problems.

We agree with Mr Jenkins' views on the enlargement of the Community and welcome the Commission's cautious attitude to this matter and to the applications for accession we expect to receive from two countries in the Mediterranean area. Mr Jenkins said that we must above all attempt to take an overall approach to the problem of the enlargement of the Community.

We go along with this. It is absolutely essential that we first of all strengthen the internal institutional infrastructure of the Community, with a view to guaranteeing the Community's viability. There must be no question of the new Member States winning a Pyrrhic victory because the Community was not equal to the task when it decided to accept their applications for accession. We all know that there is no likelihood of the decision-making mechanism, which has ceased to function with the Nine, functioning more efficiently tomorrow with 11 Member States. If the Council now decides in favour of a system of majority decisions, thereby abandoning the present principle of unanimity, we will develop in the direction of a free trade zone. We are therefore in favour of an overall approach to the problem — that is the right path. However, we should like to ask you which countries will, in your view, form part of the Europe of the future? It would be interesting to hear the Commission's views on this matter as, in my view, it would be very dangerous if we simply waited for applications from candidates without having an overall view of what the united Europe of the future might consist of. We also agree that our industrial policy should provide a stimulus in certain sectors, which you listed, i.e. steel, textiles, shipbuilding and footwear which are currently facing structural difficulties. These sectors need stimuli to attract the necessary capital. Where, however, are you going to find the means necessary to put this policy into practice? You said nothing about this.

It is remarkable that the Commission did not say a single word about the problem of the Community's own resources, a problem which is, after all, of vital significance to the independence of the Community in carrying out its mission as a Community and in view of the resultant increased competencies for Parliament. I had expected Mr Jenkins to tell us what the

Commission was intending to do with a view to the complete establishment of own resources as of 1 January 1978 and the complete harmonization of VAT, on which the Council has made a decision in principle, which is still to be implemented. What does the Commission intend to do to establish a definitive unit of account to form the basis of all trade transactions, in the light of the fluctuating exchange rates? And what is the situation as regards budgeting? These are all necessary if the own resources system is to be established in a responsible fashion. These are extremely important problems which directly involve the competencies of Parliament. Some people have even pointed out a relationship between these problems and the elections to the European Parliament in the light of the question, 'What is the purpose of electing a European Parliament and what form should this Parliament take?' Thus the problem of Parliament's powers is highlighted by the question of own resources.

Finally, the Commission omitted to mention political cooperation and the efforts it intends to make to achieve further progress on the road towards a European Union. Nor did it say anything about the possible application of certain proposals contained in the Tindemans Report. I am saying this particularly in the light of the decision reached by the European Council in The Hague. At this meeting the Commission was asked by the European Council to produce an annual progress report and to examine the extent to which certain proposals in the Tindemans Report had been put into practice.

The Christian-Democratic Group was also very surprised at the fact that Mr Jenkins said nothing about the sector which has lagged behind most in the development of Community policy, i.e. transport. As you know, the parliamentary committees are currently discussing the question of taking the Council before the Court of Justice on account of the non-application of the articles of the Treaty dealing with transport policy. Mr Jenkins did not say a word about this and will no doubt understand our surprise. We would have liked to hear whether the Commission intends to accept this stagnation in the transport sector, which has lasted for 20 years now, or whether it intends to take steps to solve the problem?

Finally, I should just like to say a few words on staff policy. We understand the need, mentioned by Mr Jenkins, for flexibility in the services. However, the essential balance between nationalities must not, at this stage, be sacrificed for the sake of this flexibility. In the view of our Group, the need for flexibility can be satisfied in a reasonable manner without affecting the balance between the nationalities in the individual grades. I should therefore like to ask the Commission to ensure in its staff policy that the small Member States are not under-represented in the higher grades.

## Alfred Bertrand

I assume that Mr Jenkins will have understood from what I have said that we Christian-Democrats are in favour of cooperation with the Commission. Mr Jenkins indicated the direction we should take at the end of his speech when he said: 'We want our deeds to be a little better than our words. Let us always do more than we promise to do'.

This, Mr President, is what the Christian-Democratic Group is waiting for. We wish the Commission every success.

*(Applause)*

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

**Mr Berkhouwer.** — *(NL)* Mr President, it is a pleasure for me, on behalf of the Liberal Group and its political allies, to have this first political encounter with the new Commission on the occasion of Mr Jenkins' statement. This pleasure is not dimmed by the fact that quantitatively — I would emphasize quantitatively — the Liberals are under-represented in the new Commission. The forthcoming elections to this Parliament will provide further proof of this.

In this last quarter of the twentieth century, which is also the last quarter of the second millennium, our free Western world is faced with gigantic tasks. The challenges are well known. As a Liberal I face up to these challenges without any complexes about the decline of the West and so on.

Some people maintain that the current situation in Western European society is a repetition of the crisis of the Thirties. I would dispute this most emphatically. Firstly: *l'Histoire ne se répète jamais*. Moreover, I knew the crisis in the Thirties as a young boy. And thankfully I can now say that the present situation is not the same as in the Thirties. Then, millions of people in our countries were suffering from poverty and hunger. Fortunately there is no longer any question of that. Fortunately, everyone in our Community, with or without work is assured of the necessities of life. There does, however, seem to be a paradoxical situation in our Community. Perhaps not everyone is fully aware of this. What I am going to say serves to underline the importance of the enormous task facing the Commissioner responsible for social affairs. On the one hand we have 5.4 million unemployed in our Community, and on the other hand there are a total of more than 10 million foreign workers, if their wives and children are included. We know that a large number of the wives and daughters of these people do housework for our families. We can thus safely assume that the number of people that we class as foreign workers is larger than the number of unemployed.

Here and there, unfortunately, people are trying to combat the present unemployment by taking refuge in the remedies they thought they could apply in the

Thirties, i.e. isolationism, protectionism and so on. I am in good company. 'Le Monde' wrote yesterday about 'the lure of protectionism'. The paper went on to discuss dumping and the unfair competition that we are experiencing here and there from countries outside the Community. 'Le Monde' says:

In the face of this competition, the various governments invoke their employment problems and call on consumers, more or less discreetly to buy home products. The President of the French Republic has just made an appeal to this effect in Brittany; in the United Kingdom, the Prime Minister Mr Callaghan has also asked shipowners to place their orders for new vessels with British shipyards.

Here and there we thus find the irresistible tendency to drink once again of the sweet poison of protectionism, the temptation to take a heady draught of the foul poison of national protectionism. We remember the cries of the Thirties: 'Buy British', 'Made in Germany', 'Koop Nederlandse waar'. What did all that lead to in the end? To disastrous consequences and ultimately to the Second World War. At the moment we have to compete not only with the low wages in the Far East but also with low wages in our own part of the world, i.e. on our eastern borders. The most extraordinary things are happening. There are textile factories in Western Europe which send their cut cloth to Yugoslavia to be made up because with our wages we cannot compete with the low wages in Yugoslavia. That is what is happening in the textile industry. But there are even crazier situations. There are Western European countries which are helping the countries of Eastern Europe — of Comecon — to get the glasshouses in which to grow their fruit. This fruit is then processed and is sold in tins on our markets, which means that our fruitgrowers are unable to get rid of their fruit. In other words, the glasshouse manufacturers here in Western Europe are helping to create a situation whereby our fruitgrowers can no longer get rid of their fruit because they are faced with competition from fruit and tinned fruit grown in greenhouses that we have built. The Comecon countries are happy to do business with us. Let us, Mr President, accept that Comecon wants to use us to improve its position, and why not. In any case, the existence of the Community is recognized, that is to say it is recognized unofficially. I should like to ask the new Commission what the position is, if trade contacts with Eastern Europe are to be continued, with regard to our demand finally to be recognized as a Community by the East. Comecon needs us, as is clear also from the figures. Unless I am mistaken, Comecon is in the red with us to the tune of some 50 000 million u.a. And if possible they want to increase this debt still further. It is a good thing to have debts these days, and the Eastern bloc is well aware of this. They want to do further business with us, as long as we grant credit for it. If we do that, should we not on our part then also make it clear for once — now that the

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follow-up conference to the Helsinki agreements is to be held shortly and the Eastern bloc is always harping on about Baskets 1 and 2 — that we Western Europeans do not live by bread alone but — and this is a liberal note that I should like to stress — also attach importance to other values in this life and that if our Communist friends wish to continue to do business with us our first concern is that rather more individual freedom in the whole of Europe should be set against these material things and that this freedom should be respected.

*(Applause)*

Mr President, it may perhaps seem to conflict somewhat with what I have just said if I now go on to speak about our relations with the United States, which brings me to raise the question of Boeing. When we see that America has practically reserved its market for Boeing up to the end of the century, is it not time for us in Europe to do rather more to develop a European aircraft industry? Now that we are on the subject of industry and technology, I should like to ask the Commission to do all it can to prod the Council into action with regard to the JET project, which is a field in which we have a lead over other parts of the world and where the Council's indecision would mean the loss of a great opportunity for Europe. On behalf of my Group I thus call on the Commission, as a matter of urgency, to make every effort to rouse the Council from its lethargy. From summit questions I now come back to the ordinary man in the street in Europe, who does not understand anything about these summit conferences. It is as if the word 'summit' were a sort of drug. There has now been another bilateral summit conference between Bonn and Paris. What do we want all these European summit conferences for? If now friction arises between Bonn and Paris, we'll have Bonn and London again. Or London and Paris. There are plenty of variants. It doesn't get you anywhere and in the long run nothing is ever accomplished. I should like to urge the Commission, now under the leadership of an outstanding British politician, to do all it can to eradicate this weed of summit conferences root and branch.

Speaking of summits, the new President of the United States also has plans for a summit conference. So that'll be another summit, a tripartite or multilateral summit conference. I should like to urge the Commission above all to try and prevent the forthcoming summit with Carter from turning into a repeat of Rambouillet or Puerto Rico I understand that the new American Head of State is ready to deal with the Community as such. The Commission must make every effort to ensure that the Community as such is present at this conference and that it is not just this or that triumvirate or four or five Community countries, the so-called big powers, who take part while the other countries are not represented. Let us now remember once and for all — and this goes for the

countries which are perhaps somewhat bigger in the geographical sense than the smaller Member States — that in the Europe of the Nine there are no longer any big powers and that it is only the nine of us together who have any chance of achieving any renewed grandeur in this world. Perhaps the summit with Mr Carter, this new meeting of the leaders of the Western World, will be the opportunity for Europe too to help ensure that, with a variation on 'la guerre de Troie n'aura pas lieu', the trade war will not take place.

I think that in this context the encounter with the new American Government would be a good opportunity of making some progress in this direction.

On the question of enlargement, the Commission's statement was rather lukewarm. With regard to this I do not quite agree with Mr Bertrand, who expressed some sympathy for this attitude. I can understand his sympathy. But I think that we have already committed ourselves quite a long way with one of the applicants, and in that case we can surely go a bit beyond an overall approach. I am referring to Greece. Of course, the question must be seen in a broad context, but with Greece we have already made a start. We put the association agreement with Greece on ice. We told our friends: 'You must do this, you must do that.' Are we not duty bound to open these doors? For my part I am prepared to open the doors as quickly and as widely as possible.

*(Applause from certain quarters on the far left)*

Mr Bertrand, however, asks the Commission who it thinks ought to be entitled to membership of our club. But that is already in the preamble to the Treaty! All European countries which share our ideals are invited to join. No further classification is needed. The invitation is there and if there are then countries which accept the invitation we cannot say no.

And then there is this internal cohesion. For a few years now we have been busy getting used to our British friends, and that is going very well. We must get used to the three new Member States and they must get used to us. There have no doubt been cases of friction and perhaps there still are here and there. But you cannot tell other European countries just because they are poor 'You are a pauper, so you cannot join my club', for the sake of this internal cohesion or whatever else. Then we would be a real rich man's club, which we have on occasion been accused of. We must, indeed, do all we can to avoid this accusation.

When we enlarged the Community from six to nine Member States, did we not also accept here and there less fortunate regions? And we did so gladly! And now we are doing all we can to achieve the balance that the Treaties demand of us. So much for my comments on enlargement. My Belgian colleague, Mr de Clercq, will have something more to say in this context about Greece.

**Berkhouwer**

And now I come back to my well-known hobby horse. Mr Bertrand and Mr Fellermaier have also already talked about his: the public relations of the Community, the Brussels' jargon that no one understands a word of, communication. So we welcome Mr Jenkins' plans. Once again we are talking about the Europe of the common man. On the way to Luxembourg I crossed two frontiers. In Belgium, in the area where Mr Bertrand lives, I was stopped by a customs man who asked me if I had any goods to declare. I was in a small car, in a Volkswagen since that is all poor Liberals can afford (*Laughter*), but Mr Broeks says the same thing happened to him. Mr President, these fellows must go! As long as they are still on the loose all our fine words are just so much blather.

*(Applause and loud laughter)*

When I go to England, I sometimes even have to go through the 'Immigration Office'. We must, of course, get rid of these offices too, for when I arrive in England I am not an immigrant but a citizen of the Community. All those signs must go — British passports, non-British passports, Commonwealth passports and heaven knows what else. There must be one sign: Community passports. Mr Jenkins and his colleagues must do something about this sort of thing! In 1974 I called for a European identity card. This resulted in approval for the European passport at the Paris Summit Conference in 1974. I raised this point with President Giscard d'Estaing and he included it in the 1974 package. So we got the European passport. At that time we thought that that was after all something. But the real point is that the 200 million or more people who will shortly be going on holiday once again and travelling through the Community should see some sign of Europe. These are only small things, but they are of the greatest psychological value and importance. The snake in the tunnel and all that gobbledygook, what is that to the man in the street? He doesn't know the first thing about it. He has perhaps heard about a tunnel under the channel. The man wants to see something concrete. Will the Commission now chase the Council, or retrieve the passport from the clutches of the national ministries? Let's have it, Mr Jenkins. All strength to your attempts to bring Europe a little closer to the ordinary man, who cares nothing for summit conferences, but has to deal with the everyday problems of his life and work.

*(Applause)*

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

**Mr Lenihan.** — Mr President, I would like to take off where my friend, Cornelis Berkhouwer ended, by emphasizing the importance, as regards the development of our institutions in the immediate future, of

ensuring that the fullest information is made available to the ordinary citizen of this Community. Otherwise we are in very grave danger between now and direct elections of facing a situation of apathy, a situation where a low poll could detract from the legitimacy attaching to a directly elected Parliament. Indeed, this view of mine is borne out by recent Eurobarometer polls that show that public opinion at the present time, particularly in the new Member States, is not very enamoured, to put it mildly, of the Community and its institutions.

One of the reasons for this was also referred to just now by Mr Berkhouwer. It is, I fear, the apparent and actual lack of decision-making at the European Council and summit meetings and the lack of decision-making by the Council of Ministers.

This is the single biggest factor in eroding confidence in the Community and the Community's institutions. I feel that it is a major task both for the Commission and the Council of Ministers to ensure that the procedures between the Commission and Parliament, and within the Council of Ministers, and between the Council of Ministers and Parliament, and between the Council of Ministers and the Commission are streamlined, and practical steps are introduced to ensure that before major meetings of the European Council or major summit meetings, some preparation is undertaken so that decisions can emerge from these meetings. Having these meetings merely for the sake of having them is a futile exercise that brings the Community into disrepute and brings discredit to its institutions.

The main political areas in which the Community has signally failed so far to reach a common approach are those of foreign policy and energy. These two areas are, I know, highly sensitive, they are of very real national interest, but at the same time they are two areas where failure so far has been very obvious to the ordinary citizen. I would direct the attention of the President of the Commission to them. I appreciate that they fall more largely within the terms of reference of the Council of Ministers, but the Commission can do some prodding in an endeavour to ensure a common approach to foreign policy and to energy. Indeed I feel that unless this is done, talk about the enlargement of the Community is largely nebulous, because even though I welcome the addition of the three countries concerned, Spain, Portugal and Greece and, indeed, Turkey in due course, I feel we should not embark on actively encouraging them to full membership until we have our own house in order in regard to the decision-making process, and until we have common foreign policy and a common energy policy.

The other aspect which is disturbing our citizens at the present time is of course the central problem, as the President of the Commission described it, of

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economic divergence. This, of course, lies at the core of the whole problem facing the Community and the regard in which the Community is held. The facts are that we have 5 1/2 million people unemployed at the present time within the Community, and 35 % of these are under 25 years of age. Now there is a problem of massive proportions. I appreciate that it is a problem that lies largely within the competence of national governments, but I do think that here the Community should pursue a positive employment policy linked to its social policy. The whole area of employment should loom large in the plans of the new Commissioner for Social Affairs. I think he has already voiced a similar view since his appointment.

The fact of course is, as the President pointed out the day before yesterday, that there is the problem of fund-allocation in this area. Indeed, he mentioned that the Regional and Social Funds, as applied by the Community, amounted to between one-sixth and one-tenth of national expenditure under these headings. That shows the magnitude of the job involved — the magnitude of the financial transfer of resources that is needed really to make an impression on this basic underlying problem. One immediate way to tackle the problem is of course to reflate in the orthodox manner. Indeed, the Federal Republic of Germany is the obvious country within the Community that should do so at the present time. We also look forward to a similar type of reflation in the United States of America and in Japan in the coming months.

That, of itself, of course will do very little to deal with the basic endemic structural unemployment that continues, and will continue, even if we do reflate and get the European economy going. One is still left with the basic structural unemployment. Here, there must be a massive transfer of resources into the Social Fund and into the Regional Fund. This can only be done by making an act of faith in the fundamental importance of these two funds in dealing with the whole problem of unemployment, which is a basic social ill, particularly as it is now reflected in higher youth unemployment than heretofore.

I would like to welcome the initiative taken by the President of the Commission and repeated by Commissioner Vredeling as well. This is the intention to coordinate various funds in this area that are concerned with the transfer of resources — the direct grant allocations under the Regional and Social Funds, the loan funds available from the European Investment Bank. Here, I want also to include the much disputed Common Agricultural Policy. The Common Agricultural Policy is basically a social fund as well, and must be viewed in that light. I deplore any attempts to set up a consumer-versus-producer attitude within the Community. This is class politics. We do not want class politics within the Community.

Fundamentally, the Common Agricultural Policy is another social policy involving transfer of resources to the rural population. It is a type of social policy like the Social Fund itself, like the Regional Fund, and like any loans made available towards infrastructural developments from the European Investment Bank. All this must be looked at as a coordinated whole and planned accordingly. The Common Agricultural Policy is one of the cornerstones of the Community', to quote the President of the Commission. Whilst it can be refined and improved, its fundamental principle is written into the Treaty of Rome and, in my view, it must stay there, and it is a fruitless exercise to set up any producer-versus-consumer or consumer-versus-producer antagonism. It can be very bad for the whole morale and spirit of our Community. Indeed, in recent debates in this Parliament I have detected an element of this, which appears to run across group and party divisions and could be very damaging as far as the future of the Community is concerned if it is allowed to develop.

The plain fact of the matter — and I will refer no more to it — is that a large element of the Common Agricultural Policy at the moment is consumer policy. £ 1 1/2 million a day out of EAGGF is devoted towards subsidizing consumer food expenditure, particularly in the United Kingdom. That is a basic fact of life, and that situation should certainly be remedied. And I am certain that the new Commissioner, Commissioner Gundelach, will seek, as Mr Lardinois said before he left at the end of the year, the automatic adjustment of the green pound and the progressive abolition of monetary compensatory amounts.

It is in that area that the trouble has been caused, not in the area of the Common Agricultural Policy. The Common Agricultural Policy has been wrongly indicted on these grounds but the fundamental problem is not the Common Agricultural Policy but the currency disequilibrium and the monetary disturbances that have resulted in this massive drawing from the agricultural fund under the guise of monetary compensatory amounts.

Coming back to the fundamental problem, what is really wrong in the Community — and again this is what Mr Jenkins said — is the central fact of economic divergence. Until that central fact is dealt with, we are not going to make progress and we can only work towards achieving a certain amount of economic harmonization and work towards economic and monetary union when we get our economies moving forward at the same rate. The first step, of course, is to stimulate the economies: the second step must be substantial and massive transfer of resources, to ensure a balanced economic development throughout the Community as a whole. In that way

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one can progress towards the removal of high unemployment, one can move towards the gradual elimination of the high inflation rate and one can remove the gap between standards of living and economic performance at the present time. It is the variations in economic performance within our Community that are the root causes of the trouble and these variations are reflected in monetary differences and in currency disequilibria. These basic facts can only be tackled by a disciplined approach to the transfer of resources. I am not talking about a transfer of resources here in any sense of looking for aid without any conditions. There must be stringent conditions on budgetary disciplines for the recipient countries in regard to such transfer of resources, and that is fundamental and very important. If the receiving countries do not observe the required monetary and budgetary disciplines, well then the new situation would be worse than the old and we would be back into a further and probably worse state of divergent inflationary rates and divergent economic progress.

Finally, coming back to where I started, Mr President, on the importance of the human face of Europe, the importance of the ordinary citizen in Europe, I believe that here again we must make our educational systems and our training systems meaningful to young people in regard to jobs. There is a tremendous amount of work to be done here in having educational and training qualifications, for instance, an throughout the Community on an equal basis, in achieving mutual recognition of degrees, diplomas and qualifications, so that the young citizens of the Community can undertake a course of studies or training in any part of the Community, secure in the knowledge that they can get gainful employment wherever they may go. This sort of planned coordination of education and training, leading to fruitful employment, is the way to raise the legitimate hopes of our young people, and enable them to see a real and a practical target for their aspirations within this Community. It is to this area of the future of our young people that we in the Community should direct our energies at the present time. In particular, I would see the new social policy of the Community moving towards a situation where we can tap the basic idealism that is there, to motivate young people. If we can tap that we will be tapping a real vein of gold as far as this Community is concerned. It is that sort of motivation that will lift the Community out of the scepticism, as it were, that in the recent past has seemed to envelope the hopes and aspirations of all of us who are at present associated with it.

**President.** — I call Sir Peter Kirk to speak on behalf of the European Conservative Group.

**Sir Peter Kirk.** — Mr President the President of the Commission, I suppose, would be entitled to feel a

little aggrieved because, after having addressed us for nearly an hour on Tuesday, all the speeches so far made today have indicated that we would have liked him to have spoken a good deal longer.

*(Laughter)*

Nearly every speaker has underlined what was not in the speech as well as what was. Let me assure him, therefore, that we have no desire whatsoever that he should treat us to one of those shattering seven-hour speeches that dictators are apt to address to their followers. But I think the reason was only that, although this is technically the work programme for 1977, the beginning of a four-year Commission term is bound to stimulate a desire to take a long-term look over the whole four-year period and a desire to hear the reflections of the President of the Commission for that period as a whole. I think that probably has led to this cry this morning for further reflections from the President when he comes to wind up this debate this afternoon.

I think also there is a sense perhaps not of disappointment but of surprise that the speech itself was devoted almost entirely to economic matters. The political side of the Community is not left out but takes very much second place. And the surprise is perhaps due to the contradiction that appears to exist between this speech and the speech that the President made on 11 January when he said :

Europe is a political enterprise which we have so far endeavoured to advance by mainly economic means... In all our activities we must remember our underlying political purposes. Our means are largely economic but our end is and always has been political. It is to make a European Union.

So it was a matter for some surprise, for example, that we had no reflections from the President himself about progress towards European Union and whether anything would be saved, as Mr Bertrand suggested, from the Tindemans report for example. The last Commission contributed very fully to the drawing up of the Tindemans report and so did this Parliament. And although there may have been, and indeed were, at that time in this Parliament differences of opinion as to exactly the best matters to include within our contribution towards Mr Tindemans' work, I do not think there was any dispute among Members that this work was of cardinal importance. We both therefore, both Commission and Parliament, have a joint interest in seeing that progress towards European Union — whatever that term may mean, and here again there will be differences of opinion between Members of this House — is maintained. And it is for the Commission, I would have thought, to let us know their thoughts along those lines.

Kirk

Another highly political matter which again has been mentioned by Mr Bertrand, Mr Berkhouver, Mr Fellermaier and I think by every speaker so far, is the question of the working of the Council. I remember the present West German Chancellor saying at a meeting a long time ago that the problem of the Community was not the problem of Parliament or Commission — they work perfectly well — it was the problem of the Council or rather the Councils, the twelve or so Councils to which has now been added the European Council. I raised this matter with the President-in-Office of the Council at the January part-session. He did not feel able to reply at that time but I do not intend to let it rest and nor does my group. The creation of the European Council has brought the Community to a standstill and the decision-making process has got completely fouled up. But in addition to that, and far more dangerous, the European Council is also usurping the rights of the Commission, because the power of initiative now seems to have passed in their minds, if not in the minds of the Commission, to the European Council at their quarterly meetings and this is a highly dangerous development and something with which the Commission and this Parliament must concern themselves. I hope therefore that before the next European Council takes place at the end of March, the Commission will have clarified their own thinking about the best way in which this body can be used. I personally would like to get rid of it.

*(Applause from certain quarters)*

I do not see how you can have an effective working of the Council when busy men — heads of government — come together for one and a half days without proper preparation, as Mr Lenihan has pointed out. If they agree on anything at all it is usually in such vague terms that it cannot be carried out. But I assume that the usual law will prevail — you never abolish an institution in Europe you only keep on piling up more — and that it will remain. And therefore the problems that it creates have got to be tackled and tackled soon.

A third matter on which I think we would have welcomed, certainly I would have welcomed, the views of the President of the Commission is the role that the Commission should be playing in the field of political cooperation. The Conference of Foreign Ministers exists. The Conference of Foreign Ministers has agreed to accept a certain responsibility, not very much but a certain responsibility, towards this Parliament. It is prepared to come and answer questions if asked; it will meet with the Political Affairs Committee of this Parliament, indeed it is doing so next Monday in London, to brief us on what has happened and so on, but it appears to have no contact at all with the other institutions of the Community. What is the Commission's role in connection with the

Conference of Foreign Ministers? My group has always made it quite plain that we wish to see the Secretariat of the Conference of Foreign Ministers, which we hope to see created some time soon, as part of the Commission. This seems to us to be a logical way of dealing with the matter. You cannot divorce problems of pure foreign policy, as it were, from all the other problems that connect this Community with the outside world, particularly the commercial agreements which are now solely the prerogative of the Community. But whether we are right in our supposition or not, the fact remains that you cannot have a loose wheel on this particular coach, accepting an element of responsibility to two institutions of the Community — the Council itself, because they are the same people, and this Parliament — and apparently ignoring the third and the most important of them, the one which quite rightly and proudly calls itself, as the President did on Tuesday, the engine of the Community as a whole. Political cooperation is one of the more successful of the present activities of the Community. It is certainly one of the most important and it is not one, I feel, that should be totally divorced from the other economic and social activities which the Community engages in.

So those are all matters which one could not find in the President's speech on Tuesday. Perhaps I can now refer to some which one could find, which are of great importance and on which we could perhaps do with a little more information. I turn, as every speaker so far has done, to the very difficult question of enlargement. I do not think any one, certainly nobody from one of the three newer states of the Community, can possibly have any objection, any fundamental objection in principle, to the enlargement of the Community to include any state which fulfils the necessary criteria laid down in the Treaty and in particular which is a European state with a democratic form of government. But that must be our starting point and we cannot accept any other. Equally, however, it is quite plain — and here I think a new Member can speak quite frankly about it — that we have only just recovered, if we have recovered yet, from the last time the Community was enlarged four years ago. That was then a major upheaval and there is not the slightest doubt that any enlargement to incorporate one, two, three or four countries is going to produce another upheaval of that kind just at the moment when we are beginning to settle down again. So I think it is quite right that there should be a note of caution in the President's speech, but if I may say so, it was rather vague caution. I was not quite clear for example precisely what he meant by that phrase which Mr Bertrand also cited: 'an overall approach'. As far as I know the formal position at the moment is that there is only one application for membership, that of Greece, and only one set of negotiations going on. Does an overall approach mean delaying the Greek negotiations until others have applied or does it mean,

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assuming that others are going to apply, trying to frame the Greek negotiations in the light of further applications? That there will be further applications I have very little doubt. We have been told that the Portuguese Prime Minister is to tour the European capitals shortly with a view to discussing Portugal's membership of the Community. We know very well that once the Spanish elections have taken place — and we all hope that will now be very soon — the new Spanish government, as one of its first acts, will almost certainly apply to join the Community as well.

But how is it possible to take an overall approach now, when we are in the middle of negotiations with one country and haven't started them — and, indeed, are not in a position to start them with two, and possibly three, others? — Because, of course, we do not know either what the position of Turkey is going to be. I wonder if the President could enlarge a bit on what he means by an overall approach *at this stage*, because I think it is important that we should be quite clear what it is we have in mind.

There is a further point which was also mentioned in the speech but I see no harm in mentioning it again and that is, of course, that the addition of further countries in the Mediterranean will undoubtedly increase the divergence that already exists between the nation-States of the Community. Has the Commission considered the extent to which the Regional Fund, the Social Fund and quite possibly the EAGGF will have to be increased in order to cope with the problems we shall then have to deal with? It is impossible to imagine that we could continue dealing with countries like Greece and Portugal with the same type of Regional Fund which we have now.

*(Applause)*

There will be trivial sums to divide up between all the (then) 12 or 13 countries of the Community. I think we are entitled now to ask for some estimate of how much this is going to cost, in order that we can judge the overall picture which will emerge from enlargement of the Community.

I turn now to something which, I think, was not in the speech — unless I have overlooked it — and that is relations with the State-trading countries of Eastern Europe. I wonder if the President can say something about that. We know that the Soviet Union has agreed to negotiate with the British government on fishery limits — as I understand it, and I should like to have some confirmation on this — recognizing the British government as representing the Community. If that is so, then this is a major step forward in our relations with Eastern Europe. Up to now, of course, with the exception of Romania, I think they always pretended we didn't exist at all. If that is so, then surely it opens the way to follow up the initiative taken by the Community in the Wellenstein mission to Moscow

some eighteen months ago with a view to seeing whether we cannot bring some order into our relationships with the other half of Europe, something which I think, will be welcomed on all sides. I wonder if we could have some further information on this.

Sir, the Common Agricultural Policy figured first and most largely in the President's speech, and that is quite understandable. We quite understand, of course, that in the economic circumstances of the day the Commission is going to be very confined indeed as to what it can do in this year's price-review, which we look forward to receiving in a few days' time.

But I am not sure that I would go all the way with my friend, Mr Lenihan, in saying that the real fundamental difficulty about the CAP is the monetary one. It is undoubtedly a difficulty, and very real one at the moment. But, even if by some miracle it could be solved tomorrow, the fundamental problem of the CAP would still remain, because that is the problem of agricultural structure...

*Cries of Hear, hear! from certain quarters on the left ...*

... which the Community has been asked to tackle over and over again. It is I think, eight or nine years since Dr Mansholt put forward his plan, which is still gathering dust upon the shelves.

It is in the field of structures that we hope for much from the new Commission and the new Commissioner. In this connection, would the President say whether he has any comment to make on the recent article by Professor Marsh, of Reading University, in the *New Federalist*, proposing temporary solutions for the existing CAP? His proposal for a kind of two-tier agricultural policy, it seemed to me, did not in any way breach the Treaty but might lead to very considerable alleviation of the problems of nearly all the countries of the Community, not just my own.

*(Applause from certain quarters on the left)*

It would be interesting to have the reflections of the Commission on these proposals, which I think have excited a great deal of interest in the United Kingdom as a whole, and to which certainly we in my group wish to return at the earliest possible moment.

As for the question of monetary union, Mr Lenihan referred to it, quite rightly, as one of the major problems of the CAP; but it is not just a major problem in the CAP, but a major problem throughout the Community as a whole. Perhaps the President could therefore tell us something about the Dutch proposals for a temporary solution, which I understand have now gone before the Council, and whether there is any chance of their being successful.

Sir, I end with a reference to direct elections. The President has quite rightly underlined the historic nature of the event which we hope will take place in the spring of next year. But he also said — rather to my

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surprise — that the Commission would not be engaged in the electoral battle. I hope they will. They are going to be needed in the electoral battle on every conceivable side, just as the Commission was engaged — quite rightly, in my opinion — in the referendum campaign in my own country two years ago. After all, if they are going to hold themselves aloof from the electoral battle, then we — or those of us who are candidates, and I don't know how many Members of this Parliament will be — are going to find ourselves deprived of quite a lot of the necessary debating skills and ammunition which we shall need to convince the peoples of Europe of the necessity to vote in this election.

So, I hope we shall have no more talk about not being engaged in the electoral battle. The Commission is engaged in a battle the whole time, and it has got to get on the floor with us and join in it.

*(Applause)*

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

**Mr Sandri.** — *(I)* Mr President, before I begin my speech I feel I must offer you Mr Jenkins and the whole Commission an explanation. As you can see, the majority of our Group is absent; however, this is not due to lack of interest in this debate, but to the duty of the members of our Group and of all the Italian Members of this Parliament to be present today in the Italian Chamber of Deputies for the debate on the law ratifying the Convention on direct elections to the European Parliament. For once at least, Italy is making an attempt to be first off the mark!

*(Applause)*

The poor attendance by our Group should not therefore, Mr President, be interpreted as a sign of indifference. On the contrary, we Italian Communists sincerely appreciated the approach to Community problems reflected in Mr Jenkins' address: his rejection of high-flown rhetoric, his account of the obstacles and difficulties which stand in the way of the existence, not to mention the growth, of the Community, and his outline of the projects which will occupy the Commission during the coming year.

Nevertheless, with equal sincerity we must add that problems of on-going management seemed to take precedence in his report over the general assessment of the Community's present profile and its fundamental problems: factors which concern its very destiny.

We felt that while the address presented the problems realistically, the general framework in which this presentation was situated was nevertheless provisional and vague. This is perhaps due not so much to the Commission as to the real state of the Community. In

fact, according to Mr Jenkins, the gravest danger facing the Community is that we may slip back instead of advancing towards economic union or — as Mr Bertrand quite rightly added — economic and monetary union. We agree with the President of the Commission's judgement and analysis of the reasons for the threat of retrogression represented by these three scourges: unemployment inflation and the widening gaps which reinforce each other and undermine the foundations of the Community. However, we do not believe that these scourges can be overcome by organizational improvements, closer coordination (however achieved) between the Community's working mechanisms and greater administrative efficiency.

In our view, right from the start of its new term of office the Commission should recognize that the West's expansion model, in which the Community established itself as the world's leading trading power, has run into the ground as a result of the pressure of the forces and events which have dominated the international scene during these last few years. The illusions have vanished; the structural deficiencies, which were hitherto concealed by our growth rate, have now been revealed; for the stronger countries the Community has become an increasingly tight-fitting overcoat; the gaps between Member States have widened, while within the weaker countries, such as Italy, all the familiar traditional discrepancies — which are reproduced at Community level — have been aggravated.

As Mr Jenkins pointed out, there is a risk that one of the cornerstones of the Community, i.e. the common agricultural policy, may become dislodged. We would add: it may become dislodged despite the fact that 70-80 % of Community resources — as stated by a Commissioner in an interview with an Italian newspaper a few days ago — go to agriculture. The divergence between the massive use of resources and the disappointing performance of the common agricultural policy has revealed, through the present crisis, the first contradiction of the Community. The report states the need for a structural review of this policy in terms of questions, by stressing the difficulties. However, if I may be allowed to disagree with Mr Bertrand, I believe that if it is to seek and obtain Parliament's advice the Commission must do precisely that as regards the choice which has to be made by the Community in the agricultural sector: whether to continue to implement measures to promote the movement of labour from the land or provide support at the various levels involved — environmental, social and agricultural. This is a far-reaching question and oversimplifications will not do. Our answer would without a shadow of doubt be that we must strengthen the agricultural sector and there must therefore be drastic structural reform.

Sandri

Some time ago the *Washington Post* carried what we felt was a very pertinent statement to the effect that the new American revolution was attempting to transform the world's urban life-style according to the rural model. We will not go into whether or not a revolution is under way in America, but we are well aware of the dimensions of agriculture in that country and we feel that the statement I have just referred to contains an idea which provides food for thought. It is obvious that the quality of life, that is, the problem which plagues industrial societies, cannot be improved by an anachronistic yearning for a return to nature. There is no doubt about that. Nevertheless, everyday experience shows that in every part of the world, albeit in different ways, agriculture continues to be — indeed is increasingly — the basis of the prosperity, the independence and, if you like, the strength of a nation or a group of nations such as the European Community. While giving this general answer to the very broad question put by the report, we would point out that we did not find in that report the features — or even the outline — of the common agricultural policy which the Commission, however tentatively, intends to pursue. And the same is true as regards the regional policy.

There is no doubt that coordination of the funds could improve the implementation of the regional policy. We hope so, and wish the Commissioner in charge of this coordination every success. Nevertheless, the problems of the regions whose relative poverty is increasing go beyond the framework of day-to-day business and point to the pressing need for new approaches at both national and Community levels. These regions are the most exposed to, and the most unprotected against, the events which are currently shaking up the entire world economy, and we think it is precisely from these regions that the Community's agricultural and industrial reorganization should be launched, implementing, or at least introducing, mechanisms which are fundamentally different from those which have failed, as the crisis has shown.

With your permission, we would now like to view the issue in a national context. The Communists in Italy are engaged in a difficult and complicated struggle. We are not enduring a policy of austerity: we want, propose and demand such a policy which will produce an austerity which will be effective, bring a drastic reduction in waste, and eliminate disorder and social parasitism; not a one-way austerity, but one based on equality and justice, an austerity which will transform the crisis which is eating away our society by reviving the economy, and not only the Italian economy. This is not an easy choice and the reasons why we opt for austerity are many and complex, the most important being the recognition of the changes which have taken place in international relations. The

recognition, first and foremost, of the fact that the pressure from the peoples of the Third World and their chequered, but historically irrevocable, advance implies a fundamental reorganization of our market and of our productive apparatus, above all in those areas which are more backward and consequently more exposed to the effects of the advance of the Third World.

The relation between our national affairs and the influence of external factors is so close that they are indeed interdependent. If this is valid for Italy, we believe it to be even more so as regards the relationships between the internal construction of the Community and its dealings with the outside world. We wholeheartedly agree with the chairman of the Socialist Group, Mr Fellermaier, who said that the choice between external policy and internal policy was a false one. It is necessary to pursue both courses, because we are convinced that we cannot draw up common policies — whether agricultural, energy, regional or industrial — if we disregard the Community's relations with the other industrialized parts of the world, with Comecon, with China and with the Third World.

Obviously, the Community is historically, economically and culturally part of the West. But the fact of belonging to the West should not be used as a pretext to ignore the disturbing developments taking place in this part of the world. I would like to ask the Commission, for instance, whether the current dispute with Japan is a skirmish, a rearguard action attributable to the current crisis or whether, on the contrary, it is not the first clap of thunder heralding a storm, and the beginning, perhaps not of a trade war, but of very serious tensions within the Western world. We therefore agree with the President of the Commission as to the need for cooperation between Europe and the United States; but we do not believe that our cooperation as an equal and not an inferior partner will emerge as a natural and spontaneous consequence of the so-called Atlantic community or alliance. I should like to remind Members that in an excellent report a few weeks ago, Mr Cousté described the present state of trade relations between the European Community and the United States. We cannot today disavow those conclusions and Parliament's vote on the subject.

In more general terms, we feel that while the crisis has shown the limits of the Community, it has also highlighted the specific nature of our Community interests, which cannot always coincide with those of the USA. One only has to compare our lack of raw materials, and our export figures as a percentage of our gross production, with the equivalent American figures to understand, I shall not say the conflict, but the diversity of interests. A readjustment is taking place in the West and, in our view, a mere reminder of a proclamation made fifteen years ago by the Monnet Committee is not enough.

Sandri

We must present a united front at the Western economic summit, but what will Europe's attitude be at that summit? We believe that our prime concern should be the Third World. Mr Jenkins himself, in his first address to Parliament, pointed out that the previous Commission, even though confined in winter quarters because of the crisis, managed some successful forays precisely in the area of relations with the Third World. To be specific, these resulted in the system of generalized preferences, food aid, a plan for special intervention in support of those countries hardest hit by the crisis, — a plan which bore the name of the Commissioner responsible for development — the Lomé Convention, and the latest agreements currently being drawn up in the Mediterranean basin with the Mashreq and Maghreb countries.

Our opinion, Members of the Commission, is that the talks at the economic summit should concentrate on the problems of the Third World, following the example which the Community has already shown and which must be developed. This applies to the talks at the summit, at the North-South Conference, at the UNCTAD, and at the Euro-Arab Dialogue, which must be set within a political framework, and it is also valid as regards the ocean of misery constituted by the Indian sub-continent and as regards southern Africa, on which I share the opinion expressed by the chairman of the Conservative Group who stated that we have political, not Community, responsibilities towards southern Africa. If we consider that southern Africa is turning into a powder keg and if we want to save southern Africa from the logic of the rivalry between the two superpowers, while respecting the independence of the countries involved, the Community must have more than a few words to say during the coming months.

The other important strand in our policy should, in our view, be relations with the Comecon countries and with China. Mr Berkhouver has already stated that these countries trade with the Community. As I see it, we do not entertain relations with these countries merely for the purpose of selling flowers or performing charitable deeds. There must be reciprocity. Once we have upheld the principle that the Eastern-bloc countries have the right to pursue bilateral relations with the Community or with its Member States, in other words, once we have rejected the criterion that all agreements must be reached via Comecon, I believe we must cautiously, but at the same time boldly, enter the sphere, so rich in economic and political potential, of relations with that part of the world.

Summing up, Mr President, I would like to recall a statement made two years ago by the then President of the Commission, Mr Ortolí. In his address, he stated clearly and frankly that Europe was in the

process of losing its autonomy as a result of the crisis. The autonomy which he referred to may have been illusory, but the objective remains realistic and there is no real alternative to it. We would point out that this has not been discussed.

When we speak of autonomy we do not mean isolationism, but the contribution which our Community can make towards achieving a multipolarity in the world which will melt the ice of the cold war and facilitate a fresh debate at world level, in which the European Community can serve as a pivot and promoter of peaceful coexistence. This, we feel, should be the basic strategy underlying the Community's programme. And it is precisely on behalf of European autonomy that I would like to conclude with a remark on the enlargement of our Community.

The accessions of Greece, Portugal and, in the not too distant future, Spain, may well weaken its structures. They will undoubtedly create serious problems. But let me ask you this: will democracy in Europe be weaker or stronger as a result of the Community opening its doors to these three countries? This is the key question from which we must proceed. We followed the struggles of the Greek, Spanish and Portuguese oppositions, and we know that for the anti-fascist forces, entry into the Community was not a mirage, but a political weapon used to bring down the fascist régimes in those three countries.

*(Applause from various quarters of the extreme left)*

This is why I believe that when we speak of European autonomy we should be thinking of a Community which, on the one hand, will be the focal point of peaceful coexistence and, on the other, the rallying point of democracy.

Our Group is preparing to vote along these lines this afternoon in the Italian Chamber of Deputies for the ratification law which I am sure will receive the virtually unanimous consensus of the deputies. Our vote is not dictated by tactics and we will therefore not even bother to refute this sordid insinuation. We shall vote for the European Parliament not because we are happy with the one which already exists; we shall vote for a directly elected European Parliament because we accept the challenge, and because we are convinced that it will be a focus for changing the general course of the Community, which must henceforth take into account a new and different participation of the workers in the exercise of power at national and at European level.

*(Applause)*

**President.** — I call Mr Lange.

**Mr Lange.** — *(D)* Mr President, ladies and gentlemen, we have all welcomed the new Commission and wished them good luck in negotiating the many pitfalls that lie before them. However, we are all

## Lange

aware — and here I am addressing myself to all those who expressed some reservations about the composition of the new Commission — that it reflects the relative strength of the national governments. It can be described as an all-party cabinet whose composition depends on the decisions of the voters in the individual countries and, if that is to be changed, it will first be necessary to change the minds of voters in the individual countries. It is therefore useless to complain that it contains seven Socialists, too few Christian-Democrats, too few Liberals and too few Conservatives. They are all represented. I would however like to remind Mr Bertrand that at one time there were only German Christian-Democrats in the Commission. What then is the point of complaining?

In any case we know that this is a compromise between all the political views of the members of the Commission and of the political powers behind them. The Commission cannot therefore be the embodiment of any single clear-cut political tendency and, since in Europe we have not yet reached the stage where we can all play the Government/Opposition game, that is to say, have on the one hand an executive Government and on the other a Parliament with a supervisory function but which is divided between those who support the Government and those who oppose it, we cannot yet have a situation such as exists in national Parliaments, in national areas.

It seems to me that we must here bear in mind our original task, the construction of Europe. And in this connection the new Commission under the Presidency of Roy Jenkins has begun its term of office at a time when the recession seems to be at an end but the results of the recession are not, because a large number of our Member States were not ready to take the necessary measures at the appropriate time, i.e. to push back inflation, keep prices stable, and to urge all responsible social forces to give their support to the necessary measures.

Meanwhile, progress seems to have been made in so far as changes have taken place in those countries which have always been a cause for some concern; this is so in the case of Italy and of the United Kingdom, so that we have grounds for hoping that the development will continue and lead to an economic upswing in all parts of the Community.

The Commission, ladies and gentlemen, Mr President, has put forward some proposals in relation to this matter; some Members say that the proposals do not go far enough and want more information on them, while others, ourselves in fact, merely have some questions to put. I think, ladies and gentlemen, that it is not only the duty of the Commission to answer political questions but it is also the duty of this Parliament to provide answers to them too.

Now, from the statements made by a wide range of speakers in this House, and just now by the chairman

of the Socialist Group, three points have been shown to be of decisive importance: a return to full employment, i.e. the elimination of unemployment, the further development of a mutually agreed economic policy and a related monetary policy, also to be mutually agreed, whereby the economic policy must be designed not merely to cope with short-term factors but also to function as a structural policy. This structural policy must be applicable regionally and sectorally. But, ladies and gentlemen, the hesitant attitudes of the Member States are a constant stumbling block. If we want to eliminate unemployment, the Member States — and everyone should of course realize this, including the parties concerned in the Member States — must come to an understanding on a fairly clearly coordinated economic policy adapted to meet our mutual needs. There is no other way. Until this is done, anything we say in this House, any statements made by the Commission in this House or in the public arena or addressed to the Council, will serve no purpose, because the Member States must have the will to carry through this uniform and mutually acceptable policy. Everything depends therefore on the goodwill of the Member States.

The elimination of unemployment, which is due more to structural than to cyclical factors, is also dependent on certain other conditions.

*(Applause)*

What is required is that the Member States should all muster up the courage to create the necessary conditions for the free movement guaranteed in the Treaty. So long as we come up against educational and training barriers or language barriers, it will naturally be fairly difficult to achieve this free movement and complete elimination of unemployment in the Community.

It is therefore quite clear that we have to rely here on the goodwill of the Member States and, in this matter, we are concerned not with a short-term but with a medium and long-term policy. We cannot therefore solve these problems overnight and, moreover, ladies and gentlemen, whether we like it or not, the mutually agreed economic policy and the monetary policy which is indispensable for its success should not be applied only to the Community; the Commission must be supported in its argument that it is essential that these policies be agreed with other industrial countries if suitable general conditions are to be created for continuing economic developments in the direction of growth, and of maximum growth, and this message must also be conveyed very clearly to the Council. It also follows that, without wishing to become involved either in dependence on the United States or in conflict with Japan, we must have talks on these matters with the Japanese, the Americans and the Canadians.

## Lange

In the Community, whether people like it or not, we must achieve maximum growth if we wish to discharge our obligations inside and also outside the Community. I will not at present go into the question of external relations or related matters: I shall merely point out that the two concepts are inseparably linked and dependent on another. Consequently, ladies and gentlemen, all three of us, Commission, Council and Parliament, must ask ourselves how such a mutually agreed policy can be encouraged and implemented. There is no need for us here to examine the relevant proposals in detail, they already exist, Parliament has given its opinion on them, we have given our views over and over again. If we were to go on repeating ourselves, we should only, as I said on a previous occasion, be like the Tibetan Buddhists turning their prayer wheels.

There are however some things which it seems necessary to repeat in order to bring them home to the general public and also to those who are somewhat further removed from us, that is to say, the governments. In this way, we can contribute to a greater awareness and understanding of the action which is necessary in the light of the economic integration we are now witnessing, however inadequate that integration may be. There is, after all, a greater degree of dovetailing than the average citizen usually realizes and efforts must be made accordingly to bring this home to him.

Reference has been made here to some of the methods which could be used to implement this essential policy. With regard to education and occupational training I have spoken clearly, if briefly, about the need for improving the working methods to be used by the coming generation and its working and economic conditions, and we must now consider to what extent we could, in this connection, enlist the assistance of the Social Fund which is so often mentioned, or the Regional Fund, which we hear about just as often.

Now, ladies and gentlemen, if we ask ourselves how that could be arranged, we have to admit that these Funds, as presently constituted, are incapable of performing such tasks. We cannot operate a feasible policy of occupational training, nor can we operate a feasible labour market policy or reasonable policies on regional structure and sectoral structures. This raises the question whether Member States, if they were prepared to adopt a relatively uniform policy, could not, without increasing costs, agree that the finance which they now provide individually should be borne on a Community basis, i.e. by the organizations of the European Community.

Of course, it is also necessary that Funds earmarked for specific purposes should no longer be kept separate but that they should be incorporated in the budget in accordance with the agreed political priori-

ties. Otherwise, there will always be someone to say that this is at variance with the aim of the Fund, with the directive or the regulation, so we cannot do it. Then we find ourselves once more faced with an obstacle which is at present insuperable, and puzzling out a way to get around these difficulties.

That should encourage people — and here I have the Commission in mind — to think along the lines that we have suggested on previous occasions in relation to budgetary and financial policy, that is to say that in contrast to previous practice the budget should also be used in future as an instrument of policy in these sectors.

Ladies and gentlemen, time obliges me to restrict myself to these few remarks. There is a great deal more I could say, but perhaps when a suitable opportunity presents itself, when we are discussing medium-term economic policy, the fight against unemployment, etc, we shall be able to give more time to an examination of individual questions.

There is, however, one thing, ladies and gentlemen, which I think should be stressed: it seems to me that a mutually agreed economic policy will hardly be feasible so long as the Community cannot devise a uniform energy policy as a basis for a properly functioning economy in the Community. I do not wish now to revive the debate we had the day before yesterday. I am here concerned solely with a uniform energy policy and with the need to develop such a policy with a view to ensuring greater political independence from external forces. In this connection, if we are considering other forms of energy, the Council must be told that, whether it likes it or not, it must finally clarify its position in relation to nuclear fusion and the siting of the nuclear fusion project, otherwise the entire discussion about energy policy and energy substitutes for oil is quite pointless. I think therefore that this is another basic element in the situation, and that if we have a reasonably reliable supply of electrical energy for our economy, we shall be also relatively less vulnerable to external attempts to pressurize or blackmail us. We are in our present position as a result of the actions of the countries in 1973. If we wish to continue to cooperate with them we must therefore point out these consequences to them. I am convinced that they too have already realized that they themselves would suffer if they pursued a policy of pressure or blackmail.

Besides, ladies and gentlemen, Members of the Commission, — the Council is conspicuous by its absence, but what I have to say will no doubt be passed on to them, as has been our experience on previous occasions, for everything we have said in this House has always reached the appropriate ears — besides ladies and gentlemen, this Community, if it wishes to develop from its present status of economic community to that of an economic and monetary union, must rid itself of the jealousies and ambitions

Lange

of its individual parts. If we can do this we can overcome some of the monetary policy difficulties. We already have the basket of currencies and that would be a starting point for a uniform monetary policy from which we could go on to reach greater cohesion. But, if Europeans are not ready in these circumstances to deal in this way themselves with their affairs and their obligations, or, to put it another way, with affairs which involve them in obligations, then they will find themselves in an unenviable state of dependence and will no longer be masters of their own fate.

Fate in this context means the economy and everything linked with it, including the social consequences stemming from it. Anyone who is not prepared to work for a properly functioning economy, which would make all citizens socially secure, does a disservice to making and basically stands in opposition to the aspiration of these Europeans, which is for a homogeneous Europe, speaking for itself, organizing itself and enjoying good relations with other parts of the world.

(Applause)

IN THE CHAIR : MR BERSANI

*Vice-President*

**President.** — I call Mr Müller-Hermann.

**Mr Müller-Hermann (D)** — Mr President, ladies and gentlemen, in view of the short time available and the large number of problems mentioned by Mr Jenkins in his report, I should like to confine myself to a few observations which I think are of essential importance.

All the speeches in this debate have expressed a feeling that this Europe of ours is in a state of crisis and we shall definitely not overcome this crisis by resigning ourselves to it. What is needed is a sober analysis of the situation, a sober conception of the way forward, persistence and the courage gradually to put into effect what we feel to be right, and finally a community spirit and, no doubt, a great deal of patience. This will be a severe test for the Commission.

Mr Jenkins said in his address that the Commission proposed and the Council disposed. No doubt a very realistic view of the situation, but hardly a satisfactory one. I should like to urge the Commission to assert its position and its rights with particular determination *vis-à-vis* the Council and to establish close collaboration — even, I would say, an alliance — with Parliament, which will give the Commission its support.

Ladies and gentlemen, if our Community presents such a disappointing picture today, this is in my view because despite repeated attempts there was still no significant progress in 1976 on the central issues in the Community. The basic idea behind the EEC

Treaty was, after all, to create a large common internal market, without any barriers to trade, in which, with fair competition, there would then be an economically rational division of labour, leading to optimum productivity. And that would then ensure that all citizens of the Community could rely on increasing prosperity and that the weakest members of the Community in particular should profit from this optimum productivity of the whole.

Now in his speech Mr Jenkins listed a host of individual problems, each of which is clearly of great importance for the Community and for the citizens of this Community, particularly of course the problems of unemployment, inflation, the economic discrepancies within the Community, the massive balance of payments disequilibria. I should, however, like to warn against two errors. Firstly we must beware of blaming more or less all of our current difficulties on the world economic crisis. No, ladies and gentlemen, I think we must understand that in all countries — more in some than in others — many problems originate in the country itself and can thus only be overcome if we make appropriate efforts in our own countries. I never miss an opportunity of pointing out our own special responsibility as politicians who, everywhere in our free democracies, are unfortunately exposed time and again to the temptation to promise the people more than the economy is able to produce. That, indeed, is the root, the real cause of inflation in our Community.

The second thing I wish to warn against — and here I address myself more particularly to the Commission — is this: it is quite clear that pragmatic action and operations of limited scope alone cannot help to overcome the present difficulties. What we need is rather a multitude of coordinated measures based on a common ideological structure and generally accepted objectives for the future.

What I miss here, to be frank, is any convincing concept from the Commission, even in its initial report. The term 'economic and monetary union' is not mentioned at all in Mr Jenkins' speech, or is referred to only in passing. Since 1971, however, the Commission has had a clear mandate to establish freedom of movement and other freedoms for persons and goods, services and capital. Now when my honourable colleague Mr Fellermaier says in his speech that all that is a monstrous illusion and an outdated plan which no longer even deserves serious attention, then I have serious reservations. Precisely in order to cope with the sectoral problems, we need a coherent policy and decisive impulses from the Commission on fundamental questions as well. I should also like to warn against the illusion, ladies and gentlemen, that a monetary union can be created without previously or simultaneously managing to arrive at a common economic policy within the Community.

## Müller-Hermann

I should now like to put to the Commission a number of ideas on three subjects and ask the Commission to state its views on these questions in the near future.

Firstly, how does the Commission visualize the further development of economic integration and the creation of the large internal market? What is being done further to reduce barriers to trade, to equalize basic starting conditions and to harmonize taxes and company law? What are the Commission's ideas on a common competition policy to guarantee the mobilization of all forces within a particular field and prevent abusive practices?

Secondly, how does the Commission visualize the Community solidarity which it rightly mentions so often — a solidarity which ought indeed to mean above all that something should be done by the more prosperous countries to help the economically weaker countries? The transfer of resources is no doubt necessary and right, but it is no use holding on to the illusion that the problem can be solved even if the Commission has no idea how this transfer of resources is to be carried out, where the money is to come from, how an extension of the Social and Regional Funds is to be financed. What seems to me to be equally important is that all these ideas of transfer only make sense if they are accompanied by special efforts on the part of the countries who are to profit from this transfer. And I do not foresee any progress here in the next few years. In my view the Commission must ensure that all countries give even more serious attention than hitherto to a policy of stability, and keep constantly in mind whenever a stimulation of the economy is under consideration that there can be no point in taking measures which could lead to a further explosion of costs and thus a new twist in the inflationary spiral. There is, however, an urgent need here for the Commission's views on the prospects for solving these problems.

The third and last question I want to raise is this: it is very encouraging that Mr Jenkins and the Commission support the freedom of world trade and intend to continue to do so and that they intend to resist all protectionist temptations. I think, ladies and gentlemen, we all agree that protectionist measures can only be short-term makeshifts. This applies both to ourselves and to others. Openness in the worldwide division of labour naturally also means giving chances to countries outside our Community, and here we no doubt all think primarily of the developing countries — the so-called developing countries.

Ladies and gentlemen, if we want to follow such an open policy towards the rest of the world, we must of course also realize that enormous structural problems, both sectoral and regional, remain to be solved within our Community. That is a challenge not only for industry but also for politicians in the various countries and in the Community.

I feel that it is imperative that we should tackle these enormous structural changes in good time and in

doing so try to make use above all of our technical know-how and the results of our research. It is also worth investing capital here in order to smooth the transition for people and concerns. In this context I should also like to encourage the Commission to take action, for all its policy of openness, against the practices of countries who try from outside, with manipulated prices and unfair competition, basically to annihilate whole branches of industry and the jobs they provide within the Community.

Looking at the steel sector and shipbuilding, I think that what the Commission has done, also in dealing with our Far Eastern friends, deserves the support of all of us. I think that that is the right way of going about it and we hope it can play a useful part in promoting 'sensible practices in mutual trade relations'. Finally, ladies and gentlemen, I should like, on behalf of my political friends, to assure the Commission once more that we shall give our full support to its earnest endeavours to overcome the present difficulties and create the great European Economic Community.

*(Applause)*

**President.** — I call Mr Johnston.

**Mr Johnston.** — Mr President, I found Mr Jenkins' speech something of a strange experience. I sat and listened to it and found nothing to criticize. I read and re-read it and found it acceptable; and then, at the end I said to myself, 'how is it possible for a President of the Commission to speak for an hour and yet fail either to anger or to delight? And I suddenly saw the speech as one that said everything or nearly everything, and said nothing or almost nothing. I thought to myself, perhaps unkindly, that a speech that had controversy only in what it omitted — and reference has been made to matters like own resources, Tindemanns, transport policy and the like — cannot take us much further ahead. At the moment the Commission faces a Parliament largely composed of individuals within all groups and parties who take a supranational view, a situation produced by the appointments system.

After direct elections, this will unquestionably change as elected Members become responsive to and dependent upon particular local pressures and therefore less able to take the kind of disinterested balanced European view which we together, across political barriers, domestically apparently insurmountable, have been able to adopt both in committee and plenary. After direct elections this place will be as nationalist as the Council of Ministers we have so often criticized. This is not a matter for regret. Democratic realities will be recognized. Our Chamber I think will be much less friendly and polite and prone to compromise, but a much more real place, directly representing political realities, and like the Council of

## Johnston

Ministers it will be rooted in the facts of political pressure and inevitably, as a consequence of this, the long alliance with the Commission will, I think, tend to wither.

Now it is against that background that I think one had reason, particularly from a President with a record like Mr Jenkins', who had asserted, after all a few short weeks ago, the necessity, with which I am in total accord, of the Commission acting politically, to expect some specific targets at the least, or at least some more forceful commitment to the active objective initiative of which the Commission alone is capable.

Firstly, I don't think Mr Jenkins realizes his own strength. We are all of us now, rich and poor, deeply and inextricably involved with and dependent on the success of our Community. From our national base we have neither the capacity nor the will to work out fair solutions to the interdependent structural problems, whether we are talking of milk, or steel, or fish. Only the Commission, the creation of all of us, has the means and the standing to devise and secure the implementation of mutually acceptable solutions. That is why we created them and that is their job, and I think their job is easier than they really realize, because, secondly, if this Commission takes the view that they are only there to make the best of it, that is not enough. Much more is needed. It is not the job of the Commission to tour the capitals and work out compromises. Its great strength is that it, and it alone, has the ability to present objective solutions. Take one simple little example: milk. Who are the people who are able to criticize over-production? Not the politicians representing the producers. They are not in that position. Even those who don't happen to represent that particular group of producers tend to look at the situation as a bargaining-counter to be played to their advantage in other matters involving their interests. The only people who are able to say, 'This is nonsense and must be changed', and produce proposals resolving the situation, are the Commission. This is the time then, I think Mr President, not for caution, but for controlled and determined boldness, and it is the absence of any sign of such boldness that most disappointed me in what Mr Jenkins had to say.

The spokesman of our group, Mr Berkhouwer, has already emphasized the importance we attach to Mr Jenkins' insistence on working for economic convergence, for trying to narrow the gap between the rich and poor members of our Community. Part of that policy, as both Mr Berkhouwer and Mr Jenkins pointed out, must be the strengthening of regional policy. I welcome in particular Mr Jenkins' words on Tuesday and I quote him: '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'. This aspect of policy will become ever more impor-

tant if, as I and my group and Mr Jenkins, I am sure, hope, the Community is enlarged to include Greece and Spain and Portugal. But unless regional policy has by then been built up into a really effective part of Community life, the gaps between Greece and Germany, between Copenhagen and Cadiz, will be so large as to pose a very severe strain on the cohesion of the Community. In other words regional policy must not be seen as a temporary expedient for dealing with a peripheral problem, but a fundamental principle of the new Europe. That Mr Jenkins recognized this, was one of the most positive aspects of his speech.

If regional policy is to play this leading part, decisions must be made in other matters that will support, and not undermine it. For example, the question mentioned by Mr Jenkins about movement of labour from the land may need a different answer in different places. In areas where the economy is expanding and the population growing, it may be that a decline in the number employed in agriculture would do no harm. In regions of economic decline where a dwindling population brings silence and emptiness to once flourishing villages and farms, it may be an essential element of any recovery programme to support the agricultural population not for what they earn, but for what they are.

*(Cries of 'Hear, hear!')*

That will of course cost the more prosperous hard cash, but I think they must reflect that the social tension and political resentment of the outlying parts of the Community will in the end exact a far higher price if they are not properly assuaged. And we are a part of that problem ourselves in the United Kingdom at the moment.

Mr Jenkins spoke of the policy of the Community towards the underdeveloped countries and said that concern was indivisible. He rightly prefaced that remark by linking it with the duty and interest we all have in showing concern for our own bleaker regions. Concern must not end, but must begin within the Community itself.

This leads me back to the question of direct elections. For it is through them the concerns of the people are going to be expressed in the future. Mr Jenkins, was, I think, absolutely right to insist that it is inconsistent with the support of democracy and with the great principles of constitutional government, to oppose the extension of democratic elections to this Community. There are some who do. But I can assure him that certainly there are others, such as myself, who are proud to be members of the House of Commons, but are quite determined to defeat the very unholy alliance which exists between some Powellites and some members of the Socialist Party, and will play our fullest part in trying to bring about European elections at the date to which the governments of the Community have already put their word.

## Johnston

My last point — because time, of course, battles against us always — is that we have a profound duty to help the poor people of the earth to escape from their poverty, and we welcome very much the Commission's continued recognition of this. As the poor become less poor we expand our own markets, so that in this matter moral concern and economic interest go hand in hand. But we cannot, I think, escape the consequences of conducting so much of our trade as we do in weapons, in providing the dictatorships — and so many of them are dictatorships — of Africa and Asia and Latin America with the means for internal oppression and external aggression. It is unhappily as the salesmen of vast quantities of arms, rather than as participants in the Lomé Agreement that two, at least, of our Member States are best known in the Third World. It is, I think, a sad and savage irony that members of this Community should be exporting to other parts of the world the means for perpetuating the violent conflicts which we at least appear to have banished between ourselves.

*(Applause)*

**President.** — I call Mr Evans.

**Mr Evans.** — Mr President, I would at the outset like to draw attention to two things which President Jenkins said on Tuesday one at the very beginning of his speech and the other with almost his closing words. The first is on page one :

To lay down a programme is to ask to be judged by one's success in carrying it out.

The second appears on the final page in almost his closing words :

We must not promise, as a Commission, what we cannot achieve, for if we do so we shall merely add to that cynical disillusionment which political persons and institutions which is today one of the greatest menaces to democracy.

I applaud both those sentiments. The first is politically realistic, and the second is something that every representative of the people should have engraved upon his heart. Indeed I regard this as one of the side-effects in the current crisis that the democratic world faces today because politicians have consistently promised the people more than they could ever do. And, now, when we are in the crisis, with savage unemployment, inflation and severe environmental pollution problems, there is a danger of regarding their political institutions with contempt. That is why I regard the President's speech as being a statement, or a restatement, of his and the Commission's political philosophy rather than as a programme for action.

It is my intention, today, and I speak as chairman of the Committee on Regional Policy, Regional Planning and Transport as well as on behalf of the Socialist Group, to deal with regional policy and the Regional and Social Funds. I want on behalf of my group to welcome wholeheartly the President's statement that :

We must see regional policy not just as a matter of rene-  
wing and spending a tiny Regional Fund, but as one of

the main dimensions of Community economic policy as a whole.

In welcoming that statement, however, I would point out to the President that, whilst we have a fund, albeit tiny, we do not have a regional policy. I trust therefore that the statement means that this Commission intends to produce a regional policy for the whole Community. I assure him now that he will have the support of the Socialist Group and of my committee in these endeavours, because I am convinced that, if we are to mount a serious campaign against the crisis of unemployment, it can only be done within the framework of an effective regional policy. I would, however, point out to President Jenkins that, to implement a meaningful regional policy will mean abandoning one of the fundamental tenets of the Treaty of Rome — namely the free movement of capital. Indeed, most people concerned, of all political persuasions, now accept that capital can no longer be allowed to roam freely, searching only for the greatest profit, without any concern for the social consequences of that outdated philosophy.

Indeed, I would submit that that philosophy is responsible for many of the problems that exist in so many regions of the Community, particularly in those regions which once, not so long ago, gave power and wealth to their countries and to the rest of the world. Those regions which once produced coal, steel, cotton, ships, heavy engineering and which, now that those sectors have declined and their coal and their industries have been exhausted, have been left with a legacy of industrial dereliction, unemployment and poverty. Capital, which they had produced, did not stay in such areas and help clean up the mess and rebuild new industries. No, it abandoned those areas and the people, and departed for greener pastures where, once again, profit was the only motive.

Therefore, it is incumbent upon of us who believe in the necessity for regional policies to be prepared to fight for those policies, both at national and at European level. And, in that respect, I would point out that, unless the Community Budget is dramatically increased, particularly the Social and Regional Funds, progress will be nil. As Lord Bruce pointed out in this budget speech, the total Community Budget amounts to only about 0.6 % to the EEC's GDP. And, whilst I believe that the Regional and Social Funds must be substantially increased, for example, the 500 million u.a. voted in 1975 for the Regional Fund for 1977, would now have to be at least 750 million u.a. to have the same value that it had in 1975, whilst, obviously, the funds must be increased both relatively, and taking inflation into account, I however stress that the size of the fund is secondary to the achievement of regional policy. In that respect, I would submit that there are a number of ideas which should be considered by Mr Giolitti, the Commissioner responsible for regional policy.

## Evans

First, however, I would say that I warmly welcome the fact that he has been charged with the overall duty of coordinating Community funds and other interventions with structural objectives. I would ask the Commissioner if he would in the first place give careful consideration to introducing a system whereby any Commission proposal should have annexed to it a statement setting out its regional implications. In the light of this information, not only might unnecessary duplication be avoided, but even on occasions it might be possible to avoid taking certain steps which, however inadvertently, could well have adverse effects upon the regions.

I would then urge the Commissioner to abandon the present system of national allocations from the resources of the Fund. I hope that for the future we can return to the Commission's initial 1973 proposals, which consider the Community as a whole and provide that aid should be given first to those areas whose needs, as established by criteria laid down, are the greatest. It may well be that such an approach could result in certain countries receiving assistance whilst other countries do not. But we must remember that the ratio of imbalance between regions of the poorest areas of the Community has been growing, and continues to grow, until it is now rather over 6:1. While I accept that even the richest countries have their own regional problems, it is clear that they are relatively far less severe than the regional problems of the poorer countries.

The third point I should like to make is that I hope that Mr Giolitti will follow up the suggestion advanced by the previous Commissioner that consideration should be given to exploring the possibility of allowing the Commission to make directly available to certain projects at least a part of the money at its disposal.

Fourthly it is, I think, essential that, while accepting that top priority must now be given to problems of unemployment within the Community, we should at the same time seek solutions to the structural problems which may at the moment be concealed by cyclical unemployment. We must have long-term remedies, not merely palliatives. We must therefore look at the social infrastructure as well as industrial infrastructure. And I think that, if necessary, the resources from the Fund should be available for urban regeneration, and social infrastructures in the broader sense. It is no use assisting advanced factory projects if they are located in areas where no one wishes to reside. Here, I should say that we might well now ask ourselves whether in the past too much of the Community's resources have been devoted to the rural areas of the Community and whether for the future we should not give priority considerations to areas of industrial decline where the scale of social and

economic hardship is much higher in terms of the number of human beings involved.

I would also like ask the Commission to make every effort to coordinate the various forms of State aids to industry which now exist. At present there are such things as tax holidays, low-interest loans and various forms of incentives and disincentives. Unless these differing devices can be coordinated, there is a very real risk of regions within the Community competing against each other to attract industry in a way which may accentuate present imbalances. I think the Commission must combat this, not only by coordinating national schemes of assistance but also, perhaps as a first step, by allocating assistance in an inverse ratio to that given by the Member States.

The last point that I would like to put forward to the Commission is the idea of European industrial development certificates. This method of controlling the location of industry by not permitting development of new industry in prosperous regions was used with considerable success by my own country, though one of the effects of our joining the Community was, in fact, to make it virtually useless or indeed counter-productive, since if an industrialist is now refused permission to develop in a particular site in Great Britain, he may well locate his industry in some other European country. If we are thinking of a common regional policy, I would suggest that we must have some form of European industrial development certificate which will ensure that new industry throughout Europe is steered towards the under-developed regions or areas of industrial decline. I would submit that this could prove a relatively inexpensive way of helping to reduce the worst of the present regional imbalances.

And finally, Mr President, I would submit to the President and to the Commission that Europe will be built inch by inch. Whilst it is a fine thing for politicians to make glowing statements and to suggest to the people that the problems will all be settled overnight or in a very short space of time, it is my view — and here I would cite the difficulties in achieving a common transport policy — that the practical difficulties which face the Commission will mean that speeches which suggest that the millennium is round the corner are counter-productive. If we are serious in building Europe it will only be because we are determined to work night and day for the rest of our lives to build Europe.

**President.** — I call Mr Jahn

**Mr Jahn.** — (*D*) Mr President, ladies and gentlemen, allow me, on behalf of the Christian Democratic Group and also as vice-chairman of the Committee on the Environment, Public Health and Consumer Protection, to make a brief statement here on Mr Jenkins' speech.

Jahn

I should like to talk without bombast about the detailed work affecting the lives of all citizens of the Community, which was also mentioned by Mr Jenkins. Our Committee is particularly involved with this detailed work, the effects of which are felt in the everyday life of European citizens.

We are pleased — and this fits in with demands that we have been making in part for many years — that the Commission intends to work out new proposals in the field of environmental protection in order to combat water pollution and protect our lakes and rivers. Moreover, it plans to ensure that the international agreements on pollution of the Rhine and the Mediterranean are observed and that safety standards in nuclear power stations are improved.

In addition, however, the Commission must in the near future take action on a number of demands made by this House in July last year in connection with its opinion on the continuation and implementation of a European Community policy and action programme on the environment. In view of the short time available I must confirm myself to listing the main points of these demands:

- creation of the staffing and financial conditions necessary for effective and successful action by the Commission in the field of environmental protection;
- strengthening the preventive nature of environmental policy;
- reduction of environmental pollution caused by certain production techniques;
- improvement in the quality of foodstuffs with the help of environmental protection measures;
- reduction of environmental pollution caused by intensive stock farming and the use of mineral fertilizers;
- an effective campaign against wastage;
- safe disposal of non-recoverable waste matter;
- measures to solve the economic problems of environmental protection;
- limiting the use of chemical pesticides;
- encouraging biological or integrated cultivation methods in agriculture;
- recycling waste materials;
- noise abatement measures;
- creation of an environmental quality label for long-life products;
- introduction of the scheme for tests of environmental compatibility at Community level;
- preparation of an annual report on the state of the environment in the Community;
- publication of a readily understandable summary of Community activity in the field of environmental protection.

Moreover, the draft directive for the protection of birds which is at present before us needs to be improved considerably. These examples show, Mr Commissioner, that the new Commission still has a lot to do in this far-reaching field, which also overlaps

partly with the fields of health and consumer protection.

If in what I am about to say I deal only briefly with the question of health, this does not mean that we attach less importance to this sector. Allow me once again to summarize in telegraphic form our demands to the Commission for the immediate future:

- submission and implementation of a common programme for safety, industrial hygiene and health protection at work;
- total — and not merely optional — harmonization in those cases where it is necessary for the sake of the overriding requirements of safety and the protection of public health;
- transmission to Parliament of the opinions of the Scientific Committee for Foodstuffs which the Commission consults on questions of human health in the field of food consumption;
- the intensification of the activities of the Mines Safety and Health Commission and of the Steel Industry Safety and Health Commission, and finally
- continuation of the harmonization of legislation in the field of pharmaceuticals, especially submission of a new draft directive on pharmaceutical preparations, in order to prohibit public advertising and subject advertising directed at doctors to strict standards.

Now a word on consumer policy, after which I will have covered the three sectors our Committee is concerned with.

As regards Community consumer policy, we attach great importance to the statement made in this House by President Jenkins in his inaugural speech on 11 January 1977. He said then that the Commission should give greater weight to the protection of the consumer. The crucial point now is that this promise should be fulfilled in the foreseeable future, for as you know there is still a great need for improvement in this important field. The Committee on the Environment, Public Health and Consumer Protection will try to contribute to the improvement of Community consumer policy, for which there is undoubtedly a pressing need.

In the field of foodstuffs legislation, we are disappointed to see that the Commission has had to withdraw a number of its earlier proposals because the Council has not pronounced on them and they are no longer relevant. I should like to appeal to the Commission to take ample account of the opinion of the European Parliament in drawing up its new and, I hope, improved proposals. This, of course, does not exclude the possibility of consulting the European Parliament again on these proposals. Moreover, we are entitled to complain that in withdrawing dozens of draft directives adopted by this Parliament the Commission has contravened Paragraph 6 of the decision of the European Parliament of 12 October 1976, by the terms of which the Commission, before amending or withdrawing a proposal put to the Council, must seek the

**Jahn**

opinion of the European Parliament if the Council had requested an opinion on the original proposal. Our colleague Mr Dondelinger rightly complained about in his recent written question.

Mr President, I shall have to put aside six pages since the first speeches have far outrun the allotted time, and I should like to finish by saying the following.

An important problem is the early and prompt transmission of proposals from the Commission to Parliament. Do we really have to wait until we are formally consulted by the Council on the Commission's proposals? What is there, in fact, to prevent the Commission from transmitting the proposals it has adopted — i.e. in their final form — without delay directly to the secretariats of the relevant committees? In this way several weeks of valuable time could often be saved. The Commission should be all the more interested in this speeding up of the procedure in that it often points out the urgency of Parliament's delivering an opinion and not infrequently puts pressure on Parliament to do so quickly.

Finally let me say something about the question of hearings. Recently an increasing number of cases have arisen where the committees have expressed the legitimate desire to hear experts on particular problems raised in the Commission's proposals. The Commission then usually points out — also rightly — that it has already heard these experts and has taken account of their views in the proposals. A second hearing of the experts by Parliament would, however, be superfluous if the Commission made available to Parliament the minutes of these hearings with the views of the persons concerned. In this way unnecessary duplication could often be avoided and much time and expense saved.

We would be very grateful to Mr Jenkins if he could bring about a significant improvement in our institutional relations with regard to these fundamental questions.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, on behalf of the Socialist Group I should like to go a little more deeply into the question of the Common Agricultural Policy. I am sorry that the Commissioner responsible cannot be present at the moment but I hope that will not lessen the chances of getting a proper answer from the Commission. I have no wish to hide the fact that our Group is rather disappointed at what Mr Jenkins said concerning the Common Agricultural Policy and at what the memorandum says about it. This Parliament is, of course, well aware that the Common Agricultural Policy is one of the cornerstones of the European Community. We are also well aware that now that this MCA contrivance has got out of hand and we have the structural surpluses in the milk sector and the necessity of restricting price

increases a powder keg has been placed under the Common Agricultural Policy. We know as well as the Commission that unless suitable measures are taken this keg will shortly blow up, as the leader of my Group rightly observed just now.

Mr Jenkins once again listed the problems in his speech, but apart from the statement that moderation will be necessary in the field of prices there is no indication whatever of what measures the Commission has in mind to solve these problems. We know very well that the Commission has to decide next week on the price proposals, the systematic dismantling of the monetary compensatory amounts and measures to combat the structural overproduction in the milk sector and that it can thus not go into too much detail on this question at the moment, but we feel that in the course of the presentation of this four-year programme Parliament does have the right to be given a rather clearer picture of the reforms which the Commission envisages on this point. This has already been pointed out this morning by Mr Bertrand.

Moreover, it is not just the Commission's job to look for improvements that can be made; Parliament too has a creative part to play here.

My Group has spent a long time studying the agricultural policy and the members have agreed on what we see as necessary changes in this policy. I want to make it quite clear that the Group supports the objectives and underlying principles of the Common Agricultural Policy as laid down in the Treaty of Rome. However, we do not agree with all the measures that have been taken to achieve these objectives and apply these principles. We are thus of the opinion that a number of changes in the policy are needed. In the past far too much stress has been laid on the market and pricing policy and too little attention and too little money has been given to structural policy.

Our Group was thus disturbed at the fact that in its memorandum the Commission merely says that this question should be the subject of a thorough study. In the past few years there have been any number of studies on this question and the previous Commission made any number of proposals for improving the structural policy. We have had the stocktaking of agricultural policy. I do not need to remind you about all that. We think it is now time to really get down to structural improvements, for we are convinced that if a better structural policy had been followed the objectives of the Common Agricultural Policy would have been nearer attainment, and at less cost.

Unfortunately it has to be admitted that because of the failure to establish a common economic and monetary policy the unity of the market and uniform prices are now no more than a pretence. The introduction of the system of monetary compensatory amounts was acceptable as a temporary expedient, but they have now reached unacceptable proportions. I hardly

## Laban

need to describe the consequence, which are sufficiently well known. The market is further disturbed, moreover, by the application of all sorts of national aid measures, which in some cases are still being extended.

Mr Jenkins mentioned the distortion of the market as a result of monetary fluctuations, but it seems to us that the Commission gives no indication whatever of how it intends to solve this undoubtedly difficult and delicate problem. I would therefore ask the Commission to be rather more specific on this point.

Mr President, after many years of the Common Agricultural Policy the average incomes of farmers and farm workers are still clearly lagging behind other incomes. Within agriculture and from country to country incomes have also moved further apart. In various sectors the market equilibrium has repeatedly been disturbed. Naturally we do not have control of all the factors, particularly weather conditions. These can sometimes lead to shortages, and sometimes to surpluses, but in general they are not of a structural nature. Structural surpluses are what we now have in the milk sector and the cause of this must in our opinion be sought in the fact that an attempt has been made to support agricultural incomes with the help of Community prices. Excessive prices in order to support incomes and an unsatisfactory price structure have paved the way to overproduction and this has been further exaggerated by the support mechanisms which guaranteed the sale of produce. Production for sale to the intervention authority has been no exception, and in our view this has removed an incentive to find new outlets or to improve quality.

My Group naturally does not wish only to be critical, and has therefore given some thought to the necessary improvements. Firstly, the problems of agriculture cannot be solved unless agriculture is fully integrated into the Community economy. Mr Jenkins did not actually say so, but I assume that he agrees with us on this. My Group opts for an agricultural policy with social objectives and for this it is necessary to get a few things clear. We must ourselves how big the agricultural sector must be to meet our own needs and to provide food aid to countries which need it. Furthermore, we must ask ourselves how many people we need to keep this sector in operation. Only if we agree on this can the social and economic conditions be created in which the agricultural population will be able to move forward on their own.

A point of great importance is the creation of a single market. The reason for the loss of unity is the fact that the economies of the Member States are growing apart and that national aid measures are being applied. The most important condition for the creation of a unified market is a more harmonious development of agricultural costs in the various Member States.

Once again, the size of the monetary amounts is threatening to undermine the Common Agricultural

Policy. In our view the agricultural population has a right to be guaranteed a reasonable income. That is why I should now like to put in a plea for a pricing policy conceived strictly in terms of the needs of a modern holding which can offer one or two full-time workers a full income that will be comparable with the income of non-agricultural workers in the same region. Small holdings or holdings in problem areas will not be able to manage with low prices, and in their case consideration must be given to a direct — even if only temporary — income supplement, full account being taken of the geographical situation. I cannot develop this idea any further at the moment, but I should like to point out the example of the scheme for farmers in mountain areas. Similar attention must be given to potentially profitable holdings which need to be modernized. For products in which we have a low degree of self-sufficiency, world market prices should be applied, with compensation to producers by means of direct subsidies. These will have to be variable, and can never be higher than the difference between the Community guide prices and low market prices. We start from the assumption that Community funds must be directed to those holdings which have the greatest need of them. They must not be used to benefit modern holdings which can already stand on their own feet. I appreciate, of course, that the direct subsidy must be of a temporary nature, since otherwise the financial burden would be far too great. Long-term solutions can be found in the effective coordination of regional and social policy and agricultural structural policy. We think it is a good move to make one of the Members of the Commission specially responsible for coordinating the activities of these three funds.

We also think that great encouragement should be given to cooperation between farmers in the acquisition of capital goods and the processing and marketing of their products. The pricing policy must in our view be responsive to the market demand for products and should not promote structural surpluses. Where these threaten to develop, subsidies must as far as possible be given for conversion to other products or the opportunity must be given of closing down the holding.

We know that it is no simple matter to get production under control. However, for a trial period of three to five years, farmers should be given a target production programme. Our agro-economic institutes and the departments of the EEC have sufficient data available to do this. The programme would have to be adjusted from year to year to take account of probable trends in supply and demand in the Community and on the world market. Farmers must be kept informed. We are not thinking here so much of a compulsory scheme, but I should like to remind you that Parliament has repeatedly asked for target planning of this sort, although this always fell on deaf ears with the previous Commission.

## Laban

There is more to be said about this, but time is short. I trust that my friend Lord Walston, who is to speak shortly, will if necessary go into what I have said so far rather more thoroughly. My Group recognizes that the Common Agricultural Policy has guaranteed the supply of food to the people, but in our view this policy must be better attuned to the outside world. In other words, integration in a world system, as Mr Jenkins rightly said. More needs to be done for the consumer and the policy could be more efficient.

Mr President, I should like in conclusion to ask a few concrete questions. The Commission said that the price will have to be small. Can a little more perhaps be said about that? Do these low prices go hand in hand with any reduction in the monetary compensatory amounts? And if so, what will the consequences be, overall, for the countries with positive and those with negative compensatory amounts? We should also like to know whether the Commission is maintaining the proposals of the previous Commission with regard to combating surpluses in the milk sector. Or perhaps the situation requires stronger measures to be taken on this point. In this context are the moderate prices linked with the 2.5 % levy? We should also like to hear whether the Commission is maintaining the levy on margarine which, may I remind you, has already been rejected twice by Parliament.

Mr President, I appreciate that the Commission cannot deal in detail with what I have said. Further opportunities will arise later. But my Group does expect a serious answer, so that we may know what the Commission's position is on this point and what it thinks of our views.

**President.** — I call Mr Fröh.

**Mr Fröh.** — (*D*) Mr President, ladies and gentlemen, I have been asked by the Christian-Democratic Group to make a few remarks on the President's speech, with particular regard to agricultural policy.

As you can imagine, we were all looking forward to hearing Mr Jenkins' views on this matter, since we all know that he comes from a country which practiced a different agricultural policy before the Accession. We were pleased that he recognized the principles of our common agricultural policy and described them as an outward and visible sign of the political will for integration. However, Mr Jenkins expressed some doubt as to whether the foundations of this agricultural policy would stand firm in the future. I should just like to say one thing: unlike many other policies, this is an integrated policy which has been pursued for several years now and there are naturally problems. What policy does not have problems? However, we must, in spite of these problems, continue to work towards the objectives we laid down in the Treaty, such as better incomes for the producer, increased

productivity and guaranteed supplies at reasonable prices to the consumers. We must not forget that in spite of the difficulties we have already made considerable progress along the road we have hitherto been following, i.e. the development of a common policy on the basis of the various agricultural policies of the individual countries.

Clearly, there are still discrepancies in producer incomes in all the countries — Mr Laban also mentioned this — but productivity has increased considerably, since in many countries half of the agricultural labour force has left agriculture and — thank God — found jobs elsewhere, and supplies to the consumer have indeed been guaranteed very efficiently, notably in the last few years, at the very time when the world market prices were fluctuating. Nevertheless, there are difficulties — I am thinking of the production of surpluses. Without getting bogged down in details, Mr President, you know that the problem of milk, which has been keeping us busy for a long time already, is giving us particularly trouble at the moment.

We know that it is a structural problem, and I welcome the Commission's proposals to eliminate 5 % of these surpluses by cutting down production and, if possible, another 5 % by extending the market. And now that we are speaking in such general terms about surpluses, we should not forget that the European Community as such is the largest net importer of agricultural products. Perhaps a frank word to the United States — about which we held a debate in this Parliament fairly recently — would be in place. What undoubtedly makes the milk problem more complicated is the fact that it is the sector in which most farmers are hit and in which agricultural incomes are lowest. This will undoubtedly give us a great deal to think about.

Then, Mr President, you drew attention to a crucial problem, that of inflation in connection with agricultural prices, and I cannot help thinking that agricultural prices are always attacked as one of the causes of inflation. As you all know, a modern farm is inevitably thoroughly integrated into the cost structure of a national economy and agricultural prices are not fixed willy-nilly or under pressure from the green lobby. The Commission uses an objective method whereby agricultural production costs are calculated and the price subsequently determined — naturally, within the limits of the politically feasible. This objective method therefore vindicates us of the charge of being a price-increasing or inflationary factor. Of course, increased agricultural prices have an effect, but far less than one might think from the consumer prices, since, as we all know, the raw products produced by the farmers become more expensive through processing, distribution and all the various additional services.

I would be very grateful, however, if attention were also drawn to the other inflationary factors, which

Früh

have already been mentioned by several persons here today, e.g. those resulting from wage increases — some countries use a sliding scale — or from increased raw materials prices which lead to inflated budgets and this inflationary trend in general. If the studies published recently by a well-known institute are accurate, and I think they are, the effects of agricultural prices in this process are extremely small, and I have the impression that, because the Commission and Council of Ministers are in a position to influence this sector and this policy, but not wage increases, there is often the temptation to make too much of the agricultural prices. As the saying goes, we are putting the cart before the horse; or to put it another way, we are whipping the horse which is pulling strongest — as we say in German — i.e. the integrated agricultural policy. The agricultural policy alone is undoubtedly far too weak to resist this inflationary trend. It is prepared to make its contribution, as will also be demonstrated by the proposals which the Commission will submit to us, but it must receive intensive support from all other sectors.

At the end of your speech, Mr President, you rightly drew attention to the central problem of monetary fluctuations, and Mr Laban has already spoken on this time-bomb which is continually coming up on our agenda. I should really like to urge you not to confuse cause and effect here, however. The problem has been caused by the uncoordinated economic policies, both long- and short-term, in the individual countries and resultant stagnation in the development of the monetary union, which, with its compensatory amounts, has now become a burden to the agricultural policy. I therefore think we should beware of coming to the mistaken conclusion that we will be able to solve the problem by using the Commission's recipe, namely automatic adjustment of these compensatory amounts unless the economic policies are first coordinated. Only in this way will we be able to gradually alleviate the serious problem of monetary compensatory amounts, which have slowly crept up to a third of the agricultural fund — an intolerable situation.

And now one final point, Mr President, since, as you know, time is short and I must not encroach on even a few minutes of my colleagues' speaking time. You raised a question which my Group and I consider of vital importance, i.e. whether we should, in our agricultural policy, try to encourage further migration of workers — as we so glibly describe it, although it always radically affects the lives of human beings. This is a question of structural policy. Everybody knows the structure in Europe. Everybody also knows that this structure should be improved, but I must say that the previous or original trend in the agricultural policy, i.e. the view that agriculture could only be carried out in larger, modern holdings and in the favourable regions, has indeed changed.

In recent years, for social and, in particular, environmental reasons, people have pressed, in this House

among other places, for an agricultural policy for mountainous and less favoured areas. This policy must, in my view, be continued. I am fully convinced that we can only get a clear view of a policy involving structural changes if we manage to combine it with a regional policy creating other jobs outside agriculture areas. If we do not succeed in doing this, we are running the risk of taking people away from agriculture and, to put it quite bluntly, sending them to the labour exchange to join the ranks of the unemployed. This cannot be the intention of a well-orientated agricultural policy.

I am fully convinced that the problems of agriculture cannot be solved in isolation. They must be seen as part of economic policy as a whole. Only then will we really be able to get to grips with the social and structural problems facing agriculture and the problems of agricultural incomes, and then I think there will be cause for hope of a kind which has proved to be justified on several occasions in my country. If a growth-orientated, stable economic policy opens up additional alternatives for the people living in rural areas and working in agriculture, then you can be sure that the farmers, who are enterprising people who like to take opportunities if they are offered, will take advantage of these alternatives, and I am sure that with great patience we will be able to promote this structural change more organically than would be possible with great plans, which very often lag behind changes in the economic situation. I therefore urge you to promote this integrated general economic policy, thereby opening up a real opportunity to agriculture and the people working in agriculture, who will then, through reasonable prices and regional, structural and social measures, be able to live a decent life even in the rural areas. I can assure you, Mr President, that you will have the support of the Christian-Democratic Group on the road which lies before you.

### 5. Change in agenda

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

**Mr Sandri.** — (I) The agenda provides for a vote to be taken this afternoon on a motion for a resolution contained in a report which I drew up on behalf of the Committee on Development and Cooperation, on a proposal for a regulation establishing a European Agency for trade cooperation with the developing countries (Doc. 445/76).

This report was already presented months ago. At the last part-session, Mr Lange, chairman of the Committee on Budgets, asked for the vote to be postponed because his Committee was very busy with the budget and had therefore not yet been able to state its opinion on the document concerned. The Committee on Budgets forwarded its opinion, but since it was not presented until the beginning of the part-session, as a result of which our committee has not yet had time to

**Sandri**

examine it, I should like to ask you, Mr President, — and I believe I am also speaking for Mr Lange — to postpone the vote to the March part-session.

In the meantime the two committees will, I hope, have the opportunity of meeting to coordinate their respective opinions, which for the moment are not entirely identical. Therefore, in my capacity as rapporteur, I ask you, Mr President, to consider the advisability of postponing this item to the March part-session.

**President.** — Since Mr Sandri has presented this request in his capacity as rapporteur of the Committee responsible, the report is automatically referred back to committee pursuant to Rule 26 (2) of the Rules of Procedure.

The Committee on Development and Cooperation should therefore submit its conclusions during the March part-session.

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 3.05 p.m.)*

IN THE CHAIR : MR ADAMS

*Vice-President*

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

#### 6. Verification of credentials

**President.** — At its meeting of 9 February 1977 the Bureau verified the credentials of Mr L'Estrange and Mr Schyns, whose appointments were announced on 7 February 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.

It therefore asks the House to ratify these appointments.

Are there any objections?

These appointments are ratified.

#### 7. Extraordinary part-session of the European Parliament

**President.** — At its meeting of 9 February 1977 the enlarged Bureau decided, pursuant to Rule 1 (3) of the Rules of Procedure, to convene the European Parliament for an extraordinary part-session on 23 and 24 March 1977 in Luxembourg, which will be devoted exclusively to the Commission's proposals concerning the fixing of agricultural prices for the 1977/78 marketing year and related measures.

At the meeting of the Bureau it was decided to set aside 21 and 22 March for Group meetings and other preliminary discussions.

#### 8. Change in agenda

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

**Mr Schmidt.** — (D) Mr President, may I first say how glad I am to be the first to speak under your Presidency, and at the same time apologize for the fact that I am merely making a request for postponement.

I should be grateful, Mr President, if you would ask Parliament whether it agrees to the postponement of the last item on today's agenda, namely the report of the EEC-Greece Joint Parliamentary Committee, to the March part-session. The reason, which I should just like to state briefly, is that I had to take over the report, for which Mr Corterier had originally been responsible, at short notice and amend it. It was distributed very late.

In view of the importance of this report, it would be unfortunate to take it so late in the day, so that there is much to be said for postponing it to the March part-session. I should be grateful, Mr President, if we could adopt this procedure.

**President.** — I put to the vote Mr Schmidt's request to remove from the agenda the report, drawn up by him on behalf of the Committee on External Economic Relations, on

the recommendations adopted by the EEC-Greece Joint Parliamentary Committee in

— Rome on 9 December 1975

— Aghios Nicolaos (Crete) on 19 May 1976

— Berlin on 23 November 1976

(Doc. 546/76)

and to deal with it at the March part-session.

The postponement is agreed.

I call Mr Spicer on a point of order.

**Mr Spicer.** — Mr President, on a point of order — of some importance, I think, to all Members of this House and, if I may say so, completely on my own initiative.

I wonder if it would be in order to suggest to you, Sir, that, since on Saturday we have this vitally important meeting between President Makarios and Mr Denktash, we might perhaps suggest, through you, Sir, to the President, that a telegram should be sent to those two leaders wishing them well in their deliberations. It is a small point, but I think it would come well from this Parliament and I am certain that no one could disagree with that suggestion in the House at this moment.

*(Applause)*

**President.** — I take note of this suggestion and shall submit it to the President.

**President***9. Tenth General Commission Report on the activities of the Communities in 1976 — Commission work programme for 1977 (resumption)*

**President.** — The next item is the resumption of the debate on the statement by Mr Jenkins, President of the Commission, on the Tenth General Commission Report and the Commission work programme.

I call Mr De Clercq.

**Mr De Clercq.** — (NL) Mr President, I paid very close attention to the speech by the President of the Commission, Mr Jenkins, and an important point made was, in my view, the problem of the enlargement of the Community. I share his concern on this matter and agree that the enlargement is an important aspect of the Community's future development. I should like, however, to stress that the political advantages of such an enlargement greatly outweigh the practical difficulties involved. An enlarged Europe would mean a more democratic influence on world politics and increased power for a democratic Europe. In supporting new European democracies, we are acting in the spirit of the Treaty of Rome and fulfilling a basic obligation. We are all convinced of the need to enlarge the Community, but the question which immediately arises is, 'How and in what way?' In presenting the General Commission Report for 1976 and the work programme for 1977, Mr Jenkins described the Commission's views on this matter. The Commission feels we must work out an overall approach to the problem of the enlargement of the Community. I do not agree in view of the two effects this will no doubt have. First and foremost, there is a political aspect, namely that if a country has a democratic system of government, we should accept and assist it; that is our duty. The second problem is the actual forging of the economic link. It is of the utmost importance for Europe to work in close co-operation with the applicant country in order to prepare it for full membership. Since this integration depends on the state of economic development, every application is an individual case and requires a different amount of time. In my view, therefore, an association agreement should be accepted or replaced by a 'pre-accession period' — the length of which would vary from one case to another — during which the applicant would prepare itself for full membership. This would have to go hand in hand with very close political cooperation. In the section in which Mr Jenkins deals with the enlargement of the Community, I sense certain reservations with regard to Greece. As chairman of the Delegation to the Joint Parliamentary Committee of the EEC-Greece Association I should like to ask Mr Jenkins whether he included Greece in his idea of an overall approach to the enlargement of the Community. In my view, this would be unthinkable for the following reasons. To include Greece's application in the proposed overall approach would mean delaying the accession. Secondly, Greece has already been able to prepare for

full membership during the long period of association which began in 1961. Thirdly, in February 1976 the official reaction to the application for full membership was favourable and the official negotiations have been under way since July 1976. It should be pointed out in this connection that Greece has already officially stated its viewpoint regarding the most specific aspects of the negotiations. Greece has also accepted all the regulations, achievements and obligations of the Community and is only asking for a transitional period similar to that granted to the last three new members, nor has it requested a single derogation from Community regulations nor the establishment of new criteria, for example, in the field of regional policy. It should also be pointed out that Greece has not asked for any special financial assistance to enable it to fulfil its obligations during the preparatory period. It has declared itself satisfied with the second Financial Protocol which has been drawn up. I take it therefore that the Commission's attitude, as described by Mr Jenkins, should be understood as only applying to later applications.

However, in view of my doubts, I would be particularly grateful if you would clarify this matter. I should also like to say on behalf of my Group that we regret that Mr Jenkins failed to devote sufficient attention to the question of own resources, since this matter is closely connected with the powers of the European Parliament at this time when it is about to take on its new democratic form. We are particularly concerned about the sixth Directive on VAT, which was drawn up in general terms in December, but which must go further than a statement of principle. Let us not forget the important deadline fixed for 1 January 1978 which will represent a new beginning at the financial level and which we run the risk of missing unless a final decision is taken in the next few days or by the end of the month at the latest, since we must not forget that this directive will still have to be passed on to the Member States to allow them to adjust their national legislation. The Liberal Group would also like to stress that certain third countries are carrying out a great deal of dumping by taking advantage of their more favourable position as regards inflation and lower wages, and by means of export subsidies. In view of the desperate employment situation in the Community, we must look for European solutions. I am not advocating protectionism, but measures which safeguard our vital interests. We would like to draw the attention of the Commission to one area in particular. We were sorry to hear, in view of the contracts which have just been concluded, that the great American market is to all intents and purposes closed to the air bus, in spite of the fact that this is a great success at the technical level and as regards operating costs. Mr President, in sounding this alarm, we are doing so out of complete conviction, and we greatly regret that nothing was said of this in the Jenkins report.

(Applause)

**President.** — I call Mr Spicer.

**Mr Spicer.** — Mr President, it is perhaps by a very fortunate chance that, in order to accommodate a Member who had to leave this afternoon, I changed my place on the list and that I follow Mr De Clercq, because in many ways some of the points that he has raised I would like to raise also but in a slightly different connection.

I was very conscious this morning, Sir, when Mr Fellermaier was speaking, that over all our deliberations this year must lie the shadow of what happens to us next year, when many people sitting in this House today and certainly the governments in all the member countries — will be involved in our direct elections. And then, for the first time, people will be saying to us: What is this really all about?

And increasingly as they do that they will be asking us questions, and those questions will require very definite answers which perhaps we have been able to brush aside up to this point in time. And one particular question that they will ask us, I am quite certain, is: How do you see the enlargement of the Community and what effect will such an enlargement over the next two, three, four, five or ten years have on the effectiveness of the Community and on its cohesion in the future?

Now Sir, this morning Sir Peter Kirk, in opening for our group, made one or two points that were absolutely clear. He recalled that we have enlarged from a Community of six to a Community of nine, and I think it would be a very brave man indeed who would say, in the context of that enlargement, that that has not been a fairly traumatic experience. And I think it would be someone who was very blind, and possibly rather stupid, who would not say at the moment that we still had not digested those three additional members, and that the Community was not in a state of change and perhaps disorientation. It is a shameful thing perhaps for me, as a Member of the United Kingdom delegation, and coming from a country that is one of the new members, to have to stand here now and say that I believe that, far from holding their corner as they should do, all too often some of the ministers from my country have been fighting for quite different reasons, and are indulging in tactics which border on wrecking. And it is a sad thing that that should be so. I think that until we can get that situation sorted out, until as nine member countries we can fairly hold our own corner for our national interests, but at the same time give and accept a Community decision, then we are in some difficulty. I am sure that the President knows quite well the problems that he faces in that particular area, and how far they are from a solution at this particular point.

So we have that problem at the moment. And then suddenly we have a rush of new applicants. We have

accepted that Greece's application for membership is now on the table. We have Turkey saying that if Greece is there, then we ought to be there. We have Spain, quite obviously saying: Well, if Greece is going to be a member, surely we are in a slightly better economic position, and when the moment comes, we should leapfrog forward and come over the top. And then we have Portugal again, as Sir Peter Kirk said this morning, pressing very hard that they should be included. And this is absolutely right. It is within their competence that they should come forward to our Community and say they wish to join. And the aims and the reasons why they wish to join the Community are absolutely clear to us. Firstly, that they see within the Community the possibility of a better standard of living for the people of their country, and secondly they see it as a safeguard for, in most cases, their newly acquired democracy.

But, Sir — and it is a very big 'but' in my mind — we do run a very grave risk here if we as a Community rush helter-skelter down this road, if we wander round saying: Of course you are a democracy, come and join us absolutely straightaway! Then not only are we hitting hard at the fabric of the Community which is not yet established, but also, in my view, we are sewing the seeds for disillusionment within that applicant country, because it is as certain as anything can be that they will be accepting conditions in order to gain entry that they cannot really live up to when the actual crunch period comes. It does seem to me that what we have to do is to devise some different formula. If we set a minimum standard it is much better to say: Will you please reach that minimum standard and then become a member, rather than lower our sights, allow people to come into the Community and then allow them to make their own time.

Mr de Clercq was just saying — and I wouldn't take issue with him in this at all — that the Greeks were coming in saying: We want no derogations at all, we accept absolutely fully our commitments, we will do this, we will do that and we will do the other. But once a country is within the Community, all those areas that have been left grey may remain grey for many, many years. I will cite only one particular point — environment. The moment we knew that Greece's application was on the table I suggested in our committee that we should produce a report on our own initiative on the problems of the environmental situation in Greece as it applied to membership of the Community. Where the devil that idea has gone, Sir, I do not know, but certainly it has never been heard of since. And how far the question of the environment and all these other aspects of membership are being taken into account I do not know either, but I would reinforce what Sir Peter Kirk said this morning — for heaven's sake let us cost out all this question, let us see whether the burden will become intolerable for

Spicer

the Community before we embark on a course which will precipitate more and more applications for membership, new members of the Community and then disappointment and frustration with what will result from that membership.

I would say finally again that my own personal hope would be that we in the Community would offer a set of standards. I hesitate to say it, but perhaps in the same way in which the men from the International Monetary Fund sometimes appear in Member States and lay down certain standards and say: Well, if you reach this point okay, then we will come further forward. We want to help and we will give you advice. In exactly the same way we in the Community could work with those countries who wish to join. But to bring people into this Community and to enlarge it precipitately is creating not only chaos within our own organization but also bringing, as I said, the disillusionment that will inevitably follow for those people who have joined thinking they have come into the promised land, and then find that it is not so.

My final word to you, Sir, is that in this particular respect you and your other Commissioners have a very important role. It is a sad fact that the politicians of this world are all too often led by their hearts and their heads together, but it is for you to treat with common-sense these problems, to realize what these problems are, and to bring these problems fairly and squarely to us and to the Council and insist that you be given a hearing. What was done last year and the year before by the Commissioners then in terms of the application of Greece was absolutely right, and there is no one now on the Commission benches who should in any way deviate from what was said then. It was an honest appraisal of the problem that was faced through Greece's membership. That same appraisal would apply to Portugal, to Spain, to Turkey and so on and so on. Unless we are kept well in the picture by you then there is no hope. I thank you Sir for the remarks that you made in your speech on this particular aspect which showed that you were giving wide consideration to this within the Commission. I hope you will continue to do so, and above all that you will give us hard facts and figures which we must take on board before we allow our hearts to rule our heads.

(Applause)

**President.** — I call Mr Schmidt.

**Mr Schmidt.** — (D) Mr President, I should like to begin by taking up the point with which the previous speaker ended his contribution, although my views are somewhat different. I feel that the extent of the reservation on the part of the President of the Commission with regard to the enlargement of the Community just stops short of the indefensible, indeed it is so extreme that it is almost in conflict with the Agree-

ments. I think he has gone to the limit and must under no circumstances go further. However much certain new Member States or representatives of these Member States would like it, this Community must not turn into a club in which the existing members, who have joined for one reason or another, barricade themselves in saying, 'Until we are all members of the elite of nations with the highest incomes, no-one else is getting in — we have our own problems'. I think we must respect the Agreements in this matter. We have told others that we will make it possible for them to accede if certain conditions are fulfilled, and I do not think the Community can afford, for the sake of its own credibility, to break these promises or, still worse, pursue a policy whereby the agreements appear to be respected, whereas in fact new barriers are constantly being put up in order to avoid having to respect the Agreements in practice or in order to avoid having to keep promises.

I think this is a serious risk and one of which we should be aware. In addition there is the argument, which is repeatedly put forward, that new Member States would break up the Community. If we are honest with ourselves, we must admit that the Community is not suffering from the fact that there are countries wishing to accede, but from the fact that it cannot solve its internal problems, largely because of national selfishness and not because others wish to join this Community. We should therefore not make too much of this.

This leads us to the conclusion that we must do everything we can to improve the internal cohesion of the Community and the options open to it, and to combat national selfishness instead of using flimsy arguments to tell others that we have no intention of admitting them under any circumstances in the foreseeable future because we are unable to solve our own problems. I can fully understand that it is being argued with a certain hesitancy that time must be taken for preparation, that we must be ready for fairly long transitional periods, since we would be doing nobody a favour by rushing into things, but on the other hand, the goal, the objective, must also be clear, and our aim cannot be that this Community of the Nine should remain a Community of the Nine which lets no-one else in, whatever arguments are used. This Community cannot, in my view, consist exclusively of the rich, of the elect. The Community must also open its doors to others and we must pursue a policy which makes this easy, not one which makes it difficult. New members would not then be a danger to the Community.

The second subject I would like to deal with, Mr President, is the question of the relations between the European Communities and Japan, in which we are faced with a number of major problems. The Community's trade deficit *vis-à-vis* Japan is constantly increasing

## Schmidt

and the Community is finding it difficult to prove that this is being brought about in an unacceptable manner, although we all know that there is a whole range of things which are gradually disrupting our economic and other relations with Japan.

I do not think anyone in this Chamber is very enthusiastic about import surcharges and the like. On the other hand, one must admit that, if it is not possible to conduct trade on the basis of equal marketing opportunities, we must make a stand. I feel, however, that we must do all we can to avoid an escalation, with us setting up our barriers, then the others setting up theirs, then us extending ours, and then the others extending theirs. There is no way in which this can lead to a solution of the world's economic problems. Quite the reverse, it would lead to a serious relapse into nationalistic tendencies, whereas practically all of us are dependent on smoothly functioning world trade. We should like to ask you, therefore, to devote particular attention to this problem. Naturally, it is difficult for the European Community to reproach a country for preferring its own products when in one of the Member States recommendations are coming, not from industry or the newspapers, but from the highest authority in the State to buy mainly or even exclusively products made in that country. This is certainly not, in my view, a good example, and undermines the basis for such an argument *vis-à-vis* a third country which is trying to establish a better position for its own products. It would therefore be a very good idea if the Commission were to consider this particular problem too, since it is quite conceivable that other countries may argue, 'Such and such a country has said, "Only buy products from this country", and therefore we say, "Under no circumstances buy products from that country".' This would inevitably lead to a process of erosion which we can under no circumstances accept. I believe that this is a serious problem which calls for decisive action. This is not the right way to go about solving the problems of a country which has chosen this course of action.

The next problem is our relations with the United States. It is true that the European Community's deficit *vis-à-vis* the United States is increasing continually and to a disconcerting extent and that the United States itself is doing certain things to make it more difficult for us to eliminate this deficit or improve our position in relation to that country. There is reason to believe that the United States is using certain arguments in an attempt to hinder trade between some countries and other countries, or at any rate that she does not welcome it. Moreover, there are indications that these arguments would be received extremely favourably if other countries were not occasionally apprehensive that they were being used more or less to allow the USA to take over the trade itself. I do not think this can do anything to improve the rela-

tions between two major trading partners. Particularly now that there is a new administration in the United States, we should stress most emphatically that the European Community cannot afford to let this deficit *vis-à-vis* the USA increase, in view of the Community's unemployment and unused capacities.

The next problem is that of Comecon about which, Mr President, you said nothing in your report. I think this is a major problem for the Community. It is encouraging that these countries are adopting a much more realistic attitude towards the European Community, that political reservations which ranged from simply disregarding the Community to actually opposing it are gradually being phased out and that they wish to negotiate with the EEC. A slightly discordant element in this otherwise completely satisfactory situation is that, as regards the question of the direct elections in Berlin, the Soviet Union is adopting an attitude *vis-à-vis* the Berlin Members which can by no means be regarded as conducive to *détente*, and is even in conflict with what the Soviet Union has itself accepted for many years. I think a word of criticism should be voiced on this point. In the case of Comecon the problem facing us is the opposite of the one I mentioned above, namely these countries are in debt to the Community and this is gradually also leading to trade difficulties and generally causing us formidable credit problems.

We would therefore be grateful, Mr President, if we could hear a little more about the relations between the Community and Comecon, which you did not deal with in your report. I would also like to make a few remarks regarding the North-South dialogue, but this would be unfair as several other members of my Group have yet to speak and our time is not unlimited. I will therefore not go into this point today.

If we wish to make value judgements, we can say that your speech, Mr President, contained many useful starting points. I feel, however, that we would like to hear a little more on the enlargement of the Community, our relations with the United States, of which I think you painted somewhat too rosy a picture in view of the difficulties we are currently facing with this country, and our relations with Comecon. I should be very grateful, Mr President, if you could say something more on these questions.

(Applause)

**President.** — I call Mr Clerfajjt.

**Mr Clerfajjt.** — (F) Mr President, very briefly, as is fitting in the case of a non-attached Member, I would like to make a few critical remarks on Mr Jenkins' address and presentation of the Commission programme.

They will be critical, because the principal role of an institution such as ours is not to applaud the Commission or the Council but to supervise them. Of course,

## Clerfajjt

I too applauded the day before yesterday after listening to Mr Jenkin's speech and not only out of courtesy or a sentiment of 'follow-my-leader'. However, now that I have the floor it is my duty to perform what I feel to be my prime task : to be critical.

You may rest assured that I also intend to be constructive. When he first addressed us last month, Mr Jenkins stated his intention to be a European President and not a British President, without, however, wishing to deny his national origins. Let me reassure him on this point. His whole address is in fact shrouded with a certain foggy which is very British. The resulting picture — I regret to have to say it — is rather grey. Its salient features and priorities are hard to make out. Nevertheless, while it is not easy to see the general direction, the careful observer can note certain omissions quite clearly.

The first omission I noticed has already been stressed by Mr Bertrand and Mr De Clercq, but, as a member of the Committee on Budgets, I feel it useful to raise the issue once again. Mr Jenkins did not express the least concern about the Community's own resources. Yet it is essential, for this Community and this House, to succeed in identifying, strengthening and safeguarding them, for they constitute the linchpin of our autonomy. We are all aware that a large number of decisions must be taken this year again, as regards, for example, the unit of account or the harmonized basis for the assessment of VAT. Mr Jenkins did not breathe a word about this. I trust that this omission does not betray a lack of interest in these capitally important issues.

Secondly, I would like to make a comment as a member of the Committee on Economic and Monetary Affairs. While it is true that Mr Jenkins mentioned, and rightly so, the need for a structural policy to combat unemployment, since mere short-term support for overall demand is insufficient in the type of economic crisis with which we are currently faced, I did not hear him announce an active structural policy to combat inflation. It is as though Mr Jenkins failed to grasp the importance of the Maldague report, which highlighted precisely this point. Similarly, in order to restore the maximum degree of autonomy to the European economy, drastic action is urgently needed to impose binding rules on the multinationals and to monitor their activities. There was not a word on this from Mr Jenkins. Does his Commission not share this point of view? If not, it would be a serious gap in its programme.

I should now like to make a brief remark concerning the Commission's staff policy. In this context, the new President stated his concern to improve the career prospects of officials. Given that such is his intention, which I find laudable, and while he also said that he intended pursuing a more effective information policy so that Europe will appear less opaque to our citizens, a lot more effort will be needed before this objective is attained, if we continue along the path we have been following for several years.

However, this double objective — promotion of staff and a better information policy — is not, to my mind, sufficient justification for one of the first decisions taken and which has left many observers in a state of bewilderment : I am referring to the reorganization of the spokesman's group and the removal of its chairman.

Moving on to certain aspects of the Community's external policy, I am not as convinced as Mr Jenkins appears to be that 'there never has been any contradiction between European unity and as close as possible an Atlantic relationship'. On the contrary, over the past fifteen years I have seen cases in which the pro-Atlantic bias of certain Member States prevented the progress needed for the construction of Europe and I regret that Mr Jenkins seems not to see the need for a truly European policy, a policy which implies that we will at times dare to incur the wrath of this mighty America to which, I agree, we owe so much, but which sometimes tends to give in to the temptation of hegemony and to abuse its dominant position. In order to assert Europe's independence and even simply to build its unity, it is sometimes necessary to know how to keep one's distance *vis-à-vis* the United States, for its interests by no means always coincide with ours. Mr Jenkins seemed to be delighted that the Commission and the new American administration took office at the same time and for the same period. I personally was shocked by his insistence on this parallelism ; the administration of Europe must not be confused with the Carter administration !

Nor was any reference made, I regret to say, to the usefulness and the need to develop a cooperation policy with the East European countries and Comecon. A previous speaker quite rightly stressed this point : it is, to my mind, another serious omission.

Finally — this will be my last point — nowhere in Mr Jenkins' address did I find the slightest hint of an ambitious objective such as European Union.

## Clerfaijt

The previous Commission presented an excellent report on this subject on 26 June 1975. Has this report sunk into oblivion? Are we to take it that Community action no longer has this end in view? If this is what is meant by the famous Anglo-Saxon pragmatism, I cannot see it as a sound method of building Europe, for we must know what we want and where we are going. The road should be marked out in order to prevent us losing our way or going round in circles.

Mr President, I do agree that the construction of Europe entails a large number of minor decisions taken as we go along, a large number of small steps, considerable progress in the form of unimpressive, practical and tangible advances and many tactical compromises. This is perhaps what is meant by a pragmatic approach. However, I also believe that the construction of Europe in the form of European Union is our great task in the latter part of this century. In order to build such a great edifice and mobilize our fellow citizens around it, the persons in positions of responsibility and the political leaders must inspire faith and enthusiasm.

This will shortly be the task of all of us during the electoral campaign for the direct elections of the European Parliament. We will not achieve our aim by remaining matter-of-fact, unimaginative and pragmatic. We must find new sources of inspiration and set exciting goals. Despite its merits, Mr Jenkins' address contains none of this and is not therefore, to my mind, a model speech for the Europe of the future. What the Community of tomorrow needs is a little less fog and a little more vision, for while it is true that Europe cannot do without efficient managers, she also — and especially — needs an ideal and more inspiration.

**President.** — I call Mr Zagari.

**Mr Zagari.** — (I) I am sorry I have so little time in which to speak, but in any case the fellow members of my Group have already dealt with the essential points. If I may address a few words to my old friend Roy Jenkins, I should like to say that I am sure he is fully aware of the importance of the task before him. I am sure, too, that he realizes that it is not enough to have the realistic and concrete approach which the report and many of the Members here have referred to, but that we need to find a balance — and this will be no mean feat at the present time. Our German colleagues would call it a 'Seiltanz', and for this kind of tightrope walking you need great statesmanship. I am sure that Roy Jenkins has it.

What we have to know is where Europe is going, and where it stands in the world. This is what I want to walk about here: finding our bearings, charting our route at a time when we have to sail bravely forward, continuing our journey without thought of going back. Only if we are united can we solve the problems

which face us — inflation, recession, unemployment, the widening gaps within and without the Community. It is for this reason that we are calling for a bold approach, without losing sight of the basic objectives we set ourselves.

Political union is the only way out of the present situation. We have to be outward-looking and try to transcend the old idea of Europe, an idea enshrined in the Treaty establishing the Coal and Steel Community, the idea of a basically inward-looking Europe, intent on solving the fundamental problem of how great nations like France and Germany can live together. This was a Europe which believed it had a historic role to play, but history today denies it that role.

What we want for Europe is a willingness to look beyond its steadily expanding horizons, an awareness of its new role and confidence in its future. The historical identity of Europe is what this is all about, and in my opinion we can only discover this identity if the meaning of Europe can be got across to other nations in serious economic difficulties. Two-thirds of the world is affected here: South-East Asia, South America and especially Africa, with particular emphasis on the Euro-Arab dialogue.

This is the problem which faces us. Mr Fellermaier made it clear in his speech: we can carry out a task of this kind only if we gain credibility, and in order to gain credibility it is vital that we present an image which can be accepted by the nations we are addressing.

If we are to acknowledge the long strides which history has made, we must make our existence felt, especially in the area where there is a democratic 'gap' to be filled — the Mediterranean. This will be a decisive step for our survival and for our future place in history.

I refer to the Mediterranean because this is an area unprotected by the superpowers' balancing act and where the need for *détente* and security is consequently felt more than elsewhere.

In this report, it must be admitted that a great deal can be learned from the countries of southern Europe, those countries which Mr Tindemans felt deserved different treatment, to the extent of recommending a different rate of development, those countries with their 'special' features which still exist after 20 years of Community existence. We can learn from them because, when it comes to tackling the problems of unequal development and growing disparity in the world, we cannot forget that these selfsame problems exist within the Community under the name of regional problems.

We are therefore particularly happy that the regional problem has been made a touchstone of our identity. The idea that all these Community funds can be linked together to provide a basis for a new economic policy is a tremendous breakthrough with immense potential.

**Zagari**

We are saying this in all sincerity. No doubt, other Members — Mr Evans, for example — have said the same thing before me. This is the fundamental issue which concerns us and concerns others, and which concerns both our internal and our external relations.

This is briefly what I wanted to say, and I hope that Roy Jenkins has been willing to listen since I believe that his talents and his great experience of life equip him to grasp this idea of Europe, in the knowledge that the European Parliament — which, as he told us on Tuesday, will have a new authority derived from the fact that it is elected — carries forth a message from the masses who have recognized that their destiny lies in Europe and who want a different Europe — not a Europe which is selfish and inward-looking, caring only about internal problems, but a Europe capable of playing a role on the world stage and working towards the new economic order which must be achieved, if all is not to collapse about us.

*(Applause)*

**President.** — I call Mr Klinker.

**Mr Klinker.** — *(D)* Mr President, ladies and gentlemen, I should like to restrict my remarks to two observations made by President Jenkins on the common agricultural policy in his speech. I was delighted to hear that President Jenkins regards the policy as justified, even though the individual market regulations may not work as well as their founders or the politicians of the day had expected.

Currency fluctuations are, however, the present headache, and the President is of the opinion that this must mean his Commission pursuing a policy of moderation. Now, ladies and gentlemen, in view of the fact that agriculture and its ancillary sectors account for some 20 %, of the working population of the Community, the maintenance of agricultural producers' purchasing power and thus of the correct levels of prices to them is of considerable importance, particularly at the present time, with a total of over 5 million unemployed in the Community. It is my view that a sensible agricultural price policy will have a stabilizing effect on the rest of the economy and that a policy of excessive moderation as set out by the President may have the opposite effect: I merely want to point this out.

The other problem is that of monetary policy. It is well known that the prices laid down in the EC agricultural market regulations are expressed in units of account and that any change in parity automatically results in changes in the price of agricultural products expressed in national currencies. The changes in monetary policy which have come about since May 1971 have so far not, I am sorry to say, led to official parities being reestablished, and in an attempt to prevent the rates of exchange actually used in trading transactions from undermining the fixed agricultural

prices, 1971 saw the introduction of the counter-vailing charges system, otherwise known as the system of monetary compensatory amounts. The absolute compensatory amount used in trading between two countries is — and this is a very important point — equivalent only to the difference between the intervention prices and not the difference between the actual market prices applying in the two countries. It is, if you like, only a partial compensation at the frontier. The fact that producer prices in the different countries do not, as experience has shown, behave vis-à-vis each other in the same way as market regulation prices converted into national currencies means that shifts occur in the relative competitive positions of the individual countries.

In general terms — and this is shown by the various studies — the MCA has always been particularly important in creating fair competitive conditions when the market prices for a particular product are on the low side. The results is, ladies and gentlemen — and I am sorry that the President of the Commission cannot hear these comments, since they relate to questions which he dealt with — that the idea of an automatic adjustment mechanism as sometimes bandied about, is doomed to failure and that the MCA system must remain in force until the Economic and Monetary Union becomes a reality. Equal competitive conditions will then be created on both the marketing and production sides, but this will only come about as a result of a common economic and monetary policy.

**President.** — I call Mr Pisoni.

**Mr Pisoni.** — *(I)* Mr President, ladies and gentlemen, one of Mr Jenkins' opening remarks in his report on the Commission's programme for 1977 was the following: 'The Commission is not a government, and this Parliament is not yet a legislature.' This is a good example of the realism which permeated the entire speech by the President of the Commission, and which is certainly not going to create any illusions or arouse great hopes. We should not like to think, however, that this is to be taken as resigned acceptance of the Commission's limits — acceptance of a steadily deteriorating reality, and abandonment of the bold approach adumbrated in other parts of the speech.

Sadly, it is clear to everyone that these are not years of boundless confidence in the future. However, we do not believe that the commonplace should be accepted without an effort to discover new methods of countering it. Many speakers today have already pointed out that the President's address and the annexed memorandum seemed more descriptive than effective. The two documents list the problems, outline general principles and indicate aims and objectives. But what they lack is an indication of the methods and concrete measures to be used. It would seem that the Commis-

## Pisoni

sion is unsure of being able to reach its appointed goals, and is convinced that it has no real machinery for the task, and that what it has is in any case ineffective.

This can be concluded from what has been said concerning the failure to achieve economic and monetary union. This failure has a melancholy effect on all Community policy, from agricultural to industrial policy, and also on social and regional policy, which I should like to discuss for a moment. Mr Jenkins admits that our social problems and regional divergence cannot be solved with the resources of the Social and Regional Funds or the guidance of the EAGGF, as these are operating at a rate of about one-sixth of national expenditure in the same fields. He sees the harmonization of national policies as the key to solving these problems. But will the Commission and the Council succeed in harmonizing national policies? Will the Member States accept the Community approach? And — one further question — have any workable Community schemes been drawn up, and on what basis?

Unemployment in the Community is structural and has reached unacceptable levels. I do not want to get involved in any dispute, but I recall that it was just this morning that Mr Fellermaier was stating that the Socialists cannot accept unemployment at these levels. Let me tell him that this view is certainly not the prerogative of the Socialists, but is strongly held by everyone.

Last month Parliament passed unanimously a motion for a resolution, tabled by the Christian-Democratic Group, calling on the Commission to investigate and to adopt shock measures. In its memorandum the Commission merely states that this question will be tackled at various levels by employers' and workers' representatives within the framework of the Tripartite Conference, and that during the first half of the year it will submit a communication on employment policy. I must confess that I expected a great deal more on such an important subject; much more than a statement of the need for full employment and a reference to what has already been done, even if indirectly. I am not going to trot out data and statistics which the Commission already possesses, nor repeat what was said here in January, but I would point out that declarations of intent and hopes for the future can no longer conceal the resigned acceptance that the problem is insoluble.

Anyone with even a superficial interest in the social spending of the various Member States must have noticed the almost exponential annual rise in commitments, and we cannot fail to ask ourselves with some concern whether resources at our disposal will meet our needs. I fear not. And not simply because of the current recession, but because of the rate at which

these needs are increasing. How are we going to protect the out-of-work, the under-employed, pensioners and migrant workers who tend to inhabit the fringe areas of society? Inflation cannot be the proper remedy, even if recourse to inflation is a constant threat. If everyone believes that unemployment, the greater evil, is structural, what action is proposed for our structural problems, or at least what are the guidelines for a possible policy in this regard?

Migrant workers have been the subject of many a debate in this House, and there is still a lot to be done for them. The Commission programme merely restates some of the measures of the Social Action Programme for migrant workers and their families, only a small part of which has so far been realized. There is no mention of the European statute for migrant workers. After promising so much, the Commission has not even managed to come up with a draft of the statute. In my opinion, this is not realism but a failure to maintain unconditional promises. I am not going to list what could be done or what measures should be taken in this sector. There is not enough time for that. But there seems to be little indication in the programme of any commitment in this direction.

A part of Mr Jenkins' speech dealt with regional policy. One of the clear objectives of the Treaties is the pursuance of a policy to ensure the economic, social and cultural equilibrium of the various regions of the Community. We have failed completely to reach this objective. The discrepancies from region to region have been widening steadily, and are going to continue widening in the future. The resources of the Regional Fund show that we care, but they have very little effect. The Commission ought to tell us how it intends to coordinate national policies if this is the road to follow. We are asking if it has developed any plans, or if it has drawn up a general programme for harmonized growth which without demanding sacrifices does not help the rich grow richer. In this context, we also call on the Commission to submit as soon as possible its overall proposals for a Mediterranean policy which it was supposed to submit during 1976 and which it is at last getting down to tackling with some urgency.

Much the future of Europe depends on our social policy and our ability to propose a plan for balanced growth which narrows the gaps between State and State, and between region and region. The unemployed and the unfortunate, migrant workers, the poorer regions — they are all waiting for a concrete answer now. They are waiting for an answer which reveals a more imaginative approach, and a clear call which does not smack of lip service or defeatism, for a genuine European solidarity going, above all, beyond the continental temptation to seek selfish solutions.

*(Applause)*

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

**Mr Guerlin.** — (*F*) Mr President, ladies and gentlemen, the Socialist Group is keenly interested in the problem of consumer protection. It considers that research and action in this new field, the study of which had only just commenced, is of a fundamental importance in the construction of a modern democracy at the complete service of the citizen.

The tiny place occupied by this problem in the address delivered by the President of the Commission, who had only a few words to say on the subject, is therefore a source of some regret to our Group.

We do not think that he ignores or deliberately underestimates the importance of consumer protection in the world of today and the need to devote special attention to it in our plans and programmes, but we should like to reaffirm our intention to move forward as quickly as possible towards a solution of these problems, in full awareness of the difficulties, but undaunted in the face of the obstacles.

In order to achieve this, the Commission must obviously have the administrative means and, in particular, the staff required. The tiny department at present responsible for this sector is severely understaffed and badly organized. The Socialist Group feels that if a special Commissioner cannot be appointed, a Directorate-General for consumer protection should be set up and staffed adequately for the tasks to be performed. We must not be afraid to accept the cost of establishing an appropriate and efficient structure of this kind.

In addition, the Commission should organize consumer consultation on a sound and democratic basis, particularly for the negotiations involved in the agricultural price review, but also as regards all important issues concerning them directly, and arrange to disseminate the results of these consultations, especially the opinions of the Consumer Consultative Committee which, sad to say, generally remain confidential.

With a better-organized administration, and a greater confidence, based on contacts with the consumer sector, that its working methods are democratic and appropriate, the Commission could step up its rate of work. Our Group is aware of the action taken to date and of the preliminary programme which has been adopted and has begun to be implemented. It is aware of the many directives published or in the process of being approved or examined. I shall not therefore dwell on the concrete achievements of this action, but we must say candidly that the results are, in our opinion, poor in relation to the number of problems involved and their often vital importance.

The Socialist Group would like to see a considerable speeding up of the present policy along the sound lines already adopted. Health protection and safety,

particularly in the field of human and animal foodstuffs, and protection against damage caused by various products are noteworthy examples. This policy should concentrate on all aspects of the education and the information of the consumer, who is all too often exposed to exploitation and is an easy prey to unscrupulous sharks, as regards both prices and quality.

A directive on correspondence courses is being prepared. However, as I see it, consumer education should begin at school. Suitable didactic material should be drawn up at European level in conjunction with the consumer organizations. Above all, better use should be made of the mass media, radio and television, the penetration and universal impact of which are well-known.

We must achieve more stringent control of advertising, which is frequently improper and even misleading — at times with the inadmissible complicity of heads of radio and television — and also useful information diffused widely at peak listening and viewing times.

As for advertising itself, has the time not come to draw up — at European level, of course — a detailed and binding charter which should be written into the Commission's programme?

Lastly, the Socialist Group insists that Parliament be associated with this policy as far as possible. Parliament should also receive annual progress reports on ongoing projects and all documents recording the results of consultations with consumers.

I should like to add to these comments something which we regret does not figure in Mr Jenkins' second address and which is directly and closely connected with consumers problems: the enormous and vitally important problem of the environment.

'Man doth not live bread alone'. In order to live he needs a natural environment which provides him with the basic conditions for a normal and healthy existence. This environment is at present subject to constant attacks from modern civilization and an economic system based on profits. It is inevitably deteriorating and we have every reason to believe that the time is near when the standard of living in towns and cities will have dropped so low that urban life cannot continue and when the countryside, left to its own devices as a result of rural depopulation, will no longer be able to provide the biological equilibrium essential to the survival or, in any event, to the good health of the human race. I hope that this aspect of the problem will be borne in mind when the agricultural policy is drawn up.

That is why the Socialist Group has asked me to communicate to you its concerns, which it invites you to share. The President of the Commission is undoubtedly aware of these needs: That is clear from his first address. However, it is time for urgent action in this field.

Guerlin

That is the gist what our Group wanted to say in this debate. It feels that its hopes and its demands are neither excessive nor unrealistic. It is insofar as these demands have a concrete outcome in the years ahead that Europe will become a reality for the citizens of our respective countries, and that she will be able, with their approval and their support, to go on to fulfil her destiny.

*(Applause)*

**President.** — I call Lord Walston.

**Lord Walston.** — Mr President, as this is the last occasion on which I shall have the privilege of speaking in this Chamber, may I first of all offer my very sincere good wishes to President Jenkins and his colleagues for their future work and at the same time thank all those of my colleagues, including the officials and those vital but far too often invisible helpers in our deliberations — the interpreters — for all the help they have given during the time I have been a Member here.

Mr President, first of all may I attempt to put into proportion what we shall be debating, or you will be debating, on future occasions: that is, the new agricultural prices. In my view, this performance is no more than an annual ritual dance of virtually no significance to the long-term form of agriculture or type of production. It is, of course, important to the farmer himself to know how much he is going to get for his product, but all his plans for this year are already made, most of his crops are already in the ground and whether the price is high or low will not have one iota of influence on what he actually grows. The only short-term significance of prices lies in the fact, I would suggest that if the price, for example, for milk is put somewhat low many farmers will be forced to produce more in order to keep up their income, with a resultant increased strain on Community resources. So you have the paradoxical situation that it may well be that by reducing prices you are not in fact saving costs to the Community but adding costs to the Community budget.

I would suggest, Mr President, that the only way in which this can be overcome is by forgetting about the effect of the price mechanism on agricultural production and structure and setting out, as my colleague Mr Laban said earlier, a form of requirements over the next five years that the Community will expect from its farmers, undertaking to buy at guaranteed prices, by intervention or other means, the amount of those particular products that it requires, and offering no guarantee of price whatsoever for any surplus that may arise.

Now may I go on very quickly to the second point, Mr President, concerning the fight against inflation. Of course, farmers must play their part, as all other

members of the Community must, in keeping down prices, and I do not for a moment deny that food prices are a significant factor in the cost of living. But what we are inclined to forget is that the price the farmer receives is in no way comparable to the price the housewife pays. For instance, the German farmer receives no more than 47 % of the price the housewife pays for her milk, the French farmer only 45 % of the price she pays for her pigmeat, the Dutch farmer 35 % for poultry, the Belgian farmer 29 % for sugar, the Dutch farmer receives 22 % of what she pays for her potatoes and the German farmer no more than 18 % of what she pays for her bread. All in all, of the total amount the housewife pays, no more than 33 % goes to the farmer himself. I would urge upon the Commission, in their fight against inflation in their attempts — which I support wholeheartedly, as does my group — to keep down the costs of living and protect the consumer, to watch not only farm prices but that much wider range of prices that are added on to the farm produce between the farmgate and the housewife.

Mr President, there is one other point that I think is worth mentioning, because we hear so much about milk and the milk surplus. I am told that in spite of increases in prices in what is called the milk price, but in fact is the intervention price for butter and skimmed-milk powder, over the last two years the farmers here in Luxembourg have in fact received no increase in price whatsoever for the milk they produce. All the increase that has been paid by the intervention mechanism has gone to the two large dairies that buy and process all the milk, and that, I suggest, is one of the areas which the Commission should look at very carefully indeed.

Now, Mr President, there is only one further point that I want to make and that is to take issue with the Commission and with President Jenkins on his tentative proposal that in these days of high unemployment it may be worth retaining on the land more people than in fact are needed to produce the food.

That, Mr President, cannot be the right policy. The more people you have producing food, the more you will have unwanted surpluses, the greater will be the cost to the consumer, because the price will have to go up, or, alternatively, the lower will be the returns to the farmer himself: therefore his standard of living will fall. If we have more farmers than we need — and in many areas there are such surpluses of farmers — let us employ them not, as it were, to grow more cabbages in the kitchen-garden but to grow more roses in the flowergarden, let us have them looking after the beauties of the countryside and looking after pleasure gardens for the urban community rather than adding to the unwanted surpluses.

*(Applause)*

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

**Mr Mitchell.** — Mr President, in the short time available to me it is not possible to develop a rational argument, but what I do intend to do is to make a declaration of faith on behalf of the Socialist Group. We have had many speeches here today from all sections of this House putting forward ideas of the future type of Europe that we would like to see. What I hope, Mr President, and what my group hopes, is that just over one year from now all of us will be making those same speeches in every town and every village throughout the Community as part of the direct-election campaign.

(Applause)

Mr President, the European Parliament will be considerably strengthened when we have directly-elected MPs who are directly responsible to the electorate, to the people of Europe. And we as politicians should never forget that politics is not about economic theories; in the last resort politics is about people. And I think that is something that all of us, as Members of this House, as Members of the European Parliament, should always remember.

We very much welcome the remarks made by President Jenkins about direct elections. It is very interesting that he uses the phrase 'no taxation without representation'. That was the slogan of the settlers in America at the time of the Boston Tea party. The result of that slogan was the United States of America. Perhaps there is an omen there somewhere for Europe.

Mr President, the Socialist Group believes in direct elections. The Socialist Group believes that these elections should be held in 1978. I think the message that should go out from this meeting here today is a message to all national governments requesting them to do everything in their power to deal with their national legislation and all the rest so that we do have direct elections in May 1978.

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

**Mr Noè.** — (I) Mr President, ladies and gentlemen, Mr gentlemen, said in his address that he intends to treat the present Parliament as he will treat the directly elected one. In other words, he intends to develop a frank exchange of views with this Assembly. With the same degree of frankness I have to inform him, on behalf of the Christian-Democratic Group, that we do not agree with the main part of his speech concerning energy policy.

This main part deals with the short-term view — by this I mean our attitude towards nuclear fission power stations. Two factors have to be borne in mind here before any decision is reached. Firstly, there are no

viable alternative sources of power in the short term. I could go on at great length on this point, but instead I shall just mention a comment made by Mr Hirsch, Vice-President of the most important centre for the study of energy problems, the American Energy Research and Development Administration, and their expert on alternative sources of energy. He said that all these alternative sources have their positive and negative features.

Public opinion sees only the positive features and ignores the negative features inherent in each of these alternative sources. It is my bounden duty to make this situation clear. The other factor which has to be considered is the need to achieve a reasonable increase in gross product if we are to reduce the pockets of under-development which still exist in some regions of the Community, if we are to take effective action to combat unemployment, and if we are to make a real contribution to countries of the Third World.

Theories of zero growth have now been abandoned even by the eggheads, for example in the Club of Rome. If I may quote one figure, a growth rate of 4 % is forecast for the Member States of the Community in the next few years. If gross national product rises by 4 %, given that all these elements are closely interwoven, this will mean that we shall have 6 % more electricity available. I refer to electricity because nuclear energy is used to produce electricity. The two figures of 4 % and 1.5 % — the coefficient of elasticity to arrive at 6 % — have been worked out, for example, by the French *Commissariat au plan*. Now, if these figures are to be achieved, we have to get cracking on our nuclear programme, since we have no other choices. If we do not, we could find ourselves up against considerable social unrest.

Last Monday I took part in a round-table discussion in Milan on the probable consequences of an energy shortage. Professor Silvestri put forward a figure of 7 % as the shortfall in year 'X', sometime between now and 1985, and asked what the consequences would be. Europe is covered by a grid which enables countries to pool reserves of energy and draw on them when needed. With this grid seasonal surpluses of energy can be passed from one country to another, but genuine energy trading is not really possible. If each country does not draw up a programme on the basis of the figures I quoted just now, restrictions will have to be imposed, first for domestic and then for industrial use. The consequences will be fearful.

Just to give an idea of the consequences, let me give an example: electricity accounts for about 3—4 % of industrial production costs, but if the power supply is disrupted the loss will immediately have to be multiplied by a factor of 30. In other words, we shall lose goods equal to 30 times the value of the lost electricity, 30 being the ratio between 3—4 % and 100 %.

Noè

This will be the immediate result. However, the side-effects will be much greater, although it is impossible to know exactly what will happen in a society which can no longer function. Even if we limit this 7 % to Italy, the resulting figures are terrifying. Italy produces annually 160 000 Million Kwh, 7 % of which is 11 000 million kWh.

Shortages like this cannot be met with supplies from other countries. They lead to the crisis which I mentioned earlier. In these circumstances we should have to make a definite decision, and one that is a leap in the dark.

In fact, it will not be a leap in the dark, primarily on account of the experience we have already gained. If all the nuclear power stations which have so far become operational were considered as one, it would have been operating for the last 1 200 years. In all this running time there has never been a serious incident of contamination, either of the staff in the power stations or the people living around them. This is one statistic for which there is no comparison in other human activities.

Then there is the knowledge we have to have before we can express any judgement on all that has occurred in the safety field. The President of the Commission emphasized the external aspects of nuclear energy, but in this context what better approach can the Commission adopt than to persuade the Council to approve the programme of joint research centres which it has locked away in a drawer somewhere and which covers a large proportion of the research on nuclear safety? Why are we doing nothing? The programme is stuck there, inexplicably linked to the choice of a site for the JET project. If we really want to improve safety, we have to get this programme moving and thus encourage the scientists to fight for something worthwhile, for more thorough investigation of safety problems. I feel that an initiative of this kind would have some real meaning.

Of course, we have to continue our work on safety problems connected with the final part of the fuel cycle. There, too, more research has still to be carried out. It has to be undertaken with determination, bearing in mind the two factors which I mentioned earlier and which we sometimes attempt to tackle with stopgap measures. In Italy, for example, the hold-ups in the nuclear programme have forced us into the hurried construction of gas turbine reactors. They are cheap, but they consume a lot and each kWh generated is a burden on the Italian tax-payer. In fact, it costs anything up to 14 lire to generate one kWh, since these reactors use diesel-oil which is even more expensive than petroleum in comparison with nuclear energy.

Quite frankly, I do not agree that we should sit on the fence. We have to answer for what happens in the future, and we must reach a clear decision and follow it through with the research I have just mentioned. I said before that all the alternative sources of energy have a negative side to them. With some systems solar energy is only available for conversion into electricity at certain times of the day, while with other systems it is only available when the sun is in fact shining.

There are still a number of major problems to be overcome with regard to geothermal energy. If we forget for the moment the limited availability of natural steam, we have to use 'hot rock' methods which involve splitting subterranean rock on a massive scale. This is immensely difficult and there is a risk of inducing earth tremors if the stress on this subterranean rock is so great that it results in massive shifting. Why, then, must we be so critical of proven nuclear technology when the alternatives are so hazardous?

Finally, Mr President, there is nuclear fusion. There is no negative side to this, but there are a number of problems still to be overcome, and these are much more difficult than those connected with other energy sources. But in the face of these problems we have come to a standstill, and have remained immobile for a year. Because we do not know where to site the project we cannot get on with it because we do not know where the power to feed this experimental centre is going to come from.

So, here again, we have a contradictory situation. This is an alternative source of energy with no negative features, just one or two problems, and yet we have come to a stop.

I am not going to say any more because we have already spent enough time discussing the JET project. What we need now is a little bit of give-and-take. The ministers have changed, and the British have followed the Dutch. Obviously they must have the time to study the documents, but this House, if it is going to be consistent, will then have to insist absolutely on a solution to the problem.

I shall not go into details now but merely ask the Commission — if indeed we want the Community to stay in the lead in the inevitable development from fission to fusion — to make it possible for the joint research centres to play a significant role, either in physics or engineering, with the immensely difficult research which must be carried out into materials.

(Applause)

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

**Mr Aigner.** — (D) Mr President, ladies and gentlemen, in view of the short time available, I

## Aigner

should like to restrict my comments to four problems concerning mainly finance, the budget and institutional questions. I am sorry that the President of the Commission is not in the House but perhaps I might ask Mr Natali to convey to him a request from my Group — and this is a short-term objective — that the Commission do everything in its power to achieve the full and genuine financial autonomy of the Community. Mr President, those who have had direct experience of the conciliation between the Council and Parliament know how difficult it is to formulate the will of the Community if this is blocked by, for instance, Cabinet members or by final decisions taken in Rome, Bonn, Paris or elsewhere. This is the real criticism, and can only be dispelled by the achievement of full financial autonomy, in practice as well as in theory. The Council should once again become an organ of the Community instead of giving the impression, as it does today, of being — as the Bavarians put it — a collection of unreliable horse dealers. This is why we need full financial autonomy for the Community, meaning not only that we must increase our income to a value added tax of 1 %, but that we should above all conduct an autonomous financial policy at Community level, with our own income and expenditure. I am aware that this is a hot potato, but when we merged the executives, there was widespread optimism about merging the Treaties within two to three years at the very most. And how many years have gone by since then? I would have liked to have asked the President of the Commission what his intention was — whether he had buried the plan, as the old Commission did, or whether, with the new Commission, he intended to reopen the discussion on the fusion of the Treaties

Mr President, as regards financial policy, the fusion of the Treaties would have to give the European Community a constitutional structure similar to that which the Coal and Steel Community originally enjoyed — both in theory and in practice — and which was later unfortunately watered down. What we want therefore is fusion, a constitutional structure and — as a result of the fusion — financial autonomy as set out, for example, in the Coal and Steel Community Treaty.

However, Mr President, financial autonomy will also mean the budget being implemented as passed by the budgetary authority, with Parliament having the last word. Parliament is responsible for approving the budget.

Once this budget has been approved, it must be implemented in accordance with Parliament's wishes. Now, we have had a large number of cases — which have raised a large number of questions — for example, what is the position if Parliament includes funds in the budget which are not covered by Council legislation? Mr President, we have always taken the line — which we should repeat unequivocally in a debate

turning, as this one does, on a matter of principle — that if an institution is in default, it forfeits its right to intervene, and the budget is then implemented in accordance with the will of Parliament. The old Commission actually did this in one case, in which its views on a political issue were identical with those of the European Parliament. The old Commission succeeded simply in implementing the budget against the will of the Council. There were, however, two or three occasions on which the Commission disagreed with Parliament, and suddenly the Commission's tough stance simply evaporated, after which the Commission took refuge behind the Council's reasoning.

To sum up then — I am glad to see you here, Mr Jenkins. Full financial autonomy means that the process of decision-making on financial matters at European level must take place exclusively at this European level and not in the national capitals. Hence this attempt to make progress in this discussion on the fusion of the Treaties.

I should like to raise a second point, Mr President, and that is the question of supervision. Once the Community has been invested with full financial autonomy, in other words once its income is raised in the Member States rather than being simply contributed by the Member States, the Community will clearly have to have complete supervision not only of Community expenditure but also of income. This will also have legal implications, and I hope that the new Commission is in no doubt at all about this. Community funds become Community funds the moment they are raised, and are not simply reserved for Community use by the Member States. In other words, full supervision, including supervision of income, lies with the Community.

Mr President, I have some good news for the House. You will be aware that at the December part-session, my Group tabled a motion of censure against the old Commission because of its refusal to submit a document to the Parliament or to an Audit Board for discussion. I know that there was intensive discussion as to whether or not it was right to table this motion of censure against the old Commission when its period of office was in any case coming to an end. However, we felt that we naturally could not welcome a new Commission into office with a motion of censure, especially in view of the fact that it was the old Commission which created the *casus belli*. We subsequently managed to reach agreement, and I should like at this point to express my sincere thanks to the Groups in this House, all of which without exception declared their willingness — following a meeting of the Bureau — to table a motion of censure against the new Commission this month if it failed to adopt a different stance on the question of Parliament's rights of supervision.

## Aigner

I am very grateful to you, Mr Jenkins, for not sharing the opinion of the old Commission and for passing these documents to Parliament to enable it to exercise its right of supervision. You may rest assured, Mr Jenkins, that we shall find a suitable procedure. If these are confidential documents not intended for the public, this House — and this is a matter for the Bureau — must work out a procedure for guaranteeing absolute confidentiality. We shall collaborate with the Commission in this. At any rate, I am sincerely grateful both to the House and to the Commission that we now, thank heaven, possess the basis of confidence which we need to enable us to exercise our rights of supervision both within the Community and vis-à-vis the Community. Mr President, I should like to make another suggestion. You are aware that we hope to have the new Financial Treaty ratified by all the parliaments in the Member States in the near future, and that we will then have a European Court of Auditors. Mr President, it is not simply a matter for the Commission, and certainly not a matter for the Council on its own, to prepare the ground for this European Court of Auditors. This is essentially a matter for Parliament as well. I should therefore like to ask Mr Jenkins to help in forming an *ad hoc* working party, or to respond to such an initiative from Parliament, so that we can get together and discuss how this European Court of Auditors can be set up. This *ad hoc* working party could consist of members of the Council, the Commission and Parliament. Mr President, I do not think we ought to shirk our responsibility in this matter.

Permit me, Mr President, to make one final point. The part of Mr Jenkins's speech which pleased me most was his reference to staff mobility and staffing policy. Anyone who reads the debates and the records of budgetary consultations of recent years will realize that this question has always been of particular concern to this Parliament and to the Committee on Budgets. Mr Jenkins, you soon find out that, as in any large administrative authority employing 8 to 10 000 officials, there are, as we say, officials and officials — in other words, people are different. Mr President, mobility means finding the right man for the right job, and really finding the right job for each person, even though this may mean as many as four or even five tries; every person has his uses, so long as the spirit is willing. We all know of course that there are people who think they have sold their backsides rather than their heads to the Community. We just have to find out by experience who these people are. What has to be emphasized here is performance; and there are plenty of people who are paid not for their heads but for the other part of their anatomy they place at the disposal of the Community. I should therefore like to express my full belief in the principle

of performance and merit in the Community, and at the same time to sing the praises of the Community officials, as the overwhelming majority of them are more than averagely committed to the cause of European integration, and a sincere word of thanks is due to them at this point.

Mr President, we all of course have to suffer — and I now really am coming to the end of what I have to say — from the fact that the Community resources are much too small for the work to do. But, Mr Jenkins, anyone who simply demands money from the Community without a corresponding willingness to improve the Community institutions and make them capable of taking decisions and assuming tasks surrenders his credibility. And when you call for regional policy, energy policy, research policy and more solidarity in the Community, ask yourself every time: am I also prepared to help in building up this Community so that it can use this money efficiently and so that the Community may grow and not wither away. We have unfortunately got stuck in the doldrums. I hope, together with my Group, that you and the new Commission will succeed in reaching new shores.

(Applause)

**President.** — Mr Deschamps, if the House agrees, I am willing to allow you two minutes' speaking time as the last speaker on behalf of the Christian-Democratic Group.

I call Mr Deschamps.

**Mr Deschamps.** — (F) Mr President, you must realize yourself that this is impossible. The amount of time you are allowing me bears no relation to the importance which I and my Group attach to this problem of the developing countries.

However, let me first congratulate the Commission, which has not been slow to recognize the importance of this matter. If I may, I shall comment briefly on the essential points Mr Jenkins raised in his address.

You told us, Mr Jenkins, that you would continue efforts to improve the system of generalized preferences and seek to perfect its role as a means of channelling assistance to those countries in greatest need, that is, to the developing countries. You have said, and you will know, that the developing countries are not making use of the opportunities which this improved system of generalized preferences offers. You have told us that the Commission is going to increase the number of seminars, and that a handbook on the GSP is to be published for the benefit of the developing countries. In addition, you have received from us a proposal for the creation of a body to promote trade between the developing countries and the EEC. This was contained in the Sandri report. The Committee

**Deschamps**

on Budgets felt differently, and we decided this morning to meet them in the hope of reaching some agreement. I believe it will be possible, and I am counting on the efforts and the support of the Commission in this.

You also told us, Mr Jenkins, that the Commission is going to further implement and develop the Lomé Convention. I am grateful for this, since I feel that this is the most positive step we have so far taken in the field of development aid. It is here that I should like to suggest three areas of action.

You said that the Commission intends to ensure that the Lomé Convention is respected. What this means, at the moment, is that we have to pay careful attention to the guarantees we have given the developing countries on the subject of fixed imports of sugar. You are aware of the problem which has arisen with the appearance on the market of a new type of sugar which is interesting European beet growers. I hope that when you come to consider this problem and the legitimate interests of our own beet growers, you will not forget those of the developing countries to whom we have made certain commitments under the Lomé Convention.

You have told us that you want to speed up industrial cooperation. I am grateful for this, too, as so far we have got nowhere in this sector. But the head of the Centre has just been appointed, and I hope that some progress can now be made, in line with your promises.

You said that the Lomé Convention is to be developed further and that negotiations are to get under way for Lomé II. Here again, I congratulate you on this. The decision was needed, and at the same time it is the seal of approval for these who worked to achieve the Lomé Convention two years ago, and those who in the past two years have been implementing it.

You also said that you intended to extend the Lomé Convention. I have no argument with this, but may I ask you to be careful that we do not end up with administrative problems similar to those besetting the three applicants who are currently negotiating accession to the Convention? On this point, I should like the Council as well as the Commission to take note. There should be no administrative barriers to the accession of those who want to join us in the 'Lomé Community'.

I am now coming to the end of this review of the situation which has perforce been very brief. You answered the criticism of those who worry about the poorer regions of the Community and who wonder if these regions are going to suffer in some way or another as a result of our commitments to the countries that signed the Lomé Convention. You success-

fully silenced their criticism by pointing out that concern for the developing countries and for the poorer regions of Europe is indivisible.

I have read and listened to your words, Mr Jenkins, and I believe that we shall soon have the opportunity of reminding you of the pledges and promises you have made during this first meeting with Parliament.

Mr President, in thanking you for having listened to me during these two minutes, I should like to add that I intend to deal at greater length with these problems at a later date.

*(Applause)*

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — Mr President, though I am among the very last speakers in this long and interesting debate, I am certainly not among the least sincere in congratulating the new President on his high-minded and important address. He touched on many subjects, but I would like to deal particularly with the responsibility that I had in this Parliament in recent years namely economic and monetary union.

I regret that this has not been a successful aspect of the work of the Community in recent years, and I think that it is easy to diagnose where the mistakes have been made. It seems to me that our approach to economic and monetary union has been at the same time too restricted and too ambitious. It has been too ambitious because in the policy of the snake it set the demonstrably unattainable target of immutably fixed central rates. It has been seen that even the strongest economies are not able to reach that target.

But the policy has also been too restricted because of its preoccupation with exchange-rates to the exclusion of other, equally vital, aspects of economic and monetary union of a truly fruitful kind. I believe that absolute fixity of the exchange-rate, without achieving the benefits of a true economic and monetary union, is a dangerous objective. But it is certainly within our powers to devise, and to operate, a monetary convention of cooperation which can be followed not only by all Member States but by our close trading partners outside the Community.

There have been rays of hope in recent weeks in the response from the Council to the proposals put forward by Mr Duisenberg. We implore the Commission to give every possible attention to new approaches to economic and monetary union on the basis of a multi-currency system operated on civilized lines.

We need to think about interest-rate structure. We must not shirk the question of wage-rates; ultimately our Community must be based on harmony of wage-rates as well as interest and exchange-rates. I think that we have to study the question of tax harmoniza-

## Rhys Williams

tion in the personal sector as well, as an essential aspect of economic and monetary union. Perhaps in some ways the most important of all, we need to study activity rates in all the different regions of the Community.

We have, of course, studied all these aspects; but we have not drawn them together as essential parts of our approach to economic and monetary union. I hope that the new Commission will take an overall view of the project and give it great new impetus.

In recent years I have tried to draw attention to the anomalies in our social security systems. Here, too, I feel that we are embarking on an aspect of economic and monetary union, because social security benefits and contributions are inevitably a part of the competition and wage structure and of the approach to an improved standard of living for all our citizens.

Ultimately, to obtain the benefits of economic union, we cannot neglect the poverty problem, which though, thank God, it is a minority problem, still afflicts all too many hundreds of thousands of our citizens in the European Community. I believe that European citizenship must ultimately include a minimum income guarantee which in all parts of the Community can be accepted as sufficient. I have sought to draw attention to this idea each year since 1973 in different ways. Unhappily, the Commission has been reluctant even to collate the basic data necessary to begin an assessment of the implications. But I hope that this too will be one of the new initiatives which we can expect from the new team.

The ideal of harmonized social security benefits and contributions is, of course, a distant one, but even if we approach it gradually we can see that it may have important implications for regional policy, because it offers the opportunity of carrying out regional policy at the personal level where it can be most immediately effective. And it also has implications for the common agricultural policy because, by introducing subsidies for families, we can help to eliminate family poverty on the land without resort to higher prices and the inevitable production of agricultural surpluses which follow from paying prices which are really higher than the market demands.

I would like to add a few words on the subject of energy. One essential condition for the restoration of economic stability, for a return to full employment in the Community and the continued employment of coming generations is the securing of energy at consistent prices from controlled and reliable sources in the desired quantities. The Community's direct and indirect research programmes are essential elements of the medium and long-term energy objectives. Even though the commercial viability to establish our ability to control fusion *must* be built now before the Community loses its technical lead over the United

States and the Soviet Union. The European Conservative Group places great importance on the go-ahead for the JET project by the Council. In the short term, each Member State must be encouraged to husband oil and gas as chemical feedstock. The Commission's proposals to encourage the construction of coal-fired power-stations and nuclear power-stations will find whole-hearted support, for they are the means by which economic activity and heat in our homes continue to be normal facts of life.

Mr President, I would like in closing to touch on one aspect of the President's speech which I don't think has been dwelt upon by other speakers, and that is the efficiency and happiness of the Commission's own staff. I have spent some years in the study of organization for work, and I have the feeling that the Commission itself is beginning to show examples of ways in which its organization could be improved. I do not want to dwell on this subject on this occasion, but I think that it is a concern for Parliament just as much as it is for the President of the Commission and his colleagues that the Commission staff should be so organized and motivated that their work can be as fruitful and as happy as possible. And I am sure that there will be those who work for the Commission now who will echo my fears that that is not the case at the present time.

Mr President, the new President of the Commission starts his term of office with the goodwill of Parliament and particularly of his British colleagues. I hope that his tour of duty in Brussels will prove to be a triumph and the crown of his political career.

*(Applause)*

## IN THE CHAIR: SIR GEOFFREY DE FREITAS

*Vice-President*

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

**Mr Bangemann.** — *(D)* Mr President, I have asked leave to speak because the question of the enlargement of the Community has, in the opinion of my Group, been dealt with by the President of the Commission in a very hesitant manner, to put it mildly. The points made by Mr Spicer — apparently on behalf of his Group, I should like to stress — do not meet with our approval. We do not think that the question of the accession of new members to the European Community should be dealt with in this spirit.

Of course, no-one can be opposed to realism, and no-one will want to criticize the Commission for taking a realistic attitude to such negotiations and, above all, as the President of the Commission has said, for genuinely aiming to solve problems rather

**Bangemann**

than simply papering over them. That is a natural and, in our view, essential attitude. The decisive question, however, is that of the criteria and objectives by which these membership applications should be judged, whether they concern Greece or Turkey, whose applications are based to some extent on rights already accrued, or new states such as Spain or Portugal. He would undoubtedly be wrong if these applications were to be dealt with only from the point of view of whether they might cause economic difficulties for the Community, in other words, if one were to try to safeguard the relative prosperity of the Community by excluding other countries. Moreover, this point of view can apply only to a limited extent: the question is not simply one of economics, neither does it concern the way in which such negotiations might adversely affect the institutional balance or the prospects offered by the institutional structure of the Community. The point is, Mr President, and I should like to state this unequivocally on behalf of my Group to reinforce what Mr Berkhouwer and Mr De Clercq have already said: as far as the Liberal Group is concerned, the accession of new members to the Community turns on the central question of whether we can thereby strengthen democracy in these countries and at the same time strengthen our own Community. This is the decisive question. It seems to me that we would be doing an 'I'm alright, Jack' if we, as functioning democracies with no fundamental problems, were to bar entry to these countries which have, like Greece, reinstated democracy in the face of great difficulties, or, like Spain or Portugal, are on the way to doing so: and this in the clear knowledge that we would thereby be doing their democratic development no good and, indeed, would be doing it certain harm. This appears to me, Mr President, to be the essential point, and I should therefore like to state quite clearly on behalf of my Group that regardless of whatever economic problems may arise, these problems must be solved. Regardless of what effect this may have on the Community institutions, with goodwill we shall be able to make headway.

We attach priority to the question of whether or not the granting of membership will lend support to the democratic development of an applicant country. And we are all perfectly well aware that we must foster the democratic development of these countries and that this can best be done by giving them the chance of membership.

Mr President, I am pleased to be making the final speech in this debate — accession is dealt with at the end of the programme, before the statistical improvements, which seems to be to me a rather odd order of priority, but this is just by the way — and I should like to take this opportunity right at the end of this

debate to summarize the problems once again as follows: The European Community will not be in a position to defend the concept of democracy in Europe and in the world if it closes its doors to other countries. We would thereby not only run the risk of forcing these countries to put their democratic development into reverse, but would also jeopardize our own democratic development.

Democratic governments are in a minority in the world. Democracy as a form of government is constantly endangered and we, the European Community, bear this heavy responsibility of supporting and fostering the concept of democracy in our own Community and in these countries. For this reason, Mr President, my Group supports the idea of accession and supports each and every country which wishes to join this Community to further its democratic development and thus to further the cause of democracy.

**President.** — I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, I thank the Members of this Parliament for the contributions which they have made to this debate and the comments which they have made upon my speech over the past, I think, 6½ hours of debate. Except for a brief interval towards the end of the afternoon, when I thought it necessary to go out for a short time and try to collect my thoughts a little and put them into some sort of framework as to what I had heard previously, I think I have heard at least some part of every speech which has been made, and the whole of by far the majority of the speeches which have been delivered. And I think I can say with complete sincerity that I have found them constructive, occasionally critical but constructive and exactly the sort of response I would have expected from this Parliament. I have throughout been interested, I have sometimes been provoked, I have sometimes been encouraged, But I have never been bored with the speeches. And what is perhaps even the highest test — occasionally they have shone a shaft of new light on to some path ahead which was previously obscure to me. Because let me say that while approval is not always given to the Commission, I welcome the confidence, the almost excessive confidence, which is reposed in the Commission by the underlying assumption that the Commission necessarily knows all the answers to the problems of Europe and it is only through some perversity or lack of courage that we do not reveal them to you. That is not entirely the case, and I certainly look to this Parliament not merely to support, criticize, provoke and encourage, but also to give us the ideas which we occasionally, like any human body, lack.

## Jenkins

Now, I turn first to the point of relations with this Parliament which was raised by Mr Fellermaier in his opening speech this morning, which I greatly appreciated, and then touched upon by many Members who spoke later. I have said, and I stick very firmly to this view, that there is and should be a natural partnership between Parliament and Commission. I do, however, as one or two Members have indicated that they may misunderstand what is in my mind here, wish to explain what I mean here. I do not mean that I think that Parliament should in any way be the subservient body of the Commission. I once wrote a book with the slightly satirical title *Mr Balfour's poodle*. I have no desire to try and turn this Parliament — it would be a very unsuccessful attempt — into Mr Jenkins's poodle or anybody else's poodle. I do not wish the relationship of the Commission and Parliament to be that in which one tries to manoeuvre the other. I believe that there is room in our partnership for occasional argument, for bickering, maybe it may even come to quarrelling — though I hope very much that that can be reduced to a minimum. There is no need for us to pull our punches in dealing with each other. What I mean is that in a more fundamental sense there is a community of interests between us. Of course the Council is a very important part of the triangle of Europe. No one will deny that for a moment. But I believe that, if anything, as the Council represents the national governments whereas we represent the European interest as a whole, there is greater natural affinity of interests between Parliament and Commission than even between Commission and Council, between Parliament and Council. And that is, and will remain, my view. I hope and believe that we can work on that basis.

Mr Russell Johnston in his speech this morning made some rather pessimistic comments about the future. I listened with great interest to what he had to say; that the directly-elected Parliament would necessarily be more nationalistic than the present Parliament. I am by no means sure that will be so. I think that it is a pessimistic view. And I do not believe for a moment that it necessarily follows from direct elections. I believe firmly that direct elections will fortify the European interest, as they will certainly fortify the democratic nature of our institutions.

This morning Sir Peter Kirk raised the question of political cooperation and the fact that I had not greatly commented upon the political institutions, apart from political cooperation, of the Community. The Commission certainly puts great weight on the importance of political cooperation. The nine Member States will, I hope, continue to work increasingly as a Community and the Commission will work with them. But our rôle in the activities founded upon the Treaty is necessarily at the moment more central than our rôle in political cooperation. That other rôle —

political cooperation — we will carry out forcefully and, where we can, we shall reinforce it. My colleagues concerned and I were of course present at the recent London political cooperation meeting, and the Commission involvement here is an accepted fact and one from which we intend to go forward.

Also arising out of this was the question whether I should not, perhaps, have commented more upon questions of political institutions within the Treaty, upon the working of the Council as it has developed over the past few years, as it has proliferated into, though still in theory one Council, in practice a number of different Councils. Also the question — though that is not strictly within the Treaty — of that new body, the European Council. What I would say about this is that I think that on these matters, which are of great importance to the future of Europe, I would like, if I may, to gain a little more experience about their actual working. All matters within the Commission are for collegiate decision but there is no Commissioner who is specifically charged with these matters other than the President.

Therefore, I would like myself to have experience of the work within these bodies, to attend a European Council for the first time, to attend a few more meetings of the Council of Ministers. But what I can assure the Parliament is that, when I feel it right to speak upon these matters, I will not hesitate to do so. It may well be that the European Parliament will be a very suitable forum in which to do so.

*(Cries of 'Hear! hear!')*

Mr President, I come next to the extremely forceful speech which was made by Mr Bertrand on behalf of the Christian-Democratic Group this morning. I thought it was a speech, if I may say so, in the great parliamentary tradition. It was not so much that he posed questions, he said I had posed questions and he accused me of not having answered them. And up to a point he was right. I did pose some questions without having answered them. He really asked for a complete blueprint for everything we were going to do in the immediate and indeed the medium-term future. I make no complaint at all about his asking for that. He set us goals, he set us a line at which we ought to aim.

I shall certainly cherish in my mind the fact that if we can get to a position in which Mr Bertrand could not make that speech, then we shall indeed have achieved a great deal.

But I think, if I may say so, he was asking a little much by expecting that all these questions could have been answered by Tuesday, 8 February 1977, four weeks and five days after the new Commission took office, with a great number of organizational matters to settle during that period. I could in fact go a little beyond that and say that I myself could only possibly have attempted an answer, had I been willing to proceed without any regard for the opinions of my

## Jenkins

fellow Commissioners, without regard to the collegiate nature of the body to which I have said throughout that I attach and will continue to attach great importance.

Mr Bertrand, at the beginning of his speech, taking a point which I fully understand relating to the political balance of the Commission, said he hoped I would pay particular attention to the position of certain Commissioners for this reason. The answer I give him is that I will give the greatest attention to the position and views of all Commissioners, and I certainly do not propose to pre-empt Commissioners and, before their recommendations are considered by the collegiate body, to announce what I as President think the decision will be or ought to be upon those proposals. That applies very pertinently, if I may say so, to the particular question which he raised in saying that I posed a number of questions, and that by the form in which I posed them and by the answers I hinted at, they opened some new areas of discussion, at least in this field, relating to the Common Agricultural Policy. As I think the House is aware, the Commission has to meet tomorrow in Brussels in order to deal with precisely this problem. The House is also aware that Mr Gundelach, the Commissioner responsible, has borne a very heavy burden over the last few weeks in relation to the ongoing negotiations on fisheries. It really would not be possible, and would not be the behaviour which in my view would be right for a President, were I to come down here and, the day before we meet, to consider Mr Gundelach's proposals, to announce what I think ought to be the answers and what the proposals ought to be. To some extent I think that also goes for the extremely pertinent questions which were posed, I think, towards the end of this morning by Mr Laban, who put forward three very substantial questions which could certainly, in due course, be answered, but must be answered when we are able to present our proposals for this year's agricultural prices and indeed to look rather beyond that, as I hope we shall be able to do in the course of the next few months.

We shall, I hope, be able to present our price proposals in good time — better time than has sometimes been the case in the past, and the Parliament will have a good opportunity to discuss them. We shall attach great importance to the views which the Parliament puts forward.

Now the next point to which I turn is the question of issues with which I did not deal in the course of my speech. To some extent these related to issues of detail, but not entirely. To some extent they also related to issues of the broadest possible principle. Mr Clerfayt, for instance, said that I had not spoken at all about the question of European Union, and, building on that, he offered a few critical comments about what he regarded as an over-pragmatic approach. I, as a

matter of fact, have never been particularly attached either to the word 'pragmatic', which indeed has been banished from my vocabulary, for reasons I will not for the moment go into, for the past ten years, or to an excessively pragmatic approach. I believe that pragmatism without principle can easily lead one into a bog without a way out. But I do not think he is quite fair — though no doubt entirely unintentionally — in saying that I gave no indication of attachment to European Union. I did, as Members will recall, have the privilege of addressing this House for the first time four weeks ago at the January part-session, when I spoke in quite specific terms about my attachment to that aim and about the precedence which I gave to political considerations leading in precisely that direction. I must, if I may be permitted to do so, say a few things to the House about the form of speeches I will endeavour to deliver. I think that on Tuesday I was quite as long as I ought to be. I propose to try very hard never to address you for more than one hour at the maximum, and preferably for a much shorter time.

*(Cries of 'Hear! hear!')*

No doubt, looking back you could easily find passages in that or any other speech which perhaps weren't quite worth the time, but, broadly speaking, unless one is to make these mammoth speeches — to which one speaker referred this morning and which are rather like those delivered by the leaders of certain States which last several hours and where the audience is perhaps a little more captive than is the case here — if one is to speak for a reasonable length of time there are certain assumptions that I think one must make.

First, I hope that one may be able to take one's immediately preceding speeches as read. Indeed one should not start by having to repeat one's last or one's last-but-one speech. I hope it can be accepted that what I said a month before still remains my view. One's views must occasionally evolve, but one doesn't retreat from them within a month on major issues.

Secondly, I do not myself believe that speeches should be catalogues of details. It will not have escaped the views of Members that as an accompaniment to this speech we did, of course, publish the explanatory memorandum, the annex to this address, which covers many matters in detail, and I think it is better to let that stand and to try and pick out some of the main themes in the course of a speech.

What, however, I do take is the point which was made by several Members who spoke, and that is, that I should have referred in the course of my speech to the question of the Community's own resources and the unit of account. It is mentioned in the accompanying memorandum. It is mentioned explicitly in paragraphs 21, 22 and 39. But, nonetheless, it is of such importance, both to the future of the Commission and

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to the future of the Parliament, that in my view I made a mistake in not making specific reference to it in my speech. I apologize to the House for that, and I wish to assure the House that I regard it as being of great importance and that we shall press forward in order to try to meet the dates.

Mr President, I do not wish to continue for a great deal longer and I am sure the House will appreciate that it is not possible after a long-ranging debate of this sort for me to deal with all the points or even to reply to all the Members who spoke, but I shall try and pick out certain main themes.

I turn now to a theme which was mentioned by several speakers — perhaps more, in one form or another throughout the day — and that is the issue of the enlargement of the Community, which was quite rightly mentioned, in my view too, because this is a major issue which confronts us for the future. I wish to make it clear, because I think some possible misunderstanding may have arisen, that in the course of my speech I, in no way, wished to underplay the important political issue here involved, the importance of our giving political sustenance to nascent democracies in Europe, indeed the political imperative of our returning a satisfactory answer to these countries. I wish also to make it clear that the Greek issue I regard as settled, so far as the decision of the Council is concerned, and that the Commission is fully committed to the negotiations leading to Greek membership; and that, when I talk about looking at the position with an overall approach, I mean that we should do that rather than here forward, and not that we should try and catch back in any way so far as the Greek position is concerned. That would not be reasonable at the present time.

I also believe that, so far as Portugal is concerned, it is essential, as I say, that we have regard to Portugal's legitimate requirement for political sustenance from the democratic community of Europe. And if we are unable to give that, it would be a very considerable criticism of us. But I do not think it is unreasonable, and indeed I think it is the merest common sense, to say that in trying to arrive at a solution — a politically satisfactory solution — for Portugal, we must also look at it in a slightly longer perspective and say there will be probably other countries — there will probably be Spain, there will probably be others — and let us act in such a way that we shall be able in the future to pursue a consistent policy in relation to other countries which may make their application for membership. Nor do I believe that we should overlook the economic difficulties. We must have regard to them, not in order to erect them as excuses for turning down the Portuguese or some other nation, but in order to ensure that we move towards an enlargement on a basis which is helpful economically as well as politically to the countries which come as new

members. I do not believe that we would be serving our own interests, or those of these countries, if we ignored these difficulties. We must take them into account, not in order to erect them as barriers against giving a satisfactory political answer, but in order to make people face up to the fact — to make governments face up to the fact — by saying: if you, like us, want to give a satisfactory political answer, then you must also realize that there are economic problems to be solved and you must be prepared to play your part in helping to solve these problems. And this issue was specifically raised by one Honourable Member this morning — perhaps by more than one — saying that we surely do not believe that the Regional and Social Funds within their present scope could deal with the problems presented by enlargement. No indeed. I do not believe that anybody could possibly believe that. Indeed, I do not believe that the problems can be solved within the context even of an enlarged Regional and Social Fund. I believe it will need a wider and a newer and a more imaginative approach from this point of view. And that indeed is what we mean by exposing the economic difficulties, not as excuses for taking an unsatisfactory view politically, but in order to ensure that the political approach is backed by an adequate examination and, following examination, solution to the economic discrepancies and difficulties which do exist.

Now there was a good deal of discussion throughout the day about questions of regional policy generally, and I attach, as I have said, very great importance to the fact that regional policy should move towards a more complete and defined framework. And that is why I underlined in my speech that regional policy cannot be seen as only the Regional Fund, but that it should be seen as the geographical dimension of our economic policy as a whole. And that is why we in the Commission attach the greatest importance to the re-examination of the Regional Development Fund and, in the course of that, we will certainly consider the ideas put forward by Mr Evans and by others. And that is why too, in the reorganization of Commission portfolios, we have given emphasis to the coordination of different funds. And let me say, in reply to, I think, Mr Laban, that we do not intend to exclude the guidance section of the Agricultural Fund from this coordination. May I also take this opportunity to raise the point in relation to Mr Sandri's remark, that coordination alone cannot solve all the problems we face in this area? I fully agree, and indeed tried to emphasize in my speech, that further initiatives are therefore needed as well and that in the present financial activities of the Community there is a gap which must be filled if the Community is to be of help to the weaker economies.

Now, Mr President, I turn in conclusion to the point which was put to me by several Members, starting with Mr Bertrand this morning, which is that one

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should not be timid in using to the full the Commission's power of initiative. I can assure him that I have no intention of being timid in defending the prerogatives of the Commission, or using to the full that power of initiative. I have not come here to preside over a supine Commission and I believe, with my colleagues, that we have a great opportunity which, if properly used, can be of immense value to Europe as a whole. I do not however, judge courage as presenting ill-prepared proposals, or counting the number of times you can knock your head against a wall, or the number of times that you can score up defeats. I do not believe that the Commission should compromise before it puts forward its proposals. I certainly do not believe that it should be afraid of the Council, but I believe that it should always put forward proposals which are carefully prepared, which are in accordance with the needs of the times and which have a sufficient authority, a sufficient permanent persuasiveness about them. It will then be difficult for the Council to turn them down. And if the Council does turn them down, that does not just mean that they are cast aside into the dustbin and nobody remembers them anymore. But because they have a continuing relevance and the authority of good preparation behind them, we can go on presenting them until, with your support and that of European public opinion, we can persuade the governments of Europe that it is in their interests and the interests of Europe as a whole to accept them.

(Applause)

**President.** — The debate is closed.

#### 10. Human rights

**President.** — The next item is a debate on the report (Doc. 557/76) by Mr Jozeau Marigné on behalf of the Legal Affairs Committee on the

draft joint declaration by the European Parliament, the Council and the Commission on the protection of fundamental human rights.

I call Sir Derek Walker-Smith.

**Sir Derek Walker-Smith, chairman of the Legal Affairs Committee — deputy rapporteur.** Mr President, the report which I have the honour to submit on behalf of the Legal Affairs Committee embodies a motion for a resolution, to which is annexed a draft joint declaration by the three political institutions of the Community on the important question of fundamental rights. As will be seen there is no written explanatory statement and indeed perhaps one is hardly necessary. But I shall try to carry out my duty as stated in the report and briefly explain orally the background and purpose.

This is the latest chapter in the history of the efforts of this Parliament to emphasize the importance of

fundamental rights in the Community, to clarify and expand their definition and to improve and strengthen their protection. The Legal Affairs Committee has been actively concerned with all this work, maintaining a close rapport with Commission and Council and profiting also from the work of the European Court. As long ago as April 1973 this Parliament adopted a motion inviting the Commission to submit a report on fundamental rights and the Commission responded by submitting its report last year. This report, containing a most interesting and thoughtful exposé of the questions of fundamental rights in the Community, was welcomed in a motion in this Parliament last October which called for action in this field. Included in the motion was a paragraph urging the President of the European Parliament, in conjunction with the Legal Affairs Committee, to take every possible step to encourage the Council and the Commission to adopt a solemn common declaration.

The text of this declaration has now been agreed between the Presidents of the institutions in the form annexed to this report and I am asking this Parliament to adopt it.

It is desirable and indeed necessary to have such a declaration to emphasize the Community's respect for fundamental rights and the importance attached thereto, because, strangely perhaps, the Treaties impose no such specific obligations. The Treaties do not contain the equivalent of what we call entrenched provisions for the protection of fundamental rights. They do not specify that comprehensive protection or those inalienable guarantees which one would expect to find and normally does find, in the written constitutions of national States. There is in a word a lacuna in the treaties. Judge Pescatore of the European Court of Justice defined it thus :

The builders of the European Communities thought too little about the legal foundations of their edifice and paid too little attention to the protection of the basic rights of the individual within the new European structure. Here therefore is a question which remains open.

So, as he there says, there is a void in our Community law structure and the question is how best to fill it. First we must understand, of course, the nature of the lacuna. There is already the protection given by the Universal Declaration of Human Rights and by the European Convention Human Rights but these conventions deal, of course, with civic and political rights, which are matters of extreme importance, but we are an economic community and we need something additional besides. We need protection for the economic and social rights as well, and for this aspect of fundamental rights the Treaties, as I say, make no specific provision.

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This then being what is required, how do we set about the task of making the necessary provision for the protection of these rights? Two main methods have suggested themselves, Mr President, and to this a third has recently been added. First, there is evolution by way of case law in the European Court of Justice. Secondly, the consideration and formulation of a code or charter of Community rights and thirdly, a common declaration by the three institutions confirming respect for these fundamental rights. Today we are concerned only with the third of these matters. But obviously the common declaration in no sense replaces, or is intended to replace, the two main methods, nor does it subtract one iota from their importance. On the contrary, it is designed to support and reinforce them.

I need not therefore say more about the two major methods of approach today. I have already paid tribute more than once, both here in this Parliament and in the Conference of the European Court of Justice to the work of that court, to its proper concern with fundamental rights and to the contribution which its decisions are making.

But it may not be enough to have an exclusively pretorian approach, or as we would say in England, to rely exclusively on judge-made law. There is a need, as well, for a political and legislative approach. This is why it is necessary to consider the formulation of a code or charter. In our debate last October, President Ortolí said this:

This highlights the particular value of the idea, which several speakers have discussed, of undertaking the task, admittedly laborious but necessary, of codifying these traditions and the things which we regard as common to our nine Member States, comparing them and selecting the best from the point of view of the protection of the rights of Community citizens.

So the code or charter is something which all must consider and many, including myself, look forward to its ultimate achievement, long and laborious though the processes of its generation may be.

So Mr President, we have in essence this position. We have two major lines of approach but both are of their nature inevitably slow to yield results. What we here propose today is not of course in the same order of magnitude as those things. It is declaratory rather than executive. It is general rather than detailed and particular. But it is something which we can do now and it is something to have achieved this consensus among the three political institutions of the Community. It will, I hope and believe, help to proclaim and reinforce the attachment of the Community, of its Member States and their citizens to the concept of

fundamental rights. It will, I hope and believe, help, in the words I have used before to give to the Community a stronger base, a warmer image and a more human face. In that hope and strong belief, Mr President, I commend this report to the House.

*(Applause)*

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

**Mr Berkhouwer.** — *(F)* Mr President, Mr Jozeau-Marigné was asked by my group to speak in this debate, which concerns a question in which we all have a particular interest. Unfortunately he has had to return to Paris before the debate. The chairman of the French Senate's legal committee has therefore asked me to take his place. I shall speak in Mr Jozeau-Marigné's language, which has become a second mother tongue for me.

Mr President, may I say first of all that my group welcomes the joint declaration submitted to our Assembly today for approval and will therefore vote in favour of the motion for a resolution by which our Parliament will adopt the declaration. Sir Derek Walker-Smith, chairman of our Legal Affairs Committee, has outlined the background to the declaration. I should point out that the fact that we are now discussing this matter — which is important because if the Community shows an interest in human rights, its public image will be more human and less technocratic — is also undoubtedly due to the efforts of Mr Lautenschlager who resigned from our Assembly a short time ago. It was he who, in 1972, submitted to the Assembly a motion for a resolution expressing Parliament's concern for the protection of basic rights.

I feel that attention should also be drawn to the excellent report by Mr Rivierez, debated by our Assembly in June 1976. This report stressed how the Court of Justice had firmly committed itself to ensuring that citizens of the Community Member States were protected against any Community act incompatible with the fundamental rights recognized and guaranteed by the constitutions of the Member States.

More recently, at last October's part-session, Parliament delivered an opinion on the report by the Commission of the European Communities on the protection of fundamental rights, a report which, as you know, was drawn up at Parliament's request. In adopting the resolution contained in the report, Parliament instructed its President to cooperate with the Council and the Commission, in conjunction with the Legal Affairs Committee, in adopting — as suggested by the Commission in its report — a declaration by the three Community political institutions, Parliament

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the Council and the Commission, on the protection of fundamental rights in the Community.

Mr President, I am pleased to say that the declaration has now been drawn up. It is only on the motion for a resolution that we are required to vote directly, and this motion, although its recitals are couched in fairly solemn terms, could be regarded as fairly limited in its content, since its sole purpose is to approve the declaration. However, the implications and significance of the declaration must be clearly understood. We feel that it is both realistic and sensible from the political point of view. Undoubtedly realistic, because no reasonable person would regard the adoption of a Community human rights charter as practicable at this stage. In the recitals of the resolution we are about to adopt, it is quite rightly pointed out that the idea of a charter remains fully valid in the context of the European Union, whatever form such Union may take.

From the political point of view, it is gratifying to see the consensus of opinion between our three institutions — Parliament, the Council and the Commission — on the principle and content of the declaration. It will, in fact, be a clear and public affirmation of the importance attached to the human being in the Community. This should dispel the reservations — in our view unjustified — that may have been felt in some quarters as regards the subordination of a Community legislature to these rules essential to any legal community which constitutes a legal system worthy of the name.

I can therefore assure you, Mr President, that my group is wholeheartedly in favour of adopting the motion for a resolution before us today.

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

**Mr Rivierez.** — (F) Mr President, the Assembly has heard the comments of my two eminent colleagues who have given a full account of the background to this solemn declaration. This is an extraordinary procedure that has been submitted to the Assembly. It has been considering this question for many years now and the Court of Justice's case law work, aimed — as the chairman of the Legal Affairs Committee has pointed out — at protecting the fundamental rights of the citizens of the Community, is not the only work that has been done in this field; the Assembly has made an important contribution. As Mr Berkhouwer has said, the Assembly has also dealt with the report on this matter which I submitted in July 1976.

Of course we should really have considered drawing up a human rights charter, but this can come at a later stage. At the moment, the citizens of the Community must know that they are fully protected because the

constitutions of our Member States afford maximum safeguards for fundamental rights. The Court of Justice bases itself on the constitution offering the best safeguards for fundamental human rights, as is pointed out in the declaration which the Assembly will undoubtedly be adopting. There is also the progressive step, indirectly considered as a Community law, constituted by the Human Rights Convention which has been approved by all the Member States. My group will therefore have no hesitation in voting for the motion for a resolution before the Assembly.

**President.** — I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, I wish to make only a brief intervention on this item despite the importance which I attach to it. Both in my inaugural address and indeed in the programme speech on Tuesday I emphasized the political priority of bringing home to the citizens of Europe individually the concern of our institutions with what matters to them. It is therefore highly satisfactory that in this part-session you should have before you the opportunity of considering a text on the protection of fundamental rights now agreed between those concerned within the institutions. And I would like, if I may, to congratulate those in this House and elsewhere who have worked very hard indeed to bring this about.

The aim of the declaration is not pure legalism; it is rather to reaffirm in fairly clearly understood form the principles of individual freedom within the law which are at the heart of the Treaties in the Community. It will give me pleasure to put the text to my colleagues in the Commission and to seek, with a fair degree of confidence, their confirmation.

(Applause)

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

### 11. Community law and criminal law

**President.** — The next item is the report (Doc. 531/76) drawn up by Mr De Keersmaecker on behalf of the Legal Affairs Committee on the relationship between Community law and criminal law.

I call Mr De Keersmaecker.

**Mr De Keersmaecker, rapporteur.** — (NL) Mr President, I shall confine myself to essentials. There is a long history attached to my report: at the end of 1968 the Chairman of the Committee on Agriculture wrote

<sup>1</sup> OJ C 57 of 7. 3. 1977.

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to his counterpart in the Legal Affairs Committee on this topic, which was then placed on the agenda of the European Parliament. The immediate reason was the lack of adequate powers to impose sanctions and the need to uphold the regulations embodied in Community law, especially in the European Communities' agricultural sector. But by doing so, he also focussed attention on the overall problem of enforcing Community law as a whole. Community legislation, just like any other, should undoubtedly be enforced, and we are all convinced that this can only be achieved by a system of sanctions, whatever this system may be. It can be purely administrative, it can be based on civil law, but the best system would be one based on criminal law such as we have in all our national legal systems. Of course we might well ask whether, in legislation which aims primarily at regulating economic life, we should allow criminal law to intrude further. This could be the theme for a very interesting debate, but I do not believe that we need to discuss it today. We must, however, acknowledge that the public authorities are becoming increasingly active in regulating economic life. Unfortunately they do not always do so at the right time or in the right way, but they are doing so more and more. The Commission does so, I would almost say, automatically.

For the time being at least, the Communities' activities are principally aimed at regulating economic life and laying down appropriate standards. It is clear, therefore, that we need a system to give teeth to the measures taken, and that can be done — though not exclusively — by means of provisions similar to those of criminal law, including the imposition of penalties. But criminal law relates more to matters of individual freedom and public order and, for the time being at least, it is not within the Community's competence. It is now, of course, entirely a matter for the jurisdiction of the individual Member States. Some are even of the opinion that this is not a matter for the European Community and that it cannot and must not be allowed to become involved here. We doubt that, but it is one point of view. But certainly we must have no illusions. For the moment, criminal law does not fall within the competence of the European Communities, and that is likely to remain the case for the time being. But one thing is certain: if we want to have the Community functioning effectively and if we want to command respect for the institutions and the way they operate, and at the same time guarantee the protection of the Communities' interests, and indirectly those of the states and in particular, those of the citizens, not only in order to uphold the important principle of the need to enforce the law, but also from the point of view of the principle of distributive justice, then an enforcement system is necessary. For

this we must also make use — although not exclusively — of provisions pertaining to criminal law. And our committee has investigated this. We have not confined ourselves to what happens — although this was what gave rise to the discussion initially — when Community agricultural rules and regulations are to be enforced.

The Legal Affairs Committee has paid particular attention to the nature and the manner of application of the existing Treaty provisions, with a view to ascertaining the extent to which the Commission is empowered to impose penalties. It confirmed, as we all knew, that there is explicit provision for the imposition of certain sanctions. Some people say that the existing provisions are equivalent to those of criminal law. How they are defined does not matter in my opinion. At all events they can be applied, and they are clearly summarized on pages 9, 10 and 11 of my report. They have been used repeatedly in a number of relevant judgments handed down by the Court of Justice.

It must, however, be pointed out that these sanctions are restricted to specific areas and cases. The Legal Affairs Committee would like to urge the Commission to make the greatest possible use of these sanctions. It has done so in the past, particularly in the competition sector, and fairly recently at that. We feel that this is a real opportunity to do something.

But our committee also went into the question of whether on the basis of the existing Treaty provisions, in particular Articles 172 and 235, the power to impose sanctions could be granted to the Community on a broader and preferably on a general basis to replace the special powers which are only valid in specific cases. Either way we have opposed a very liberal interpretation, since that would conflict with our democratic tradition and the legal tradition in all the Member States, which do not apply their legal provisions, and certainly not those relating to criminal law, in an oppressive manner. On the basis of Article 235 of the Treaty fines can be imposed on legal persons in the European Community, but application of this provision is restricted in the Article itself, since it is laid down that this can only be done if it should prove necessary to attain one of the objectives of the European Community — that is self-evident — and then only in cases where there is no other possibility of enforcing the law and imposing penalties under other Community provisions. Our committee came to the conclusion, therefore, that to enforce Community law, we must for the time being still revert principally to national provisions of criminal and other law. This is a simple statement of fact.

To do this, we must appeal to the goodwill of the Member States. We must appeal to the Member States to cooperate. But we all know: formidable problems

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arise. Criminal law differs from one Member State to another, in particular with regard to the observance of Community law, its content and the method of its application in each country. There is a risk, therefore, that national legal provisions which vary in terms of content and procedure, could be interpreted and applied differently in different Member States, although they refer to one and the same action which is punishable at law. A further danger is that the legal concept of *ne bis in idem* could be eroded and that certain legal persons could be punished twice for the same offence. And there is a risk that competition could be seriously distorted by the discrepancies in the criminal law provisions of the various Member States of the European Community.

The Commission is making praiseworthy attempts to improve the situation somewhat. Moreover, on the basis of Article 239 of the Treaty it has submitted two proposals to fill the gaps caused by the differences in legislation in the individual Member States. These proposals refer to liability under criminal law and the protection of Community officials, and to joint provisions to prevent breaches of Community law. The Legal Affairs Committee, however, is of the opinion that more must be done to increase harmonization by applying Article 100 of the Treaty. Article 100 admits such harmonization.

Moreover, we must note with satisfaction that the Commission has already taken measures to harmonize provisions to counteract illegal immigration and illegal employment. In paragraph 10 of the motion for a resolution — and this is one of the important points — we invite the Commission to continue along these lines and to undertake studies in cooperation with the Member States with a view to successfully harmonizing the various criminal law provisions in the individual Member States.

Mr President, honourable Members, I would ask you to adopt my report and the motion for a resolution, which not only sets out the difficulties but also contains some suggestions which I believe offer an opportunity of making significant progress in setting up structures and methods to improve the operation of Community law. We hope that the Commission will use to their utmost all existing possibilities, especially those contained in Article 100 of the Treaty. Finally, I personally hope that the direct elections to the European Parliament will in due course lead to a new system of legislation and a better democratic basis for the general legal powers of our European Community.

*(Applause)*

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

**Mr Broeks.** — *(NL)* Mr President, honourable Members, if we regard this report as extremely important, it is not because Parliament has taken the initiative in placing the item on the agenda, nor because it proposes straightforward solutions, but simply and solely because it deals with this vital question of the Community's power to act against breaches of the provisions of Community law and its power to impose sanctions if it discovers that Community funds are being fraudulently utilized. The Committee on Agriculture once considered the question of what could be done about the fraudulent utilization of agricultural funds in the Community, under existing Community measures. The answer was naturally disappointing. This happened some years ago, so this report has a long history attached to it. Mr De Keersmaecker was appointed rapporteur, and apart from fraud, the imposition of sanctions and their equivalents to ensure the observance of Community legislation as a whole was discussed.

Fortunately, as this report was being drawn up some relevant developments occurred which this report therefore took into account. Mr De Keersmaecker has already referred to them. Naturally, the report recognizes that from a political angle criminal law in general is an extremely delicate matter in all the national states and that, for the time being, it should remain within the competence of the national authorities. However, we do now require some means of ensuring better observance of Community legislation. If we take as our starting point that for the time being criminal law should remain within national jurisdiction, it becomes all the more necessary for us to make every effort to see that Community law is applied in an appropriate and uniform manner. It must be admitted that because of the need for uniform application, harmonization of national legislations will be necessary in some cases.

However, experience at national level has shown that appropriate observance of the law is always dependent on a proper use of sanctions against those who break it. There is no doubt that this is also true of Community legislation. We should be strongly in favour of this, all the more so because the great disadvantage of national criminal law in this matter is that there are considerable differences between the Member States of the Community, both in terms of content and application. There is the danger that not only may a specific action be regarded as a punishable offence in one Member State and not in another, but also that the same offence may be punishable by a term of imprisonment in one country and simply by a fine in the other. It is unnecessary to say how regrettable this situation is.

Now there are Treaty provisions and implementing regulations which give the Community the power to impose sanctions similar to those in criminal law, but only in a very restricted field, for example in the important area of the law on competition. However, the Community has no general power to impose penalties although there are various Treaty provisions which could be interpreted liberally enough to serve as a basis for the introduction of criminal law sanctions. The sanctions imposed by the Commission are indeed not laid down by a democratically elected legislative body nor are they applied by a judicial body. However, any action undertaken by the Commission can at any time be challenged before the Court of Justice in Luxembourg. At the present stage of the Community's development, therefore, of all the Community institutions, the Commission has the widest powers for monitoring observance of the Treaties. Although they are far from adequate, the Commission must be given the greatest encouragement to use these powers to the utmost. I hope that the Commission is aware of this need. But it is no less urgent that the Member States themselves, pursuant to Article 5 of the Treaty which I quote: 'take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising out of this Treaty or resulting from action taken by the institutions of the Community'. So says Article 5. What is more, in the first place the Member States now have at their disposal adequate means of ensuring observance of Community law, and in our opinion they are obliged to apply this, but we must certainly ask whether this actually happens. The answer is frequently disappointing.

The fact that we are here discussing an own-initiative report may mean that we do not learn the Commission's opinion. Should we do so, we would welcome it, but at all events we can discuss the motion for a resolution and either agree with it or not.

It is quite superfluous to emphasize the need for what is requested in this motion for a resolution. Our group fully agrees with it, and wishes to give its fullest support to what Mr De Keersmaecker has just said. We also thank him for the considerable work he has put into his report.

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

**Mr Berkhouwer.** — (NL) Mr Chairman, since I am standing in for Mr Jozeau-Marigné, who had prepared a short French speech, I shall, with your permission, make my comments in French.

*(Speaker continues in French)*

The report that Mr De Keersmaecker has just introduced deals with a matter whose importance has already been stressed by previous speakers.

On behalf of the Liberal Group, I should like to thank the Legal Affairs Committee and its rapporteur for the quality of their work, to which the motion for a resolution on which we shall be voting shortly is the provisional conclusion.

The need for effective and appropriate sanctions against breaches of Community law raises a whole series of complex, delicate and difficult questions which have been fully covered in the explanatory statement. Without underestimating the more specifically political aspect of these problems, I think that the actual subject of our debate is primarily of a legal nature. The rapporteur makes this clear when he says that criminal law is an area that vitally affects the liberty of the citizen and the order and security of the State and when he stresses the complexity of matters relating to the principle of territoriality in criminal law.

I hope Mr De Keersmaecker will allow me to say briefly how interesting our group found his report. Indeed, it seems to me to give an accurate account of the difficulties I mentioned and is remarkable for its clarity, its common-sense approach and its open-mindedness.

All our colleagues, on reading the report, must have been enlightened on an aspect of Community law whose importance is universally recognized but which it is difficult to explain clearly. Mr De Keersmaecker has achieved this, and as a lawyer I appreciate and welcome his analysis. Common sense is an essential quality both for politicians and for legislators, particularly where criminal law is concerned. Mr De Keersmaecker's report shows ample evidence of this quality. Taking full account of the need for both the content and the aims of the legal instruments used to be integrated into the Community legal system, the rapporteur provides a detailed analysis, in the explanatory statement, of the provisions of the Treaties which can be used as a basis for such action. However, he thought it advisable to recommend that Parliament should ask the Commission to consider applying Article 100 of the EEC Treaty, although he rightly refrains from in any way prejudicing the assessment of the two protocols mentioned in paragraph 7 of the motion for a resolution.

I should also like to say, in passing, that we agree that economic offences can also be penalized partly through administrative sanctions.

This is important. Certainly the rapporteur was quite right in not mentioning this aspect of the matter in the motion for a resolution contained in the report, which deals not with the penalizing of breaches of Community law but more specifically with the relationship between Community law and criminal law.

The Community institutions should certainly give their attention to the question of administrative sanctions and the need to consider harmonization, and the

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extent to which each Member State should apply sanctions of this kind or strictly penal sanctions.

The report under consideration and the motion for a resolution on which we are to vote today open the way to further and more detailed study of the questions on which, in approving the resolution submitted to us, we shall be making a firm and definite stand.

Thus, Mr President, on behalf of my group, I should like to say that I am unreservedly in favour of adopting this report and to thank Mr De Keersmaecker once again for presenting it.

*(Applause)*

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — *(NL)* Mr Chairman, first may I thank Mr De Keersmaecker on behalf of the Commission for his detailed and painstaking report. I have read it through carefully. He has raised some pertinent questions and suggested appropriate answers. I am fully in agreement with his conclusions. The report contains the following sentence :

'The relationship between Community law and criminal law is, it may be concluded, a somewhat uneasy one which poses many problems to which there are no simple solutions.'

*(Speaker continues in French)*

This is indeed the conclusion that one reaches after reading the report. On behalf of the Commission, I should like to thank Parliament and its Legal Affairs Committee for the initiative the latter has taken ; it has raised a fundamental question which can no longer be disregarded. It may be true that criminal law occupies the position in the Treaties that Mr De Keersmaecker has indicated, but nevertheless we cannot remain indifferent to certain practical problems for which both Parliament and the Commission are responsible. We cannot condone fraud by not taking any action, and it is true that when the scope of a penal code is confined to a particular national territory it is difficult, to penalize offences committed by someone in a Member State other than his own. Furthermore, it is not always easy to take legal action against the fraudulent use of Community funds, because in the legislations of some Member States the factors constituting an offence are not sufficiently clearly defined, and as Mr Broeksx has pointed out there are certainly differences between the sanctions which make them difficult to apply ; the disparity between the various kinds of sanctions ; is a constant source of difficulty.

However, we believe that compliance with Community law is part of the Community's legal system. We must therefore give this matter our attention, and, as you know, the Commission has proposed amendments to the Treaty and to regulations to the Council for the purpose of eliminating breaches of Community law. Mr Broeksx asked whether the Commission had defined its position on the problem as a whole

and hence on its more practical aspect, as embodied in the resolution. I would point out to him, bearing out what Mr Jenkins said earlier today and on Tuesday, that the Commission is trying to reduce to a minimum the questions on which it has not defined its position. We have done so in this particular case and have formed an opinion on the resolution submitted to you. Generally speaking, we welcome it and we believe that the invitation addressed to the Commission and the Member States is both necessary and useful. I do not think I need to comment on the first three paragraphs which explain the nature of the problem. In paragraph 4, we note that we must make full use of powers conferred on us, in the light of circumstances and in the most appropriate manner. We are gratified to see that the resolution submitted to Parliament also calls upon the Member States to ensure that breaches of Community law are the subject of sanctions under their national legislations, although it is admitted that this will not solve all the problems involved.

We also note that paragraph 6 takes up the point raised in paragraph 5 and stresses the difficulties involved in the continued existence of national legal systems. We have decided to give further consideration to the protocols submitted to the Council in conjunction with the appropriate parliamentary committee. We also agree that it would be desirable to study the laws of the Member States on the criminal liability of legal persons and we shall undertake this as soon as possible. We shall give instructions to this effect and shall, of course, take the opportunity of exchanging views on this question with your committee. We have no hesitation in agreeing with paragraph 10, which invites us to consider the use of Article 100. We shall give this matter our attention. However, if we want to be practical, we should, in doing so, take account of the results of our discussions with the Council on the protocols we have submitted and the discussion with the Commission on the result of the enquiry we have been asked to conduct. There is, on our side, no problem as regards the application of Article 100.

Like the previous speakers I should like to conclude by thanking the committee and its rapporteur for the suggestions put to us, with which, as I have indicated, we fully concur.

*(Applause)*

**President.** — Does anyone else wish to speak ?

I put the motion for a resolution to the vote.

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

## 12. Community Shipping industry

**President.** — The next item is the interim report (Doc. 479/76) by Mr Prescott, on behalf of the

<sup>1</sup> OJ C 57 of 7. 3. 1977.

## President

Committee on Economic and Monetary Affairs, on the Community shipping industry.

I call Mr Prescott.

**Mr Prescott, rapporteur.** — Mr President, it is a very important industry that my committee has chosen to report on today. The report on the shipping industry appertains to the resolution we have before us put by Mr Bangemann, and I want to try and bring to the attention of the House in my oral presentation, as I have attempted to do in the report itself, the inter-relationships between a number of very important industries in Europe and the consequential effect on the shipping, ship-building and trade policy of the Community.

I certainly is a most complex industry, with many consequential effects on various aspects of industrial development. A lot of the detailed matter I shall have to leave for the report and for those interested to follow it up. I shall therefore in the limited time I have available attempt to draw out the main problems as I have seen them, and as the committee has agreed to present them through this report to this House.

The report attempts to indicate the importance of the shipping industry to the Community. Clearly, 90 % of the external trade of the Community is by sea, while 25 % of our internal trade is carried by sea or by inland waterways. Shipping makes a considerable contribution to the balance of payments of the Community and as an investment industry it was responsible for 3 300m u.a. in investments in the year 1973. It employs over 310 000 people. Therefore, clearly, it is a very important industry to the Community, particularly, to the shipbuilding industry because — an almost trite point — shipbuilding depends upon the orders it receives from the shipping industry. In 1973, a good year for shipbuilding in that sense, the Community shipping industry provided 65 % of the orders in our ship-building yards in Europe. But the problems have increased. There has been first of all a decline in the share of shipping accounted for by Community nations. In 1959, 40 % of world shipping was in the Community nations' hands. By 1975, their share had fallen to 25 %. This still represents a tremendous growth in tonnage and a tremendous growth in world trade itself; at the same time, it means a proportional decrease in the share of world shipping.

A number of problems have come together at the same time. We have witnessed the collapse of the tanker market after the boom of massive super-tankers; the reduction in the demand for oil, primarily because of the increases in prices, has had a consequential effect on the demand for tankers, and the world now faces a surplus of tankers equal to 35 million tonnes or 15 % of world market demand. The interesting thing about that from a Community point

of view is that the solutions which are now being canvassed to deal with the surplus capacity on the tanker market are those whereby the major producers and users of the tankers wish to come together, buy out the surplus and therefore regulate the market, but clearly introduce a monopolization of a very important part of transport. Clearly that would be against the principles of the Treaty, and something that we in the Community would have to look at very closely.

The second important problem in the shipping sphere is the flag of convenience, whereby lots of ship-owners in the industrialized world, anxious to get further profits and avoid their obligation to pay tax, employ cheap labour at scandalous wages on what some unions have called 'slaves-ships', picking up crews wherever abundant supplies of cheap labour are available. This has led to losses by flags-of-convenience countries, who have no maritime heritage, of up to four and five times the tonnage and the number of seamen's lives lost by the traditional maritime countries. And, of course, there is also the problem of transferring of flags on ships from European fleets.

The third problem is the development of the Comecon fleets, which, for a number of reasons, have seen a 400 % expansion over the last 15 years. They present problems in that they arrive at economic costs far different from those of the capitalist ship-owner, since insurance is a major part of the operating costs of a Western ship but not of a State-owned ship, which is therefore in a very different position from the point of view of competition. The interests of the Comecon countries have been mentioned in the debates today. They are in debt to the extent of \$ 12 000 million to the Western countries. They are desperate for Western currency, and because of that trade imbalance they find it easy to build ships and to take the trade away from the traditional, in particular European, shipping owners.

As for these, we can witness problems in the internal transport policy of the Community. The wages in some countries, such as Great Britain, are half the average for the other European seafarers. Yet the freight rates — whether for a French, British or German item of cargo — are the same. This means that the British ship-owner makes considerably more out of the agreement on prices by keeping wages low. That clearly is not a very acceptable situation and is a matter for us to look into. I catalogue in the report the social legislation measures agreed between all our countries in the ILO. Many of them have not been implemented by Member States of this Community.

There is a lack of development in the integration of transport policy. Just as an aside to the Commissioner, I would say that while the Socialist Group was meeting in Dublin it received Irish and British seamen who were concerned about the ferries running between Fishguard and Waterford: they had begun to

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see the unfair competition that they faced and the possible closing down of these ferry-routes, with self-evident effects on the poorer areas of both Wales and Ireland.

I hope the Commissioner can say one or two words tonight on how he views the integrated part of the transport connections between Member States of the Community — in this case, particularly Ireland and Great Britain. I hope I can give him a report after this meeting, and we can arrange a meeting to discuss this in greater detail.

The third feature of the interdependence which I have sought to develop in my report is that, if one wants to do anything about the shipping industry, one cannot do so without an integrated policy for the shipbuilding industry, which at present is in a state of crisis. But equally so, there is another part of that policy which is just as important, and that is trade policy. That is probably best seen in the fact that all the nations of Europe and the Community are signatories to the UNCTAD liner conference agreement, in which we agreed to help the Third World to increase their share of shipping: the United Nations agreed this increase in their share from 7 % of world shipping to 10 % by 1980. But that share has not increased one iota, because the traditional ship-owners, particularly in Europa, are resisting it. And I quite understand that they should want to resist it from their own point of view.

But the political reality for Europe is that, if we believe in the Third World, if we sign conventions and undertake obligations and then openly ignore these obligations for sharing maritime trade between the rich world and the underdeveloped world, we shall reap the whirlwind of their resentment.

I have mentioned in the report that it is possible for the Community to take an initiative in foreign policy and to have this conference reconvened in order to reconsider the whole policy of shipping distribution. Because, politically, a convention requires a certain number of countries and a certain tonnage of shipping to become operable. The nine nations of Europe, taken together, and the tonnage owned by these nations provide the number and the amount which are required to make that convention operable.

Therefore the Third World may well say to us that the reason why this convention is not being carried through is that Europe, whilst signing it, cynically refuses to observe it. This is a point which the President of the Commission was at pains to make clear to us in an excellent speech today, much of which I disagreed with, but, was a very good speech which; and if we do not give that point due recognition we shall in fact face serious difficulties, particularly if those Third World countries begin to say, 'We will put our cargo into our ships. We will get ships from flag-of-convenience countries, or hire ships.' They will undermine the whole structure of world trade by the trade war that will take place in shipping, and there-

fore undermine the whole development of the industrial world. This, indeed, the President expressed in his speech when he said that the desire to have demand in our economies without inflation could possibly be achieved by helping the Third World to develop their economies and thenceforth give demand to our own economies without the proportion of inflation normally associated with it.

It is an interesting idea. It is almost a colonialist idea. But it is one which, while worthy of consideration, would be undermined if we lost the goodwill of the Third World. So, therefore, one of the important points in our report is to emphasize the interdependence of these various sectors.

The final section of my report concerns that sector which is undergoing a major crisis at the present time — that of the shipbuilding industry. For example, the share of shipbuilding enjoyed by Europe has fallen from 51 % in 1960 to 22 % in 1975. But the opposite has happened in Japan where it has increased from 22 % over the same period to 51 %. This industry is very important, providing work for over a million of our people in addition to the 400 000 directly employed in the industry itself. It is also often located in underdeveloped areas with considerable unemployment problems. We cannot allow it to be said that market forces have now decided that Europe will no longer build ships and that we will now leave it to those who are the most specialized, namely the Japanese.

I have tried to itemize in my report the reasons why they have enjoyed that advantage. It is not an argument to say that the British yards are less efficient than others, though clearly there is some truth in that. But the Swedes and the Norwegians with equally as efficient yards as the Japanese are facing exactly the same problems today from the threat that comes from Japan. We have seen a collapse because of the fall in demand for shipping in the world market itself — 35 million tonnes in 1975, reducing on an estimated average for each of the next four years to between 10 and 13 million tonnes.

Japan is producing ships 45 % cheaper and it is still managing to get over 50 % of the world market. Indeed 70 % of European orders in November went to Japan. Western Europe itself will thus have 2.5 million tonnes of shipping instead of 8.5 million in 1975, a cut to a quarter, with social and economic consequences in all our countries. A discussion is at present going on — and I have a report on it here — in which Commissioner Davignon took part and in which we have been pleading with the Japanese. A number of ideas have been put forward. In Britain there is talk of making up the difference between the price quoted by the Japanese and the price if you bought it in a European yard. That is almost like a £10 million subsidy on a £30 million ship. At a time when we are cutting back on hospitals, schools, social expenditure, that is a crazy way which we cannot contemplate or endorse.

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Another idea is in the OECD report quoted in *The Times* saying that Japan offered today to increase the price of its ships as a part of a three-tier deal. It would be a good basis for discussion, it said, and in that discussion apparently it was said there could be an increase in selling prices to prevent an increase in the volume of sales, but a complementary effort must be made by Europe along the same lines. I hope the Commissioner can tell us more of what he indicated in agreement with the Japanese.

But can I put a philosophical point to this House to bear in mind? The point is this. The argument is that the European shipowner buys abroad because it is cheapest, leaving us with all these problems. But even if the Japanese do put up their prices, what is to prevent the shipowners from buying in Brazil or South Korea where the prices are below Japanese prices? Frankly, the problem will not be solved unless the South Koreans and the Brazilians all agree to increase their prices. This is preposterous. Would it not be easier to adopt the idea in my report, the idea of a Community preference under which our shipowners will have to order so many of their ships in our yards? In Britain alone in the last four years, between 1970, and 1974, we gave the British shipping industry a £430 million subsidy and they tell us they must buy in the cheapest yards abroad. Frankly, I think that is a crazy sort of policy. If the shipowners want help from us to resist the Comecon advance and the undermining of shipping in the world itself, why should we not say to them that if they need government support, then clearly we need their orders for ships to be built in our yards. Surely we can expect that response.

My report is an interim report. It is stated in the motion for a resolution that we want to see Parliament take the initiative in calling on the Commission to convene a conference to look at all the problems associated with this industry. So Parliament, instead of begging for ideas from the Commission, as if it is the sole depository of good ideas, instead of asking *them* for plans, let this Parliament find out what the nitty-gritty of problems in the industrial sector is. I hope this will be the first step towards convening such a conference and the Parliament involving itself in a problem which is causing an immediate crisis in Europe at the present time.

(Applause)

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

**Mr van der Gun.** — (NL) Mr President, I am speaking on behalf of the Christian-Democratic Group and I can be comparatively brief, not because the problem on the agenda does not justify a more detailed discussion but because our rapporteur has given us an extremely competent piece of work, a thorough analysis of the problems with which Europe

is confronted at the moment in a sector where employment opportunities are of vital significance. He includes a number of figures which clearly show the enormous importance which the development of the shipping industry has for Europe. Unfortunately our development is regressive. Just as in a number of other sectors, the Member State governments are, unfortunately, adopting individual measures in this sector to save their national industries as far as possible. In the Netherlands we too can talk about this, but we are in full agreement with the rapporteur that this matter must be tackled at European level.

There is little to add to the picture which Mr Prescott sketched of the problems and developments. It is not an entirely new problem. Development as a whole of the use of cheap flags of convenience has led to large scale social conflicts. We have experienced this over the years. And that development continues apace. At present we are faced with an enormous surplus capacity in Europe. For this reason we agree entirely with the urgent request made by the rapporteur; that the Commission tackle this problem at once. Shipbuilding is at issue here, but there are other sectors such as textiles where developments are taking place which ultimately need to be tackled at European level. We must agree that the structural policy in general — and this is really what it is all about in practice — has scarcely made any progress in Europe yet. For this reason we support the urgent request made by the rapporteur that the Commission at long last devote adequate attention to this problem. We are, indeed, generally in full agreement with the motion for a resolution. There are just a couple of points on which I should like to comment.

Mr Prescott suggests convening a conference. I am not entirely clear what he means by this. After all, an OECD report shows that the OECD has already discussed this matter. I also thought that the Community had already contacted Japan. And so I wonder what kind of conference he really has in mind. It could be that the rapporteur feels that the Member States consult each other individually within other bodies but that at this conference the Member States must pursue a single policy so that they limit to some extent their competition with each other for a time. But as things stand at the moment, we wonder what kind of conference this should in fact be.

In point 3 (d), the harmonization of working conditions is mentioned as a partial means of restricting competition between the Member States as far as possible. In itself, this is obviously very good, but in practice, this problem clearly arises not only in the shipbuilding industry. It remains a significant factor in a great many other sectors. So although harmonization in itself is recommendable, practical experience leads me to believe that we should not expect too much from the Commission as regards the harmoniza-

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tion of working conditions in the shipbuilding industry. If harmonization were possible, then this would principally affect the secondary level. But as for shipyard wages, which of course are very important in this context, we must put a question mark against the request, although we support it in principle. Apart from this we are in full agreement with the motion for a resolution. I should like to finish by thanking Mr Prescott very much for the pioneering work he has accomplished. I believe that he has provided a basis on which the Commission can build, and we gladly endorse Mr Prescott's hope that the Commission will turn its attention to this matter.

(Applause)

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

**Mr Bangemann.** — (D) Mr President, first of all I wish to thank the rapporteur for his report which is inspired by the same motives that prompted my group, about a year ago, to table a motion for a resolution recommending the Commission to pay particular attention to this sector of industrial policy. And I think Mr Prescott was absolutely right when he said that the Commission must realize that the subject of this debate is an important area of the industrial policy which is still in its infancy, and that it is therefore essential — as in the aircraft industry, where we are taking the first hesitant steps — for the Commission to realize that we should frame such a policy according to our own ideas, but should consult all those concerned by the matter. I therefore approve of Mr Prescott's idea that we should take the initiative and convene a conference. Whether this is an actual conference or a hearing of experts, or whether it is organized in some other form, such as a tripartite conference, which has also produced worthwhile results, is only a minor point. The important thing is that this industrial policy should be framed in conjunction with those concerned and — I say this most emphatically — with the participation of Parliament, since it is much more fruitful for us to assist in the formulation of such a policy than to merely discuss the Commission's proposals after they have been drawn up and are submitted to us. I think this is an excellent idea and I strongly support it on behalf of my group.

We also naturally support the idea — we pointed this out in our motion for a resolution — that the shipping and shipbuilding sectors are indissociably linked. It is natural that the ship repairing industry should be explicitly mentioned here since we are also in certain circumstances concerned with shipyards which specialize almost exclusively in ship repairing and have quite different problems from yards which build new ships.

On close examination of the matter we discover that there are two main sets of problems. Firstly, there are

the problems within the Community which can be solved by the Community itself and, secondly, there are the problems which can be solved only by agreements with countries outside the Community. The range of problems we can solve ourselves is not inconsiderable. We can for example — and here I do not entirely agree with the Member who spoke on behalf of the Christian-Democratic Group — most certainly do something to harmonize working conditions. Only recently we adopted a directive on the harmonization of working conditions in inland navigation. What is there to prevent us from doing the same in the shipping and shipbuilding sectors? It is exactly the same thing, except that the former concerns navigation on canals and rivers while the latter concerns navigation in the North Sea or the Atlantic Ocean.

Perhaps shipping in the North Sea or the Atlantic is somewhat more complicated than navigation on rivers, but that is a matter of opinion and experience and no doubt skippers themselves argue about it.

Such things, then, can, I think, be harmonized. I am also convinced, Mr President, that we must in any case harmonize the terms of competition. It is totally unacceptable that there should be, for example, varying tax regulations for ship-building, that certain Community countries authorize depreciation allowances far in excess of those granted in other Community countries with the result that shipping companies can write off up to 90 % of the cost of new ships in the first two or three years. Clearly these countries are in this way granting their ship-owners and shipping companies substantial advantages from the point of view of competition.

The Community's industrial policy must therefore seek to harmonize the terms of competition in this sector. This is something we can achieve ourselves, without seeking anyone's advice or trying to prise agreement from other countries at international conferences.

In dealing with these internal aspects of the problem we are naturally confronted by the question of how to help the European shipbuilding industry and Mr Prescott has proposed that this should be done by means of a system of Community preference.

My group has certain reservations on this point, Mr President. When discussing other subjects we repeatedly assert how important it is to encourage free trade and avoid setting up barriers to trade. Today, in the debate on the statement of the President of the Commission several speakers pointed out that attempts to create a national preference by slogans such as *Buy British* and *Made in Germany* were against everyone's interests. We all know from our experience in this Community that it is in the interests of us all to refrain from introducing such preferences and to permit, wherever possible, the free move-

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ment of goods. This system of Community preference is therefore extremely dangerous if allowed to operate without restriction. It would make us unpopular with our trading partners. How can you explain, Mr Prescott, to a country with which we wish to trade, if possible without restrictions, that they should not set up any barriers to restrict this trade when we ourselves, in such an important industry as ship-building, introduce preferences which amount to barriers to trade for other countries.

The positive aspect of this idea is this: suppose I grant a direct subsidy to a shipping company, in the form of interest subsidies or other public grants. I can then of course require that this ship-owner should not buy a cheap ship with this money from Japan or Korea. I can say to him: if you want concessions from the Community, interest subsidies, credit, credit guarantees or whatever, you must have your ship built in a Community shipyard. That is only right and proper. On the other hand it would be extremely dangerous to introduce an unrestricted system of Community preference and compel every shipping company to have a certain percentage of its tonnage built in the Community. I think this would be very dangerous in various respects.

Turning now to the question of dumping, I think the problem of Comecon and the problem of flags of convenience should be considered together since they are basically one and the same thing.

Conditions of competition are being created which would not exist in a free market since they are possible only as a result of State influence.

At this point I would make one small criticism, if the rapporteur will allow me, of a comment he made in his explanatory statement but which is not contained in the resolution. Mr Prescott wondered why we in the Liberal Group set such store by the continued existence of shipping companies and fleets run on a private basis. He says that it is quite obvious that there is no freedom of competition in sea transport, there are sea transport conferences, there is State influence and so on. That is perfectly true. However, no-one in this House is saying, Mr Prescott, that the ideal of free competition, as an economist might understand it, exists in reality. Naturally, as soon as terms of trade are agreed at shipping conferences there is no question of the basic function of free competition, i.e. price formation, being able to operate. But this is true of the whole transport industry. We see it in the IATA agreements and we see it in the fixed taxi fares approved by municipal authorities. In other words, Mr President, there is a substantial degree of control and price-fixing in the transport sector but this by no means constitutes a threat to the private basis on which such a shipping company is run since it is quite possible to operate a successful private business despite these fixed conditions.

And the fact that there are flags of convenience, Mr Prescott, and that Comecon countries are able to take trade away from us by offering better terms is due to the fact that State influence is so strong in those countries; without State influence those shipping companies could not maintain dumping prices in the long term. How could a Comecon fleet operating on a private basis maintain dumping prices in the long term? It could not. It could only do so thanks to unauthorized State influence. In other words a distinction must be made between the outline conditions which a State may lay down in order to exercise control over private business and those conditions which are not authorized and always arise in sectors where industry is State-controlled. This is a distinction which, in my view, you have not made clearly enough, Mr Prescott.

Turning now to the substance of the problem, I am of the opinion, Mr President, that we should take the most vigorous measures at our disposal to deal with dumping by Comecon and the flags of convenience. I have absolutely no objection to a member country stopping a ship which is, say, undermanned, when it enters a Community harbour. And why not? These undermanned ships are a danger to shipping and we have recently heard certain horror stories about these ships which put the worst exploits of piracy in the shade. The pirates of 250 or 300 years ago were paragons of virtue compared to the ship-owners who allow their people to sail under flags of convenience in totally unsatisfactory working conditions and without proper training, with the result that their ships wander about the seas like ghost ships. Anyone who has ever sailed will confirm that the greatest danger is not storms, not even for a sailing boat which tacks its way through them, but these ghost ships in which there is no-one on the bridge; every half an hour somebody comes up, half drunk, looks at the radar set and sees that there is nothing for the next twenty miles ahead and goes below, leaving the ship under automatic control. Mr President, this is a crime and offenders must be suitably punished. Since we have no way of punishing them on the high seas we must do so — and with the utmost severity — when these ships enter our harbours.

Finally I should like to comment briefly on the fact that Mr Prescott called his report an interim report and that he called on the Commission to take further action in this sea. I support this most vigorously.

We have before us an outstanding example of the fact that this Community can develop an industrial policy reconciling both the needs and interests of private business on the one hand and the public interest on the other. The old argument — which sometimes gives rise to particularly heated debate between Socialists and Liberals — between private business and state influence is no longer relevant, since we now have a

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mixed industry, a mixed economy. We have State influence not only in legal outline conditions but in the form of subsidies, financial and fiscal regulations and other legal dispositions. On the other hand, however, the ultimate decision remains with the private entrepreneur who wants to maintain and pursue his own business in these conditions.

Mr Prescott, that is a compromise between the many ideas produced by Socialism and the many good ideas produced by Liberalism and this compromise is in my view more viable than burdening the State with all the responsibility or, on the other hand, expecting private business to do everything. This is a compromise the Commission should seek to achieve. If it does so, while involving the participation of those concerned and the European Parliament, we shall have brought off a substantial political achievement and shall have given proof of the strength of the Community. These are indeed problems which cannot be solved on a national basis. It is a job for the Community and on behalf of my group I suggest that we get to work as soon as possible.

Our resolution was perhaps a sort of stimulus. The report drawn up by Mr Prescott is a very valuable piece of work. And I say that, Mr Prescott, without the least hint of flattery. As you know, our opinions often differed, but I hope you can accept this praise from a Liberal without fearing that it will do damage to you in your constituency.

*(Applause)*

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

**Mr Normanton.** — Mr President, for some years this House has been pressing the Commission to make real progress towards the formulation of a common industrial policy for the Community as a whole. Frankly, those appeals have fallen literally on deaf ears. Such policy thoughts as have been prepared have been at best superficial and, at worst, frequently irrelevant. None of them has been successful in my opinion in promoting what is crucial to the lives of our people the length and breath of the Community, and that is a greater industrial efficiency and a competitive capability in world trade. To my mind such failure has been inevitable, and the reason for it in my opinion is crystal clear. It is that we as politicians at either national parliamentary level or at this European Parliament level, simply cannot make up our minds on the type of economic and industrial environment we want to create. Our Member State governments have tinkered with the problems — not resolved them. They have applied temporary measures to long-term problems. We have dealt piecemeal with difficulties, and invariably been more motivated by short-term electoral advantage than long-term industrial

profitability. And to some I would, perhaps sharply, say: we have pontificated and legislated for the better management of business when there are some of us who literally couldn't manage a wheel stall. So is it surprising therefore that the world of business and industry looks with jaundiced eyes at governments and political parties of all kinds, fearing what may come next by way of proposal or, worst of all, by way of a decree?

And yet, be that as it may, there is unquestionably a crucially important role for government to play, and particularly for the government of the Community as such, because it is able to do so on a far broader basis than any individual Member State. And that hinges on the question of the type of economy we want. We can have a competitive economy where the market sets the pace, with the minimum of political governmental interference. We can have a controlled monopolistic economy where the State — and that means you and me as politicians — make all the decisions of any significance whatsoever. Or we can have, as we do have in the European Community, and certainly more in some Member States than in others, a mixture of the two which goes under the euphemism of the 'mixed economy'. I must say that when one analyses these more carefully. I think they should be more frequently described as the mixed-up economies, because that is precisely what they are. In the animal kingdom, I understand that a horse and a donkey have an identity of their own. Cross breed them and you get a mule, a creature which is sterile and unproductive. In the Community even a most superficial study of the economic creations of Member States shows with startling clarity which system, if we have to choose between one and the other, is to be compared to the horse and which to the mule. The prosperity and profitability of Germany is not a matter of accident or chance or fate. It is, as I and many people see it, a matter of the direct consequence of a clear-cut political decision by that Member State to pursue and promote a competitive economy with the absolute minimum of State intervention.

The distressingly desperate difficulties of some of our Member States — Italy and the United Kingdom, to name but two — are also the direct consequence of decisions of governments of all kinds to intervene and become increasingly involved in industry and its control and even ownership.

The choice therefore is ours to make at this level — at the political level. And frankly we have been making a mess of it so far. But we still can and must make amends. It is not too late, and this House looks to the new Commissioner, Mr Davignon, to point the way when he addresses the Parliament next on this global subject, but not necessarily on this particular one we are debating tonight.

## Normanton

I have stressed, and will continue to stress, the importance of industrial policy as such, because I believe it is pointless and quite frankly purely academic to discuss sectoral matters other than within the context of such an overall policy or strategy.

And here I come, if I may, to the report presented to this House by Mr Prescott on the Community shipping industry. Frankly, I believe he has been given a totally impossible task to perform. And it undoubtedly resounds greatly to his credit and his determination, that he shouldered half of the responsibility which has been put upon him. His survey and analysis of the problems, both in the document and in his presentation tonight, have been excellent. It is when we look at the solutions that I feel he, regrettably and unavoidably, has failed to rise to the challenge.

His *caveat* that this is but an interim report is significant, and is accepted, since it postpones to a later date any judgments which the European Conservative Group may wish to make on his policy proposals for the future. The resolutions listed do not purport to be a policy. In fact, in my opinion, they leave the whole thing open to discussion — to public discussion — as if there had not been enough discussion already. Discussion there has been and discussion still is taking place at every conceivable level — inside the industry, inside the Community, between governments, and on the broadest of international planes.

Here of course I welcome and support the contribution made by our friend, Mr van der Gun. The proposal to convene yet one more conference will, I deeply regret to have to say, achieve nothing except more words — more spoken and written words — and more meat for the media. And this time much of that may well come from honourable Members in this House.

If we as parliamentarians have a contribution to make, then this is the platform from which we should do so, and after the most comprehensive deliberations in our appropriate committees. It is for this one reason only, that I personally was motivated to move the deletion of paragraph No 2 of the resolution. But to have done so would, probably legitimately, have been interpreted as a wrecking proposal. And the European Conservative Group will be never be identified with an attempt to wreck efforts to produce constructive progress on Community policies. It is in this spirit that we have therefore tabled three amendments aimed at underlining, even more comprehensively and pointedly, points raised in Mr Prescott's report.

When considering a policy for the future restructuring of the shipbuilding industry in general, it may well enter the minds of some people — but I hope it does not — that we might copy experience in the field of aircraft construction, where we in Europe have handed over a major sector of the commercial market to the United States. To restructure and hand over a major

sector of our requirements to Japan would, I believe, be the height of irresponsibility. To do so for our defence requirements, would be criminal. And that is why I hope the House will agree that the inclusion of Amendment No 1 will ensure that we recognize the particular importance of this sector of the industry — and, after all, there are many tens of thousands of men and women employed in it hoping for a future with security.

Amendment No 7 re-enforces the need to think ahead and produce policies for the future. The accession of new members to the Community is basically a political matter. The consequences at industrial level, particularly in shipping and in shipbuilding, could be profoundly serious.

Amendment No 2 highlights the fact that we are not only facing a serious and growing threat from Comecon, but also from other States in the world, where industrial and commercial policies are seen as but the extension of the political arm. Shipbuilding — and certainly not shipping — cannot be insulated from the cold realities of world forces. We must sail the seas more efficiently and be prepared to defend ourselves by Community measures against non-commercial political competition from whatsoever direction it comes.

Lastly, the point must be made that for Mr Prescott to be asked to make positive and constructive policy proposals for the shipping industry illustrates, I think, a total lack of understanding of the problems — not by him, may I add, but by those who have imposed the duty upon him — and of what and who is involved in it. If we are to reconcile or equate the disparate interests in a portmanteau policy, then we are really making a great mistake.

Shipping is a far wider issue than that covered by the Community. The OECD surely offers the nearest hope for dealing with this. Shipbuilding is an appropriate area for Community action, as has been hinted at here tonight. But, to bring together all these diverse and disparate interests into one public conference, shipbuilders, ship operators — yes, port authorities should be in as well — trade unions and naval vessel constructors, in the expectation of producing an industrial policy would, I believe, make the United Nations Assembly look like the boardroom of an international corporation, and would be, in effect, the twentieth century version of the Tower of Babel.

It may provide a platform for politicians. It will certainly provide a graveyard for the hopes of hundreds of thousands of men and women who are engaged in the industry. A common industrial *politik* (using that word in the German sense) must come first. A policy for each and every sector of the shipping industry will then, and only then, come second — a major task for Mr Prescott, subject to the acceptance of our amendments and the *caveats* which I have just mentioned and one which he has certainly

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shown he is determined to should with a great and far-seeing sense of responsibility. I hope he will take into account these particular points which the Conservative group has, in fact, spelt out in the form of the amendments, and asked me to present in the form of this contribution on their behalf.

(Applause)

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, I should like to extend my sincere thanks to Mr Prescott for presenting his report and to Mr van der Gun, Mr Bangemann and Mr Normanton for their speeches, more especially perhaps Mr Bangemann, because he has a special responsibility for this question, having been instrumental in drawing up the first resolution.

May I first of all make it quite clear that it is not by chance that the President, in his speech on the Commission's work programme, classed the Community's industrial policy as one of the main development priorities. Nor is it merely chance that the aspects of industrial policy that have been described as essential include the shipping industry. The Commission is firmly convinced that it is now time to finish talking and start taking practical measures. I feel that the situation described by Mr Normanton I am absolutely sure of this is a thing of the past. I must stress this because we believe that this is a field in which action is both necessary and possible and we must join together in assessing what needs to be done.

However, I must say straight away that I have reservations about the idea put forward in the resolution that the main priority is to hold a conference. I would point out quite simply that it would not be possible for the Commission to offer financial assistance for such a conference; there is no provision for this. I must make this quite clear to Parliament.

I would add that we feel that other methods should be used. We are not dismissing the idea of a conference out of hand, but we are by no means convinced that it is one of the main priorities, or that it is the first thing we must do.

In our view we should not be concerned with assessing the rival merits of different economic systems. We must accept that we are in a situation where free competition and government action both have a part to play. We must stop trying to evade the real issues and indulging in theoretical discussion. The Commission feels that a practical approach is called for.

Obviously I accept that we should not make an artificial distinction between those who build the ships and those who buy them. We must always take both into account when working out our policy. But this does not necessarily mean that the first thing we must

do is to call them all together round the conference table, when we know that they are bound to disagree almost immediately, since one group's interest is in building ships while the other wants to buy them as cheaply as possible; they do not care how, but it must be as cheaply as possible. This is a situation that I, for my part, should prefer not to create initially. But in that case how can we follow up the suggestions made in Mr Prescott's excellent report?

It seems to me that first of all we should apply ourselves to the industrial aspects of the problem, because if we do not rationalize the shipping industry we shall find ourselves in a permanently ambiguous situation in regard to the customers and to government policies. As far as shipbuilding policy is concerned there is one point that should be made: it is essential for the Community to have a consistent policy for its shipping industry. It is unthinkable that we should be working towards a strong and independent Europe, but one which will suddenly find itself without a shipping industry. This is hardly compatible with the concept that we should have of European Union. Thus we must try to ensure a competitive and healthy European shipping industry. And this is, of course, for both economic and political reasons!

The second point, which is clearly explained in Mr Prescott's report, is that the construction capacity of the shipbuilding industry was the result of the market situation at a certain period and this situation no longer applies at the moment and probably never will again. I have only to quote one figure to demonstrate this point: in 1975, world production totalled 34 million gross registered tonnes; in 1977, all being well, we shall produce between 13 and 13.5 million gross registered tonnes, i.e. considerably less than half the previous figure. The developing countries will account for a certain proportion of these 13.5 million tonnes. And this proportion will undoubtedly not be any less than before. We must not, therefore, expect a miracle and think that before very long we shall once again be producing between 15 and 20 million tonnes per year. Thus we have — and this is a problem common to all the Member States — the problem of rationalizing our shipyards. They will not be as competitive or productive as they ought to be unless we carry out a joint study to assess how, during a transitional period, we can rationalize and reorganize this sector. I do not think anyone would deny this, but the question is how it can be done. This is the main priority, and one which undoubtedly concerns all the Member States, for the reasons that have been explained, and also the owners and operators and the workers. We should therefore hold consultations with these three essential sectors, without whose cooperation there can be no solution, and if we propose taking Community measures it is because otherwise there will be conflicts between the policies of the

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various Member States, and in seeking to resolve a problem in one State we shall complicate the situation in another. If there is one thing that is uncondusive to Community solidarity it is one Member State passing on its problems to another. This makes solidarity totally impossible.

Action also has to be taken in the field of external relations. I should like at this stage to give a brief account — I do not wish to take up too much of Parliament's time — of our position *vis-à-vis* Japan. If we did not do so earlier it is because the discussions between the Community and Japan took place only last Saturday and confirmed my belief that it was worthwhile discussing our problems at length with the Japanese. What is the present situation?

Have we concluded an agreement with them? No, we have not. Why not? For precisely the reasons that Mr Prescott mentioned. We could conclude an agreement with Japan under which they increased their prices, we subsidized ours and we set out together to conquer the world market. But this is not the answer. We are in a situation in which Japan has obtained more than 90 % of the orders for 1976. This is an exaggerated state of affairs that cannot be allowed to continue. The Japanese Government is the first to agree: no economic system can be viable in the long run if one State captures such a large share of the market. The question now is how we can maintain competition and at the same time give all shipbuilders an equal chance. The Japanese have informed us of the measures they have been taking to reduce their production capacity because they have been studying the figures, as we have, and have concluded that their production capacity was excessive in the light of future requirements. Japan is therefore cutting back its production, reducing working hours and planning to withdraw 55 000 workers out of 300 000 from this sector over a three-year period, a by no means negligible step. The Japanese decided that their credibility in major international trade negotiations required that the prices at which they offered ships on the international market should be fair and reasonable, so that they could not in any sense be accused of dumping. The Japanese Government adeded that they were in favour, if this was compatible with Japanese law, of submitting the prices offered by Japanese firms for their ships to a form of control by means of which the State would ensure that the cost, a reasonable profit and the necessary reorientation were all provided for in the price, so that our shipbuilders would not find themselves up against a 'dumping' situation on the market. In this way there would be no possibility of artificial price increases. On the contrary, we believe that as a result of this control by the Japanese authorities the prices that were artificially low will rise to a level at which the difference between Japanese prices and European prices is no longer so great that it

would be impossible to ask anyone to buy a European rather than a Japanese ship. The point that was made earlier was that shipowners who are granted aid should show a certain amount of gratitude to those providing the aid and therefore buy European ships, but this does not take account of the fact that a difference in price in the region of 30 or 40 % is a major drawback. On the other hand if the difference is in the region of 10 %, the situation is completely different.

This is what we are aiming at. When the Japanese outlined these measure to us our answer was that these international talks would enable us to avoid the confrontation which was otherwise imminent. But we added that they must not ask us to say straight away that the measures were effective and adequate before we had seen the results. We were, however, quite prepared to continue our talks with them to see if the results achieved corresponded to the objectives laid down for each measure and if there was a market organization that was compatible with the responsibilities and needs of each side. That is the situation at present. The talks and consultations will continue and we shall keep the market under observation by means of monthly exchanges of statistics with Japan.

The only thing that remains to be done — as Mr Prescott has said — is to ensure that when Japan cuts back its shipbuilding industry it is the European countries that will feel the benefit and not South Korea, Brazil and other such countries.

Clearly it is always in everyone's interest to ensure that the market is not disorganized and competition is not dependent on subsidies. This situation would be absurd from the economic point of view. There is no doubt that we should hold talks with the South Koreans, the Brazilians and perhaps with other countries too, to ensure that the terms for the sale of ships are comparable. I would add that the capacities of these countries are quite different from Japan's capacity, which shows that what I am saying is not just a superficial statement. On the contrary, it is a statement that takes full account of the differences in production capacity. We shall not, therefore, succeed in solving the problems of the shipbuilding industry by a foreign trade policy, but this is just one of the factors that lead us to reconsider the structure of the shipping market.

A third consideration is that the motion for a resolution suggests that the Commission shall report back to Parliament in a year's time. I should like to say that we shall be reporting at an earlier date than that; within four months at the outside we shall be submitting proposals to the Council and these will be brought to the attention of the appropriate parliamentary committee. It is, after all, pointless to carry on international negotiations with a view to a fair market organization and not to take the necessary steps

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within the Community to stimulate development in the shipbuilding sector.

Finally I come to the part of Mr Prescott's report that concerns not the shipbuilders but the shipping companies. I should like to say to Mr Prescott, before coming to the crux of the matter, that I have given particular attention to relations between Ireland and the United Kingdom in this field. I shall be speaking to my colleague, Mr Burke, who has special responsibility for transport matters. But I can say before I have spoken to him that the Commission is prepared to consider any points of this nature which are clearly in all our interests. To confine myself to the shipping industry, we should debate this subject at length in Parliament when Mr Seefeld has drawn up his report dealing specifically with marine transport. However, we agree with Mr Prescott that there is a link between these two areas and that possibly, when we have made further progress in the industrial sector proper, we shall be able to see the effects of that progress on the problems of marine transport. The report will be ready by then and we shall be able to consider the points that have been raised, in particular the question of flags of convenience, the Eastern Bloc countries and all those questions which we consider so important but on which I shall not comment at length since Mr Prescott's analysis and comments agree with our views and I do not think that at this stage it is necessary to dwell on a point to show how much importance we attach to it.

To sum up, Mr President, I should like to say that we welcome the fact that the Commission and, we hope, Parliament corroborate what has been said in the President's programme speech, namely that industrial policy is one of the main priorities for Community action at the moment, and that we must not simply talk about it in theory but must get to the heart of the subject. All the sectors that are in difficulties call for *coordinated* participation by States, undertakings, trade unions and by the Community. The shipbuilding industry is a priority sector in this respect, and by the date I have mentioned we shall be making a series of practical proposals to back up commercial measures that we are engaged in at present. We may need at some point to consider the possibility of a conference, but we feel that this is slightly less of a priority than is suggested in the resolution, although this does not mean that we are in any way critical of Mr Prescott's excellent report.

(Applause)

**President.** — 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 1, tabled by Mr Normanton on behalf of the European Conservative Group :

This paragraph to read as follows :

'1. Stresses the urgency and importance for the Community to develop an industrial policy embracing the inter-dependent sectors of shipping, shipbuilding and ship-repairing, *including the construction of naval vessels*, and commercial trade policy;'

I call Mr Normanton.

**Mr Normanton.** — I beg to move this formally.

**President.** — What is the rapporteur's view ?

**Mr Prescott, rapporteur.** — I have nothing in principle against the proposal to include the construction of naval vessels, because many of the shipyards in fact do both things. I would have thought that by implication 'shipbuilding, shipping and ship-repairing' already included naval vessels. Frankly, I have no major objections and if Mr Normanton still feels he wants to press it, we can accept it.

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

Amendment No 1 is adopted.

I put paragraphs 2 to 5 to the vote.

Paragraphs 2 to 5 are adopted.

On paragraph 6, I have Amendment No 2, tabled by Mr Normanton on behalf of the European Conservative Group :

The beginning of this paragraph to read as follows :

'6. Calls on the Commission to assess the threat posed to Community ship-owners by *the practices of Comecon and other State-trading countries*, and to consider ...'

I call Mr Normanton.

**Mr Normanton.** — I referred to this, Mr President, in my main contribution and I formally beg to move.

**President.** — What is the rapporteur's view ?

**Mr Prescott, rapporteur.** — Mr President, I think it improves the wording and am prepared to accept it.

**President.** — I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraph 6 as amended to the vote.

Paragraph 6 as amended is adopted.

After paragraph 6 I have Amendment No 3, tabled by Mr Normanton, on behalf of the European Conservative Group, seeking to insert a new paragraph :

6a. Stresses the need for the Commission proposals to take fully into account the consequences of possible enlargement of the Community, and in particular Greek shipping and Greek, Portugese and Spanish shipbuilding ;

I call Mr Normanton.

**Mr Normanton.** — Again, Mr President, having already dealt with this in my opening contribution, I formally beg to move.

**President.** — What is the rapporteur's view?

**Mr Prescott, rapporteur.** — Well I think, being charitable, that two out of three should really be good enough for Mr Normanton.

*(Laughter)*

I am afraid that I cannot accept this amendment for a number of reasons which I don't want to detain the House with. It is obviously a matter of very clear principle that to extend our problems in this field to other countries, on the grounds that they might possibly enter the Community, would, as he himself pointed out, make the difficulties of calling a conference even greater by bringing in countries which weren't even members of the Community. We would only add to our difficulties without gaining anything. And therefore I hope that the House will agree that at this stage — and for another important reason, really — I certainly wouldn't want to be creating the kind of political implications which would be involved in supporting such a request concerning certain countries. I hope the House will agree to reject this amendment.

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, I should like to make it clear that this amendment would cause the Commission considerable difficulties because, as I said just now, we have a specific and precisely defined programme of work before us.

As regard the Community countries, we have the necessary facts to hand. The only non-Community country that we could take account of in our proposals is Greece — but that would involve us in considerable delays. As for the other two countries mentioned, the requisite procedures are not under way or have not been begun and, in my view, we must therefore adhere to our customary approach and tackle the problem pragmatically. If here are changes in the composition of the Community or changes resulting from the negotiations on enlargement while this industrial policy is taking shape, we shall naturally take them into consideration. But if we must first allow for such contingencies in our proposals, then I truly believe that much time will be lost. Accordingly, I must be quite frank with this House and say that we would not be able to take account of its wishes on this point.

**President.** — I call Mr Normanton.

**Mr Normanton.** — Mr President, following the discussion of these last five minutes, I think it appropriate, with the approval of this House, to withdraw that amendment.

*(Applause)*

**President.** — Amendment No 3 is accordingly withdrawn.

I put paragraphs 7 to 10 to the vote.

Paragraphs 7 to 10 are adopted.

I call Mr Prescott.

**Mr Prescott, rapporteur.** — I think it would be wrong of me after the debate on this report, not to say that I am very grateful for the kind remarks that were made by speakers about the report. Certainly, I think the best contribution was the quality of the debate itself, for which I am thankful.

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

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

### 13. Oral question with debate: *Human rights in Uruguay*

**President.** — The next item on the agenda is the Oral Question (Doc. 544/76) with debate, by Mr Glinne on behalf of the Socialist Group to the Commission on repeated violations of human rights in Uruguay:

In reply to Oral Question No 77 of 13 May 1976,<sup>1</sup> the Commission assured the European Parliament that it would take care not to grant Uruguay the special trade preferences it had requested as long as human rights were so deliberately flouted there. Increasingly alarming reports from Amnesty International reveal that the situation of political prisoners in Uruguay is constantly deteriorating, so much so that the United States Congress decided, on 20 September 1976, to cancel American military aid to that country. Uruguay has thus become the second Latin American country, after Chile, to be deprived of US aid following repeated violations of human rights.

1. Has the meeting of the EEC-Uruguay joint committee, scheduled for June 1976, finally been held?
2. If so, has the Commission agreed to grant the trade preferences requested by the fascist government of that country?
3. If so, is the Commission prepared to reconsider its commitments in the light of Amnesty International's revelations?

## President

4. Does not the Commission feel that the European Community ought to adopt towards the Uruguayan junta an attitude at least as firm as that adopted by the United States?

I call Mr Glinne.

**Mr Glinne.** — (F) Mr President, ladies and gentlemen, the erosion of fundamental liberties in Uruguay and the conclusions to be drawn from this for the Community's relations with that country were specifically raised in this House on 13 May 1976 in connection with an oral question with debate tabled by myself and my colleagues, Mr Nielsen, Mr Broeks and Mr Walkhoff, on behalf of the Socialist Group.

The question then was to assess the implications of the assumption of power in Uruguay by a highly organized and repressive regime, manifestly intent on brutally and permanently suppressing human rights and the principles of political democracy in a country which for long was so much respected as a bastion of political democracy that it was often called the Switzerland of Latin America.

Last year, then, the question was to decide whether certain advantages offered by the Community to Uruguay under a non-preferential trade agreement should be extended.

Mr Thomson, in his reply, indicated that the agreement in question could not be denounced, but he also stressed that there was no question of offering any new advantages to Uruguay. The Community would wish to honour its existing obligations, but would refuse to enter into any others.

There can be no doubt that the reason for Mr Thomson's rejection of any extension to the advantages offered to the Latin American partners was the revulsion expressed by democratic movements in the Community at the deeply repugnant nature of the regime to which Uruguay has been subjected.

Mr President, less than one year after that debate, we are now faced with two closely related problems.

First of all, the EEC-Uruguay bilateral trade agreement concluded on 1 August 1974, will expire on 1 August 1977, i.e. in only a few month's time. The question that will then arise is whether the agreement should be extended, renewed or renegotiated. The best of deciding this is to review the record of the Uruguayan regime since our debate last year.

The Socialist Group adheres to a more general position of principle, which is that all the Member States must uphold the principle of the respect for human dignity and be guided by considerations of morality.

The Group has been forced to conclude that, in the case of Uruguay, the internal situation, instead of

improving, has in fact simply deteriorated, while the Uruguayan authorities have merely displayed even greater contempt for the democratic sentiments of the entire world.

While there are countless matters which lack of time prevents me from raising, the following, Mr President, are a few of the salient facts. First, a resolution was passed by Amnesty International and the Red Cross requesting the Uruguayan authorities to allow a commission to be set up to investigate the situation in Uruguay and to assist political prisoners. This was rejected by the Uruguayan Government. I would point out that the same request to the Chilean and Argentine Governments was, however, accepted. The rejection of the Red Cross request, led, moreover, to the resignation of the Uruguayan Foreign Affairs Minister, Mr Blanco.

Secondly, various resolutions have been adopted concerning the growing repression in Uruguay. I would mention the resolutions from the International Committee of Jurists, the Mexican Parliament, the Venezuelan Parliament — following which the Venezuelan Government closed down its embassy in Montevideo — and, last but not least, the resolution from the United States Congress of 20 September last year, refusing to grant military aid to Uruguay. I have reason to believe that the Carter administration will be sympathetic to this Congressional decision. I would also mention the dossier circulated by the Committee for the Defence of Political Prisoners in Uruguay, 67 rue du Théâtre, Paris XV, and another dossier distributed compiled after a fact-finding mission had been undertaken in Uruguay — not, I would point out, without obstruction from the local authorities.

Thirdly, in October 1976 a law was enacted which abolished the civil and political rights of all persons who had taken part in elections during the previous three years; this would indicate that the situation has significantly deteriorated since the time of our debate last year.

Mr President, the seriousness of the present state of affairs will become even clearer if I mention the fate of a few parliamentarians and other individuals who have held to unorthodox views:

Parliamentarians now in prison and tortured in Uruguay: Liber Seregni, Jaime Perez, José Luis Massera, Hector Rodriguez.

Uruguayan parliamentarians in exile: Enrique Erro, Enrique Rodriguez, Wilson Ferreira Aldunate.

Parliamentarians assassinated in Argentina: the President of the Chamber of Deputies, Hector Gutierrez Ruiz, and Senator Zelmar Michelini.

## Glinne

I would remind Members that in November 1975 President Hector Gutierrez Ruiz denounced the situation in Uruguay before this very Assembly. Besides Mr Blanco, whose resignation from ministerial office I have already mentioned, two other members of the Uruguayan Government resigned in protest against the present political situation, and, above all, against the fact that efforts to improve the situation have been signally lacking.

I could, Mr President, also give the names of trade union leaders who have been imprisoned, tortured and exiled. I will mention only three: Gerardo Gatti, Leon Duarte and Hugo Mendez. All three disappeared from Argentina where they were held in detention and, as if by some strange accident, ended up in Uruguayan jails. This underlines a particularly worrying aspect of the situation as a whole in Latin America: the cooperation between the police States and between repressive police authorities, and the tacit or open mutual assistance agreements viciously exploited by the various dictatorships.

To give an illustration of the plight of the population as a whole, in 1973 the exchange rate of the Uruguayan peso against the dollar was 250 peso to the dollar. In 1977 it was 4 000 pesos to the dollar. Taking 1968 salaries as a basis (1968 = 100), salaries in 1976 had already fallen to 52 pesos. The 1975 trade balance showed a deficit of more than 100 million dollars and 49 % of the national budget was allocated to the armed forces, the police and for measures of internal repression.

Mr President, I could quote at length from the dossiers and resolutions to which I have very briefly referred. However, without rereading the written questions that I have included in my request, I shall simply tell the Commission that, with the end of the agreement signed on 1 August 1974 fast approaching, we rely upon it to take all appropriate steps to decide whether the agreement should be renewed and whether, in the specific case of Uruguay, urgent consideration should not be given to the fears expressed by Parliament over the past year — and which, I hope, Members will again express this evening, regardless of their political loyalties — in regard to the dangers now so gravely threatening the rights of man, respect for fundamental liberties and political democracy in Uruguay.

*(Applause)*

IN THE CHAIR: MR BERKHOUWER

*Vice-President*

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) I should first like to answer the questions put by Mr Glinne. The first question concerns the

meeting of the joint committee. This meeting took place on 9 June 1976. Mr Thomson, member of the then Commission, pointed out during the debate on the question of 13 May 1976 that this meeting was a matter of legal obligation under the non-preferential agreement of 1973.

As for the second question, whether the Commission agreed to grant special preferences at this meeting, I would repeat that there is only a non-preferential agreement between the Community and Uruguay. This agreement does not provide for any special preferences for Uruguay. No preferences were granted outside the framework of the generalized preference system, not even in the context of the meeting referred to.

In answering the second question I think I have also answered the third. The fourth question relates in particular to the decision of the American Congress quoted by Mr Glinne. My answer to this is that a comparison between the decision of the United States Congress which concerns the cancellation of military aid, and the attitude of the European Community with regard to Uruguay is for obvious reasons not possible.

I should like to add a comment on the general subject of this question. I sympathize absolutely with the concern which prompted Mr Glinne to these questions, his concern at the increase in the use of violence, his concern at the existence of undemocratic practices and his concern at the flouting of human rights. We share this concern, we agree in condemning this situation and we agree that we must do everything in our power to promote democracy and freedom wherever we can.

We must realize, however, that there is no universal remedy to these problems. Thus it may be right in certain circumstances to break off relations between the Community and a particular country, while in other circumstances this method must be rejected and other measures taken in order to safeguard the vital interests of the persons concerned. The important thing, as has been shown in the past in cases in which we had opportunities of exerting an influence, is to have the joint determination to take whatever measures are necessary at any time to restore, preserve and consolidate freedom and democracy and to promote the safeguarding of human rights. If we agree on these principles we shall find the most suitable solutions in each individual case.

**President.** — I call Lord Castle, to speak on behalf of the Socialist Group.

**Lord Castle.** — Mr President, it is greatly to the credit of this assembly and the Commission that whenever the issue of human rights arises, there are no bounds to the action we are prepared to take and the strength of resentment we are prepared to show. I hope it will not be regarded as intruding on the gener-

## Lord Castle

osity of yourself to ask for the condemnation which has been applied by the Commissioner to the State of Uruguay to be extended to the neighbouring State, because, as he said, these police States of South America have often some very great similarities, and can be allies in this awful business of the torture of human beings and the denial of their rights. Is it therefore too much to ask the Commissioner that, since the Commission's policy repeatedly states that no favour will be given to Uruguay as long as the systematic violation of human and political rights occurs, such a clear statement should also be made regarding the EEC's Argentinian relations as well? The Vice-President will agree, I hope, that faced with the new evidence of repeated violence and the violation of human rights in Argentina, as currently gathered and collated by the United Nations Commission on Human Rights in Geneva, the Commission of the European Communities will take into account these facts and reports in its dealings with Argentina. I don't think that is stretching the bounds of this debate or this question too far, in view of the similarity between Uruguay and the neighbouring countries.

*(Applause)*

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

**Mr Scelba.** — *(I)* Mr President, dear colleagues, the Christian-Democratic group appreciates Mr Glinne's initiative and fully agrees with the explicit and implicit demands contained in the question tabled by him.

The Christian-Democrats are of the opinion that in the face of violations of human rights by the government of Uruguay, the European Community must not confine itself to voting resolutions expressing solidarity with the victims.

The Christian-Democrats consider that both political and economic relations with Uruguay should be used for the purpose of promoting the restoration of human rights in that country.

But any action by the European Community would be futile if it was to be contradicted by the subsequent behaviour of the Member States. This is why we ask the Commission not only to review the political and economic relations with Uruguay in the light of the conduct of that country's government in respect of human rights, but we also request representations to the governments of the Member States for coordinated and consistent action by them to back the efforts of the Community institutions.

The violations of human rights are not, unfortunately, confined to little, faraway Uruguay, or distant Chile. Human rights are also violated in countries lying in the heart of Europe, and in powerful countries such as the Soviet Union. And it is from the latter countries

that we have been lately hearing cries of anguish at the recrudescence of systematic violations of human rights.

The Christian-Democratic group hopes that this matter will be tabled as soon as possible in the European Parliament and that an appropriate debate will be held.

But already at this point, we wish to affirm the following:

a) There is the need for an overall policy by the European Community and its Member States in which respect for human rights shall be accorded the priority proper to it.

b) The Community must not be strong towards the weak and weak before the strong. The European Community and its Member States would lose credit in the eyes of the world if they were to discriminate between regimes or turn a blind eye to infringements of human rights committed in European countries because, in these countries, such infringements have been occurring for decades.

c) There can be no right of usucaption for those who systematically and persistently violate the rights of men.

d) Quite apart from the duty of free peoples to men and women in all continents who are victims of terrorist and totalitarian regimes, we know that peace in Europe and in the world and international détente are not safe in the hands of governments, of whatever ideological colour, if domestically they follow inhumane and totalitarian policies.

e) The European Community and its Member States cannot leave to the United States of America alone the task of defending human rights throughout the world, but particularly in Europe.

f) While waiting for the European Parliament to debate the entire problem of the respect of human rights in the world and to lay down practical guidelines for its own policy, we support the appeal that comes to us from Uruguay, and indeed that from Chile, but also those from the Soviet Union, from Czechoslovakia, from Poland, from Eastern Germany and from other countries. With the victims of these regimes we express our complete solidarity. May I also be allowed to assure them that the European Community will be second to none in doing all in its power to ensure that the obligations incumbent on governments by virtue of natural law and internal and international agreements concerning the respect of human rights will be fully, faithfully and universally honoured?

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

**Mr Sandri.** — *(I)* Mr President, I had not intended to speak, since I fully support the question tabled by Mr

**Sandri**

Glinne, who for years now within these walls has been steadfastly defending the cause of civil rights in Uruguay.

I should now like to address Mr Scelba to tell him that while we are in agreement with his introductory statement on Uruguay, we do not believe we can go along with that part of his speech in which, taking his cue from one particular situation, he has gone on to deal with quite another one. The day will come — and we hope it will be soon — when we shall be able to debate the issue of civil rights in Eastern Europe. But then we shall not be referring to what is happening in Argentina or Uruguay.

Mr President, I should like, therefore, to stress the specificity of the matter in hand because — as Commissioner Haferkamp has said — we cannot set up abstract standards applicable in all circumstances.

For let us look, Mr President, at what is happening in Uruguay and Argentina. As a former President of the European Parliament and of the EEC-Latin America Parliamentary Conference, you will recall that we were once privileged to listen in this House to exiled Chilean and Uruguayan parliamentarians. From a bench to the right of the one on which Mr Scelba is sitting, the President of the Uruguayan Assembly spoke to us. On his return to Uruguay he was dragged from his house and was subsequently killed in a Buenos Aires street like a dog, and what of the parliamentarians, and the priests, who are murdered daily in Argentina, what of the Bishop of Cordova, what of the state of unbridled violence at all administrative levels which has now reached the stage of paranoia and the proportions of a massive outrage?

In the face of such a situation, Mr President, we should remind ourselves that Uruguay was a democracy at a time when we had not even learned what democracy was, for in Uruguay there was universal suffrage in 1896; and it was in Uruguay in 1900 that the eight-hour day was introduced when in Italy people were still working sixteen hours per day.

In dealing with countries which can pride themselves on a great democratic past, our attitude should be different from that which we may adopt towards, say Ethiopia, or other countries with no parliamentary experience and a profoundly different historical, political and cultural background. To conclude, therefore, we believe that we should concentrate our attention on Latin America.

If we have to discuss other violations of human rights, which fortunately are on a very different scale, then let us have another motion tabled in this House and let us debate it. Otherwise, we shall always be missing the point.

I believe, and I do not think I am setting Utopian standards, that the organs of the Community are able, prudently, without interfering and without using excessive pressure, to bring the Uruguayan authorities to a realization that human beings must not be killed like dogs in the streets.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, I have two comments to make. Firstly, if I have understood Mr Sandri correctly, he must have misheard something I said. I did not say anything about a Utopian, uniform criterion. I sounded a warning against the idea that the same sort of action can be taken in all circumstances. The criterion to be applied — we all agree on this — is a uniform criterion, i.e. our conception of freedom, democracy and human rights. That is uniform but not, I hope, Utopian.

Lord Castle has raised the problem of Argentina. I have attempted to outline certain criteria which seem to me to be of general validity in cases where the abovementioned principles apply and where violations have occurred. I think we should adopt a general view on this matter, as suggested by Mr Scelba. We cannot discriminate between different areas of the world. According to the criteria we have been discussing and on which we are agreed, freedom and human rights are absolutely indivisible and our action must therefore be directed against anyone who flouts them.

**President.** — The debate is closed.

#### 14. Agenda for the next sitting

**President.** — The next sitting will be held tomorrow, Friday, 11 February 1977, from 9 a.m. to 12 noon, with the following agenda:

- *procedure without report*;
- report by Mr Früh on the conversion rates for measures financed by the EAGGF;
- interim report by Mr Cointat on the EAGGF financing system;
- report by Mr Klepsch on the recommendations of the EEC-Turkey Joint Parliamentary Committee;
- report by Mr Pucci on the production and marketing of citrus fruit;
- report by Mr Albertini on tobacco;
- oral question, without debate, to the Commission, on maize sugar syrups.

The sitting is closed.

(The sitting was closed at 8.30 p.m.)

## SITTING OF FRIDAY, 11 FEBRUARY 1977

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IN THE CHAIR : MR SANTER

*Vice-President*

*(The sitting was opened at 9.05 a.m.)*

**President.** — The sitting is open.

### 1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

### 2. *Documents received*

**President.** — I have received the following documents :

(a) from the Council, a request for an opinion on the proposals of the Commission for

— a regulation amending Regulation (EEC) No 816/70 as regards the rules on the maximum sulphur-dioxide content of wine ; and

— a regulation amending Regulation (EEC) No 2893/74 on sparkling wines produced in the Community and specified in Item 12 of Annex II to Regulation (EEC) No 816/70 and Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions

(Doc. 554/76).

This document has been referred to the Committee on Agriculture

(b) from the Commission,

— The Agricultural Situation in the Community : 1976 Report (Doc. 556/76).

This document has been referred to the Committee on Agriculture ;

(c) from Mr Jozeau-Marigné, a report on behalf of the Legal Affairs Committee on the draft joint declaration by the European Parliament, the Council and the Commission on the protection of fundamental human rights (Doc. 557/76).

### 3. *Procedure without report*

**President.** — During the sitting of Monday, 7 February 1977, I announced the titles of proposals by the Commission to the Council to which it was proposed to apply the *procedure without report* laid down in Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and no amendments have been tabled, I declare these proposals approved :

— Proposal, from the Commission to the Council for a decision on the acceptance of certain codex standards for sugars intended for human consumption (Doc. 473/76) ;

— Proposal from the Commission to the Council for a directive modifying Council Directive 76/625/EEC of 20 July 1976 concerning the statistical surveys to be

carried out by the Member States in order to determine the production potential of plantations of certain species of fruit trees (Doc. 492/76) ;

— Proposal from the Commission to the Council for a directive amending Directive 75/271/EEC concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (France) (Doc. 507/76) ; and

— Proposal from the Commission to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines of designation of origin, falling within heading ex 22.05 of the Common Customs Tariff, originating in Morocco (1977-78) (Doc. 534/76).

### 4. *Authorization of reports*

**President.** — At the request of the Committee on Energy and Research, which had been authorized to draw up a report pursuant to Rule 38 of the Rules of Procedure on the need for Community measures as regards the risks and costs of the disposal of atomic waste and of the treatment of nuclear power-stations shut down under the Community Energy Policy, the Committee on the Environment, Public Health and Consumer Protection has been asked for its opinion on this matter, pursuant to Rule 44 of the Rules of Procedure.

### 5. *Change in the agenda*

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

**Mr Albertini.** — (*I*) Mr President, I am afraid I have to appeal to Members' courtesy and understanding and ask for my report to be brought forward and the order of the agenda therefore reversed.

I am most embarrassed at having to make this request, particularly since this is my first report ; but I have to return to Italy for grave and serious family reasons.

**President.** — Mr Albertini, according to Rule 12 (2) of the Rules of Procedure, the agenda cannot be amended except on a proposal from the President. Since I understand your trouble, I am inclined to propose the change you are asking for.

I call Mr Laban.

**Mr Laban.** — (*NL*) Mr President, I know that Mr Albertini has to return home for urgent reasons, and I would therefore recommend Parliament to agree to his request since he would like to present his report himself.

**President.** — Under these circumstances and with the agreement of Mr Früh, the first speaker listed as rapporteur, I propose to the House that we deal immediately with Mr Albertini's report.

Are there any objections?

That is agreed.

## 6. Regulation on Beneventano tobacco

**President.** — The next item is the report (Doc. 549/76) by Mr Albertini, on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation laying down special measures in respect of the Beneventano variety of tobacco.

I call Mr Albertini.

**Mr Albertini, rapporteur.** — (I) Mr President, I shall be very brief, among other things out of courtesy to Parliament for having agreed to my request.

The Commission's proposal is truly remarkable in its simplicity. Its purpose is to bring about a switch from the production of Beneventano tobacco, a specific variety grown in certain areas of southern Italy and in particular in the province of Benevento and Avellino. The output of this tobacco is no longer taken up by the market because of changing tastes and trends, with the result that there is now an imbalance between production and consumption.

Under Article 13 of the applicable regulation, the Commission purchased 1 469 tonnes of this kind of tobacco in 1973, 1 351 tonnes in 1974 and 2 200 tonnes in 1975. In view of the fact that the limit on the Commission's obligation to absorb surpluses is set at 1 200 tonnes, with the possibility of this being increased by 20 % for climatic or other reasons, it is clear that we have gone much farther than goodwill requires.

The relevant regulation lays down that, in such cases, the Commission must take action with regard to the price paid — reducing it in this particular case — or the quantity bought, and its intention is to act in this latter area through a specific proposal setting out two main measures. The first consists in reducing the intervention price from 90 to 80 % of the 'norm' price, i.e., the market price, and the second consists in a gradual reduction, over a three-year period, of the quantities purchased — that is to say, to 75 % in 1977, 50 % in 1978 and 25 % in 1979.

In view of these sacrifices demanded of growers and workers in this sector it would have been wrong, of course, to confine action to punitive or coercive measures without some counterweight to bring the situation into economic balance. The Commission therefore proposes granting a special premium of 500 u.a. per reconverted hectare so that, by means of this incentive, a changeover is brought about towards other varieties of tobacco having better acceptance and easier to dispose of on the market.

I feel that what I have said sufficiently explains the reasons for the Commission's proposals. In view of them, the Committee on Agriculture gave its unanimous approval save for one criticism, which does not relate to the merits of the issue but to the system of coverage. However, this criticism in no way alters its

overall view, which is in favour, as is the opinion of the Committee on Budgets.

Mr Ligios, with some other Members, has tabled two amendments concerning the percentages to which the quantities taken into intervention should be reduced and an increase in the related aid from 50 to 70 %. I have neither the opportunity now the time to ask for my committee's opinion, but I believe that it would agree to these two amendments; personally I have no difficulty in accepting them.

This having been said, I invite Parliament to vote in favour of the Commission's proposal, which meets the needs of the people in certain Community areas and therefore has considerable social significance apart from its appreciable economic implications for the European budget itself.

Approval of this proposal by the Council is, of course, an urgent matter, because sowing begins in March and growers will need to be in a position to take decisions before that date.

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

**Mr Ligios.** — (I) Mr President, allow me first to express our thanks to the rapporteur for the simplicity and clarity of his report.

Tobacco of the Beneventano variety, produced in the area from which it gets its name, can no longer be sold, for various reasons, on the Italian or the Community markets. The Commission, in compliance with the provisions of the basic regulation on tobacco, therefore proposes a regulation designed to reorganize the system for marketing this product.

Whilst I fully approve Mr Albertini's report, I would like to make a few brief comments about the opinion delivered by the Committee on Budgets, because it seems to me that some of the remarks made in the opinion are incorrect.

The Committee on Budgets states that where Beneventano tobacco is grown, it is not possible to grow other varieties, because the land is agriculturally poor. This is wrong. On the contrary, in this regulation the Commission wishes that other varieties in greater demand should be planted in this area instead of Beneventano, such as Kentucky, Bright and so on, which suit the market better and are easier to sell.

The second comment of the Committee on Budgets which I consider to be incorrect is to be found in that part of the opinion where it is stated that the matter 'was not a specifically agricultural problem but raised a social-policy issue which the Commission is proposing to alleviate through a concealed social subsidy.' This is definitively not true. There is no concealment so much so that, for growers, this measure will mean a reduction in the intervention price from 90 to 80 % of the normal price. In addition, the proposal provides

**President**

that not all that is produced should be bought in, but that the amount should ultimately be reduced, over a period of three years, to 25 % — in my amendment I suggest 35 % — in 1979. Lastly, the 500 u.a. proposed by the Commission are not to be given to all and sundry but only to those tobacco-growers — over to other varieties and therefore faced with the initial reconversion costs. Those of us dealing with agricultural problems know this perfectly well.

Lastly, to deal with a third incorrect comment, I have to make it clear that the measures proposed by the Commission were not invented on the spur of the moment but are strictly in accordance with the provisions laid down in the 1970 basic regulation on tobacco.

These, Mr President, are the comments which I wished to make with regard to a number of statements by the Committee on Budgets which did not appear to me to be wholly correct. Otherwise I fully support the content of the report that has been presented.

**President.** — I call Mr Davignon.

**Mr Davignon, member of the Commission.** — (F) Mr President, I can be extremely brief on the Commission's behalf on this subject in view of the fact that Mr Albertini's report is very thorough and sets out very well the reasons for which the Commission has proposed the regulation you are discussing today.

I would simply point out that the Commission had a twofold object: to maintain activity in the tobacco sector and to use the primary production structure in the most rational and economic way possible. This is why, knowing that the measures would cause difficulty, it also allowed 500 u.a. for the replanting process. That seems to me to be important. On the basis of this programme, the Commission feels justified in considering that the structural imbalance will be corrected or put on the road to being so and that intervention expenditure financed by the EAGGF will be considerably reduced.

As regards Article 3, the 75 %, 50 % and 25 % stages were agreed during discussions in the special agricultural committee. From the general trend in the discussion, we now feel that they could be 75 %, 60 % and 35 %, which does not create any special problem as far as the Commission is concerned.

I would like to thank Mr Albertini and Members of Parliament for their kind attention to this proposal for a regulation.

**President.** — Before considering the motion for a resolution, we must first consider the amendments to the proposal for a regulation.

On Article 3, I have Amendment No 1, tabled by Mr Ligios, Mr Pisoni and Mr Pucci, seeking to replace this article with the following text:

*'Article 3*

The quantities of all qualities of tobacco of the Beneventano variety harvested in 1977, 1978 and 1979 which may be the subject of intervention buying shall be limited to

75 %, 60 % and 35 % respectively of the corresponding quantities of the 1975 harvest taken over by the intervention agency.'

This amendment has already been moved by Mr Ligios and accepted by Mr Albertini.

I put this text to the vote.

Amendment No 1 is adopted.

On Article 6, I have Amendment No 2, tabled by Mr Ligios, Mr Pisoni and Mr Pucci:

This article to be modified as follows:

*'Article 6*

1. Unchanged.

2. Unchanged.

3. Where the option provided for in Article 5 is exercised, the grower shall receive 70 % of the aid calculated in proportion to the areas which have been planted with other varieties, in order to offset the loss in income.'

This amendment has already been moved by Mr Ligios and accepted by the rapporteur.

I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, I think it may help if I give Parliament some information on this subject. During the discussions in the special agricultural committee, the figure put forward by the Commission was 60 %, whereas Parliament wished it to be 70 %.

A compromise would be 65 %, and the Commission could agree to this. If Parliament would go along with a figure of 65 %, with Mr Ligios' agreement, we should all agree, and this I feel, would be an excellent thing.

**President.** — I call Mr Ligios.

**Mr Ligios.** — (I) I agree to this change, Mr President.

**President.** — What is the rapporteur's view?

**Mr Albertini, rapporteur.** — (I) I agree, too.

**President.** — Are there any objections to this oral modification of the amendment?

That is agreed.

I put to the vote Amendment No 2 as orally modified that is, with the figure '70 per cent' replaced by '65 per cent'.

Amendment No 2, thus modified, is adopted.

I put the motion for a resolution to the vote, on the understanding that it shall be modified to take account of the two amendments adopted.

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

*7. Regulation on conversion-rates for measures financed by the EAGGF*

**President.** — The next item is the report (Doc. 538/76) by Mr Früh, on behalf of the Committee on Budgets, on

<sup>1</sup> OJ C 57 of 7. 3. 1977.

## Ligios

the proposal from the Commission to the Council for a regulation on the entries in the Budget of the Communities relating to the financial effects of the different conversion-rates applied for measures financed by the Guarantee Section of the EAGGF.

I call Mr Früh.

**Mr Früh, rapporteur.** — (D) Mr President, I am sorry to have to trouble you at this early hour with a somewhat complicated subject — namely, agricultural policy, which suffers from the fact that although amounts are expressed in units of account, we have been unable to achieve monetary union.

A situation has developed in which we have different units of account: there is a budgetary unit of account and, since 1973, there is a representative rate — a 'green' unit of account — and this proposed regulation tackles the problem of how to interrelate these two units of account. Payments to Member States in accordance with the Agricultural policy are paid on the basis of the representative rates — in other words, in 'green' units of account — in the currency of the country concerned in each case. After these amounts have been entered into Member States' books in their own national currency, they are then converted — at Community level — into the units of account used in the budget. A discrepancy therefore arises, because the 'green' units of account tend to follow the market exchange rates while the budgetary units of account are unalterably tied to the par-values declared to the International Monetary Fund.

Initially, this problem did not create any serious discrepancies. When it was introduced in 1973 the amounts involved were small, but year by year they have increased, particularly because 'green' units of account adjust more quickly to the actual exchange-rates, so that for 1976 the difference reached 377 million and for 1977 was as much as 538 million units of account.

Now, because the paying agencies in the individual Member States keep their accounts in the national currency, the Commission has to convert expenditure into budgetary units of account. The different conversion rates would, in fact, mean keeping separate accounts for agricultural expenditure, but the 42 paying agencies and their sub-offices in the individual countries are, organizationally, not in a position to do this and could not, without major changes, make the necessary modifications to their accounting system.

As a solution to this problem, the Commission proposes to apply weightings for the individual Member States to all the expenditure notified by them. If the 'green' units of account were changed, these weightings would be adjusted accordingly. At the same time the date, periods of payment and even arrears in payment would have to be taken into account and allowed for by special weightings in each case.

As you can see, ladies and gentlemen, it is a highly technical problem and I shall therefore spare you further details. The Committee on Budgets has gone into the matter very thoroughly and since it was

found, as the Commission points out, that this is a purely technical accounting matter with no financial implications, the Committee on Budgets recommends you to approve the proposal. All the same, the Committee on Budgets, under its chairman, Mr Lange, who is always very critical, makes the point that this global method departs from the principle of the individualized entry and can be approved only for this special case.

Paragraph 1 of the resolution says that the proposal will *probably* — once again you see the caution of the Committee on Budgets — have no financial effect. In paragraph 2, we stress that the principle of the single entry must be strictly adhered to and that this exceptional case cannot be used as a precedent for other global entries. Lastly, we recommend that the measure be applied retroactively from 1 January 1977, purely because this proposal reached the committee very late and could not, therefore, be presented earlier.

I therefore ask you to approve the report.

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, I can be very brief, since Mr Früh has presented a complex problem extremely well. In a few words, the Commission wanted the effects of the difference between the budgetary unit of account and the agricultural unit of account to show in the Community's accounts and in the budget. This is the purpose of the proposal, whose object is therefore that expenditure not due to agricultural policy but to differences in working out the figures should appear clearly so that the agricultural policy should no longer be charged with expenditure for which it is not responsible.

The proposal raised some difficulties of application in the individual Member States, but these have been solved, technically, and I believe that this is an improvement on the previous situation.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

#### 8. Directive on the EAGGF financing system

**President.** — The next item is the interim report (Doc. 527/76) by Mr Cointat, on behalf of the Committee on Budgets, on

the proposal from the Commission to the Council for a directive amending the Council Directive of 15 March 1976 on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties.

The rapporteur has decided to waive his oral presentation.

I call Mr Davignon.

<sup>1</sup> OJ C 57 of 7. 3. 1977.

**Mr Davignon, Member of the Commission.** — (F) Mr President, I shall not retain Parliament long on this question. I have just two comments to make.

First, we are pleased to note that Mr Cointat and the Committee on Budgets agree to the Commission's proposal.

Secondly, Mr Cointat and the Committee on Budgets would like there to be a separate directive for each of the two measures put forward in the proposal. For practical and technical reasons we do not take the same view, because this would mean more time would be needed for discussing and adopting the Directive. This is a difference of opinion on method, not on substance, and I wished to make the Commission's position clear on this point.

**President.** — I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (D) Mr President, I had hoped that we could see this matter through without any discussion, but if the Commission expressly states that, for technical reasons, it cannot go along with the proposals made by the Committee on Budgets, then we shall have to look into the matter again. This is precisely why we have tabled an interim — not a final — report.

We shall therefore, Mr Davignon, have to consider the matter further. It is important to us that it be dealt with in the way that we proposed.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

#### 9. Recommendations adopted by the EEC-Turkey Joint Parliamentary Committee

**President.** — The next item is the report (Doc. 548/76) by Mr Klepsch, on behalf of the Committee on External Economic Relations, on

the recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Nice on 28 April 1976 and in Ankara on 9 November 1976.

I call Mr Klepsch.

**Mr Klepsch, rapporteur.** — (D) Mr President, ladies and gentlemen, it falls to me to present a report which reviews the situation as regards the EEC-Turkey Association for a period of one whole year. We decided not to present a number of individual reports; instead we have put together the results of two meetings of the Joint Parliamentary Committee and also included the President of Parliament's official visit.

The past year was certainly one of tension in the Association relationship. There were many reasons for this, one being the long delay in taking a number of decisions. For one thing, the Member States, in the Council of the European Communities, took a long time to agree on the decisions to be taken with regard to certain issues, and for another the Turkish government itself was very slow in coming to a decision on a number of questions. Moreover, the Association Committee was informed that differences of opinion had arisen in Turkish public opinion, firstly as a result of the political debate in Turkey on the results and the value of being in association with the Community, and secondly because differing priorities were set for further development in the Association relationship within the Turkish economy. Apart from this, general economic problems had to be considered as regards both the manpower market and also the adjustment of trade balances and the development of exports and imports in the direction required under the terms of the Association.

We therefore had plenty of serious problems which, coupled with the emotions aroused by internal politics, inevitably inflamed the situation. We were very fortunate that the Association Council was eventually able to meet by the end of the year and take the necessary minimal decisions — if I may so describe them — to keep the Association operational.

I would like to say to you quite frankly that during this year the Joint Parliamentary Committee has seen its task primarily as that of intermediary and that both Parliaments — Turkish and European — have striven to settle existing differences and to take the Association Treaty seriously and to enlarge and develop it. I would ask you, ladies and gentlemen, to consider the report and the Annexes to it in this spirit.

Perhaps I may briefly underline a few main points about which we are particularly concerned. First, I should like to say that the decisions of the Association Council on specific subjects have resulted in concessions — albeit the minimum required in the terms of the Treaty — for agricultural products, and we believe that here an approach has been found for reducing differences appreciably in the future. We realize, of course, how small is the field for manoeuvre left to us, because practically all agricultural products from Turkey are already given maximum preference, but it should also be remembered that the trade balance problem, among other things, also stems from the fact that Turkey has found other markets for her agricultural produce and the effect of this can be imagined.

All I want to say is that we are pleased that progress has been made in the question of agricultural concessions, because it must not, of course, be forgotten that we have an agreement with the Turks calling for 2-yearly revisions in each case and that we are very much in arrears in the negotiations.

<sup>1</sup> OJ C 57 of 7. 3. 1977.

## Klepsch

My second point concerns the situation of migrant workers from Turkey, where I believe the solution chosen, as can be seen from the minutes of the meeting of the Joint Committee, is the one proposed by this Parliament, with which the Council of Ministers fortunately also agreed. This was the formula to which both sides — the Turks and the Community — subsequently found they could agree and we are gratified at having made this contribution.

My third point is the question of the Financial Protocol, the settlement of which is presumably not wholly satisfactory to the Turks, but since we have opened up a whole range of new possibilities in the co-operation area and since we are pleased to note that the attitude of the Turkish government towards private investment in Turkey has become more favourable, we feel that greater opportunities have now been opened up as regards capital requirements and that we ought to promote co-operation to the fullest extent. We were naturally pleased to see that, in the end, the trend in imports and exports between the Community and its associated partner Turkey is now reversed. Whereas at first, and particularly in the year under consideration, it appeared as if the gap was widening in Turkey's disfavour, this trend has now reversed again and we hope that this will be maintained.

I would now like to make three policy comments, the first being this.

We discussed the ultimate object of association in great detail with our Turkish friends and were pleased to see that, for them, it is still full membership, even though both sides know, of course, that full membership is out of the question before the date laid down: 1994. However this may be, the maintenance of close relations between Turkey and the European States also remains a priority objective in Turkish policy.

Secondly, we were careful not to get involved in the problem of relations between Turkey and Greece. We certainly discussed these questions frankly on every occasion in committee, but we did not feel that resounding public statements would perform any useful service for either side. Instead we felt the right thing to do was to persuade the two sides to come to an agreement and to encourage them to go further along the road they have already begun to take towards a peaceful settlement, for example as regards the solution of problems like Cyprus, the Aegean, airspace over the Aegean and ocean floor resources in the Aegean. That was our contribution. But we decided — and you will find a note on this — that in the future neither the EEC-Turkey Joint Parliamentary Committee nor the EEC-Greece Joint Parliamentary Committee should issue political statements on questions not directly connected with the Association concerned. We believe this to be the right approach and our Turkish partner has agreed.

A third comment. I am particularly pleased that we were successful in reactivating the Association, because parliamentary elections are to take place in Turkey in 1978 and it was obviously, therefore, highly important for us to put our relations in the Association back in order prior to the election. Otherwise — and this I say quite frankly — there was reason to fear that the Association would have become an election issue in Turkey. We hope that this has been forestalled.

In conclusion, I might perhaps refer to two aspects which concern this Parliament as such and about which we are still having talks with our Turkish friends. One is the accession of other countries to the Community — an old subject to which I shall make no further reference. Naturally the Turks are concerned that the accession of other countries should not affect the content or spirit of the Association Treaty.

In the view of our Turkish partners the Community has given satisfactory undertakings on this score, but we must understand clearly — and we have already discussed the matter in this House — that we must naturally always remember, in all future accession negotiations, whether in the near future with Greece or possibly later with other countries, that undertakings into which we have already entered must continue to be fully honoured.

The second point — our Turkish friends are interested in this as well and Parliament has nothing against it — is that the Joint Parliamentary Committee and the Association Council as well should be able to give their views on external policy or other policy questions arising under the heading of co-operation. The Parliamentary Committee has no objection to such a development but rather welcomes it.

This concludes my remarks. You have received a considerable amount of paperwork, but it is perhaps worth while tackling the different aspects thoroughly, because the work done on developing the EEC-Turkey Association may serve, to some extent, as a model for our efforts in many other directions. It may show us what objective difficulties persist and need to be overcome, and your rapporteur is proud of the success of this Parliament's committee in helping considerably to make satisfactory — I might even say fully satisfactory — development of the EEC-Turkey Association possible again. Allow me to thank the Commission in particular and also the Council of Ministers for their efforts in this matter.

I submit to you the motion for a resolution as an agreement reached against the background of this development.

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

**Mr Hansen.** — Mr President, ladies and gentlemen, I am speaking this morning as Chairman of the European Parliament's delegation to the EEC-Turkey Joint Parliamentary Committee, because I feel that the members of that committee are perhaps in the best position to assess the considerable amount of effort that has gone into the rapporteur's work and to thank him for it. All I should like to do here is to take up a number of points raised and deal with them very briefly.

Last year, Mr President, we experienced what was probably the most critical period in relations within our association. Tension built up ominously for a variety of reasons, including, in foreign policy, the growing frustration of Turkish public opinion with Europe, friction within the governing coalition, a pre-election campaign which has already begun unofficially and, on top of all this, the repeated postponement of the conference of the Association Council last year. Against this background the positive outcome of the Association Council's meeting of 20 December last was welcomed with great relief by all those taking part. What was achieved can be summarized in the following four points: First, with regard to the most crucial problem of freedom of movement for Turkish workers, the measures stipulated in the agreement for implementing the first phase were introduced, and Turkey was also accorded the second priority. Secondly, with regard to agriculture, Turkey was granted further concessions on a series of Community products. Thirdly, with regard to financial aid, talks were started on the new financial protocol, and agreement was reached on bringing forward the expiry date to 31 October 1981. Fourthly, with regard to industries recently established in Turkey, the Community stated that it was prepared to give favourable consideration to further protective measures on the part of Turkey.

On this basis, Mr President, talks can be continued and relations within the association eased. We were able to draw the same conclusions from our talks with the Turkish delegation on 10 and 11 January this year, during the last part-session here in Luxembourg.

Also on this occasion, Mr Inan spoke of Turkey's measured optimism with regard to the new year, 1977. Those who know Mr Inan as I know him, being a very close friend, know exactly what this means when expressed by him in this way.

The reaction of our Turkish colleagues, Mr President, particularly during the joint session with various committees of the European Parliament, were not exactly cheerful but ranged, instead, from the very muted to the sceptical. There are basically two reasons for this. Firstly, in the present political climate in Turkey, the country's expectations *vis-à-vis* our Community have been raised to a very high pitch.

Secondly, Turkish representatives have, with some justification, drawn attention to the fact that the most difficult negotiations, particularly those affecting freedom of movement and agriculture, concern matters that are laid down in formal agreements and are an area in which our Community is somewhat reluctant to fulfil its obligations.

Consequently, it seems to me to be of particular importance for us to ensure in the European Parliament, and also sometimes in our national parliaments, that the executive bodies and especially the Council of Ministers do not use the interim solutions that have been arrived at as an excuse to be rid of the Turkish problem. That is the warning I would like to express here on behalf of my committee. In my view, and from past experience, European countries still underestimate both the frustration felt by Turkish public opinion and the increasingly negative tendencies in its attitude towards the Community.

I therefore conclude, Mr President, with a firm and very open-minded statement. If, as the rapporteur rightly points out, we are not successful in revitalizing and generally activating relations within the association at the earliest possible opportunity, it is by no means inconceivable that, given analogous developments on the domestic political scene, the Community will become further estranged from its difficult, yet reliable, Turkish partner.

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, I listened to Mr Klepsch and Mr Hansen with a trace of uneasiness because everything they said took the words out of my mouth. I shall therefore be brief since I agree with their analysis of the situation and with the outline they have drawn of last year's developments in the relations between, the EEC and Turkey. In this connection, on behalf of the Commission, I would like to pay tribute to the part played by the Committee of this Parliament, and by Mr Klepsch and Mr Hansen in particular, in putting these relations once again on the footing we would like.

The fact is that the Commission feels that relations with Turkey are one of the key features of the Community's external relations and that it is vital that these relations progress in the spirit described this morning. I definitely believe that tangible progress has been made in the agricultural sector and in the field of freedom of movement. It was therefore right to claim that the formula accepted by the Council and Turkey and that considered and drafted at the meeting of the Joint Parliamentary Committee, together with the Financial Protocol, had helped to stabilize relations. On this basis, I believe we can look forward to 1977 with greater ease of mind than was possible in 1976: this is an excellent thing, particularly in view of Turkey's political timetable for 1977.

## Davignon

In my view, the Commission, the Council and Parliament have a duty not to regard the progress achieved as sufficient to solve all the problems at one stroke. On the contrary, we need to make an even greater effort, so as to make the Association more dynamic, and we look forward to receiving the suggestions which the Turkish authorities have promised they would make. An unremitting, long-term effort is required of us, but in view of the complete agreement between Parliament and the Commission on these matters it should, we feel, be possible to persuade the Council as well to pursue the dynamic policy that the circumstances demand.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

### 10. Regulation on the production and marketing of citrus fruit

**President.** — The next item is the report (Doc. 528/76) by Mr Pucci, on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit.

I call Mr Pucci.

**Mr Pucci, rapporteur.** — (I) I would like to thank the Commission which, in my view, should be commended for having taken an initiative demonstrating its especial awareness of a problem of which I myself have direct knowledge. The Commission's proposal is designed to change certain conditions that may seem to be marginal — but which are not — by laying down different conditions amending the previous regulation on this subject.

It is not my business to explain the special importance of the citrus-fruit sector in the economy of a large part of the southern area of my country. The solutions put forward have particular importance with regard to forcing and accelerating implementation of the Commission's proposed medium-term programme in the citrus-fruit sector. The economic and social aspects of the problem are already known to this Parliament, which has already approved the Scardaccione and Kofoed reports.

The changes proposed by the Commission were welcomed and met with general agreement in the Committee on Agriculture.

In essence, the proposals are adjustments made necessary by the spot-checks that the Community's executive agencies are required to make as regards the practical feasibility of the medium-term intervention norms laid down in the relevant regulation.

In particular, it was found that in some cases, because of their characteristics (marginal land and extensive farming), even holdings of over 5 hectares were unable to make an adequate level of income, at least equal to that obtained from 2 hectares of orange and mandarin groves. Consequently, the new proposal omits this condition. In addition, the income level required is increased: it must be no greater than that derived from 4 hectares (instead of 2) of orange and mandarin trees. This change is justified by the increase in the cost of living and inflation.

I would nevertheless draw the attention of the Commission and Parliament to what I feel to be a gap in the Community's otherwise commendable action in the citrus-fruit sector. I refer to the absence of any protection for growers of bergamot oranges and citrons. Although these two citrus fruits are grown in limited quantities and only in a limited geographical area, there should be no mistake about the importance that the problem assumes from the economic and social standpoints in a particularly depressed area like Calabria.

Bergamot oranges are a typical product of Reggio Calabria because of the special climatic conditions not found elsewhere and wereover only in certain limited areas on the Reggio side of the strait and some areas of the Ionian Sea coastline.

The total area involved is estimated at no more than 3 500 hectares and the average fruit yield over the last five years is around 360 000 quintals, which is equivalent to about 180 000 of essence. Bergamot oranges are dearer to grow than other citrus fruits because they require more attention and the specific yield is lower. The labour force involved is over 4 000.

If it is agreed that the price of other citrus fruits produced in the EEC should not be lower than a certain limit, it would seem to me only right and fair that similar measures should be taken for bergamot oranges and citrons.

For the reasons given, production costs — which work out at about £ 21 000 per kg of essence — are found to be too high for the market. Price integration, therefore, could have the effect of reducing the cost of the essence and making it competitive on export markets with similar but synthetic products and with other bergamot essences now being produced on an experimental basis in the Ivory Coast, which may, of course, constitute a serious threat to production in the Community countries.

The other product to which I would draw the attention of Parliament and the Commission and which, in my opinion, can and should not be left out of the Community measures concerning citrus-fruit production is the citron. The area of land involved is tiny. At the moment land used for growing citrons amounts to hardly 250 hectares, for the reason that competition from other local citrus-fruit production makes it difficult, costly and ultimately impossible to grow citrons in competitive conditions.

<sup>1</sup> OJ C 57 of 7. 3. 1977.

## Pucci

Hence the utility and urgency of supplementing and speeding up the programme for changing over to other products and re-organizing the market, particularly in view of the forthcoming accession of other citrus-fruit-producing countries to the Community as full members and the already active competition from other third countries.

For these reasons, I therefore recommend Parliament to approve this proposal for an amending regulation.

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

**Mr Laban.** — (NL) Mr President, I admit it is Friday morning and that Mr Pucci, the rapporteur, has already stressed that this proposal for an amending regulation is of very great importance to the growers of citrus fruit living mainly in Sicily and Calabria. But there are still a few questions left unanswered, and I would like to dwell on them a little and ask the Commission for the necessary explanations.

The proposal before us for a regulation amending another regulation relates to improving the production and marketing of citrus fruit. There are short-term measures, mainly consisting in the grant of premiums to help citrus fruit from southern Italy over the Alps and on to the market in other Member States, and medium-term measures providing for aid to be granted for replanting with easier-selling varieties, on top of which there is extra aid in the form of compensation for loss of income during the change-over. Initially, this action should have been completed by 31 December of last year, but the date was postponed to 1978, because it appears that no progress had been made with the preparations necessary to set up such a programme — this was to be done by the Italian government in consultation with the EEC. From the 1975 report on the EAGGF it appears that national premiums were paid out that year for the first time, but the report on the situation of agriculture in 1975 is totally silent on the subject of replanting. The 1975 EAGGF report says that no payments were made in 1974 on account of the delay that had occurred in issuing implementing regulations and programmes in Italy, in common with all administrative procedures. We also see that the first national payments were made in 1975, although it is laid down that requests for the repayment of these had to be presented before 1 July 1976. Whether that has happened I do not know, but I would very much like to know. The marketing premiums are paid to the trade and the replanting aid, of course, goes to the producers. The proposal for an amending regulation primarily concerns replanting. My group feels that it is perfectly fair for the conditions to be made more favourable, because that will primarily benefit southern Italy. Farm structures in that area are an obstacle to the people directly concerned.

But we wonder why it was not until 1976 — seven years after the regulation came into force — that the idea came up. It is known that the sale of citrus fruit from southern Italy and southern France comes up against difficulties in the framework of the overall Mediterranean policy and that is why the system of norm prices was postponed for some time. But it has to be recognized that these difficulties are a question of quality. After all, there is also a regulation going back to 1960, under which unsaleable citrus fruit can be processed for juice.

Mr President, I would also like to ask whether the considerable delay in implementing this replanting measure has anything to do with Italian legislation, particularly that concerning the Regios. In spite of the fact that these special measures are so important, particularly for people in southern Italy, it must be terribly frustrating to have to help less saleable products over the Alps with premiums and then to protect them by a norm price system to make them more competitive, when in fact they are completely unsaleable oranges with which all that can be done — with the help of subsidies — is to reduce them to juice which certainly can be sold.

I would also like to recall that in 1972 this Parliament took the view that prolonging special intervention measures and increasing financial compensation should not be allowed to result in the whole restructuring programme being pushed into the background, and it was also stressed that the programme should be carried out with the necessary energy.

In 1974-75, 181 000 tonnes of oranges — that is 11 % of total Community output — had to be taken off the market and pulped for juice. The total growing area in Sicily and Calabria comes to about 97 000 hectares, but we also know that something like 34 000 of the orange plantations in these areas are over 24 years old, that the orange trees, on average, are over 15 years old and that what is more, there is still an enormous difference in planting density: the number of trees per hectare may be 1 000 on one holding and 250 on another.

Mr President, we have no idea which varieties of orange and other citrus fruits to be considered for replanting are of good, medium or bad quality. Another marvellous thing, which really ought to claim our attention, is that about 60m u.a. has been earmarked for these measures in the general budget of the Communities since 1972 but that *absolutely nothing* has been paid out. The estimate for 1976 was 7 million, but, of course, we do not yet know what has in fact been paid out. In 1977 there is an amount of 15 m u.a. on the general budget both for sales promotion and for replanting; I would very much like to know how much is intended for sales promotion and how much for replanting.

**Laban**

In this connection, there are still a large number of unresolved questions. For example, I would like to know what this replanting programme looks like now and whether the necessary relationship has been established between sales promotion and the replanting measures. I have asked what the bad kinds of citrus fruit really are. Are they confined merely to the grade 3 defined in 1971? We would like to hear what has been pulled up since this regulation entered into force: according to the figures I have, the area can be no more than 500 to 600 hectares in all.

Is participation in the pulling-up programme voluntary and can the programme be altered as it is being carried out? Can it be terminated by those concerned? Is it fair for the sales-promotion premiums to benefit the trade, or can they go to the processing industry? In the latter case, I must point out that 1764 industrial projects have been assisted under the regulation which also received help as processors and thus were given double financial assistance — for processing and for marketing citrus fruit.

I would like to have some information about the improvement in the incomes of citrus-fruit producers after the replanting measures are carried out, as far as this is possible. And I would like to know why, for example, schemes for uprooting bad qualities of stone fruit have been successful whereas these have not. I can well imagine that Mr Davignon, who is not responsible for agricultural affairs, will not be able to give a direct answer to these questions. He should not, of course, take offence at this, but I wanted to raise this matter once for all in the plenary Assembly, because we would like to know how things are going in the countries that have to take action under this regulation, since the object of this kind of Community action, when all is said and done, is to help small producers to gain a better livelihood. If my questions cannot all be answered by Mr Davignon, may I ask him to request his colleague responsible for agriculture to give the Committee on Agriculture a comprehensive and clear report on this whole problem, together with the necessary explanations.

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

**Mr Vitale.** — (*I*) Mr President, ladies and gentlemen, I would first like to express our regret that the Commissioner for Agriculture is not present in the House, both because of the importance that the growing of citrus fruits — the subject under discussion — has assumed in some areas in the Community and because of the charge on the budget to which Mr Laban has just referred.

I shall need a few moments to explain the position of our Group on this problem, because — and I am sorry not to have had an opportunity to say so in the

Committee on Agriculture — we are opposed to the Commission's proposal to abolish the condition laid down in Article 4 of the regulation whereby owners of holdings not exceeding 5 hectares were eligible for special assistance for replanting their land under citrus fruit, farmers with larger holdings not being entitled to apply for this aid.

Seven years ago, when this measure was adopted, we Communists in Italy welcomed it, precisely because it introduced a new principle of great significance: the principle whereby small farmers working their land themselves can be forced to participate in the necessary modernization or restructuring projects only if the right conditions are provided — in other words, first and foremost, if they can count on assistance that makes up at least part of their income during the changeover period. We therefore request that this special assistance continue to be confined to firms not exceeding 5 hectares, not because we have any general objection to assistance being given to the big farms but because we want the best possible use to be made of all our resources.

I would add that if it had been proposed that farms of over 5 hectares should be included among the recipients of supplementary aid and that at the same time the available funds should be increased, we should have been in favour, but the total sum available is the same as before in spite of the fact that it may also be used for farms of over 5 hectares, which is equivalent, in practice, to withdrawing it from the smaller farms.

This crude displacement of resources is unacceptable to us, a further reason being that, in our opinion, the grounds given by the Commission for it have little justification.

It is said — I am quoting the rapporteur — that the 5-hectare limit is too restrictive on the application of the regulation because it excludes holdings under extensive cultivation producing from larger areas but yielding lower incomes than those obtained from 2 hectares of citrus fruit.

But in this case, quite apart from the area question, we have a different type of farm, where cultivation is of the extensive type and on land unsuitable for citrus fruit and where citrus fruit is grown in addition to other crops. Such farms can be helped in other ways and by other procedures. We are not, I repeat, in favour of leaving any type of farm to its fate. These farms of over 5 hectares, where citrus fruit is a supplementary and marginal crop, are eligible for aid as part of an overall scheme for agricultural restructuring — in other words, on the basis of Directive No 159, which we have discussed on other occasions.

An extension of the special aids to the citrus-fruit sector does not seem to us to be the right way of solving the difficulties of growers, if the total sum available remains unchanged.

## Vitale

Also — and Mr Laban made a number of comments on this point — I will not hide from you the fact that there are questions to which I myself, who am Italian, would like answers. If the citrus-fruit scheme is making slow progress, this cannot be put down to a limit on area of over or under 5 hectares. The reasons lie elsewhere. They lie in the bureaucratic lethargy of the Italian Government, which has let 5 years go by without creating the legal conditions for applying the regulation. They lie in the delay with which public funds reach the grower, and in the absence of valid measures for developing producers' associations and co-operatives and for assigning them clearly defined duties and responsibilities. They lie in market trends and in the varying efficiency of the intervention agency's utilization of the purchasing mechanism. It is in these directions that changes are necessary if the implementation of the citrus-fruit scheme is to be speeded up.

In addition, in our view, the principle requiring that small producers be compensated for the loss of income during the changeover period is wise economic practice; it is what we call restitution of income, which should not be a kind of poor relief but an encouragement to convert. The big producers, if they are really businesses, do not need this assistance, because they have other resources for weathering the critical period. In the first place, unlike small producers, it is possible for them to borrow, and they really do not need a grant from the Community during this period to survive.

I believe, therefore, that we would be right to maintain different schemes of aid for small and big producers, because in this way we should be introducing into Community legislation, though admittedly in a small sector for the moment, the principle we call restitution of income, which would be a realistic policy, particularly if this measure were to be seen as aid for those who actually work the land and not for those who own big holdings and apply extensive cultivation methods and who, in effect, would purely and simply be receiving a gift from the Community.

Whilst our group, therefore, disagrees with the Commission's proposal on this point, it supports the other proposals outlined by the rapporteur, in particular the proposal that supplementary aid should be given to growers deriving a lower income from citrus fruit than that equivalent not to 2 but to 4 hectares planted with orange and mandarine trees. Here our reasons are those already put forward by the rapporteur, because, from this viewpoint, the present conditions are definitively restrictive and would eventually discourage those small producers to which the regulation refers.

The fact that must be borne in mind is that since 1969 the situation of citrus-fruit growing in Italy has

deteriorated to the point that, today, it covers only 5 % of all the citrus fruit bought in the Community. It is therefore right that the strict limit imposed by the Community should be raised to meet a situation which has now become truly critical.

Lastly, we note that the Commission is to take structural measures — and here I agree with the proposals that have now been made — as regards bergamot oranges, a product grown in only one restricted area of the Community.

It has always been a principle, and this has been stated many times, that certain typical products should be encouraged which, though useful to the whole of the Community, can be grown only in a few restricted areas. This is precisely the case of the bergamot orange, which provides the raw material for a number of important industries — cosmetics, perfumes and pharmaceutical products. These industries are located well away from Italy, mainly in the United Kingdom and in other Community areas. We have therefore a common interest in preventing the decline and disappearance of bergamot production.

I will conclude, Mr President, by saying that for many years the citrus fruit sector has been exposed to all the attacks of competition from countries outside the Community, not having that protection which has been given to other sectors — at a relatively recent date, in the form of the premium to which Mr Laban referred.

If it really wants to perform the task it has shouldered of pushing ahead with regional policy and endeavouring to correct the imbalances that exist, the Commission now has a specific case on which to show its merits. From what the Commission does in this field we shall really know whether certain statements made only yesterday regarding regional policy and the co-ordination of the Regional, Social and Agricultural Funds are to be transformed into practical action or purely and simply to remain vague assurances of goodwill.

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, although — as Mr Vitale and Mr Laban have pointed out — this subject does not come within the field with which I am best acquainted, I shall endeavour to prove to the former that he has less reason for regretting the absence of Mr Gundelach than he feared since later I shall be telling him why I do not agree with what he has said.

But first I would like to thank the rapporteur for giving the precise reasons for this supplementary regulation designed to produce — for the areas concerned — the concrete and specific result that was the aim of the previous regulation. The fact is that experience

## Davignon

has shown that a supplementary regulation was necessary for this purpose.

Meanwhile, I would like at this point to try to reply to the various questions put by Mr Laban. He first asked whether implementing measures had already been taken. The answer is that there have been implementing measures, authorized by a decision taken on 21 December of last year, in favour of France and Italy.

Secondly, a number of speakers wish to know whether there has been any delay and, if so, why. The Commission has to admit that delays have often occurred because proposals were not presented quickly enough and that national legislation and then local legislation took a further year, which explains why the first implementing measures were not enacted until 1975.

Lastly, Mr Laban asked me what part of the total budgetary envelope was allocated firstly to conversion and secondly to 'normal' expenditure — in other words, commercial or sales-promotion expenditure. The answer I can give him is that, according to a calculation we have carried out very quickly, 2m u.a. were allocated to conversion last year.

There is, of course, a general problem raised very clearly by Mr Vitale, who tells us that, in fact, we have altered our action. Originally it was designed to assist small producers of oranges and madarines, whereas now it has been extended to others without any increase in appropriations. I would like him to know that his is not the way the Commission sees it. Let me explain.

Point one: the geographical area to which the measures apply has been reduced, as a result of consultations with the Italian government, from 42 000 hectares to a smaller area, probably 35 000 hectares. The original appropriation therefore applies to a smaller area, and this, in relative terms, means that it has been increased.

Second point: the five-hectare condition must be seen in combination with the other conditions envisaged by the regulation. There is a ceiling for supplementary measures where income exceeds that corresponding to 4 hectares planted with citrus fruits. A small 10-hectare farm with only 1 hectare of citrus fruits, for example, was not eligible for the measures prescribed in the initial regulation. This did not seem fair to us and this is why the regulation has been changed. The two measures, the 5-hectare ceiling and the condition regarding income equivalent to that derived from 4 hectares of citrus fruits, therefore have to be considered *together*.

I now come to Mr Pucci's very relevant comments on the subject of bergamot oranges and the special problems of producers in this field. He was right when he pointed out that this problem was important in character but restricted in scope since it relates to some 40 000 tonnes. The Commission feels that this question, which is being discussed at the level of the

Council, could be pushed through without debate, at next Monday's Council meeting. We feel that this is vital if these supplementary measures are to be effective. I would also like to add, for Mr Vitale's benefit, that if this supplementary regulation is not adopted we shall not be able to do anything at all — in spite of the fact that this replanting plan is what everyone wants and that, as Mr Laban rightly said, a close watch needs to be kept on it. In this connection we are ready to submit a report to the Committee on Agriculture demonstrating our efforts to achieve real reconversion so that we are not giving aid for fruit that is not a quality product.

I would further like to tell Mr Pucci that in this general study we are making of Mediterranean agricultural production, particular attention will be given to this question and efforts will be made to find an answer to the problem that concerns him. But it seems to us unwise to make a change now and risk delaying implementation of this measure, which seems essential to achieve the result we want.

In conclusion, I would like to thank Mr Pucci for his very relevant report and Mr Laban and Mr Vitale for the questions they put, to which I have endeavoured to reply as factually as possible. Whilst aware of the fact that I have not replied to all the questions, I am pleased that, with Parliament's approval, the regulation can be brought into force very quickly after its adoption next Monday by the Council and that thereafter, by means of the supplementary measures, the Commission will be in a position to achieve more fully the reconversion objectives it had already set itself.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, I do not want to hold up the proceedings, but I would like to thank Mr Davignon for the excellent manner in which he has dealt with the questions that have been put on this proposal. For my money, he can add citrus fruits to his responsibilities. I do, however, have a few more questions and I therefore hope that Mr Gundelach will be able to give us the facts that I would still like to have in a letter, say, to the Committee on Agriculture.

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

I put the preamble and the sole paragraph to the vote.

The preamble and the sole paragraph are adopted.

After the sole paragraph, I have Amendment No 1, tabled by Mr Pisoni, Mr Ligios, Mr Pistillo, Mr Vitale, Mr Albertini and Mr Cifarelli, adding the following paragraph:

2. In view of the importance of bergamots, asks the Commission to include in its proposal measures for the production and marketing of this citrus fruit;

I call Mr Ligios.

**Mr Ligios.** — (I) Mr President, our amendment has been very well explained both by the rapporteur and in Mr Vitale's speech.

However, in view of the Commissioner's statement that the tabling of this amendment might possibly delay the Council's decision, which needs to be taken within the next few days, I withdraw Amendment No 1.

**President.** — The amendment is accordingly withdrawn.

I therefore put to the vote the motion for a resolution. The resolution is adopted.<sup>1</sup>

#### 11. *Oral question without debate:* *Production of maize sugar syrups*

**President.** — The next item is the Oral Question (Doc. 545/76/rev.) without debate, by Mr Martens, Mr Bertrand, Mr De Koning and Mr Früh, on behalf of the Christian-Democratic Group, to the Commission :

Subject : Increased production of sugar syrups with a high fructose content (isomeroses) from maize

1. Does the Commission consider the increasing production from maize of sugar syrups with a high fructose content to be a threat in the short or medium term to sales of sugar produced from sugar-beet (EEC) and sugar-cane (ACP States) ?
2. Does the Commission intend in the near future
  - (a) to extend to the isomeroses in question the market regulations applicable to solid sugar (saccharose) ?
  - (b) to have all measures which distort competition between sugar prepared from beet and sugar syrup prepared from maize discontinued ?
3. What is the Commission's attitude towards the government aid which some Member States are considering granting for the construction of factories to produce isomeroses ?

I call Mr Martens.

**Mr Martens.** — (NL) Mr President, a few years ago, science succeeded, by a combined process of fermentation and hydrolysis, in preparing a sugar syrup with a high fructose content of 42-46 % from maize starch. In everyday language the product was called isoglucose, or maize sugar. The preparation of this product from other starch sources is still at the experimental stage, as is the fructose crystallization process. The technical properties of this liquid sugar are more or less the same as those of syrup produced from beet or cane sugar, and this has given rise to competition between the two for certain applications. The experts have worked out that near enough 50 % of our total sugar consumption could be met by this kind of liquid sugar. So we are faced with a difficult problem of competition. Substitution may take even more acute forms once the process for crystallizing fructose sugar is perfected, because then it will be possible to make solid sugar. But basically the real competition is

downstream — between the raw materials for solid sugar on the one hand (sugar beet and cane) and for isoglucose or maize sugar on the other (maize and other starch-containing products).

Sugar-beet has a very important place in European agriculture and amply covers our sugar requirements. On top of this we have to import 1 300 000 tonnes every year from the ACP countries. I would also stress that sugar-beet is of considerable importance for crop rotation in European agriculture. Maize is also grown in a few countries in the European Community, but our maize requirements are primarily met by imports. We appreciate that the Commission is faced with a very complicated problem. Both are basic agricultural products and the conclusion we come to is that increasing isoglucose production must mean either exporting more beet-sugar — with refunds — reducing the area we have under sugar-beet, or reducing our imports of ACP sugar. This raises important problems, therefore, and if we have to produce more isoglucose then maize imports will have to be increased steeply.

I would draw your attention to certain aspects of the problem in connection, among other things, with the common organization of the market. Although they are very different raw materials, maize and sugar beet can be used to produce a product — sugar — of roughly equivalent quality. But the two cases are covered by totally different regulations. Maizes comes under the regulation on bread and feedstuff grain and has a guaranteed minimum price with no limit on quantity. The guaranteed minimum price for sugar-beet applies only to a strictly limited quota. For the moment and perhaps for a few months more, a refund or manufacturing premium is being granted for manufacturing isoglucose from maize. Conversely, in some Member States excise duty has to be paid on beet-sugar. Isoglucose comes under common customs tariff 1702B as a grain derivative and therefore benefits from the relevant levies and refunds. Beet-sugar and beet-sugar syrups come under tariff 1702D, which is less protective in its effect. This is why we are counting on the Commission to ensure that, as soon as possible, there should be no more distortions at the manufacturing level. The Commission will also have to make a choice between maintaining sugar-beet cultivation in Europe and importing more maize from third countries. What are the facts ?

In a normal harvest, 1 hectare of sugar-beet yields 6 500 kg of sugar and 7 600 feedstuff units, while 1 hectare of maize produces 3 400 kg of sugar and 1 300 feedstuffs units. Growing sugar-beet therefore gives significantly more sugar and significantly more animal feed than maize : for every ton less of beet-sugar produced, 2 400 kg more of maize has to be imported — 1 610 kg for sugar production and 790 kg to give the equivalent in feedstuff.

**Martens**

On top of this there is an investment problem. For isoglucose production, new investment amounts to about 1 500 m for an operational production unit. But to make a full-scale business out of it, producing starch, maize oil and the like as well, the figure is near enough 3 000 m or even more. A new sugar-beet plant (to produce the same figure of 100 000 tonnes of sugar) would cost about 3 500 m, but we have the advantage that the sugar factories already exist so that no investment has to be envisaged.

Another problem is that of employment. The production of 100 000 tonnes of sugar from maize creates 150 000 hours of work a year, whereas the figure in the case of beet-sugar is 1 200 000. For these reasons we would ask the Commission to investigate this problem as soon as possible and to take decisions concerning, among other things, the control of manufacturing subsidies, possibly including regulations covering the whole situation and grants or aid for investment.

Mr President, the text of my question has been circulated and, to save time, I will not repeat it. I thank the Commissioner in advance for his answer.

**President.** — I call Mr Davignon.

**Mr Davignon.** — *Member of the Commission.* — (NL) I would like to thank Mr Martens for his question. He has drawn our attention to a very complicated and difficult problem. We need to find the right answers to all aspects of this matter. His statement gave an excellent, accurate and balanced outline of the problem. I now propose to answer his question, but first I would make one comment.

In the Commission we are currently studying the old aspects of this matter, partly in the framework of our proposals for agricultural prices. The meeting on this subject is now in progress in Brussels, so that I shall be unable to give details of things that have not yet been decided. But I can already give some precise answers to Mr Martens.

(F) The answer to point one in Mr Martens' question is very definitely yes. At the present time, when we are self-sufficient and producing a surplus, it is important — for all the reasons that have already been explained in Parliament — to keep a watch on developments and to be able to control their effects. In present circumstances, the quantity is considerable — which is why I too would talk of a threat, the word used by Mr Martens in his question — but it is not enormous. Production in 1976 is estimated at 76 000 tonnes, which is slightly more than 0.5 % of the sugar market in the Community.

Secondly — and Mr Martens made this point very clearly in his statement — at the present time, isoglucose can be used only in place of liquid sugar because the crystallization process is not yet perfected. At the present time, however, liquid sugar accounts for only

700 000 tonnes, — that is 5.6 % of the sugar market. As things stand, therefore, we do not think that the share of isoglucose can amount to any more.

It is important that glucose production be held at a percentage that cannot disrupt the market. It is always difficult to give precise figures in this connection, but it seems to us that if the percentage of the total sugar market accounted for by glucose stays at about 5.6 % the negative effects described by Mr Martens will be limited. I put forward this assessment purely for the record. It is not the result of any detailed study, but I felt it would be useful, on the one hand, to agree that it is a worrying problem but, on the other, to situate it in the overall context in order to reduce it to its true proportions.

To sub-paragraph (a) of item 2, I cannot give any precise answer because this is one of the subjects of the discussion being held in Brussels on all these questions. Later, we shall be happy to give Mr Martens further information, either in the Committee on Agriculture or to him personally, but we have not yet concluded our internal discussions.

As to the other questions, regarding the assurance that this production should not distort competition or create marketing problems, I can tell you that we share your concern that there should be no distortion effects. We believe — and have already decided — that national or Community aid to factories producing isoglucose should be prohibited and that it is essential, if this is to produce results, for excise duties and VAT to be harmonized; otherwise, for the reasons that have been given, distortions will occur. Put more technically, this means that we shall ask Member States, under Article 93 (3) not to give assistance of this kind and, under the same article and paragraph, we shall not authorize projects of this type notified to the Commission under Article 93 of the Treaty.

As Mr Martens knows, the Commission has already decided to abolish refunds for the production of isomeroses as from 1 August 1977.

These, Mr President — and I have been as specific as I can be at this time when the whole of the problem is being discussed in the Commission — are some practical measures illustrating the Commission's philosophy as it stands which go a long way, I believe, towards answering the questions raised by the honourable Member.

**President.** — I call Mr Martens.

**Mr Martens.** — (NL) Mr President, allow me to thank the Commissioner sincerely for his reply. I would, however, like to put two further questions to him. One is the problem of the excise duty levied in only 4 Member States, if I am not mistaken, causing a certain distortion in competition between those four Member States and the others. We therefore ask that these duties be abolished.

**Martens**

The second problem relates to the customs tariff. Is the intention to harmonize the customs tariffs in the two cases where sugar is basically concerned? I would be grateful to Mr Davignon if he could give a positive answer to this question as well.

**President.** — I call Mr Davignon.

**Mr Davignon, member of the Commission.** — (F) It is indeed true, Mr President, that we take the same view as Mr Martens on the first question regarding excise duties. It is absolutely essential to harmonize excise duties and to prevent them causing distortion. We shall therefore take action along those lines.

The second item raises the difficulty I have just referred to. It is difficult for us to give you an exact answer on the customs tariff question, because that means first of all giving you an answer on the problem of market organization. I am quite prepared, as you know, to accept the question; I accept the concern you feel, but I cannot give you a more specific answer on the method purely because this depends on the answer we find to the general market organization problem, and that is being discussed at the present moment. Mr Martens will therefore not have long to wait before hearing our suggestions as to the method; but as to the principle, the answer is yes.

**President.** — The item is closed.

#### 12. *Membership of committees*

**President.** — I have received from the Christian-Democratic Group a request for the appointment of

— Mr Schyns as a member of the Committee on Budgets, the Committee on Social Affairs, Employment and Education and the Committee on Regional Policy, Regional Planning and Transport; and

— Mr L'Estrange as a member of the committee on External Economic Relations and the Delegation to the Joint Parliamentary Committee of the EEC-Greece Association.

Are there any objections?

These appointments are ratified.

#### 13. *Dates of the next part-session*

**President.** There are not 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 7 to 11 March 1977.

Are there any objections?

That is agreed.

#### 14. *Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

#### 15. *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 10.55 a.m.)



