

Annex

Official Journal

of the

European Communities

No 174
April 1974

English edition

Debates of the European Parliament

1974-1975 Session
Report of Proceedings
from 3 to 5 April 1974
European Centre, Luxembourg

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NOTE TO READER

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

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

Resolutions adopted at sittings from 3 to 5 April 1974 appear in the Official Journal of the European Communities C 48 of 25 April 1974.

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IN THE CHAIR : MR BERKHOUWER

President

(The sitting was opened at 11.05 a.m.)

President. — The sitting is open.

1. *Resumption of session*

President. — I declare resumed the session of the European Parliament adjourned on 15 March 1974.

2. *Tribute to President Pompidou*

President. — Ladies and gentlemen, honourable Members, I would ask you to rise. A man has died, a Head of State has died, a great Frenchman has died, and also a European. The news came with brutal suddenness at the beginning of the night.

Destiny has struck. Georges Pompidou is dead. He will remain for us the man of The Hague and Paris Summits; a man whom I met recently and with whom I spent a long moment alone. His understanding friendship helped to inspire me with a desire to promote the European Union.

This is a great time of grief for me as it is for you. This eminent man of letters, steeped in classical culture, this great humanist is no longer with us. In the name of our Parliament I salute the memory of this man, who carried out the duties of his high office to the very limit of his strength.

Ladies and gentlemen, honourable Members, France, that great European Country, has been struck a cruel blow by fate. President Georges Pompidou died suddenly. Let us sadly pay our respects, together with all those who, like myself, were close to him and came to know his deepest thoughts; and, because of that, let us keep our faith in the destiny of Europe, in this very difficult moment.

President

Europe will not be made in a day. President Georges Pompidou warned us against possible errors. May we remember his advice and construct together, as he would have wished, something which, alas, he will never now see, a Europe that is master of its own destiny.

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, it is with a heavy heart that I take the floor under circumstances which move me personally very deeply.

You have already described in noble words a man whom everyone knew as he undertook the great task of leading his country and helping to build Europe, but I can tell you that in private, too, he was an extremely good man.

On behalf of the Commission, I join in the tribute which Parliament, through you, has paid to the President of the French Republic, Georges Pompidou, a statesman and a man with great courage and a great heart.

President Pompidou has done a great deal for the European ideal. At The Hague, Paris and Copenhagen he showed to what extent the successful achievement of this supremely important task depended in his view on the commitment of those in the highest authority. He was committed, and Europe will not forget him.

President. — The French member of the Council, who, as you will sympathize, cannot be with us today, has asked me to allow the Permanent Representative of France to say a few words.

I call Mr Burin des Roziers.

Mr Burin des Roziers, permanent representative of France to the Council of the European Communities. — (F) Europe, speaking through other voices, has just paid tribute to the President of the French Republic.

On behalf of Mr Jobert, who, as you have just pointed out, Mr President, must of course be in Paris today, and on behalf of my government and my compatriots I thank all Europeans assembled here today. Tomorrow, France will honour the memory of the man who served her as long as his strength lasted. Today, she owes her gratitude to those who have recognized in this great Frenchman a great European.

(The House rose and observed a minute's silence)

President. — The proceedings will be suspended until 11.30 a.m.

The House will rise.

(The sitting was suspended at 11.15 a.m. and resumed at 11.30 a.m.)

President. — The sitting is resumed.

3. Apologies for absence

President. — An apology for absence has been received from Mr Kater, who regrets his inability to attend this and coming part-sessions.

4. Resignation of a Member of the European Parliament

President. — I have received a letter from Mr Dick Taverne offering his resignation as a Member of Parliament.

This has been noted.

5. Allocation of speaking time

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking time during debates on all reports be allocated as follows:

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

I also propose that speaking time during debates on all questions be allocated as follows:

- 10 minutes for the questioner;
- 5 minutes for other speakers.

Are there any objections?

That is agreed.

6. Decision on urgent procedure

President. — I propose that Parliament deal by urgent procedure with reports not submitted within the time-limits laid down in the rules of 11 May 1967.

Are there any objections?

The adoption of urgent procedure is agreed.

7. Documents received

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

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

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

I. a regulation on pure-bred breeding animals of the bovine species

II. a decision setting up a standing Committee on Zootechnics (Doc. 13/74).

This document has been referred to the Committee on Agriculture;

— the proposal from the Commission of the European Communities to the Council for a recommendation to the Member States regarding cost allocations and action by public authorities on environmental matters (Doc. 17/74).

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

— the proposal from the Commission of the European Communities to the Council for a resolution on guidelines for the mutual recognition of diplomas, certificates and other evidence of formal qualifications by virtue of Article 57 of the EEC Treaty (Doc. 23/74 and Annex).

This document has been referred to the Committee on Cultural Affairs and Youth as the committee responsible and to the Legal Affairs Committee for its opinion;

— the proposal from the Commission of the European Communities to the Council for a resolution on the adaptation to technical progress of directives on the protection and improvement of the environment (Doc. 25/74).

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

— the proposal from the Commission of the European Communities to the Council for a directive amending Article 5 (2) of the Directive of 17 July 1969 concerning indirect taxes on the raising of capital (Doc. 28/74).

This document has been referred to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion;

— the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 3609/73 of 27 December 1973 on customs arrangements to be applied to certain fishery products originating in Norway (Doc. 29/74).

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

— the amendment to the proposal from the Commission of the European Communities to the Council for a regulation supplementing Regulation No 1009/67/EEC on the common organization of the market in sugar (Doc. 30/74).

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

(b) the following oral questions:

— Oral Question, with debate, put by Mrs Caretoni Romagnoli and Mr Marras on behalf of the Communist and Allies Group to the Council of the European Communities, on the political rights of migrant workers (Doc. 14/74);

— Oral Question, with debate, put by Mr Fellermaier on behalf of the Socialist Group to the Commission of the European Communities, on the Association Agreement with Greece (Doc. 20/74);

— Oral Question put by Mr Cousté, Sir Tufton Beamish and Mrs Caretoni Romagnoli pursuant to Rule 47 A of the Rules of Procedure, for Question Time on 4 April 1974 (Doc. 24/74).

(c) from the committees, the following reports:

— report by Mr Helmut Artzinger, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-II) for a directive on the harmonization of excise duties on alcohol (Doc. 15/74);

— report by Mr Roger Houdet, on behalf of the Committee on Agriculture, on the

President

- proposal from the Commission of the European Communities to the Council (Doc. 375/73) for a regulation supplementing Regulation (EEC) No 2142/70 as regards the import system for carp and trout (Doc. 16/74);
- report by Miss Astrid Lulling, on behalf of the Committee on Social Affairs and Employment, on the first report of the activities of the new European Social Fund—financial year 1972 (Doc. 18/74);
 - report by Mr Wolfgang Schwabe, on behalf of the Committee on Regional Policy and Transport, on
 - I. a report from the Commission of the Council on the work done in connection with the difficulties encountered in the operation of Council Regulation (EEC) No 1174/68 of 30 July 1968 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States
 - II. a proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States (Doc. 301/74) - (Doc. 19/74);
 - report by Mr Kurt Härzschel, on behalf of the Committee on Social Affairs and Employment, on the proposal from the Commission of the European Communities to the Council (Doc. 262/73) for a directive on the approximation of the laws of the Member States concerning the application of the principle of equal pay for men and women contained in Article 119 of the EEC Treaty (Doc. 21/74);
 - report by Mr Helmut Kater, on behalf of the Committee on Energy, Research and Technology, on the need for Community measures for the desulphurization of fuels (Doc. 22/74);
 - report by Mr Horst Gerlach, on behalf of the Committee on Budgets, on the proposals from the Commission of the European Communities to the Council (Doc. 4/72-III) for a directive on a harmonized excise duty on wine (Doc. 26/74);
 - report by Mr Manfred Schmidt, on behalf of the Committee on Budgets, on the
 - proposal from the Commission of the European Communities to the Council (Doc. 4/72-V) for a directive on the excise arrangements applicable to mixed beverages (Doc. 27/74);
 - report by Mr Libero Della Briotta, on behalf of the Committee on Public Health and the Environment, on the amendments to the proposals from the Commission of the European Communities to the Council (Doc. 377/73) for
 - I. a directive on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products;
 - II. a directive on the approximation of the laws of the Member States relating to publicity for proprietary medicinal products and to package leaflets;
 - III. a directive on the approximation of the laws of the Member States relating to matters which may be added to proprietary medicinal products for colouring purposes; (Doc. 31/74);
 - second interim report by Sir Douglas Dodds-Parker, on behalf of the Committee on Development and Cooperation, on the future sugar policy of the Community, with particular reference to imports of sugar from the developing countries and in the light of the Commission Memorandum of 12 July 1973 (Doc. 32/74);
 - report by Mr John Hill, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 242/73) for a regulation laying down conditions for granting national aid under the common structural policy for sea-fishing (Doc. 33/74).
8. *Texts of treaties forwarded by the Council*
- President.** — I have received from the Council of the European Communities certified true copies of the following documents:
- Commercial Cooperation Agreement between the European Economic Community and the Republic of India;

President

- Agreement between the European Economic Community and the Republic of India on trade in jute products;
- Agreement between the European Economic Community and the Republic of India on trade in coir products;
- Agreement between the European Economic Community and the Democratic Republic of Somalia for the supply of flour of soft wheat and husked rice as food aid;
- Agreement between the European Economic Community and the Arab Republic of Syria on the supply of flour of common wheat as food aid.

9. *Petition No 2/74*

President. — I have received a petition from Mr René Ternand requesting an approach to the French Minister of the Interior regarding the review of his position as a former police official. The petition has been entered under No 2/74 in the register stipulated in Rule 48 of the Rules of Procedure and referred to the Legal Affairs Committee for consideration.

10. *Order of business*

President. — The next item is the order of business. In accordance with instructions given to me by the enlarged Bureau at its meeting of 28 February 1974, I had prepared a draft agenda, which has been distributed.

In view of subsequent developments, however, I propose that Parliament adopt the following order of business:

This morning and this afternoon at 3 p.m.:

- Joint consideration of the reports:
 - by Mr Artzinger on excise duties and indirect taxes,
 - by Mr Gerlach on excise duties on wine,
 - by Mr Artzinger on excise duties on alcohol,
 - by Mr Schmidt on the excise arrangements applicable to mixed beverages,
 - by Mr Rossi on excise duties on beer,
 - by Mr Rossi on the setting up of a 'Committee on Excise Duties';
- Report by Mr Schwabe on bracket tariffs for the carriage of goods by road.

I would remind the House that the time-limit for tabling amendments to the reports on excise

duties has been set for 3 p.m. this afternoon. I must urge you to observe this time-limit in view of the technical difficulties connected with translation, printing and distribution.

If we complete the debate early enough, we may be able to vote on the motions for resolutions this evening. If not, the vote will take place at the beginning of tomorrow afternoon's sitting.

Thursday, 4 April 1974

9 a.m.:

- Question Time;
- Oral Question No 20/74, with debate, by Mr Fellermaier to the Commission on the Association Agreement with Greece;

2.30 p.m.:

- Commission statement on action taken on opinions and proposals put forward by Parliament;
- Possibly, vote on the motions for resolutions contained in the reports on excise duties;
- Report by Sir Douglas Dodds-Parker on the sugar policy of the Community.

The time-limit for tabling amendments to the last-mentioned report has been set for 9 a.m. on Thursday, 4 April 1974.

This time-limit can be observed since Sir Douglas Dodds-Parker's report will be distributed in good time tomorrow.

Friday, 5 April 1974

9.30 a.m. to 12.00 noon:

- Possibly, continuation of the debate and vote on the motion for a resolution contained in the report by Sir Douglas Dodds-Parker;
- Report by Mr Houdet on the import system for carp and trout;
- Report by Mr Creed on the making up of certain pre-packaged products.

The debate on the report drawn up by Mr Härzschel on equal pay for men and women has been deferred until the next part-session at the request of the committee responsible.

Are there any objections?

That is agreed.

11. *Statement by the President*

President. — I would remind the House that, under our established procedure, amendments relate not to the text on which Parliament has been consulted but to the text proposed by the parliamentary committee responsible and appearing in the right-hand column of the documents submitted to you for your consideration.

In accordance with a practice observed since 1958 and based on our Rules of Procedure, a vote is taken not on the text proposed by the parliamentary committee but only on any amendments moved to it.

As to the motion for a resolution proper, it is customary to put to the vote both the amendments moved to this text and the text itself.

12. *Directive on excise duties and certain indirect taxes — Directives on excise duties on alcohol, wine, mixed beverages and beer — Decision setting up a 'Committee on Excise Duties'*

President. — The next item is the joint debate on the following six reports:

- Report by Mr Artzinger on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-I) for a directive on excise duties and indirect taxes other than VAT, directly or indirectly affecting the consumption of products (Doc. 342/73)
- Report by Mr Gerlach on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-III) for a directive on a harmonized excise duty on wine (Doc. 26/74)
- Report by Mr Artzinger on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-II) for a directive on the harmonization of excise duties on alcohol (Doc. 15/74)
- Report by Mr Schmidt on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-V) for a directive on the excise arrangements applicable to mixed beverages (Doc. 27/74)
- Report by Mr Rossi on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-IV) for a directive on the harmonization of excise duties on beer (Doc. 378/73)

— Report by Mr Rossi on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-VI) for a decision setting up a 'Committee on Excise Duties' (Doc. 379/73)

I call Mr Artzinger, who has asked to present his first report.

Mr Artzinger, rapporteur. — (D) Mr President, Article 99 of the Treaty provides for the harmonization of turnover taxes, excise duties and other forms of indirect taxation. At the last part-session of the European Parliament this House did what it could with regard to the harmonization of turnover taxes. It adopted the Commission's proposal for a directive on the harmonization of the basis of value added tax assessment. Today we are dealing with the second step, the harmonization of excise duties. Following a great deal of preparatory work the Commission submitted in 1972 a set of directives which are contained in the directive now before us, which is therefore a framework directive. What does this framework directive say?

All the Member States are to levy excise duties on five articles: mineral oils, manufactured tobaccos, alcohol, wine and beer, in so far as these articles are not at present taxed. This was to have applied from 1 January 1974, but the date of introduction has had to be postponed. From the Commission's proposals we know that the structure of these five excise duties is to be harmonized now as a result of this directive. The duty rates will be harmonized at a later stage. The Member States may retain all other excise duties until tax frontiers are eliminated, the time-limit in this case being 1980. Thereafter they may retain these duties as long as they do not constitute a tax burden on exports and imports. This means in practical terms the abolition of all important excise duties. Thirdly, the Commission has provided the Member States with a consultation procedure, in other words a 'standstill' provision, in case it wants to change excise duty rates after the publication of the directive so as to prevent an even greater disparity of rates than at present.

Mr President, the Committee on Budgets has discussed why special excise duties have to be retained in addition to the general excise duty, turnover tax. If it makes for an easier system, there is something to be said for a single excise duty. But like the Commission, the Committee on Budgets of this House has decided to advocate the retention of other excise duties. These minor duties give the whole tax system a flexibility which it cannot well do without. We

Artzinger

therefore feel that the major duties from a revenue point of view—those on mineral oil, tobacco and alcohol—should be retained. We have set certain criteria, which you will find on page 8 of my report. The following are to apply to special duties which are to be maintained and harmonized: a sufficiently high tax yield, a reasonable relationship between the proceeds of the tax and collection costs, basic foodstuffs should not be taxed, raw material for industry should be exempt and the tax burden of special excise duties should have a neutral effect on competing products. These are the bases on which we propose that you adopt the directive on which we will be speaking in detail later. I would point out that the Committee on Economic and Monetary Affairs has suggested in its opinion that there should be no more than the three major excise duties on mineral oil, manufactured tobaccos and alcohol. The report which I am now presenting considers whether excise duties on wines and beer should also be maintained. It does not come to any conclusion, but leaves the decision to the various directives. On the whole, Mr President, your committee welcomes this directive and recommends the House to adopt it.

(Applause)

President. — I call Mr Gerlach, who has asked to present his report.

Mr Gerlach rapporteur. — (D) Ladies and gentlemen, harmonization of excise duties on wine is the most critical question in this package. Mr Artzinger has already said that we have spent a great deal of time on these excise duty directives, and the longer wine is left, the better it becomes. Sometimes, of course, it does deteriorate. On the report on wine tax it should also be said that like wine, frequent changes will not do any good. To explain this, I must say that my colleague, Mr Reischl was first instructed to draw up a report on excise duty on wine. Following a unanimous decision by the Committee on Budgets, he recommended that the House reject the introduction of excise duties on wine taxes in Member States which did not yet have them and that they should be abolished in the Member States which do already have them. After discussing this report by Mr Reischl the Bureau referred it back to the Committee on Budgets, and Mr Schmidt took it over until the committee once again adopted Mr Reischl's report by a majority. The reason for this was that Mr Schmidt had adopted a view which differed from Mr Reischl's. For me, therefore, it is a question of old wine in new bottles; I am, as it were, the third bottle and I am supposed to represent the majority of the committee.

On 29 March, the Committee on Budgets considered the report for the last time. There was a long discussion on the principle of whether or not to introduce wine tax. When I recall that discussion, ladies and gentlemen, I can well imagine that there will also be a very long debate in the House on this subject.

We did not take the easy way out as regards the advantages and disadvantages. An argument in favour of the introduction of excise duty on wine is the principle just described by Mr Artzinger, according to which harmonization of all excise duties should be seen as part of the concept of overall harmonization. Excise duties on tobacco have already been harmonized, while the proposal for harmonization of mineral oil taxes is at present being discussed by the Committee on Budgets. If in the course of further integration of the European Community the object is the abolition of excise duties to prevent double taxation, all excise duties ought to be abolished. At this point I should like to add that the Committee on Agriculture stated in its opinion that excise duty on beer and wine should be abolished. This would, however, mean a very considerable loss of revenue from beer, whereas wine produces an almost insignificant tax yield. The question of the volume of revenue from excise duties must therefore also be considered.

Another argument for the introduction of excise duty on wine in countries not yet having a wine tax, it was stated, is that beer competes with wine to a certain extent. During the discussion one member of the committee even said that there was competition between wine and fruit juices. Well, I would very much warn against this view, since it depends on the basic substances used. However, in the case of beer we decided by a majority that the purity provision does not apply to beer since it can be made from anything; in principle, it would seem that it may be made from chemicals, whereas the preparation of wine by artificial means is fraudulent and should stay that way.

A further argument for the introduction of excise duty on wines is the fact that not all the Member States of the Community have a wine tax. It should, however, be added that the problem of a wine tax should really be viewed differently in the case of Member States not having a tax of this kind since in fact if you study the relevant legislation and give some thought to the problem of wine taxes, a genuine wine tax is levied in only one Member State of the Nine, namely France, whereas the other Member States do not have a genuine wine tax but simply excise duties.

Gerlach

The Federal Republic is peculiar in that it taxes only sparkling wine, and, surprising though it may seem, the higher the tax on sparkling wine, the greater the consumption. Italy abolished its wine tax a few years ago. The Federal Republic and Italy would therefore have to be persuaded to introduce a wine tax. Those are the only arguments in favour of the introduction of a wine tax.

An argument against its introduction is the fact, as I have already mentioned, that not all the Member States have a wine tax. The three new Member States, Britain, Ireland and Denmark do not produce any wine. Consequently, they do not have a wine tax. Wine tax is only levied in these countries on imported products and is therefore in fact nothing but an import duty, although it should be said—and I would ask the British Members to correct me if necessary—that in the south of Britain, in Sussex, an attempt is being made to cultivate the vine and produce wine. This need not come as a surprise to you, for in Finland sparkling wine is made from wood alcohol. Why should it not be possible in England as well?

In these three countries, then, there is only an import tax or import duty.

In the Benelux states, legislation provides for a wine tax. Domestic producers are, however, exempted from this taxation, and it cannot therefore be said that there is in fact a wine tax. Only imported products are taxed. To repeat what I have just said, France is the only country in which there is a genuine wine tax.

For the reasons I have given and in view of the fact that excise duties are to be abolished as the integration of the Community progresses, it would simply be nonsense to introduce an excise duty where it has already been abolished.

Then there is the major dispute on whether wine is an agricultural product and beer, too, or whether only wine is an agricultural product and not beer. As I said just now, we took a very broad view of the directive on beer and also considered as beer non-agricultural products with chemicals added. On the other hand, coming from cultured countries as we do, we feel that wine cannot be manufactured from anything else but grapes.

I now reach a point on which I cannot make up my mind: is beer really in competition with wine or wine with beer? Surprisingly, in the country noted for its wine, France, the consumption of wine is on the decrease while that of beer is increasing. In the Federal Republic the consumption of beer and of wine is rising, but that of beer, on which the tax is higher, is

rising more quickly. There is a long list of comparisons, which my colleagues will no doubt be giving here. A study by the Commission on the effects of prices and incomes on the consumption of beverages in the Member States of the European Communities clearly confirms the situation I have just described.

A uniform excise duty on wines would constitute an unreasonable burden on cheap wines. It is somewhat strange, and in my view absolutely unsocial, to levy the same tax on quality wines as on simple table wines. Despite the present organization of the wine market, the introduction of a wine tax in countries which do not at present have one would produce major control problems. We have calculated that the number of customs officials in the Federal Republic would have to be raised by about 500 to carry out the necessary checks. The yield from wine tax—there is no doubt about this—is on average so low that the cost of collection, in the Federal Republic at least, would be higher than the revenue.

One last word to demonstrate the difference between wine and beer in particularly harsh terms: wine, real wine, as we know it, can only be produced where vines can be grown. And in Europe, in the Community, the wine-producing areas are precisely those which are faced with special structural difficulties. In contrast, beer can be produced wherever you like, and consequently there is no competition between beer and wine in the true sense of the term.

The Committee on Budgets consequently rejected the introduction or harmonization of wine taxes by 11 to 9 votes, with 2 abstentions. The Committee on Budgets therefore proposes that wine tax be abolished over a given transitional period in countries in which it is levied and that countries not having a wine tax be exempted. If I had one, Mr President, I would raise my glass of wine to the abolition of wine taxes. Unfortunately, I only have water.

(Applause)

President. — I call Mr Artzinger, who has asked to present his second report.

Mr Artzinger, rapporteur. — *(D)* Mr President, the directive about which I am to speak is not as controversial as the one the previous speaker has just introduced. We are all agreed on the taxation of alcohol, which is what I have to discuss now. I wonder why this is the case. Why is it so much a matter of course that alcohol should be taxed? I think the reason is the same as for tobacco. There is the feeling that a sacrifice must be made in the form of a tax for this

Artzinger

private vice of society. But this moral view is gaining ground, and at no time was the taxation of alcohol disputed in the Committee on Budgets. In addition, health still plays a part. I would point out that in most countries the alcohol tax or spirits monopoly was introduced to prevent the broad masses from drinking alcohol. This was not quite successful, but in the meantime, the alcohol tax or spirits duty has become a constant source of revenue, which has completely pushed the health aspect into the background. We wanted to place this aspect back in the foreground again to some extent, and you will find a number of remarks on this subject in the report. If, however, we adhere to the taxation of alcohol without question, harmonization is needed, since there are now considerable differences in Member States' tax systems, particularly those governing alcohol. There are differences in tax supervision and as regards tax liability, which results in serious distortions of competition. Nor are there uniform rules on the taxable object. The Commission proposes that only ethyl alcohol should be taxed. We have Member States in which propyl and methyl alcohol are also subject to tax. The directive proposed by the Commission creates a kind of Community framework for taxation, which does, however, leave a number of questions open, and your committee has therefore called on the Commission in its motion for a resolution to add something to the picture in the frame by setting up a 'Committee on Excise Duties' immediately the directive has been adopted by the Council.

In all other respects, your committee approves the proposed directive, and in particular the fact that in Article 7 thereof, which concerns health aspects, the Commission proposes certain exemptions from taxation where the manufacture of pharmaceuticals and cosmetic products is concerned. We felt that in both cases health protection was of such paramount importance that taxation cannot be advocated. The committee has added to this a provision exempting the manufacture of confectionery and foodstuffs containing less than a given percentage of alcohol. Our view is that what is right for cosmetic articles ought to be right for foodstuffs and confectionery. Your committee has not accepted the proposal made by the Commission in Article 7 of the directive that a clean sweep should be made with the special provisions for some Member States. We sympathize with the Commission for finding it difficult, trying as it is to achieve uniformity, to allow certain rulings that have been accepted in the Member States to stand. With the backing of the Committee on Agriculture, your committee suggests that these national provisions be

retained as long as they do not distort competition, and we are of the opinion that this will not be the case since the quantities produced by these small-scale distilleries are negligible. On the whole we feel, therefore, that there should be no more harmonization than necessary and that consequently these minor special rulings of individual Member States can be retained because they will not disturb the Common Market. On the whole the committee can recommend the House to adopt this directive. Thank you, Mr President.

President. — I call Mr Spénale, who is deputizing for the rapporteur, Mr Schmidt.

Mr Spénale. — (*F*) Neither the rapporteur nor the Committee on Budgets has approved this proposal from the Commission on a system of excise duties on mixed beverages. We feel that in accordance with the principle expressed in the report drawn up by Mr Löhr on behalf of the Committee on Economic and Monetary Affairs, new excise duties should only be created in cases of absolute necessity to re-establish conditions of competition which have been dramatically disturbed; in all other cases, the aim of our policy on excise duties should be to eliminate all excise duties which, unlike that on mineral oils, are not of great fiscal significance or which are justifiable for health reasons or social considerations, such as those on tobacco or alcohol.

As regards mixed beverages, the rapporteur and the Committee on Budgets felt that there is a limited number of mixed beverages on the Member States' markets, and that the two principal ones are made of products on which excise duty is already imposed. Consequently, we felt that it was not absolutely necessary at the present time—and I emphasize 'at the present time'—to impose excise duties on mixed beverages. At the same time, the committee felt that if the quantity of mixed beverages on the market ever became such that it could have a significant effect on competition, the question could always be raised again.

The Committee on Budgets therefore advises the House not to adopt the Commission's proposal on mixed beverages for the time being, as the question could always be raised again later.

President. — I call Mr Rossi, who has asked to present his report.

Mr Rossi, rapporteur. — (*F*) Mr President, the sub-committee and the Committee on Budgets have given a great deal of thought to the ques-

Rossi

tion of beer, which has already been mentioned in another report. The Committee on Budgets appreciates the work done by the Commission of the European Communities, which it has followed particularly in connection with three questions of a technical nature.

First of all, we must define the substance to be taxed. In some countries, the tax is imposed on beer wort—this is so in Benelux and in Italy—whereas in others it is imposed on the finished product, that is the beer itself. The Committee on Budgets agrees with the Commission that in future the tax should be imposed on the finished product, the beer itself, if only because this will, facilitate control, while allowing for greater neutrality in competition with imported products.

The second problem considered by the sub-committee was that of fixing categories. Ladies and gentlemen, as you know, beer is not measured in terms of alcohol content, but in terms of gravity. For this reason, the committee originally proposed four rates, a No 1 rate—the basic rate—a higher rate, a No 2 rate and a No 3 rate. After the enlargement of the Community, it became apparent that in the three new Member States the system of measuring was by no means the same, and the Committee on Budgets therefore proposed that the Commission of the European Communities, acting in total freedom, should undertake a more thorough study so as to arrive at a uniform system for the whole Community.

Finally, the third problem facing the committee, also of a technical nature, is that of the systems peculiar to certain States. This concerns, for example, those States in which farmers producing beer for their own consumption are exempted from excise duties; it also concerns the system of collecting excise duty by subscription which is in force in Germany. Finally, and most important, it concerns the question of progressive rates for small breweries. Hitherto, this system has existed in three Community countries. In Article 17, as amended, the Committee on Budgets decided, rather than abolish this system within a period of five years, that the Commission of the European Communities should propose for the Community as a whole a system of taxation taking into account the special position of small breweries in the spirit of the provisions contained in Article 13. The Committee on Budgets considered that it did not have the right to encourage a sort of concentration.

Mr President, those are the points which the Committee on Budgets examined, following the Sub-committee on Tax Harmonization. It is for

those reasons that it has decided to submit a motion for a resolution, to the nature of which I would draw your attention; the Committee on Budgets considers that in the immediate future—and I stress 'the immediate future'—excise duties on beer should be harmonized, but that in the long term the abolition of excise duties—and I stress 'excise duties'—should be our aim, except in the cases of tobacco and alcohol, of course, for reasons of public health, and of fuels, which are an important source of revenue for the national budgets. In all other cases, however, the committee considers that the abolition of excise duties should be envisaged in due course. Consequently, the harmonization proposed today is a short-term measure, taken in anticipation of the final abolition by the Community of excise duties of this kind.

(Applause)

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

Mr Spénale. — *(F)* Could you explain, Mr President, whether I am to speak on all the reports?

President. — Yes, Mr Spénale. The Assembly has decided that there should be a joint debate on all the reports that have been presented. You may therefore speak on all the reports on behalf of your group.

Mr Spénale. — *(F)* Mr President, I shall start by saying that as far as my political group is concerned, our position on all the reports on excise duties is unanimous, except in the case of excise duties on wine. I cannot speak on behalf of my group on that report, as members have been given the freedom to vote as they wish.

With regard to the first item, I should like to express on behalf of my group, but also to some extent as chairman of the Committee on Budgets, my most heartfelt gratitude to the Sub-committee on Tax Harmonization for the important work it has done in a field which is of primary importance as regards the abolition of fiscal frontiers on the one hand, and the creation of better conditions of economic competition on the other hand. The Committee on Budgets was able to deal with these items quite easily as a result of the work carried out under the leadership of Mr Artzinger by the various rapporteurs, to whom we must express our gratitude here today.

I shall not dwell on the first report by Mr Artzinger on all the excise duties which we are considering today. We of the Socialist Group

Spénale

give our approval to the aims expressed in it, and the Socialist Group will vote in favour of the report and the motion for a resolution presented by Mr Artzinger on behalf of the Committee on Budgets. I would, however, emphasize the fact that throughout this report there is a tendency, which can be observed at the foot of page 1 of the explanatory statement, to say that by 'harmonization of excise duties' we may also understand 'abolition of certain excise duties', either because the revenue from them is too low or for some other reason. It is for that reason that we propose that no excise duties be imposed on mixed beverages and that some of us, where wine is concerned, agree with the majority of the Committee on Budgets that the excise duties on wine should be removed. With reference to excise duties on spirits, again I do not have a great deal to say. The Socialist Group as a whole agrees with the motion for a resolution tabled by Mr Artzinger, which calls for the retention and harmonization of excise duties on spirits, taking into account the social and health implications underlying the introduction of these duties and their significance for certain budgets: in the German Federal Republic excise duties on spirits amount to a little more than one-third of the excise duties on mineral oils.

I shall speak again later on excise duties on wine, as I shall not be speaking on behalf of the Socialist Group.

As regards mixed beverages, on which I have just deputized for the rapporteur, Mr Schmidt, the Socialist Group has no difficulties: it is in favour of introducing excise duty on mixed beverages, albeit a suspended one for the time being.

Concerning excise duties on beer, the Socialist Group as a whole agrees with the considerations outlined a few minutes ago by our very competent rapporteur, Mr Rossi, and on the resolution and amendments proposed by the Committee on Budgets.

The same is true—although I do not know whether a report on the subject already exists—of the creation of a 'Committee on excise duties'. In conclusion, Mr President, the Socialist Group, several of whose members will speak on the question of excise duties on wine, is in agreement on all the other excise duties now before us, and in particular on the general report by Mr Artzinger and on the decisions presented in the five other documents.

(Applause)

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

Mr Notenboom. — *(NL)* Mr President, I shall only say a few words on behalf of my group. They will be in agreement with those of the previous speaker, Mr Spénale. The Christian-Democratic Group has no difficulty in supporting the five reports mentioned by Mr Spénale, and wishes to express its thanks and appreciation to the rapporteurs who for a number of years, interrupted by the accession of the three new Member States, have made great efforts to advance the harmonization of excise duties, following the harmonization of turnover tax, of value added tax, which we discussed at the last part-session. After the harmonization of value added tax, harmonization of excise duties will be an important step forward on the road to economic and monetary union and the abolition of fiscal frontiers. Within the Christian-Democratic Group, too, there are differences of opinion as regards excise duties on wine. The remarks I am about to make are therefore personal considerations, and the way my group votes will vary.

A great deal has been said in the Sub-committee on Tax Harmonization and the Committee on Budgets about wine and beer. The ideas of neutrality and distortions of competition are inextricably linked with tax harmonization. I therefore consider the opinion of the Committee on Economic and Monetary Affairs on the wide divergence of views on excise duties on wine and beer to be of great importance. Understandably, for me at least, the Committee on Economic and Monetary Affairs recommended in the report by Mr Löhr, who is no longer a Member of this Parliament, that these products should be dealt with in the same manner. I am completely in favour of that. These products are to some extent mutually interchangeable. Mr President, fortunately you are not of the opinion that they are totally interchangeable. Even someone who is very fond of wine might sometimes prefer a glass of beer, and someone who likes beer will gladly drink wine. But to some extent these products move onto each other's market, to some extent they affect one another in economic terms. Statistics on consumption in our nine Member States during the past few years are, of course, very interesting, but to my mind they tell us nothing of whether there is competition between the two beverages. Drinking habits develop for many different reasons, but taxation must not be allowed to play an important part in this. It must have as neutral an effect as possible. Although many people are against excise duty on wine, I have heard no arguments against a duty on beer. From the point of view of European harmonization, it seems all the same to me. Either beer and wine are both subjects for harmonization.

Notenboom

or they are both left out. As far as I am concerned, it comes to the same thing from the point of view of European harmonization. However, because no-one has argued that excise duty on beer should be abolished, and because, as Mr Artzinger has said, excise duties constitute a guaranteed *masse de manœuvre* in the national budgets, I will support the Commission's proposal that both products should be included in the harmonization package. An amendment to this effect is being prepared. I think Mr Schmidt is to table it before three o'clock. My name is on it too.

In view of the time, I shall refer only briefly to an objection raised this morning by Mr Gerlach, that there are no excise duties in Benelux, only import duties. I cannot accept that there is no excise duty on wine in your country and mine. I accept that the traditional exemption for home-produced wine in Luxembourg cannot be maintained as European harmonization develops. Of course, in the European context all wine must be accorded the same treatment, including wine from third countries: this implies the concept of neutrality. I greatly regret that the exemption for Luxembourg has been extended to the Benelux countries in the Benelux harmonization agreement. I feel sympathy for my friends from Luxembourg, but this distortion must disappear in the European context, and that is no argument against excise duties on wine. If in a certain country all beverages are consistently subject to excise duties, including beer, wine and soft drinks, then I would vigorously oppose the idea that the excise duty on wine only should not be considered an excise duty, but an import duty because no wine is produced in that country. It sometimes comes about that some products cease to be produced in a certain Member State. Now that we have nine Member States, there are sure to be products which are not produced in certain of them. So if there is to be a tax on the consumption of such a product, within the context of European harmonization, that will be an import duty for the country concerned. I cannot subscribe to that view, and I therefore end by recommending Parliament to support the Commission's proposal. An amendment is also to be tabled on this. Mr Schmidt is not yet here. He is sure to want to speak on this subject if he gets the opportunity. It seems he is still on his way here. However, it was my turn to speak, and although I do not wish to anticipate events, I took it upon myself to speak on this subject.

President. — I call Mr Wohlfart.

Mr Wohlfart. — (F) Mr President, my country occupies a rather special position in the field currently being debated. For one thing, Luxembourg is situated on the border between the great beer-drinking and wine-drinking zones of our Community, and for another thing has special legislation on excise duties on wine. As far as wine is concerned, an excise duty was approved by the Commission of the European Communities in 1970, in anticipation of the harmonization of excise duties on wine, but Luxembourg producers were exempted from this duty, as Mr Gerlach and Mr Notenboom have just stated.

This situation, which in effect only taxes imported wines and which is more like a customs duty than an excise duty, was extended to Belgium when the Economic Union of Belgium and Luxembourg was created. Under the provisions of the Protocol on the Grand Duchy of Luxembourg attached to the Treaty of Rome, it has not been possible to maintain the systems of the Economic Union of Belgium and Luxembourg for wines originating in Luxembourg, despite the regret just expressed by Mr Notenboom.

Mr President, as Mr Gerlach has said, the abolition of excise duties on wine would therefore remove this barrier by placing foreign producers on a par with Luxembourg wine producers. However, if excise duties on wine were harmonized, this would mean that Luxembourg producers would pay these, unless the present exemption were maintained. It seems to me that the exemption is necessary to maintain a reasonable level of revenue on wine. If the exemption no longer applied, this would mean a considerable loss of revenue for wine-producers in a small country, the Grand Duchy of Luxembourg. Mr President, ladies and gentlemen, by imposing excise duties on Luxembourg wine-producers, production costs would be forced up and would have to be borne, at least in part and for the time being, by the wine-growers.

Mr President, while I have the floor I should like to take this opportunity to anticipate briefly the debate which is to follow on harmonizing excise duties on beer. I should like to state, Mr President, that I fully support the abolition, in the medium term, of all excise duties on wine and beer, alike, and that in doing so I share the desire expressed by the Commission of the European Communities and the various parliamentary committees which have considered this problem.

I shall finish by mentioning the problem of the distortion of competition between wine and beer which could occur if excise duty were abolished

Wohlfart

on one of these products and retained on the other for a time. Mr Spénale mentioned this problem, basing his argument on a Commission study. Such distortion is virtually non-existent, but a reduction in the price of one product would not encourage consumption of the other.

For that reason, and desiring to see the excise duty on beer abolished as soon as possible, I shall vote in favour of the motion contained in the report just presented by Mr Rossi.

(Applause)

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

Mr Pounder. — Mr President, I will not detain the Assembly more than a few moments to express very briefly what I believe to be the views of the European Conservative Group. I say I believe them to be the views of this group because a variety of circumstances have conspired to make it impossible for us formally to meet and to discuss these reports; but from the discussions that I have had with my colleagues I think I am perfectly entitled to present the views which I shall be expressing as being those of my group.

Of course one accepts the concept of flexibility over the whole range of taxation matters, but I am bound to say that as events stand at present it really is quite improper to levy an excise duty on certain alcoholic products and at the same time plead for the exemption of other products from these duties. I realize, of course, that the Committee on Economic and Monetary Affairs in its opinion advocated the abolition of excise duty on both beer and wines. But I am bound to ask why spirits should in fact be left out of account in these matters, because I think I am right in saying that if one were to take a British product such as Scotch whisky—or Irish whiskey if it comes to that—the fact of the matter is that if one took away the massive excise duty on that product one would find it in almost the same cost range as that of a reasonably good wine. Why, therefore, must we be so selective in our arguments? First of all, there is the point which has already been made, that beer tends to be a commodity produced in the northern members of the Community whereas wine is a product of the southern regions of the Community; but that in itself is just a statement of geographical fact and should not lead on to arguments relating to wine on the one hand and beer on the other. We really must be consistent. Surely harmonization, if it means anything at all, means to try and work out a standard and reasonable format, and either all alcoholic beverages are subjected to excise duty or none

at all. I must admit that I am certainly not going to enter into, nor indeed am I greatly impressed by, the sort of moral arguments which could be advanced. I think we have really got to look at this thing in purely practical terms. Now of course I accept that there is a revenue argument. There is an enormous amount of money raised in our national countries from excise duties on alcoholic beverages and of course one of the great arguments in the levying of any tax is that it should be easy to collect, and alcoholic beverages largely fall within that category. But quite frankly, Mr President, as things stand at the present time and in view of the fact that there is a duty on beer and that there appears to be no likelihood of any alteration in that regard, the view of my group is that we should come down on the side of levying an excise duty on wine—certainly at this time, certainly in the foreseeable future. It is therefore a matter for very considerable regret that the report by Mr Schmidt on this subject, which was discussed by the Committee on Budgets on 29 March in Brussels, in fact failed to get through the committee by a narrow majority, because the views contained in that report sum up very succinctly the views which I personally hold and which indeed my group also holds.

President. — I call Mr Spénale.

Mr Spénale. — (F) Thank you, Mr President. A few minutes ago you called me to speak on behalf of the Socialist Group, and unlike my colleagues I did not wish to develop this point, because, as I have said, there are differing opinions within my group. I shall now, therefore, speak on this point in a personal capacity. There are two ways to conduct this debate. It can be considered as a relatively straightforward conflict of interests between one group of producers and another, or as a matter of medium- and long-term policy. I should like to consider the question in the latter context.

The Committee on Economic and Monetary Affairs said in the report by Mr Löhr that we should only retain those excise duties which are fiscally significant, or in which considerations of health and social character are involved, and that in the medium-term this would leave us with three excise duties on mineral oils, tobacco and alcohol respectively.

As regards the abolition of other excise duties, the Commission itself is in favour of the abolition of certain excise duties which we are not discussing today, such as that on tea, which have had an adverse effect on the consumption of beer in Italy.

Spénale

As regards wine and beer, Mr Löhr's conclusion is that they perhaps present a special case, that excise duties on them should ultimately be abolished and that for the time being they should as far as possible be treated in a parallel manner. I think I can sum up as follows: Mr Notenboom says that we want to abolish duties on wine but not on beer. That is not so; we want to abolish duties on beer; in fact, it is stated in Mr Rossi's report that excise duties on beer must eventually be abolished.

However, for two largely structural reasons—because there is excise duty on beer everywhere, and because it is relatively important fiscally—the immediate problem in the case of beer is that of harmonization in anticipation of gradual elimination. In the case of wine the problem is exactly the opposite because a general and real excise duty on wine exists only in France, and it is not of great fiscal significance in any country. For that reason, the aim is to reduce the number of excise duties and to eliminate them on beer as well as on wine.

But when we consider wine, one question arises. Should this excise duty be introduced in countries where it does not exist or where it has been abolished as it has in Italy, or would it be better to abolish it gradually—no-one is asking for it to happen overnight—in those countries where it does exist? Then there are questions of competition. How can we evaluate such arguments? I would personally welcome an argument based on economic fact, statistically controllable. Those statistics which we have tell us that in 7 out of the 9 countries, consumption of both wine and beer is increasing in a parallel manner. In the case of Germany, which is the largest country, which consumes the most and whose economic growth is always fairly stable, the increase is quite remarkable, since consumption of wine rose from 18 to 22 litres per person between 1964 and 1972, that is to say by 20%. And the same phenomenon can be observed in seven of the other countries. To take the case of Germany once again, the only sector in which consumption has increased more than it has for beer is that of sparkling wines, on which there is excise duty.

Two countries provide the exception: France and Luxembourg.

France is the only European country in which the consumption of wine has decreased, from 121 litres in 1964 to 107 litres in 1972, a decrease of 14 litres. Consumption of beer has not altered; it was and remains at 40 litres.

So it cannot be argued that wine will take over the market from beer. And even if one

were to believe this, is it really likely, considering the structure of the two products?

Wine is tied to an ecology. If we consider the increase in production and the increase in consumption, we can see that they are very restricted. It takes five years from the time a vine is planted to the time it is capable of producing wine. Moreover, the zones in which it is ecologically possible to grow vines are limited. To achieve an increase in the consumption of wine comparable to that of beer during the past ten years, it would have been necessary to plant vines over the whole of Italy and France, which is obviously not possible. It is pure fantasy to claim that wine will take over the beer market. It is pure fantasy and statistically incorrect.

This being the case, I would like the Commission to be logical with the studies which it publishes, and not to say in debates such as this that there is close competition between wine and beer, when it has published documents of 170 pages, such as study No 19 of 1972, on the effect of prices on the consumption of beverages in the Member States, in which it is stated in the table on page 129, which is a sort of summary, that beer in Holland only affects the prices of spirits and milk, in Italy only coffee, tea and their substitutes, in Belgium vermouth and aperitifs, and in Germany nothing at all. I would ask the Commission, which publishes these documents, to read them, understand them and tell us either that they are worthless, in which case they need no longer be distributed, or that they have some value; but they must not tell us the opposite when we debate the question.

For all these reasons, I do not see why there should be any difficulty in gradually eliminating excise duties on wine and, a little later, that on beer.

However, when we are told that there must be excise duties in countries which are not themselves producers, otherwise there should perhaps be no excise duties on cars in Denmark—this is what the representative of the Commission said to me in the Committee on Budgets—I would ask the Commission the following pointed question: could such a duty, whatever its fiscal justification or its category, be retained as an excise duty when tax frontiers are abolished, as of course duties could be, once harmonized, or will it be considered a duty to be paid on entry, an import duty, a customs duty? If not, when will you abolish fiscal frontiers?

If a country can really impose import duties at its own discretion and maintain them while claiming that they are in keeping with the development of the Community, I would ask the

Spénale

Commission whether it believes that we will one day abolish the fiscal frontiers, which is an essential aim of all that we are doing. Will fiscal frontiers be eliminated if each country imposes excise duties on goods which it does not produce? I think not. Will we achieve our medium-term aim, which is to abolish a certain number of excise duties including those on beer and wine, by imposing an excise duty on wine where there is none? Or is it preferable not to impose it, especially for countries such as Italy?

Use your imagination (I say this even to our British friends, who so often ask us to use our imagination and who say, "This is what we have done at home, don't tell us next that we must do the opposite in the name of the Community"): it is obvious that if a country like Italy, which has just abolished this duty because it cost more than it brought in, but where people have had the rare pleasure of seeing a tax disappear, is told by the Community that it must reintroduce it, the Community will certainly not gain in prestige.

Before finishing, I should like to return to the argument advanced this morning by Mr Adams and reiterated just now by the rapporteur, that the countries which produce wine invariably incorporate those regions which the Commission has classified as potential beneficiaries of a coherent regional policy. Well, we are not likely to create a sound regional policy in these areas on the basis of what we are being told here, by imposing on a primary product an excise duty which has been abolished in Italy.

Ladies and gentlemen, I honestly believe that by gradually eliminating excise duty on wine, we shall be advancing in the direction which we have chosen, and that there will be absolutely no difficulty as regards competition from beer, which in any case is not essentially a northern product, as has been stated, since there are breweries at Abidjan and Dakar, which are not in the north of the European continent. Thank you, Mr President.

(Applause)

President. — I have no other speakers listed for the general debate. As the time-limit for the tabling of amendments is 3 p.m., I propose that the sitting be suspended until 3 p.m. when Mr Simonet, Vice-President of the Commission of the European Communities, will be able to reply to general observations by speakers. We shall then proceed to the debate on the motions for resolutions and possible amendments.

Are there any objections?

That is agreed.

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

(The sitting was suspended at 12.50 p.m. and resumed at 3.10 p.m.)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — The sitting is resumed.

We continue the joint debate of the reports on excise duties, and I have pleasure in calling Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — *(F)* Mr President, I think I can be extremely brief at this stage of the general debate, since there does not seem to be any fundamental difference between the views expressed by the Commission in the texts submitted to Parliament and the reports presented this morning by the various rapporteurs. I thank the rapporteurs for the quality of their work, and I am pleased to note that there is almost total agreement between the Commission and Parliament.

The only point which could be debated at greater length is excise duty on wine, on which our positions are relatively divergent. Since this is a specific problem on which amendments will be submitted, I shall present the Commission's point of view during discussion of the amendments.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motions for resolutions contained in the six reports.

On Mr Artzinger's report on excise duties and indirect taxes (Doc. 342/73) I have no amendments.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

On Mr Gerlach's report on excise duties on wine (Doc. 26/74) I have Amendment No 1 tabled by Mr Notenboom and others and worded as follows:

Paragraphs 1-7 of the motion for a resolution should read as follows:

'1. Notes that an excise duty is levied on wine in seven Member States;

¹ OJ No C 48, 25. 4. 1974.

President

2. Shares the Commission's view that competition may be distorted in intra-Community trade if the excise duty on wine is levied in certain Member States only and the duty arrangements vary;
3. Points out that changed consumer habits have increased the competition between wine and beer, which is subject to an excise duty producing considerable revenue;
4. Considers the revenue from the excise duty on wine fairly substantial—even in relation to the revenue from other excise duties levied in the Member States;
5. Approves the Commission's proposal to retain and harmonize the excise duty on wine, with the initial emphasis on the harmonization of taxation structures;
6. Supports the introduction of an excise duty on wine in Member States where it does not already exist;
7. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.'

I call Mr Notenboom to move the amendment.

Mr Notenboom. — (NL) Mr President, I have little to add to what I said this morning. This morning I still thought that Mr Schmidt would arrive in time. That is not the case, and so I head the speakers' list. I thought that, as the first signatory, Mr Schmidt would have spoken on the amendment. I am sorry that that has proved impossible.

The amendment which I and a few of my colleagues would like to bring to your attention accords with the original report by Mr Schmidt, which was rejected by 11 votes to 9 by the Committee on Budgets. The amendment supports the Commission's proposal to treat wine and beer in the same manner. I explained our view this morning to some extent. The amendment is also in accordance with the opinion of the Committee on Economic and Monetary Affairs, in that that committee came to the conclusion that both excise duties should be abolished. I said this morning that since no-one wishes to do without the excise duty on beer for the time being, and many desire parallel treatment, the only solution is to include both for harmonization, which is what this amendment proposes, Mr President.

This morning, the chairman of the Committee on Budgets, Mr Spénale, corrected me when I said that the Rossi report aimed at retaining the excise duty on beer and the Gerlach report at abolishing it.

Mr Spénale rightly pointed out to me that the Rossi report states that excise duty on beer should be abolished in the long term. I realize that, but it also says in the report that this can only take place after the harmonization of rates, that at the present stage we are only concerned with the harmonization of bases and systems, and that the harmonization of rates must come later. When will that be, Mr President, in two, three, four or five years? It is true that the Rossi report states that after the harmonization of rates, which is a long-term project, there will be no need for this duty. But I do not think we can overlook the first five to ten years, and we must concern ourselves just as much with the relative strength of competition during the next few years.

Mr President, to return to Luxembourg wine—which I find excellent—I regret that an unusual situation exists. Moreover, there is a protocol of the European Community which puts Luxembourg in an unusual position, albeit a temporary one. This morning I spoke of Benelux, but it is of importance for the whole of the EEC that the exceptional protocol on Luxembourg wines must disappear as the harmonization of excise duties advances.

To conclude, Mr President, I shall repeat that I cannot agree—it seems so illogical to me—that a special consumer tax, imposed by one country on a product it does not happen to produce itself, should have the character of an import duty. Perhaps it is true in theory, but the case of the tax on motor vehicles in Denmark has already been mentioned in committee, and other examples could easily be quoted. When all beverages in a given country are subject to taxation, then wine must be too, and if that wine is not produced by the country concerned, I do not consider it right that the excise duty on wine should then be an import duty.

Mr President, ladies and gentlemen, I shall not take up any more of your time. It is not a new problem; we have been discussing it for months in the committees. It has been discussed in detail again today. I hope I have made it perfectly clear what those who have tabled this amendment want: approval of the Commission's proposal.

President. — Thank you, Mr Notenboom.

Since the rapporteur, Mr Gerlach, has unfortunately had to return to Bonn, would the chairman of the Committee on Budgets care to state his position.

I call Mr Spénale.

Mr Spénale, *chairman of the Committee on Budgets*. — (F) Mr President, the rapporteur, who is not here, has in effect asked me to defend his point of view. Without wishing to reopen this morning's debate, I should just like to say that Mr Notenboom has tried to tell us, with great intellectual skill, that this amendment reflects the position of the Committee on Economic and Monetary Affairs. I do not think this is true. The committee's position is that excise duties on wine and beer, which are to some extent competing products—this, in my view, is not true, as I tried to prove this morning—should eventually be abolished.

We are faced with two different situations. Excise duty on beer exists in all the countries of the Community; it still plays an important role as a source of revenue for some budgets and cannot therefore be abolished immediately. Excise duty on wine, on the other hand, is levied in only one Member State; in the others, it is levied without actually being an excise duty, but it is of only minor importance as a source of revenue.

The problem is whether, if excise duties are eventually to be abolished, excise duty should be levied on wine in countries where it is not levied at present, or whether it should be gradually abolished, in line with the overall objective. It would therefore be absurd to claim that the Committee on Economic and Monetary Affairs wants to create an excise duty on wine in countries where it does not already exist.

I for my part should like to make three points. Firstly, the Committee on Agriculture voted by twelve votes to three for the abolition of excise duty on wine. Secondly, the conclusion can also be drawn from the report by the Committee on Economic and Monetary Affairs that excise duties should be reduced now and that excise duty on wine should be gradually abolished. Thirdly, the Committee on Budgets considered the matter on two occasions: the first time it adopted by twelve votes to none Mr Reischl's report advocating the abolition of excise duty on wine; the second time, although the rapporteur had changed his mind completely, the Committee on Budgets continued to call for the abolition of this duty.

I hope that when Parliament votes, it will remember that three of its committees have already shown that they are in favour of abolishing excise duty on wine.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I should just like to make a few remarks, particularly in view

of what Mr Spénale has just said. I feel there has been some confusion, but what must be stressed, Mr Spénale, is that the Committee on Economic and Monetary Affairs had a very clear and fixed opinion on this. It has stated that even if the duty is abolished, it cannot be denied that there is competition between beer and wine. And, Mr President, the sole question is whether there is in fact competition between beer and wine. If we decide that there is progressive harmonization of consumer habits and tastes as a result of the opening of the markets, competition between beer and wine cannot be ignored. If I were in a position to abolish them now, I would immediately agree to the abolition of beer and wine taxes. But it is completely out of the question that our Finance Ministers will be persuaded at this point of time to do without the considerable sums accruing from beer and wine taxes. All we are doing here, Mr President, is paving the way for harmonization, in other words creating an instrument for the event that distortions of competition occur. Nobody has yet said that we can go down as far as the zero rate. Nobody has yet said when and how this instrument will be used. All we are talking about is the creation of the instrument. And I feel that at present we have no choice but to agree to this instrument and see what the future brings, if such distortions of competition occur and then get rid of them gradually in the process of harmonization. But at the moment the question is simply, do we want this instrument for the event that distortions of competition occur?

President. — I call Mr Boano.

Mr Boano. — (I) Mr President, like Mr Spénale, I was somewhat surprised to read the amendment submitted by Mr Notenboom and three other members. This morning's debate seemed to be tending towards equalization of the duty systems applicable to wine and beer in the sense of attaining—albeit perhaps by different methods or technical procedures or possibly at different times—similar treatment for the two beverages.

But now I see that Mr Notenboom's amendment puts forward once again the very same text as that drafted by the rapporteur, Mr Schmidt, which was rejected by both the Committee on Budgets and the Committee on Agriculture; and it is being presented again with the object of taxing both products on the premise, which I consider to be fundamentally erroneous—and which has been said to be so by Mr Spénale—that this excise duty on wine already exists in seven of the Community countries. I should like now to ask the Commission to tell us precisely

Boano

(since it has consistently been putting forward this argument with the result that in committee there was something of a dialogue of the deaf) the details of the application, the cost and the net revenue of this excise duty on wine, which according to the Commission is collected in seven countries of the Community. For I ought to say that in the discussions in the Committee on Budgets the Commission referred only to France, which confirms my belief that in practice such a duty on wine exists only in that country. In view of the considerable divergence between the text submitted now in the form of an amendment and the intention of those who spoke this morning in favour of equal treatment for wine and beer, in the sense of exempting both products from duty, I am asking you formally, Mr President, whether you do not think it would be appropriate to consult the House as to the possibility of the duty, so that—after careful review by the Commission—they may be submitted again with due account taken of all those factors which we have unsuccessfully been asking to have considered in the course of discussions in the committees. In addition, since the Commission proceeds from the assumption that there should be equal tax treatment of all beverages which are, or are potentially, competitive, I am asking whether there should not also be an excise duty on 'Coca-Cola' and on mineral waters of purely industrial manufacture, since these are really the most serious competitors of wine and beer. I really do not see (and the Commission, too, did not argue to the contrary before the Committee on Budgets) why a product of purely industrial origin such as 'Coca-Cola' should be exempt from excise duty while a purely agricultural product, originating—as Mr Spénale pointed out—in the most economically disadvantaged regions of the Community, should be subject to it.

I therefore ask you, Mr President, whether you do not think that you should propose to the House that both motions on excise duty should be withdrawn and re-examined in the light of this need for equal treatment of which I have just spoken and which does not appear to be reflected in the text of the amendment now before us.

(Applause)

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I am also against the amendment tabled by Mr Notenboom. Mr Boano has already advanced quite a number of arguments. I feel that the introduction of a wine tax would simply lead to personnel costs out of all proportion to the yield. I am in any case against any further inflation of bureau-

cracy. In my view, a wine tax would simply be a trifling tax, and I should therefore like to suggest—as opinions appear to differ so much in this House—that we accept Mr Boano's proposal. Otherwise, I fear, there will be no end to this debate.

I should also like to say again with some emphasis that I feel that the opinions of the two committees rejecting a wine tax were based on a profound knowledge of the situation and that they were very clear. My view is that we should ignore the innumerable trivia we now face when considering this question. I should like to stress one thing; for the first time the idea has cropped up during today's debate that beer and wine tax might be viewed jointly. We did not have to discuss this in our group, except from the point of view expressed by Mr Notenboom that the two should be seen together. All right. But I should like to emphasize what Mr Boano has said: if we intend looking at competing beverages, or possible beverages, the opportunities are endless, and I am very much in favour of remembering that production varies. Not only would the system for supervising a wine tax be very complicated for countries not having this tax at the moment, but it must also be remembered that the small producers who would be affected would be faced with a great deal of additional work. I would underline my view that we should not accept Mr Notenboom's amendment, but leave the Gerlach report as it is.

President. — I call Mr Artzinger.

Mr Artzinger. — (D) I should just like to say a word on Mr Boano's proposal that the two motions for resolutions should be referred back to the committee. I am emphatically against this. Nothing would be gained. The controversial aspects have been adequately discussed by the relevant committees, and the House must now decide. I must therefore ask Members not to accept Mr Boano's proposal.

President. — I call Mr Wieldraaijer.

Mr Wieldraaijer. — (NL) Mr President, just a few brief remarks.

Firstly, I do not think it is a good idea to do what Mr Boano has suggested. I hardly think that Parliament and the various committees have been taken by surprise by the question we are debating today.

The original Schmidt report was always open for discussion in the Committee on Budgets, and it was discussed in great detail by that committee.

Wieldraaijer

I think that the crux of the whole matter is that if we accept that at the present moment the excise duties on these beverages cannot be abolished, then we should at least aim at similar treatment for beer and wine. For my part, I would merely point out that what has been said about the non-existence in the various Member States of excise duties on wine is contradicted by the table of revenue from taxation to be found in Mr Gerlach's report. This makes it clear that all the Community countries except Italy have excise duties on wine.

I therefore recommend that the House adopt Mr Notenboom's amendment.

President. — I call Mr Pêtre.

Mr Pêtre. — (*F*) Mr President, in view of the importance of the vote we are about to take, I think it is essential that all the Members should be well informed. A few minutes ago, during the general debate, the question of excise duty on wine was brought up by Mr Simonet, who said an amendment had been tabled and that he would have more to say when it was discussed. I think the time has come, Mr President, to ask Mr Simonet to tell us what the Commission's position is after the discussion we have just had.

President. — Before asking Mr Simonet to comment, I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, I think several questions have arisen; some of them are questions of substance which I shall not reopen; others are questions of procedure.

As regards the latter, to which I now intend to confine myself, it seems to me that the amendment before us cannot be answered with a simple yes or no. It is a genuine resolution and, to be quite frank, it is exactly the same as the Schmidt resolution which the Committee on Budgets rejected. We can therefore decide one way or the other, and then Parliament's vote will either confirm the positions adopted by the relevant committees and that will be the end of the matter, or else Parliament will vote to the contrary and then, in my opinion, the Commission will have to withdraw the text and redraft it in accordance with the wishes of Parliament, which obviously has the final say. But I cannot accept that, in the case of an amendment such as this, when we have a motion for a resolution drawn up with the agreement, sometimes unanimous, of one, two or three committees, we have to take a vote on each paragraph and that, on the pretext of its being an

amendment, we consider a whole motion for a resolution which has been rejected by the committees and then, to cap it all, take a vote. There are some paragraphs in this motion for a resolution which I can accept more readily than others, but I should not like to vote on the motion as a whole. That would lead to utter confusion.

President. — I call Mr Simonet.

Mr Simonet, *Vice-President of the Commission of the European Communities.* — (*F*) Mr President, as Mr Spénale has pointed out, there are two problems at the present stage of the debate: firstly, a problem of procedure, which does not affect me directly and which concerns only Parliament, and secondly, the problem of substance: whether or not excise duty should be levied on wine as part of a system of European harmonization. In my opinion, this discussion has exposed two basic ideas on which those against excise duty on wine have based their argument. I do not say that both ideas are evident at the same time in the development of their opinions, but that both have been put forward and are the factors underlying their arguments for rejecting the idea of excise duty on wine.

On the one hand, there is the question of whether or not there is competition between beer and wine. On the other hand, there is disagreement, or at least a difference in interpretation, regarding the comparison between excise duty and customs duty. On the first point, in reply to the question that Mr Spénale raised this morning on the statistical basis used by the Commission when drawing up its proposal, namely the CREDOC study, I should like to say that it is undoubtedly an excellent study. Mr Spénale was justified in referring to it but, like all statistical studies, it should be treated with some caution, and the statistics should be interpreted as correctly as balanced judgement permits.

The study only deals in fact with the six countries belonging to the Community before the accession of the three new Member States, which has somewhat changed the basis of the study and, consequently, the conclusions to be drawn from it. Secondly, there is another factor which limits the significance of the study and the more or less definitive conclusions it was believed could be drawn from it: it was carried out with great attention to detail, but relates to the French economy, and its conclusions were extrapolated to cover the six original Member States of the Community, which, I repeat, means that, although Mr Spénale's reference to it was justified, it should be treated with caution.

Simonet

The Commission's position is that there is quite definitely competition between alcoholic and non-alcoholic beverages and that for reasons of principle embodying the public health considerations referred to several times during the general debate, the Commission thought it necessary to exclude non-alcoholic beverages from excise duty, but that if the principle to which I have just referred is retained for alcoholic beverage, they will then be in a competitive position and excise duty should be levied on each type.

That being the case, there are two logical positions which can be adopted on the basis of this principle. Either excise duty can be levied on alcoholic beverages and can vary according to quantity, since Member States would still have the possibility of laying down a different system for each alcoholic beverage, the basic idea being, however, that excise duty is levied on each. Or all excise duties can be abolished; but it should be remembered that the public health problem to which I have just referred will arise again, as well as a problem of financial profit. When considering the creation of a harmonized system of excise duties on alcoholic beverages, I feel that we should not forget that Member States' total revenue from excise duties is not inconsiderable.

The Commission's position is therefore that, in the first place, excise duty should be levied on all the various categories of alcoholic beverages and that if equality is to be maintained or account taken of competition and the financial considerations I have just mentioned, the idea of abolishing all excise duties should be ruled out.

On the second point, I think it is incorrect to imagine that excise duty would be levied in some countries which do not produce the goods to which the duty applies while in other countries the duty would be applied to goods produced internally, since the conclusion could then be drawn that some similarity existed between excise duty and customs duty. The Commission does not make this comparison. In its opinion, if the Member States of the Community are taken as a whole and if it is then decided to levy excise duty on alcoholic beverages, considerations of local production, whether there is any or not, do not apply. In our opinion, it is quite clearly excise duty and not customs duty which is at issue, and we therefore believe that the position we have defended in our proposal is the one called for, but you are obviously at liberty to judge for yourselves.

President. — Thank you, Mr Simonet.

One point I would like to make in answer to Mr Spénale is that the last sentence of the selected texts on the application of Rule 29 states: 'An amendment may be aimed at replacing the whole or part of a motion for a resolution.'

Mr Spénale. — (F) Mr President, that answers my query. An amendment can replace many things, but it is not possible to ask for a vote to be taken on each paragraph.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, we undoubtedly have here a problem as regards procedure. But, Mr Spénale, we were in the same position when we voted on the same motions for resolutions in the Committee on Budgets. I was in the chair and got out of the difficulty by first taking a vote to see whether the majority was for or against the introduction of the wine tax. Depending on the result of this vote, Mr President, each motion for a resolution should then be taken. I feel that if you adopt the same procedure, the problem will be solved. If the majority is for the wine tax, the amendment, that is the motion for a resolution proposed by Mr Notenboom, will apply. If, however, the majority is against the introduction of a wine tax, a Community wine tax, the original motion for a resolution will be put to the vote. I think, Mr President, that you might simplify the procedure in this way just as we have done in the Committee on Budgets. Thank you.

(Applause)

President. — I cannot agree that we should deviate from our present procedure. We must take a vote on Amendment No 1, and I am prepared to take it either as a whole or paragraph by paragraph.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, I may not have expressed myself clearly enough. I meant that you should first make it possible for a basic decision to be taken on whether or not a wine tax should be introduced. When this decision has been taken, it will be clear which motion for a resolution you are to put before the House for its decision. Then there will be no difficulty. This is, of course, possible since, Mr President, each motion for a resolution has its own basic concept, and you cannot put either of them to the vote paragraph by paragraph because each can only be seen in its entirety. Each motion for a resolution has its own basic con-

Aigner

cept. This House is, of course, sovereign, Mr President, and we can bring about a basic decision, or put it another way, if that is easier, take a vote on whether we want first to vote on the amendment or on the motion for a resolution. This will give you to all intents and purposes the same decision on the question of procedure.

President. — I call Mr Spénale.

Mr Spénale. — (*F*) I agree with Mr Aigner. A vote should first be taken to determine the proposition of the House, and one or other of the motions for resolutions should be considered, but a vote should then be taken on each paragraph of the motion considered, since a general vote would cover too many things at once. That is what we did in the Committee on Budgets.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (*I*) Mr President, it seems to me that the best proposal is that put forward by Mr Aigner and seconded by Mr Spénale; we voted for it in committee and we can equally well approve it here. If we should fail to obtain agreement on this procedure, I think that a vote on the Commission's proposal should be taken first of all. For in fact we are not dealing here with an amendment on a single point; the Committee on Budgets' motion for a resolution contains seven paragraphs and there are seven paragraphs in the amendment submitted by Mr Notenboom. We are thus faced with two motions for resolutions: therefore we either adopt the principle proposed by Mr Aigner and Mr Spénale and, by examining the two motions paragraph by paragraph, decide on which of these we should vote, or if we do not accept this principle, we should start with the proposal submitted by the Commission.

President. — I have not found anything in the Rules of Procedure so far which permits the procedure proposed by several speakers. It seems to me that we cannot vote on a motion which has not been tabled in the appropriate manner.

I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, since we do not seem able to reach an agreement in this discussion, could you not consult the House on the procedure to be followed? It is sovereign over its own order of business. I cannot find anything in the Rules of Procedure to say that the House cannot decide how to deliberate any question.

President. — I of course agree that this Parliament is sovereign as regards its order of business. If you would therefore like to take a vote on whether or not we should vote on the question of principle raised by Mr Aigner, I will put that to the vote.

I call Mr Aigner to explain again what we shall be voting on now.

Mr Aigner. — (*D*) I would put it this way: what is required is a basic decision on whether this House is for or against a wine tax. When Parliament has taken this decision, we can deal with the motion for a resolution on the basis of that decision.

President. — In accordance with the wishes of Parliament, I put the general principle of a wine tax to the vote.

Those against it are in the majority.

As a formality I must put Amendment No 1 to the vote.

I call Mr Notenboom.

Mr Notenboom. — (*NL*) I will make it easy for you and Parliament by withdrawing the amendment. The required opinion has now been expressed. I withdraw the amendment.

President. — The amendment is withdrawn.

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

The resolution is adopted.¹

The next item is the motion for a resolution contained in Mr Artzinger's report on excise duties on alcohol (Doc. 15/74).

I have no amendments or speakers listed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (*F*) Mr President, allow me to make two comments. Firstly, as regards what I shall call the small supplies provided for in Article 7 (e) of our proposal, we cannot agree because we think that for the amendment to apply effectively and fulfil the objectives of its proposers, a system of control would have to be introduced which, in my

¹ OJ No C 48, 25. 4. 1974.

Simonet

opinion, would run counter to the presumed objective of reducing the formalities for small undertakings.

That covers the amendment to Article 7 of the proposal. With regard to the amendment to Article 29, I do not think I would be wise to oppose what appears to be a general desire to maintain a system of derogation for a number of categories of producers, but it seems to me that the same result could have been reached by deleting Article 32 instead of amending Article 29.

President. — I thank the Commissioner for his further observations, of which I trust the Parliament has taken due note.

We now come to Mr Schmidt's report on excise arrangements for mixed beverages (Doc. 27/74). I have no amendments listed.

I put the motion for a resolution contained in this report to the vote.

The resolution is adopted.¹

The next item is the motion for a resolution contained in Mr Rossi's report on excise duties on beer (Doc. 378/73).

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, now that the European Parliament has pronounced against an excise duty on wine, it seems right that I should act in consequence, for myself at least. This morning, supported by several colleagues, I spoke in favour of the idea of identical treatment, that is to say that either both wine and beer excise duties should be included in the harmonization package or that neither should. But the idea of excise duty on wine has not been accepted. I must therefore act in consequence of this decision and call for the rejection of this motion for a resolution, which I think should mean either that Parliament should not pronounce on this or that the matter should be referred back to the Committee on Budgets. I am not too familiar with the procedure. But as I see it, those who consider that the two beverages should be accorded the same treatment cannot now vote for the motion. In any case, I shall vote against, Mr President, much to my regret.

President. — I call Mr Rossi.

Mr Rossi, rapporteur. — (F) I should like to reply to Mr Notenboom by drawing his attention

to paragraphs 2 and 3 of the motion for a resolution, in which we have tried, in spirit at least, to establish some sort of parallel between excise duties on wine and those on beer, since we state quite clearly that we want to abolish excise duties on beer. The exact wording is: 'without prejudice to simplification of indirect taxation in the medium term by the abolition of excise duties'. And in paragraph 3 of the motion for a resolution, the committee has again stated, with the same aim in view: 'Considers that in the immediate future (and I stress this) excise duties on beer may be maintained.'

That text does not therefore contradict the one on which the House has just voted; as we said this morning, the fact is simply that we are faced with situations which have devolved from national situations, and particularly budgetary situations; the aim of the Committee on Budgets is unquestionably, and will continue to be, to abolish excise duties on beer.

President. — I call Mr Spénale.

Mr Spénale. — (F) Mr President, there is practically no need for me to speak. What Mr Rossi has just said is more or less what I would have said. The Socialist Group has also expressed its views in the spirit just defined, in other words 'for the moment', but with the prospect of abolishing excise duty on beer in the medium or longer term.

President. — I call Mr Artzinger.

Mr Artzinger. — (D) Mr President, allow me to refer to a minor formality: amendments were to have been tabled by 3 p.m. They may not be tabled during this sitting. As a matter of form it is not possible to vote on an amendment which was tabled after 3 p.m.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee of Economic and Monetary Affairs. — (D) Mr President, after what Mr Notenboom has told me, I should like to point out again, as was done this morning, that the Committee on Economic and Monetary Affairs rejected the harmonization of excise duties on wine, beer and mixed beverages in its opinion of 7 December 1972, in other words before the enlargement of the Communities—although it has not changed its position since the enlargement. It sees no reason for maintaining these taxes *ad infinitum* and extending them to the whole Community by means of harmonization, but feels that these three duties should be abolished. For Parliament at least,

¹ OJ No C 48, 25. 4. 1974.

Lange

though not for the Council or the Commission, one of them has been disposed of as a result of a rejection of the harmonization of the wine tax. We should do the same in this case and reject Mr Rossi's motion for a resolution.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, Mr Artzinger is undoubtedly right in saying that this House itself set a time-limit. As regards form he is right. But this House is, of course, sovereign and can reject his report and therefore the motion for a resolution as a whole even without an amendment having been tabled. To this extent, therefore, Mr Artzinger's arguments are not correct.

I spoke just now in favour of the retention of the wine tax on the express grounds of pressure of competition between wine and beer, and it would be logical for us to share Mr Lange's view and come out against the harmonization provisions on the beer duty.

Mr President, I am, however, enough of a realist to know that it is completely impossible to obtain our Finance Ministers' agreement to this because considerable sums are involved. Knowing that the zero rate or abolition will not be achieved, I cannot of course, but decide on harmonization of this duty, Mr Lange. Consequently, even though I agree with your objective, we will initially need these harmonization provisions because it will undoubtedly take quite a number of years before this duty is abolished. But I should like to make it quite clear, Mr President, that the majority of the committees involved will vote in favour of this form of harmonization only if our amendment is adopted, and I should like to read it out again: 'The provisions of Article 6 will not preclude the application of progressive rate arrangements related to the volume of production.' This was an important point during our discussions, and I would ask the Commission to withdraw its objections to this amendment to Article 13 and to speak in favour of this motion of a resolution before the Council in the same way as this Parliament has spoken in its favour. Thank you.

President. — I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, I would like to answer our colleague Mr Rossi. I am grateful to him for his explanation, which was also given this morning by Mr Spénale, and I hope he finds nothing wrong with my position. I did vote wholeheartedly in favour of his report in committee, but at that time, the majority were still in favour of the Schmidt report. So

I was in favour of parallel treatment. For that reason, I hope that Mr Rossi, who has carried out his work so expertly, does not have the impression that there is a turncoat in our midst. I sincerely hope not.

Mr Rossi is quite right: it does say somewhere that in the long term there must be no obstacle to the abolition of excise duties on beer, but there is something else as well. It says first of all that excise duty rates on wine are to be harmonized. Thus, first of all, the harmonization of bases and systems. And then the report calls for the harmonization of the rates on beer in the next phase. Harmonization must not, however, be such as to stand in the way of the long-term aim of abolishing excise duty on beer.

Mr President, we are talking in terms of 10 or 15 years, I think. When we ask the Commission, in the motion for a resolution, to prepare for the harmonization of rates after the harmonization of the structure of excise duties, we do indeed have a period of ten years in mind. I am not in favour of the existence during these ten years of such a disparity between the excise duties on wine and on beer. Mr Rossi's argument therefore does not seem to me to be a reason for voting in favour of his report.

President. — I call Mr Spénale.

Mr Spénale. — (F) Mr President, there is just one point. I should like to tell Mr Notenboom that I have great respect for tenacity, but I believe that the grounds for that tenacity should be verified.

Mr Notenboom tells us that he voted for the Rossi report at a time when a majority of the Committee on Budgets voted for the Schmidt report.

I maintain that that time never existed. However, if Mr Notenboom can give me an example of a vote in the Committee on Budgets which runs counter to the latest vote and to the vote just taken in the House, I shall withdraw what I have just said. But if it is a matter of lobby talk and conversations with colleagues, I emphasize that that does not constitute a majority in a committee.

Since October 1972 every vote in the Committee on Budgets has been for abolition of excise duty on wine and there has been no occasion when anyone could say that he voted for excise duty on beer because a majority of the committee voted for the abolition of excise duty on wine, since no vote has ever expressed that position. I think that needed to be said.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, I feel I must contradict the argument that there must be harmonization now on the grounds that in view of the obstinacy of the Finance Ministers there will be no chance to abolish the beer duty in the foreseeable future because for some Member States, or rather for parts of some Member States, it is of considerable importance due to the duty rate applied. If we begin harmonizing now, we will consolidate this special excise duty. If Parliament rejected the harmonization of this special excise duty, the Commission might—if I may be allowed to predict what it will do—feel obliged to think about it again, and the Finance Ministers might also feel bound to come up with something new in this connection. But if we call for harmonization now, there will be no more thinking. Neither the Commission nor the Council will make any attempt to abolish this duty in the long term, as your committee has proposed, because it may have become even more interesting by that time. I would therefore urgently recommend that the House reject Mr Rossi's motion for a resolution.

President. — I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, it is not important, but I do not wish to go down on record as being a liar. That is the only reason why I take the floor again. When I voted for the excise duty on beer, I was actually convinced that the majority were in favour of excise duty on wine. I must admit to Mr Spénale that I based that judgement on the fact that it had already been approved by the Sub-committee on Tax Harmonization. That is how it was. I certainly had no intention of putting forward a false argument. I just want to say to Mr Rossi that I have not changed my views or acted contrary to my previous position. That is the only point which could have led to a misunderstanding between us, but I have explained that; when I voted for excise duty on beer, there was a majority in favour of duty on wine in the sub-committee. Mr Spénale is therefore right. I hope that the impression has not been gained that I have not been speaking the truth.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

We now come to the motion for a resolution contained in Mr Rossi's report on the setting up of a 'Committee on Excise Duties' (Doc. 379/73).

I have no amendments or speakers listed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Commission report and regulation on a bracket tariff system for the carriage of goods by road between Member States*

President. — The next item is a report drawn up by Mr Schwabe on behalf of the Committee on Regional Policy and Transport on

- I. a report from the Commission of the European Communities to the Council on work done in connection with the difficulties encountered in the operation of Council Regulation (EEC) No 1174/68 of 30 July 1968 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States
- II. a proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States

(Doc. 301/73).

I call Mr Schwabe who has asked to present his report.

Mr Schwabe, rapporteur. — (D) Mr President, ladies and gentlemen, I am very happy to say that the subject I am introducing is less likely to excite us as individuals or groups than the matter which we have just been debating. We will be able to agree on the bracket tariff system very quickly and thus gain time. The Commission's report to the Council and the proposal for a Council regulation which we now have to discuss are based on Council Regulation No 1174/68 on the introduction of a bracket tariff system for the carriage of goods between Member States. The present regulation is one of a number of amendments to the 1968 regulation, its object being to facilitate the implementation of this regulation. The bracket tariff system introduced in 1968 was originally intended as an experiment. The elimination of restrictions in the common policy on transport tariffs is ultimately to lead to maximum freedom of rate formation.

The proposals made in 1968 were to be regarded as an experiment to the extent that it was hoped

¹ OJ No C 48, 25. 4. 1974.

¹ OJ No C 48, 25. 4. 1974.

Schwabe

a review of the results of the bracket tariff system would help in the search for a lasting solution in this field.

The system proposed in 1968 was not adopted by all the Member States until 1972, and it has therefore only been applied in full in the last two years. The enlargement of the Community in 1973 also produced certain other problems. The validity of the original regulation consequently had to be extended until 31 December 1974 and the possibility of a further year's extension provided. That was done in 1972.

The Commission now feels that a number of amendments should be made to the 1968 regulation. Most of them concern special contracts. In my report I stated that two of these amendments do not require any comment and can be accepted as they stand. They concern publication as a condition for the conclusion of special contracts and the carriage of live animals. The Commission has also proposed two other amendments, about which I should like to say a few words.

The first aims at adding an alternative condition to those at present applicable to the conclusion of special contracts. At present the weight to be carried within a 3-month period must be not less than 500 metric tons. As an alternative the Commission would, however, like to provide for a minimum of 250 000 t/km within the same period. The committee has looked into this matter very carefully because some of us felt that there was a danger of this alternative requirement resulting in an unwanted increase in the number of special contracts, which by their very nature do not conform with the system or that the occurrence of new circumstances would make it complicated to assess the success or lack of success of the bracket tariff than now applies. Finally, however, the committee unanimously agreed that this alternative requirement is justified in view of the enlargement of the Community and is needed for transport undertakings in the peripheral areas of the Community.

The second amendment proposed by the Commission would replace the expression 'route or routes concerned' by the words 'geographical area covered by the contract'. Although the obvious intention is to simplify the system by allowing a variation of routes, we find the new definition somewhat imprecise and have therefore tabled an amendment to Article 1(3), which would make for greater flexibility than the old text, but is at the same time somewhat less vague than the amendments proposed by the Commission. As I have said, we have discussed these matters in detail and reached agreement

in committee, and I would hope that this House, with fewer Members now present, will have little difficulty in accepting this point. Thank you, Mr President.

IN THE CHAIR: MR WOHLFART

Vice-President

President. — Thank you, Mr Schwabe, for your detailed report.

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) The views of your committee are identical with both the text and the spirit of the proposal made by the Commission except for one point on which an amendment has been tabled, and the Commission is prepared to express at least the spirit of the amendment in the light of the discussions which will certainly take place in the Council of Ministers.

I should also like to thank the committee once again for its excellent work.

President. — Does anyone else wish to speak?

I put the motion for a resolution to a vote.

The resolution is adopted.¹

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — On a point of order, Mr President, may I raise with you a matter which I am sure has been raised before. It is the matter of the sovereignty of this House over its procedure. I would suggest to you, Mr President, and to the House, that we are indeed sovereign but we are sovereign subject to our Rules of Procedure and we cannot, in the course of a debate, change our procedure just to suit our own inconvenience. This is a practice which this House has been adopting only too often during recent months and I would suggest that the Study Group on the European Parliament's procedures and working methods should look into this, because once we start doing this, we get into great confusion. This afternoon we were voting in point of fact on a question which was not before the House, which was not tabled. Yet, by some astonishing means, we managed to vote on it. This is surely not the way we should proceed. If we wish to change our procedures, there should be a formal resolution put

¹ OJ No C 48, 25. 4. 1974.

Scott-Hopkins

to the House to change them; it should then go to the relevant committee, which should examine it and report back. That seems the correct way, not as we have proceeded this afternoon.

President. — I have noted your statement, Mr Scott-Hopkins. The Study Group will be instructed to look into your suggestion.

14. *Tabling of and vote on a motion for a resolution*

President. — I have received from Mr Spénale on behalf of the Committee on Development and Cooperation a motion for a resolution on new emergency measures for the Sahel countries.

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

Are there any objections to this request for urgent procedure?

The adoption of urgent procedure is agreed.

I propose that Parliament immediately consider this motion for a resolution.

Are there any objections?

That is agreed.

I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, I must point out that it is not so much an emergency discussion that we want as an emergency vote. I do not think this motion for a resolution calls for long discussion. As you know, Parliament has made a considerable effort to prevent a recurrence of the Sahel catastrophes. We see in all the newspapers that the famine is more serious today than it was yesterday and that large stocks are in the ports and cannot be delivered because of lack of road transport facilities and insufficient collaboration in air transport.

The Committee on Development and Cooperation which adopted this motion for a resolution yesterday wants to draw the attention of the Commission, the Council and the governments of the Member States to the serious need for taking all possible emergency measures to reduce the famine prevalent in some countries, the sole concern being for human solidarity.

If we wanted to open a debate on this problem, we would come up with some very eloquent phrases, but I think it is unnecessary; I am convinced that this resolution corresponds to the

heartfelt wishes of all the Members of this Parliament.

President. — I call Sir Douglas Dodds-Parker to speak on behalf of the European Conservative Group.

Sir Douglas Dodds-Parker. — Mr President, thank you for calling me to support Mr Spénale once again, who is so active on behalf of these people in Africa. I raised this issue in the House of Commons last week and was told that the trouble again is transport. I understand that there are considerable supplies on the coast of both the Red Sea and the Indian Ocean, and on the other side in mid-Atlantic, but both air and road transport are short. There also seems to be local difficulty in Ethiopia because of civil disturbances. I do hope we can make at least some gesture in the way of transport to help these severely stricken areas.

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

Mr Pêtre. — (*F*) Mr President, on behalf of my group, I would also like to endorse what Mr Spénale has just said and also to thank the Committee on Development and Cooperation for its initiative.

As Mr Spénale has said, there is no longer any need to talk about the peoples in developing countries, particularly in the Sahel. We have said enough. What is needed is action. More than ever before it is time to act with the dynamism needed to assist these people who need so much help.

My group will therefore without doubt unanimously approve the motion for a resolution tabled by Mr Spénale.

President. — I call Miss Flesch to speak on behalf of the Liberal and Allies Group.

Miss Flesch. — (*F*) Mr President, on behalf of my group I, too, should like to associate myself with what Mr Spénale has said.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (*F*) Thank you, Mr President, for calling on me to speak on this serious problem. I should like first of all to endorse what the previous speakers have said by paying a tribute to Mr Spénale who for years has drawn the attention of Parliament and,

Cheyssou

through it, of public opinion to problems which prove to be more and more catastrophic each year as the drought continues.

If I had known earlier that this subject was to be discussed this afternoon, I would have brought along the very detailed data we have collected on the various aspects of the problem. We are certainly in the best position to collect them at present. Unfortunately, I only learnt of this motion for a resolution an hour ago. I am therefore forced to give you information on this problem from memory. There are, as the document submitted to Parliament clearly states, two types of problem; first of all, there is the amount of foodstuffs with which we can provide these unfortunate people, and then there is the possibility of delivering the food to them.

This year the Community has contributed foodstuffs to the value of 43 million u.a. This has nothing to do with the appropriation approved at the request of Parliament, which is for the future, in other words for the structural reforms that are needed, as Parliament has rightly pointed out, to improve the situation. The 43 million u.a. in food aid is entered in the budget for the seven Sahel countries which have an interest in our programme. It was divided up after discussions with the various countries of the region and, if my memory serves me right, it takes the form of grants for 130 000 metric tons of cereals; 110 000 metric tons are now on their way to the countries and 20 000 metric tons represent an emergency reserve. To this has to be added 140 000 metric tons of powdered milk and 6 000 metric tons of butter oil. I have given you these figures from memory. That accounts for the 43 million u.a. we had at our disposal. This effort, along with that of other organizations or countries, is far in advance of what is being done in the world at present, but it will not be enough. Let there be no doubt about that. A considerable effort has been made, but it will not be enough. That is the first dramatic fact.

Secondly, Mr President, there are the conditions for delivering the goods to the populations affected, and in particular the most isolated of the affected. The problem is not quite as what Mr Spénale has described it. Thanks, if I may say so, to the task force led by Mr Spénale which has kept the Council of Budgetary Ministers busy for some time and succeeded in forcing a vote on supplementary appropriations in the 1974 budget, we have 5 million u.a. at our disposal in the Community budget which enables us to put means of transport into use within 48 hours in an emergency. The Commission has speeded up the procedure and has authorized me to free these appropriations

without consulting anyone at all. We therefore have a remarkably speedy method of disposing of the appropriations. But I must point out to Parliament that since this money has existed, there has only been one case of a government asking us to use it. That was the government of Niger, which had 308 metric tons of powdered milk delivered urgently by special Belgian, German and French aircraft chartered by the Commission. I pay a tribute to the two governments which so kindly bore half the cost, the other half being charged to the 5 million u.a.

The remaining 4 700 000 u.a. have not so far been requested by any government. Several journalists have stated that they had found in various ports—and the port of Djibouti was particularly mentioned—large quantities of foodstuffs which had not been distributed. We are not completely in the picture since the stocks in question were not supplied by the Community, but it seems that the information is unfortunately correct. There are distribution difficulties, but unfortunately these difficulties are not material difficulties, they are organizational and administrative difficulties. In the case of Djibouti, the railway from Djibouti to Addis-Ababa and some other transport facilities are not yet being put to optimum use. It would therefore be possible to transport a considerable amount to the interior of Ethiopia. But, Mr President, this has not been requested by the responsible authorities in these countries and in the circumstances it is impossible for us to intervene.

I should now like to draw the attention of the House to one aspect of the problem to which, I am sure, the politicians present will not be insensitive. Mr President, these countries are independent. They have governments which have responsibility under the more or less democratic procedures which they have adopted. It would be irresponsible if I as a member of the Commission did not tell you that it is completely out of the question for the Commission or any foreign government to teach the governments of those countries a lesson. They have acquired their independence and we respect it. We are aware that, in some cases, the still rudimentary administrative structures in the poorest countries prevent them from acting adequately to meet the needs of their populations. But we cannot take their place and I believe it would be unjust to criticize them. What would we Europeans say if a foreign country which thought it was more advanced than us said that we do not provide the proper treatment for our road casualties, or that we do not care sufficiently for retired people. Each country has its own governmental structure;

Cheysson

we must respect those of the developing countries just as we expect them to respect ours.

What is important is that when those governments ask for aid from outside it should be possible to liberate all the funds which Mr Spénale often talks about. And I refer to previous statements by Mr Spénale which compare what we are prepared to do in Europe and other parts of the industrialized world in time of war and what we are often less willing to do in the case of poverty. What is important is that we should be able to comply with the requests made to us, and even elicit those requests. But in the present case I put the House on its guard against what might appear to the governments of the countries concerned as criticism. I should like to point out to the House, Mr President, that at the end of January there was a large meeting in the Commission offices in Brussels, which brought together the 7 Sahel countries, that is the 6 countries associated to the Community and Ethiopia, and all the national and international organizations which are currently helping the Sahel countries: organizations in the United States and Switzerland, the Member States of the Community, charitable organizations, FAO, the United Nations and the World Bank. The sole purpose of that meeting was to consider ways of distributing goods to the most unfortunate populations. All we could do was to ask our partners what their intentions were and how far they were prepared to coordinate their efforts. The replies were, depending on the country, more or less complete, more or less impressive, more or less representative of the administrative structures and the order existing in the country. But it is not for us to draw up an honours list. I merely want the House to know that at the end of January it was possible to meet all the requests—I repeat all—made by those countries with the means at our disposal. And yet we know that it is not enough and that the press reports are correct, and Mr Spénale is once again telling us of a situation which is intolerable from a humanitarian point of view. But that is why it is difficult for us to act, and I wanted the Members of Parliament to be aware of the reasons why this is so.

To sum up, Mr President, I think this motion for a resolution has been tabled at the right time, for it once more draws attention to a situation which is truly disastrous in the Sahel countries. It refers to the amount of goods available, and although international efforts, led by the Community, in this direction are considerable, they are inadequate. The amount at our disposal will not be sufficient for the present campaign. The motion refers to the distribution

difficulties and it puts its finger on the most difficult problem. But there again, I am bound to say, for the moment we are hampered and paralysed by internal difficulties, which are particularly serious in countries where there is disorder or some administrative inadequacy at a time when they are just beginning to develop. *(Applause)*

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, I had said that I did not want a debate to be opened, but I must thank Mr Cheysson very sincerely for the information he has given us. The purpose of the motion for a resolution is not to criticize the Commission but rather to give it additional advice, knowing as we do how attentive it is to these problems and how many of them have become more serious.

At any given moment anywhere in the world today there may be widespread suffering which it is almost impossible to remedy for reasons of national independence. This is a serious and difficult problem. When we talk of using every means, we mean also collection of information, offers of aid and as much contact as possible with the governments concerned where it seems that nothing can be done without their requesting it and where we must sometimes hope that they will request our help so that we do not have a bad conscience.

I thank Mr Cheysson warmly for the information which he has given us, and which proves that the Commission is following events extremely carefully as we asked it to do.

The statements made by the various spokesmen and Mr Cheysson himself lead me to believe that this resolution, which will be of help to the Commission in its activities, can be adopted unanimously.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

15. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 4 April 1974, with the following agenda:

¹ OJ No C 48, 25. 4. 1974.

President

9 a.m.

- Question Time;
- Oral Question, with debate, by Mr Fellermaier on behalf of the Socialist Group on the Association Agreement with Greece;

2.30 p.m.

- Commission statement on action taken on opinions and proposals put forward by Parliament;
- Report by Sir Douglas Dodds-Parker on behalf of the Committee on Development

and Cooperation, on the future sugar policy of the Community, with particular reference to imports of sugar from developing countries and in the light of the Commission's Memorandum of 12 July 1973.

I would remind the House that the time-limit for the tabling of amendments is 9 a.m. tomorrow morning.

The sitting is closed.

(The sitting was closed at 4.50 p.m.)

SITTING OF THURSDAY, 4 APRIL 1974

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IN THE CHAIR: MR BERKHOUWER

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 of the European Communities, requests for an opinion on

— the proposal from the Commission of the European Communities to the Council for a directive on the stunning of animals before slaughter (Doc. 36/74).

This document has been referred to the Committee on Agriculture;

— the proposal from the Commission of the European Communities to the Council for a Memorandum on the food aid policy of the Community (Doc. 37/74).

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

(b) an Oral Question without debate put by Mr Memmel to the Council of the European Communities on relations with the countries of the Mediterranean basin (Doc. 34/74);

(c) the second report, drawn up by Mr Luigi Noè on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a resolution on the creation of European uranium enrichment capacities (Doc. 38/74).

3. *Question Time*

President. — The next items is Question Time (Doc. 24/74).

We shall deal first with questions addressed to the Council of the European Communities.

Since Mr Cousté is absent, Question No 1 on the entry into force of the uniform basis of VAT assessment throughout the Community will be answered in writing.

Oral Question No 2 by Sir Tufton Beamish on consultation between the European Communities and the United States of America is worded as follows:

How could the consultation which has been called for between the European Communities and the United States of America be most satisfactorily organized and conducted and should this consultation be applied not only to questions of foreign policy and political cooperation, but also to matters covered by the Treaties establishing the Communities?

I welcome Mr Thorn and ask him to answer the question.

Mr Thorn, President-in-Office of the Council of the European Communities. — (F) Mr President, let me thank you for the welcome. As you are aware, I owe the honour and privilege of being with you today to the absence of our President-in-Office.

Thorn

In reply to the oral question put by the honourable Member, let me say this: the question of consultations between the Europe of the Nine and the United States does indeed arise, on the one hand in the field of foreign policy and hence within the framework of political cooperation and, on the other, in the spheres properly covered by the treaties instituting the Communities. In the Community field, our Institutions have always attached the greatest importance to the principle of a constructive dialogue with the United States and with other industrialized countries, but this is not the problem now. As you know, this has anyhow been reaffirmed at the Paris and Copenhagen conferences.

Let me remind you that such a dialogue has been going on virtually ever since the Community was set up. Close and regular contacts were established between the Commission and the American authorities, allowing for mutual and thoroughgoing exchanges of views which have often proved fruitful on all problems of common interest falling within the scope of the Community. On the other hand, the problem of a dialogue with the United States of America also lies at the heart of the current deliberations aimed at preparing a declaration of principle meant to cover all relations between the European Community and its Member States with the United States of America. As you are aware, negotiations concerning these declarations of principle are still in progress and are encountering some difficulties. I am, however, convinced that we shall in the end reach a satisfactory solution, both for our American friends and for the Community itself. At this stage it is therefore not yet possible for any Council spokesman to give a cut-and-dried answer to the question put by the honourable Member, but the House will, obviously, be fully informed at the right time, and I will add that the Political Affairs Committee has, I understand, been advised to a large extent through the President-in-Office of the Council, within the last two days.

President. — I call Sir Tufton Beamish to put a short supplementary question.

Sir Tufton Beamish. — Whether or not there is unanimity among the Nine, both as regards matters covered by the treaties and those that fall outside them, is it not an absolutely essential feature of the strength and unity of the free world that reciprocal consultation and cooperation between the Community and United States should be full and regular whenever their joint interests are involved, thus giving the best possible chance of avoiding the sort of damaging blow hot—blow cold misunderstandings of

which we have unhappily seen all too many in the last twelve months.

President. — I call Mr Thorn.

Mr Thorn. — (*F*) To this supplementary question I will reply, in a personal capacity, that Sir Tufton Beamish has drawn a distinction between the Community spheres and the others, and has linked these two headings in his question. Whereas, as I have just pointed out, the Communities have Institutions and rules of procedure which, in the economic field, have favoured the establishment and development of relations with the United States, and this despite certain difficulties which have cropped up, the same does not apply where political cooperation is concerned. Since at this stage political cooperation is functioning within a purely inter-governmental framework, the only agency we have for the purpose is the precarious and transitory one of the President's office; nor have we, I am sorry to say, any procedure other than unanimous consent.

These are the two essential factors in the matter of procedure which appear to me to raise great difficulties in the way of developing organized relations with the United States of America. Added to this is the fact that all the Governments—that is, all nine without exception—maintain very close bilateral relations at all levels with the United States, and this applies even more to the major partners than to the others. It has never caused any surprise that there should be consultations between, say, Germany and America, France and America, Britain and America, etc. And, of course, these consultations have their usefulness, but they present this major drawback that, taken individually, they do not express the will of the Community of Nine as such; they act much more like a prism, by giving a distorted picture, as likely as not, calculated to mislead our American interlocutor as to what position the Community as such may be adopting tomorrow. This is a situation which, in my view, is less than adequate or satisfactory when it comes to formulating Europe's position *vis-à-vis* a power which is, and will for a long time—I hope for always—remain our principal ally and friend.

This is one of the reasons why, on the European side, the need for regular contacts with the United States is, in my view, felt so acutely. However hard the Americans may be pressing for a solution to this problem, let us not lose sight of the fact that it is felt every bit as keenly on the European side, which has, indeed, been seeking a solution to it for quite some time.

Thorn

What does this problem look like from the American angle? Political cooperation has taken an unmistakable impetus, especially during the year 1973, and owing to this it would hardly be sensible to blame the Americans for having taken at their face-value statements by European spokesmen which implied that the process of integration and cooperation was about to lead to the setting up of a European political entity, referred to ever since the Paris 'Summit' as a European Union. From the moment that we ourselves begin to think and act on these lines, and the Nine endeavour to put forward a concerted foreign policy, the bilateral relations between the United States and the various European countries will begin to lose some of their value and appeal and, moreover, the need for consultations between the United States and the European entity will in our view become apparent.

The Americans have been quicker than we to see this implication of our professions and outlook. For most of the European Governments the wish expressed by the Americans to be either associated—which is not practicable—or at least kept informed of developments and drawn into a certain concertation of endeavour is not unexpected, nor is it in any way prejudicial to the European identity. It seems to me quite natural and legitimate for there to be concern, on both sides of the Atlantic, to avoid anything that could lead to friction, arguments or disputes at foreign policy level between Europe, now working out its own machinery of political cooperation, and the United States. It is a source of regret to me that the Nine do not, as yet, speak with one voice in the matter, but I firmly believe that we shall get so far before very long.

Let's face it, gentlemen, the developments of the last few months have on occasion caused the temperature to rise, but I think this phase came to an end a month ago. Since then we have been living with the problem and growing used to it, and I think we are coming to terms with realities.

You may well ask how we can establish and maintain such relations with the United States without our as it were sliding into the position of junior partners? Let me reply that I am somewhat troubled by the zeal with which this argument is put forward in some quarters. When all's said and done, neither France nor Germany, neither Italy nor the United Kingdom, who, among others, maintain very close bilateral relations with the United States, have none of them ever regarded such consultations as reducing them to a state of vassalage.

Well, let's take a detached look at things and realize that whatever all the Nine of us can do individually and what we in fact do *vis-à-vis* other countries of the Third World, or even *vis-à-vis* other great powers, we can, in our common interest, do *vis-à-vis* the United States. This is why I personally think that we have everything to gain by working out a flexible procedure for consultations, an 'unwritten law' which could vary from one case to another as regards the level of the consultations, their more or less intensive character, and their timing.

It strikes me, then, that if consultations are launched on these lines, with a wholehearted reciprocity as one of their key-features, we can establish a relationship for which the British have a very good word, namely 'partnership'; this is much better all round, since if individually and on a purely bilateral level, we approach the United States in their contacts, we conjure up the spectre of vassalage or, at any rate, of an American 'leadership'. It is precisely in order to avoid this and to obtain a guarantee of reciprocity that we should—and, I firmly believe, will—work out these flexible techniques which, in my opinion, will best serve the interests of the Community, of the United States, and of the members of the Community individually.

(Applause)

President. — I call Mr Kirk.

Mr Kirk. — While welcoming to the full the statement which the Minister had just made, which I think all of us will echo, can I put two points to him. Firstly, this distinction between the Community and non-Community matters, which is one that has to be made here of course, is not unfortunately made to the same extent in Washington. In what way does the Minister think we can overcome this particular basic problem, which has been the cause of considerable difficulty in the past few months? Secondly, to what extent can the Community make use of its own representative in Washington, Mr Krag, rather than having to rely upon all the other Community channels, bilateral channels, to which the Minister referred?

President. — I call Mr Thorn.

Mr Thorn. — (F) Mr President, of course they do not find it easy, on the other side of the Atlantic, to get all their facts right about European functioning, or to make a clear distinction between the scope covered by the treaties and that of political cooperation. With regard to this

Thorn

aspect of things, let me say that we are trying quite hard, and progressing like the tortoise rather than the hare, in the cause of getting our American friends to understand the way our Institutions work, just as we ourselves have to realize, at times, that on the other side of the Atlantic there are other procedures and that the rôle of the executive *vis-à-vis* Congress while the Senate's decisions are being awaited can also produce a certain time-lag. I therefore think that, on both sides of the Atlantic, it is realized at top level that there is a distinction to be drawn between the Community and political cooperation.

There is now another side to Mr Kirk's question, and this is, of course, that one or other of our political men might get a brainwave about globalization—the 'global approach', it used to be called—in the sense that no distinction is drawn between the political and the economic, as happened at the time of the Washington crisis. I think that this is the time to take good care, on both sides of the Atlantic, not to slip on the strait-jacket of excessive formalism. For institutional reasons if not for constitutional ones we cannot contemplate global discussions on these lines at any level. But who among us political men can fail, when discussing or negotiating in any field, to remember or keep in mind the relations we are entertaining in another?

I think this happens to all of us on the bilateral level; it happens, in every case, even within the Belgian-Luxembourg Economic Union if not that of Benelux, and I do not think any politician within the framework of the Nine can ever, in his professional capacity, disregard his interests or his relationships in other fields, even if official or formal globalization cannot be accepted.

As regards any relations which may be channelled through or mediated by the representative in the United States you mention—my turn to be a formalist, here—as far as I am aware this depends essentially on the Commission, and I should not like to incur Mr Cheysson's Jehovic wrath in this matter in the absence of other members of the Commission. I cannot therefore avail myself of the highly qualified officials, especially if former colleagues are involved; anyhow I would be doing them no favour by asking them to launch into a dialogue on very delicate issues when they have not taken part in prior discussions on them for lack of the proper 'qualification'.

President. — I call Mr Cheysson to give a supplementary answer.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, in matters relating to the Treaties and falling within the scope of the Commission, I should like to explain to the House that in our view events are taking their course under favourable conditions, and the best evidence for this lies in the fact that they have escaped the notice of public opinion on both sides of the Atlantic. On the one hand we have very regular contacts through diplomatic channels, if I may call it that, through the good offices of the United States' ambassador accredited to the European Communities, Mr Greenwald, and his well-staffed, able and active department, as well as through the intermediary of our representative in Washington, whose status the President-in-Office of the Council has just described, contacts on this level with the American administration and even at top level are constant, I would say daily. Quite recently even, Mr Krag saw the Secretary of State and discussed an entire range of topics with him.

We have, on the other hand, worked out a procedure which strikes us as being straightforward yet tactful and 'neighbourly', under which, at regular intervals of six months, a party of Commissioners led by Sir Christopher Soames, Vice-President of the Commission responsible in this field, has conversations with top-level officials or semi-political personalities who are concerned with our business. These meetings take place sometimes in Washington and sometimes in Brussels. The last one to be held took place in Washington at the end of October; the next one will take place in Brussels in May.

In the third place, mutual visits grow more frequent as the trend gains impetus, because many topics call for further consideration as between neighbours with many interests in common, against the background defined by the President of the Council of Ministers. Thus, the last few months have seen, besides an official visit to Washington by the President of the Commission, plus this visit for the regular six-monthly meeting, also visits to Washington by a number of Commissioners, among them Vice-President Simonet, Mr Lardinois, Mr Haferkamp and myself; moreover, some more or less high-ranking personalities have been to see us in Brussels to discuss various matters, the last of these visits being that of Mr Eberlé a day or two ago.

Finally, Mr President, we have contact at a different level, of a familiar kind since the Parliament is involved: whenever members of the American Congress come to visit the European Parliament, they usually stop in Brussels also,

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and this provides an opportunity for close contacts. All we have really done is to develop without fuss the kind of relations which exist between neighbours who have a good many interests in common.

(Applause)

President. — I call Mr Leonardi.

Mr Leonardi. — *(I)* Can the Council spokesman confirm the statement made the day before yesterday by Mr Scheel, to the effect that the machinery for consultations with the United States could be extended to other countries as well? Also, at what stage in the process of decision-making are the consultations to take place, i.e. before or after a common position has been formulated for the whole Community?

President. — I call Mr Thorn.

Mr Thorn. — *(F)* In the first place, I think I have already said this in my initial answer, that it was always taken for granted that consultations would not be limited to the United States of America. It was in connection with this particular problem that we broached the discussion of procedure and consultations, but in all the texts which have been proposed in this connection, the assumption was that this procedure would apply to consultations with all countries whose interests might be affected by any Community policy.

Let me add, personally, that the United States will, of course, always occupy a special place by virtue of the fact that most of the Community countries belong to NATO, because of the problem of defence, and because of the more intensive relations which exist with them. There is however no question of limiting discussion on consultations and concertation to the United States.

The second point was concerned with the timing of the consultations. I may not have made myself quite clear, but I really thought I had said just now also, as President Scheel did before the Political Affairs Committee, that this was in fact one of the two points at issue: what is the right time for consultations?

Well, ladies and gentlemen, there is surely no doubt in this House that the time for consultations is when a Community position has been formulated.

Well, let's face it—and I would remind you again that this is a personal view—if we take things too far, from a legitimate concern to establish a common position first, we run the risk of

landing ourselves with an option which could have serious drawbacks as well, because if you are consulted, and the consultation is regarded with due seriousness or if at the instigation of your interlocutor you change your position, this is liable to be interpreted as what I will somewhat uncharitably call vassalage or lack of independent spirit, since at another's instigation you are backing out of a position already reached; if on the other hand you decide to stick to your guns there is no point in the consultation.

The problem lies in the approach to consultations, so care needs to be taken that the process of reaching decisions is not interfered with by a third country—which will never be anything else—and that decisions are reached by the Nine only and originate in them.

This being so, however, I see no reason why we should not assemble information at a relatively early stage on the strength of this European identity. After all, is it not the practice of your parliaments, and indeed of the governments of the various Member States, to arm themselves with an arsenal of information before reaching decisions—such advice being normally sought at a stage when it can be integrated in the process of decision-making, i.e. before a decision is reached.

This is what we must find: flexible procedures adaptable from case to case, since the question of timing is less crucial in some cases than in others. About one thing we are all of one mind, and that is that our decisions should be taken by nine parties, not ten, and that they should reflect the will of the Community, not that of a third party.

(Applause)

President. — I thank the President-in-Office of the Council.

The next item is the third Oral Question put by Mrs Caretoni Romagnoli to the Commission of the European Communities on the lack of harmony between Member States in the area of family law:

The anti-divorce referendum in Italy has further highlighted the lack of harmony between Member States in the area of family law. Since a serious effort to achieve real harmonization seems indispensable, could the Commission not promote a legal and sociological enquiry and study in this field?

I call Mr Cheysson to answer the question.

Mr Cheysson, Member of the Commission of the European Communities. — *(F)* Mr President, I shall reply to Mrs Caretoni Romagnoli on behalf

Cheysson

of my colleague, President Hillery, who apologizes to the House for his absence, being detained on other business. He will be here tomorrow. The problem of divorce, gentlemen, falls within the scope of family law over which, of course, individual Member States have exclusive jurisdiction. This is a department of civil law over which the Treaty does not provide for competence at Community level.

All the Commission can do here is to take note of how legislation changes and develops in Member countries. This is done annually in the chapter on 'the family' of its Report on Social Security within the Community.

On the other hand it should be noted that as regards other sides of family legislation, the Commission has taken action in a number of ways.

Thus, the social security regulations for migrant workers aim at smoothing out all differences in the allocation of family allowances as between citizens of Member States travelling within the Community.

Moreover, the Commission regularly publishes comparative lists of social security systems obtaining in Member States; these lists are concerned with the various procedures obtaining in the matter of family allowances and maternity insurance.

On the other hand, as regards the carrying out of welfare programmes, a number of measures are being worked out to help families, and more particularly with a view to ending discrimination between the sexes in the matter of employment, working conditions, and reconciling the family responsibilities of all interested parties with their professional aspirations. Further measures, of interest to the families of migrant workers, are in the pipeline.

So in these various fields the Commission is doing research and submitting recommendations, and we can see that it is concerned with the task of harmonizing the family legislation and regulations of Member States as referred to by the honourable Member. But in all the cases mentioned it should be noted that the problems are related to employment, living standards, occupational conditions, the formalities of employment—in a nutshell, to spheres where some degree of Community competence exists.

In the field of the rights of the individual, on the other hand, the limitations on Community competence are obvious and uncompromising. This applies to the question of divorce. I am therefore obliged to tell the honourable Member in quite categorical terms that the Commission

cannot promote any juridical and sociological survey or research in a field in which the Community has no powers.

(Applause)

President. — I call Mrs Caretoni Romagnoli to put a short supplementary question.

Mrs Caretoni Romagnoli. — *(I)* Mr President, honourable members, I am very disappointed with the Commission's reply, and this is not because I was unaware of the terms of the Treaty, but because the problem was presented in a different light.

In any event, let me put the following supplementary question. Does the Commission not think it necessary to reach a better harmonization for a number of laws and regulations affecting the condition of women, having particular regard to the problem of citizenship?

President. — I call Mr Cheysson.

Mr Cheysson. — *(F)* Mr President, the dividing line I have just drawn applies—this is in reply to the honourable Member's question—so far as the employment, career and economic life of women, or citizens is concerned. This is a field in which the Commission can, and therefore must, undertake the needed research and submit suitable recommendations.

On other hand, where personal status, the rights of the individual and more particularly those of women are concerned, the Community has no competence and the Commission cannot therefore submit any recommendations.

President. — I call Mr Andreotti.

Mr Andreotti. — *(I)* Mr President, as regards the specific problem which the honourable Mrs Caretoni Romagnoli raises in her supplementary question, I think the Commission's competence lies in the field covered by the Statute of the European Citizen, which came up at the Summit Conference of Heads of State or Government of October 1972. In this connection I would ask the Commission to tell us how far its research into the problem has progressed.

President. — I call Mr Cheysson.

Mr Cheysson. — *(F)* Mr President, the honourable Member's suggestion is of the greatest interest. When we as members of the Commission reflect on how the European Union will compare with the Community as we know it now, the prevailing view is that this extension of powers,

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this widening of the scope for recommendations to include the whole sphere of the rights of man, is something to be looked into and in all probability advocated, i.e. recommended not merely by technocrats or even by the Commission, which is a political body, but recommended by the representatives of the people, i.e. by the authority of parliaments, and more particularly by the European Parliament.

However, as long as this kind of extension is not accepted, or even raised as an issue, I have no option but to tell the honourable Member that we have no scope for action in the matter of the status of the citizen.

President. — Thank you, Mr Cheysson.

This item is now closed.¹

*4. Oral Question No 20/74, with debate:
Association Agreement with Greece*

President. — The next item is Oral Question No 20/74, with debate, by Mr Fellermaier on behalf of the Socialist Group to the Commission of the European Communities on the Association Agreement with Greece:

1. Does the Commission maintain its point of view that it is enough that it confine itself to the 'routine administration' of the Association until democratic institutions have been restored in Greece?
2. Does the Commission share the opinion that the existence of a democratic regime in Greece was considered by the contracting parties as the very basis of this Agreement; that, with the establishment of the military dictatorship, that basis has disappeared and that, consequently, termination of the Association Agreement is justified?
3. What steps does the Commission intend to take in order to have the Association Agreement terminated?

I would remind the House that it has been decided that the questioner will be allowed 10 minutes to speak to the question and other Members 5 minutes.

I call Mr Seefeld, who is deputizing for Mr Fellermaier, to speak to the question.

Mr Seefeld. — (D) Mr President, ladies and gentlemen, in the absence of Mr Fellermaier,

who is ill, the Socialist Group has asked me to speak to the oral question to the Commission of the European Communities on terminating the Association Agreement with Greece. This is not the first time the European Parliament has had to discuss the Association with Greece. The last time this House considered the question was on 13 February 1974, when Mr Dahrendorf answered a question about the expulsion of a delegation of the Socialist International by the military junta. I quote his words: 'The Commission has, before now, defined to the House the Commission's attitude to Greece. It is an attitude that has not varied and which we see no reason to vary.'

We shall continue to carry out the administration of current business to which we are bound under the Association Agreement. We cannot in law do less, and we do not under present circumstances wish to do more.'

These were Mr Dahrendorf's words. Ladies and gentlemen, the Socialist Group is not satisfied with this answer. The questioner, our colleague Mr Ariosto, made this quite plain. Subsequent events have proved us right. The military regime has started its persecutions again, arresting Greek democrats and deporting them to a concentration camp on the Island of Jaros. One of these is the politician, Georgios Mavros, an ex-Minister, whose concern for Europe has earned our appreciation. Quite rightly, the Commission is now protesting against the regime's renewed oppression which the Socialist Group condemns outright. Both Member States of the European Community and the United States of America are now reviewing their policy towards the Greek military regime. The American Defence Secretary, Mr Schlesinger, has cancelled plans to station aircraft carriers and hospital ships in Greek waters. The British Labour Government has called off a visit by the Royal Navy there. Further evidence of the change in the climate of opinion in the United States is now before the House: I am referring, Mr President, to the report by a study mission to Greece undertaken for the Committee on Foreign Affairs of the American House of Representatives. The mission was headed by Mr Donald M. Fraser, Chairman of the Subcommittee on International Organizations and Movements. He comes to the following conclusions: I quote—'The unity of NATO is seriously disrupted when the United States insists that NATO continue to support a dictatorial regime in Greece when the original purpose of NATO membership for Greece was to preserve its democratic government. The United States stand alone in NATO in insisting on this close relationship with a military Greek Government'. End of quote.

¹ Oral Question which could not be answered during Question Time with written answer in Annex on p. 56.

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Such, then, is the view of a leading American politician. Even more striking are the fears expressed by Mr Fraser in the same report concerning America's democratic image. He warns his government in these words: 'American self-interest in projecting abroad its commitment to a democratic society as part of its foreign policy is seriously damaged when we continue to support a government which has been under military rule for 7 years'.

Ladies and gentlemen, I have quoted these solemn words by a prominent American for a definite reason. What Mr Fraser says about the relationship of the United States to the NATO partner, Greece, must apply to a very much greater extent to Europe's relations with Greece. Since the first military coup in Greece, the situation there has steadily deteriorated. There are some who would naively believe Mr Papadopoulos' assertions that Greece will shortly return to a democratic system. He was very careful not to give a date.

Since the second military coup by the generals, no-one can suggest that the military regime intends returning to a democratic system. On this point I am in complete agreement with my Christian Democratic colleague, Mr Schuijt, the Chairman of the Legal Affairs Committee of this Parliament, who was also, from 1967 to 1969, the Chairman of the earlier parliamentary committee on Greece. At the meeting between European and American representatives on 21 March of this year, that is to say, a short while ago, in Florence, Mr Schuijt said he had long maintained that links with Greece should not be broken. Now, however, he believed, and I quote him: 'All attempts have failed. The Association Agreement must, therefore, be thoroughly reviewed.'

Mr President, ladies and gentlemen, the Socialist Group, as you know, has always opposed allowing States under dictatorships access to the Community or even offering them the possibility of association. We believe that the Association should no longer be administered officially and that the Agreement should be terminated. This is the main point of our oral question.

The issue here is not only political but also juridical. The Association Agreement is an agreement governed by international law. Even if it does not specifically include a termination clause, termination is possible under general international law. The following points are crucial:

The law recognizes that only European States with a democratic system can become members of the European Community. For economic

reasons, Greece applied for association status only, at the time when accession was politically possible. The aim of the Association Agreement was to promote the development of the country to the point where Greece could later apply for membership of the Community untroubled by economic problems. Of course, there was no mention in the Association Agreement of Greece's democratic system because this was taken for granted. This is quite obvious if we consider the following fact: if the present military regime in Greece were to make an application for association with the European Community now, it would certainly be rejected. I assume the Commissioner will agree with me.

Greece's democratic structure was the basis for concluding the Agreement. Since this basis is now destroyed, the Agreement can be terminated by application of the clause in international law *clausula rebus sic stantibus*.

I do not mean to go deeply into international law here, but I wanted to make it clear to you the Community is under no obligation to maintain this Agreement forever, 'frozen' as it already is. The Commission's legal department has presumably already ascertained this, but we have not been told so by the members of the Commission.

Mr President, the Socialist Group is tired of hearing about the routine administration of the Agreement. It simply is not true that what is going on now only involves technical contacts. Following enlargement, the European Community has to conclude a supplementary protocol with Greece. This has absolutely nothing to do with routine administration.

Mr President, ladies and gentlemen, the Greek people have waited long enough for a political decision from the European Community. We cannot and must not continue to connive at the oppression in Greece. Therefore, the Socialist Group urges the Commission to take steps to terminate the Association Agreement and submit an appropriate proposal to the Council. Tears and lamentations are no practical use to anyone, least of all to the persecuted, deported, tortured democratic people of Greece.

Just one last word: if colleagues in the House should assert that this oral question represents impermissible interference in the internal affairs of a sovereign state—as has been said on occasion and recently here—then I can only reply that Greece is linked with the Community and the Community feels responsible for it. When we demand that the Agreement be annulled, we are not acting against the people of Greece. Once the Greek people are in a position to make their own decisions democratically, then Greece will naturally be welcome to our Community.

Seefeld

Mr President, ladies and gentlemen, the Socialist Group supports the Greek people in its fight for freedom. In this, we know we are speaking for all European democrats.

(Applause from the left)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, I trust the House will allow me to speak for the Commission in the absence of my colleague, Vice-President Sir Christopher Soames, who would have liked to be present.

Mr President, the position of the Commission in this Greek affair is known, but in order to remove any possibility of misunderstanding between the Commission and Parliament as its guardian, let me once again make clear what we feel about events in Greece. Every single member of the Commission, as well as the Commission itself as an executive body, is outraged and horrified by these dreadful events in Greece, and by this latest form of contempt for the rights of man and democratic freedom. On 28 March we issued this new public statement: 'The Commission of the European Communities has learned with deep indignation of the new wave of arrests and deportations now taking place in Greece.'

Mr Georges Mavros, a politician whose firm devotion to democracy and to the European idea earned him the highest esteem when as cabinet minister he led the Greek delegations to the European and international organizations, is among the victims of these deportations.

The Commission must reaffirm the position it took up on 10 May 1972, in declaring the present situation in Greece widely at variance with the democratic principles on which the European Community is founded, and in recognizing the need to keep strictly to the minimum routine management of the Association with Greece.

Mr President, this statement makes our position as clear as it has always been. We are profoundly shocked by events in Greece and deplore them deeply, both for the sake of the Hellenic people and for Europe as a whole.

But, Mr President, we are bound by legal obligations, and I should like to dwell on this point in my reply to Mr Fellermaier through Mr Seefeld. Rightly or wrongly, the Association Agreement carries no cancellation clause, as Mr Fellermaier has just pointed out. How can we then recommend that the Commission should tear up the Agreement?

Mr Seefeld made reference to the 'rebus sic stantibus' clause and to the conditions which, under the Law of Nations, under international law, allow of release from a commitment. An examination of our legal machinery—not far removed from that of the Legal Affairs Committee of the European Parliament and the excellent report drawn up by Mr Merchiers—offers no loophole at the present time—and let me stress this—which would allow us to appeal to this clause.

Article 62 (1) of the Vienna Convention of 1969 expressly stipulates that a fundamental change in circumstances from those obtaining at the time the treaty was signed, and which was not anticipated by the parties, does not constitute a valid reason for terminating a treaty, unless—and this must have been what Mr Seefeld thought we had in mind—the change has 'the effect of radically transforming the scope of the obligations still to be fulfilled by virtue of the treaty.'

Mr Seefeld, please be assured that we have looked into this point very closely indeed. So as things stand we are legally bound—and I stress the word 'legally'—to abide by the treaty in its minimum stipulation, and this is what we call 'routine management'. Should we ignore the treaty? I do not think anyone in this House contemplates that.

Now we are asked why we are considering completing it by further moves. Well, Mr President, here also, unfortunately, the answer is legal, and quite simple.

The Community has been enlarged by the accession of three new members, and we are very pleased with that. The conditions of enlargement have been laid down in agreements just now concluded. If you will refer to Article 64 (3) of the EEC-Greece Association Agreement, or to Article 108 of the Treaty of Accession, you will see that these state explicitly that the supplementary protocols must be drawn up for the new Member States to enter completely into the rights and obligations resulting from the existence of the Community.

Leaving aside all legal considerations, it is in the nature of things essential that there should be no preferential commercial agreement with a part only of our Community—with some countries and not others—according to whether the older members of the Community of Six are involved, or the newer members of the Community of Nine. This would turn the whole of Europe into a mess and do none of us any good.

This, Mr President, is the reason—the only reason—why we have no option but to conclude

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the supplementary protocol which will put the three new Member States on the same level as the six older members in their relations with Greece, as is our practice in our relations with all the other countries with whom we have preferential agreements. The date for the signing of the protocol has not yet been fixed: however, Mr President, I can see no way of getting out of it.

In other words, it is only because we are bound by legal obligations that we are carrying out the minimum obligations of the Agreement. The position of the Commission, like that of the Community, must in no way be called into question. On this point we are at one with the declarations made repeatedly both in this House and outside it.

Mr President, we all hope that the rights of man and democratic freedoms will be restored in Greece. Our hope is that Greece will be once again what she has been ever since antiquity, i.e. a teacher and a friend.

We all fervently trust that one of these days discussions can be resumed on subjects other than 'routine management'. But the way things are going it is anyone's guess when events will take a turn for the better; rest assured, however, that as regards the application of Article 62 (1) of the Vienna Convention, we shall know what to do at the first sign of change.

(Applause)

President. — Thank you, Mr Cheysson. I call Mr Boano on behalf of the Christian-Democratic Group.

Mr Boano. — *(I)* Mr President, being moved by the same concern for the fate of democracy in Greece that inspired the document submitted by the honourable Mr Fellermaier, we find ourselves in one way grateful to him for having stated the problem in such uncompromising terms; this will help no end in thrashing out this issue which we have been inclined on previous occasions in this House to treat in too abstract and academic a way.

With this thorough examination in mind, I should like to put two further questions to the Commission. May I ask first of all whether the economic factors which are helping to prop up Greece's finances, at present known to be in a shaky state (the things that come to mind are American investment, wages sent home by guest workers in Germany and other countries, freight income from the merchant fleet, and tourism) include any benefits accruing from the Association Agreement, even in its 'low key' application? If so, which? And more particularly, does

the one item of substance which remains of the Agreement in so far as it is largely reduced to a routine procedure, i.e. the system of tariff cuts in the industrial sector, benefit the Community rather than Greece, or the other way about? Well, that was my first question.

And this is the second: taking into consideration the desire to avoid any clash with the views of the internal Greek opposition to the dictatorial regime, is the Commission inclined or disinclined to support the view that the freezing of the Agreement is effective? In this connection we should bear in mind the Greek dictatorship's official view that the freezing is ineffective. Let me recall that in 1973 Mr Macarezos, economic spokesman for the Greek Government, had reported that the effects of freezing the Agreement were nil, and maintained that the loans which the European Investment Bank had refused were obtained by Greece from other sources, and that Greece could manage with or without membership of the Community. When these statements were made they brought an immediate reaction from Professor Pasmazoglu, representing the democratic regime, who headed the official delegation which negotiated the Association Agreement. Professor Pasmazoglu took the opposite view. He deplored the assertion made by certain spokesmen for the dictatorial regime to the effect that in all essentials the Association Agreement was still in force, and pointed out that only the automatic application of industrial tariff cuts was involved, and that other sectors of vital importance to Greece, such as those related to the agricultural policy and to regional development, had been deprived of benefit as a result of the freezing of the Agreement. Professor Pasmazoglu added that, following the expansion of global agreements with Mediterranean countries in the agricultural sector, Greek agriculture witnessed a decline in its preference margins, and that, in a nutshell, the machinery needed to boost the Greek economy had not been put into motion by the Community, precisely because Greece lacked the democratic processes which would have rendered this possible. Greece, Professor Pasmazoglu said, was not just going short of 50 million dollars, but was the poorer for a good 200 million dollars which should be flowing in from the coffers of the European Investment Bank; it was untrue that she could obtain from other sources and on equivalent terms, the loans not granted by the Community; finally, and this is where I come to the point, following Article 72 of the Association Agreement, Greece could have become a member country not in some utopian 1984, but at any time. It could, indeed, have happened when the Community was enlarged, if in Greece the democratic conditions had

Boano

existed which would have enabled the Community to consider the case for Greek membership.

This view was challenged by Mr Tzanos, Governor of the Bank of Greece, and in this connection I should like the Commission to confirm whether I am right in saying that the Community never committed itself to an undertaking on the immediate admission of Greece as a member in the event of this obstacle of dictatorship being removed, and that all it promised was that a case for Greek admission could then be taken into consideration. So let me conclude by asking the Commission whether, taking into consideration the position adopted by the internal opposition in Greece, it thinks the Agreement should be rescinded? Or does the Commission feel that there might be more sense in using the carrot rather than the stick, by putting it out—which is what the Greek democrats are expecting—that the moment Greece gets rid of her dictatorship the way will be smoothed for immediate negotiations on Greek accession to begin.

So now I ask for your replies on these two points, and also, for the Commission's detailed picture of the economic relations which the Greek regime has formed, is forming or intends to form, not only with the Western sphere, but also with countries whose international trade is nationalized, so that we may be more fully informed concerning the intentions of the present rulers of Greece.

We are convinced that in relations with Greece there is more at stake than the political future of that country: the political character of our Community is also involved. Consequently, in asking the Commission to make its mind known on the points we have raised, we have no hesitation in giving Commissioner Cheysson's declarations on that regime our unstinting support.

(Applause from the centre and the right)

President. — I call Sir Tufton Beamish on behalf of the European Conservative Group. I would remind you that you have five minutes, Sir Tufton.

Sir Tufton Beamish. — Mr President, the European Conservative Group has listened with interest to Mr Seefeld's speech, and we very much regret of course that Mr Fellermaier is not well and hope he will be well again soon.

Sir Christopher Soames has already condemned in outspoken terms the previous colonels' régime as it came to be called, and our group fully shared his views. We also endorse what Mr

Cheysson has said today about the new régime, which is, if anything, unhappily more extreme than the previous one.

I would like to draw attention to the fact that Parliament has already taken part in the freezing process in that the Committee on External Economic Relations did not in fact reappoint the Joint Parliamentary Committee of the EEC-Greece Association, though this is wrongly shown as still being in existence in the latest bulletin. I hope that this will be put right.

Meanwhile, Mr President, Greece continues to benefit substantially from zero tariff concessions for industrial products sold in the Community and from valuable preferences for, for instance, wine and olive oil. If it is the Commission's view that Greece is enjoying undeserved privileges which other countries do not enjoy, no doubt we shall be told. But this question implies that because Greece is no longer a democratic country, the Community should not trade with her at all. In other words, the questioner is really asking for economic sanctions, the same economic sanctions are called for in Petition No 5/73. This does seem to me a most illogical position for the Socialist Group to be in: it is all right to trade with the German Democratic Republic, all right to trade with Rumania, but we must not trade with Greece. If we are going to limit our trade agreements to those countries which are democracies, I cannot think of more than twenty countries out of 150 in the world with whom we could have agreements.

Now, what of the political angle to this question. The Association Agreement with Greece, as we all know, anticipates the possibility, and I emphasize that word, that Greece should join the Community. If one looks at Article 72, one finds that Greece would have to accept in full the obligations arising out of the Treaty. Well, of course, the unwritten obligation is that there should be in existence in Greece a democratic régime, and those words are found in paragraph 2 of the question. No such democratic régime exists and therefore, in my layman's view, both *de facto* and, I suppose, *de jure*, Greece is not suitable for consideration at present for membership of the Community.

But Mr Seefeld went further than this really in that he asked positively, as the question in fact does, for the unilateral abrogation of the Association Agreement. Mr Cheysson commented on this, and I would simply like to say that even if this were justified, it would neither be possible nor constitutional because the Association Agreement makes it absolutely clear that this is the case. There is in fact a slow-moving arbitration procedure described in Article 67 of which

Beamish

use could well be made. And in any case surely the Socialist Group will be the first to agree that unilateral abrogation of Treaty agreements would be a very unfortunate precedent at the moment in view of the attitude of the British Socialist Government to Britain's Treaty of Accession.

To conclude, Mr President, we feel that, instead of over-reacting, we should do all we can in Parliament to encourage Greece to return to the true path of democracy, while making it clear beyond any shadow of doubt that until they do so, they have ruled out any possibility of being considered suitable for membership of the Community. We believe that this should be Parliament's attitude.

(Applause from the centre and the right)

President. — I call Mrs Caretoni Romagnoli on behalf of the Communist and Allies Group.

Mrs Caretoni Romagnoli. — *(I)* Mr President, honourable Members, I think I can say I see eye to eye with Mr Seefeld on virtually every point. This problem crops up at nearly every session because it is a burning issue; we all know in our hearts that Greece is a thorn in the side of the Community. Ever since the admittedly wise decision was reached to freeze the Association Agreement, both Parliament and the Community as a whole have been content to make verbal judgements.

It would now appear, however, that honourable members of the Socialist group are calling for action rather than words. The Athens regime, whether run by colonels or by generals, now has every reason to believe it can get away with murder, not only for military reasons to do with the familiar considerations of Mediterranean strategy—no need for me to dwell on this—but also because of the fainthearted attitude which the Community has displayed so far. In Greece, violation of the rights of man has gone from bad to worse; the concentration camps are back in business, the names of the people who lost their lives during the recent commotions are not yet known, nor have their families been informed, nor do they know if one or other of their members has been put to death or has perished in some other way. And we as a Community have, if I may use the expression, been properly made fools of. I think Mr Boano will bear with me when I say I am not taken in by this rosy vision of dictators repenting because we promise the penitent absolution in the form of full membership of this Community.

Well, in preparing our comment on the proposal I seem to discern in the document submitted by members of the Socialist group, we, as members

of the Committee on Association with Greece, have also had occasion to devote careful study to the conclusions reached by our juridical committee in this matter of the Association Agreement. There was a majority report and there was a minority report. Just as the majority report failed to convince us, the legal arguments according to which the Community cannot rescind the Agreement do not impress us either. But it would be inappropriate for me to start a legal discussion; I lack the proper qualifications, and this is anyhow not the time and place for it. Let me only underline one thing: it would be a grave mistake to let the political side of this situation escape our attention. Any verdict we deliver in this context must be political: if we let ourselves get bogged down in the quicksands of legalistic argument we are done for. Make no mistake about it, this is a political issue and a straight challenge to the standing of the Community, and therefore to that of Parliament, which has made its view of this matter known by majority vote on a number of occasions. Whatever considerations may stand in the way, be they juridical or commercial, we cannot go on dragging our feet without shamefully failing the high principles on which the Treaty of Rome was founded. For this reason I back the proposal which after a fashion has come out of Mr Seefeld's statement, asking us to give serious consideration to the possibility of rescinding the Agreement.

Mr President, I have finished. Europe is losing its image day by day. If we are willing to jeopardize all, if we are prepared to put at risk even the integrity of nations which are proud custodians of democracy, then indeed, the outlook for Europe is dim.

(Applause from the left)

President. — I call Lady Elles.

Lady Elles. — We have just had the pleasure of listening to our colleague, Mrs Caretoni Romagnoli, who follows the long-standing conservative tradition of her party in being ever-willing to rescind treaties unilaterally and to talk gaily of human rights when every single country which follows her party's policies have violated human rights twenty-four hours of the day, seven days a week, even since they adopted those policies.

(Applause)

Mr Cheysson has clearly stated the judicial position with regard to the Association Agreement. It is perfectly clear that this Agreement cannot be rescinded unilaterally. It is also perfectly clear that in the Agreement, which I have read from cover to cover, there is no precondition as

Lady Elles

to the type of government to be party to it, whether a Member State of the EEC or Greece itself. It is stated clearly in the preamble that the objective of this Association Agreement is to raise the standard of living of the Greek people. The sole basis of the Agreement is stated clearly in Article 6, that it is a customs union covering exchanges of goods, and I would therefore, like to make briefly the following observations based on legal, economic and political considerations.

Firstly, any criticism of such form of governments is contrary to the bases of the UN Charter, which incidentally our colleagues are so keen always to quote, which uphold the principle of sovereign equality and non-interference in the domestic affairs of states. The principle is therefore that each state has the right freely to choose and develop its own political, social, economic and cultural system.

Secondly, if we choose to condemn the lack of democratic government in Greece, and nobody denies the kind of government it has at the moment is undemocratic, there are three considerations: the Greek people must evolve their own system in the light of historical events suffered as a result of Communist warfare from 1945 to 1949. If we define democracy as rule by a government elected by a majority of the people, I would remind this Assembly that there are just over three million people in the Communities who are ruled by a freely elected majority government. I do not think that there is one government in this Community which can be said to be a true majority government—they are all minority governments. We might also bear in mind that the only country in Europe outside the Communities which does have such an elected majority government happens, perhaps laughably, to be Portugal.

If we were to conclude commercial agreements, as Sir Tufton Beamish has so rightly said, only with governments which are truly democratic as we define them, the economy of the European Communities would of course collapse. We only have to think of the countries who supply us with sources of energy. Nobody would really claim that they have democratic governments. Moreover, the state-trading countries with whom we are negotiating financial agreements to the benefit of the European Communities have the death penalty merely for embezzlement, let alone far worse crimes.

Mr President, I would submit that there is no legal basis contained in the Agreement for breaking it off unilaterally. Certain of our colleagues in this Parliament are moved solely by political motives, and I think we must make this

clear over and over again when this question of Greece comes up that these comrades, these puppets of the Soviet, are determined by any and all means to pursue and attack any country in Western Europe in order to divide and weaken the security of the West and implement Soviet policy. This they do in all forums available to them, whether at local, regional or international level, and I think it is time we put a stop to this kind of practice and got on with our own affairs. Not only is the case of Greece used to weaken the West, but to obtain strategic positions for Soviet fleets in the Eastern Mediterranean. Our comrade on my right did, of course, refer to this in a very cavalier fashion. Whoever listens and supports these activities is, indeed, contributing to the eventual breakup of the defence of Western Europe and hence to our own whole way of living.

Economically speaking, Mr President, the Communities would be guilty of economic blackmail if they harmed the peaceful trading and commercial activities of Greece: while benefiting from the contribution of over a quarter of a million migrant workers who come to the industrial areas of Northern Europe, we would be prepared to freeze commercial agreements and thus cause great unemployment in Greece. This is a scandalous violation of human rights, far greater than any that has been referred to by my comrades over on my right. It is a violation of human rights to deny a person the right to earn his own living in his own country.

Finally, Mr President, any breach of this Agreement is strictly against the declaration on relations between states as a principle of international law concerning friendly relations and cooperation among states in accordance with the Charter of the United Nations, the relevant passage of which reads as follows: 'States have the duty to cooperate with one another, irrespective of the differences in their political, economic and social systems, in the various spheres of international relations, in order to maintain international peace and security and to promote international economic stability and progress, the general welfare of nations and international cooperation free from discrimination based on such differences.' Mr President, I therefore submit that it is our duty to encourage Greece to move towards democratic and free elections, and to welcome it eventually into partnership within the European Communities.

(Applause from the centre and the right)

President. — I would remind Members not to speak for longer than five minutes. I call Mr Patijn.

Mr Patijn. — (NL) Mr President, my natural inclination would be to spend the whole of these five minutes replying to Lady Elles, but this is a pleasure I will have to forego. I shall, however, have occasion to revert to the matter, for reasons which will be apparent. In connection with what Mr Seefeld has said there are one or two points I should like to emphasize. In his explanation Mr Seefeld said that there was no intention of harming people in Greece by rescinding the Association Agreement. When the Greek people can once again make their will known through democratic channels, Greece will naturally be welcomed into our Community. The Association was meant to provide Greece as a democratic country with an opportunity to get through her economic teething troubles till she reached the stage at which she could become a fully fledged member without this raising any economic problems. We are now demanding that the Association Agreement be rescinded on the grounds set forth by my group colleague Mr Seefeld. But let me underline the fact that we have no wish to harm the interests of the Greek people, and for this reason I should like to address the following straightforward question to the Commission.

When democracy has been restored in Greece and a democratically elected Greek Government applies for a new Association Agreement, will the Commission be prepared to submit recommendations to the Governments that supplementary economic and financial help be provided, to enable Greece to make good any losses caused by cancellation of the present Association Agreement? This was my question. And I have just enough time for one two remarks. It is sad to hear Mr Cheysson using legalistic arguments to justify the Commission's policy of 'business as usual'.

I feel that the Commission might acquire something of the halo it needs if it could take off its wig and become conscious of itself as a body with political ideals and goals. These new protocols which are to be concluded provide it with an opportunity. If the Commission maintains that it is bound to conclude these protocols, may we ask whether, at the time when the clause was worded which requires these protocols to be concluded, the Commission raised a protest, saying: 'we won't have this, in view of the situation in Greece?'

Did the Commission then say: 'we'd rather have no protocols because they have to be concluded with any other countries which join the Community.'?

There is something else I should like to say to Sir Tufton. Is the situation any different where Rumania is concerned? Of course it is different.

Greece is associated with the EEC with a view to eventual membership. There is no question of this as regards Rumania or any other East European country. This is implied in the way we take all sorts of duties and obligations for granted, and my feeling is that the Commission has no business to shrug its shoulders and say: 'there is nothing we can do about it.' I do not see politics as a Punch-and-Judy show.

I could really enjoy a long argument with Lady Elles, but this is neither necessary nor possible. She has made up her mind and her insular origins are writ large over her arguments. Why does Lady Elles not ask for the immediate admission of Greece, Spain and Portugal? That would follow logically from her reasoning, and she would be consistent. But she chivvies the Socialist and Communist groups without coming to the logical conclusion and telling us she favours immediate membership. But I will leave it at that. I could never convince Lady Elles of anything that has to do with democracy as we understand it and wish to realize it, and as we wish it to be applied by any other countries seeking association with us.

(Applause from the left)

President. — I call Mr Behrendt.

Mr Behrendt. — (D) Mr President, ladies and gentlemen, I should like to make a few political remarks. Lady Elles said every state has the right to choose its own political system. Yes, but then it must know that if it has chosen a Fascist regime, it can no longer be a member of the democratic European Community. This is equally clear.

(Applause from the left)

I have heard, Lady Elles, that, acting on behalf of the European Conservative Group, you have issued an invitation to mayors from Greece who owe their appointments to the military regime. May I ask you to take the opportunity to express our feelings to them and to urge the Greek people to return to democracy. Each of us in our particular sphere is trying to convey the same message. I would like to say that, from personal experience, talking to Fascists and Nazis...

Mr Aigner. — (D) ... and Communists

Mr Behrendt. — ... and Communists—yes, Mr Aigner, I am speaking without bias—talking to Fascists, Nazis and Communists about democracy seems to me like asking a wolf to desist from eating geese.

Behrendt

More seriously: it has just been said that the Association Agreement talks only about improving the economic situation in Greece. No, the object of this Association Agreement is to help Greece so that it can become a full member of the European Community. We very much regret that this proud Greek nation should still be excluded from membership of the European Community. I say that we deeply regret this. There is no need for the Association Agreement specifically to mention democracy. This Association Agreement was ratified on the assumption that Greece was a democracy. Therefore, I am surprised by the Commission's attitude, Mr Cheysson, for in the Vienna Convention it is expressly stated that if circumstances have radically altered since the ratification of the Treaty other conditions must be met. Mr Cheysson, is it not true that there have been fundamental internal changes in Greece? If this were not the case the Community's present position would be wrong, that is to say we ought not to have frozen the Association Agreement.

But, if there have been changes, 'freezing' is not enough: the Association must be terminated, for there can be no justification for negotiating a supplementary protocol. Either we must terminate the Agreement or we must implement it fully; it must be one thing or the other. We cannot say no, this does not conform with the Vienna Convention, but we shall continue to administer the Agreement. That simply won't do, Mr Cheysson. I should be very glad if you could give us a clear answer.

(Applause from various quarters)

President. — Do you wish to speak, Lady Elles? We are going through the list of speakers: each Member can speak for 5 minutes and you have done so already. Do you want to speak on a point of order?

Lady Elles. — Mr President, I merely wish to correct another piece of misinformation. I was not speaking on behalf of the European Conservative Group. Sir Tufton Beamish did that admirably. I spoke on my own behalf.

Mr President. — I call Mr Burgbacher.

Mr Burgbacher. — *(D)* Ladies and gentlemen, first I should like to wish Mr Fellermaier a speedy recovery.

While I have every sympathy for the Socialist Group's request for humanitarian reasons, I should like to mention one or two serious corollaries of the request: I assume that the House agrees unanimously with me that one of the

most important principles of a democracy is strict adherence to the law, or does anybody disagree? Now we have heard from Mr Cheysson, whose opinion I agree with, that there is no termination clause in the Agreement with Greece. We have heard that Mr Seefeld, the questioner, is aware of this and that he therefore wants to resort to the clause 'rebus sic stantibus', this elastic clause which is always resorted to in law by those who cannot find adequate arguments. But, honourable Members of the Socialist Group, if you wish to propose measures as you do in your question when you ask for the termination of the Association Agreement, then you must also face the consequences of those measures. I would ask the Commission how many of the other Associated States have a democratic constitution and how many do not. I would like to ask Mr Cheysson another question, which he doesn't need to answer today because it is crucial. What would be the implication for the law of the Community if we introduced 'rebus sic stantibus' clauses as grounds for terminating agreements? It could lead to the dissolution of the Community, if all who are members of the Community or have ratified treaties with it follow the precedent we have set and terminate agreements on the basis of the clause 'rebus sic stantibus'. I just wanted to point out the danger here and to ask the Socialist Group, therefore, to be so good as to think over their request, for one cannot tackle a problem by using an argument which could have quite different consequences from that intended.

(Applause)

President. — I call Mr Andreotti.

Mr Andreotti. — *(I)* Mr President, I shall take less than five minutes. In a general way I accept the principle that the relationships between peoples are something distinct from those between regimes and Governments. I do not, however, think that the honourable Lady Elles' observations concerning the UN can be applied to a Community having homogeneous characteristics differing widely from those which are valid for, say, the purely diplomatic and humanitarian contacts of the United Nations. And I should like to point out, in this context, that we Italians are keenly aware of this principle, because our friendship with the Greek people was never really impaired, even by the extremely serious events which occurred during the second World War.

May I, however, put in a request to the Commission, and perhaps also to you, Mr President? We should like to receive a factual report on the agreements and relations which Greece has had, with countries of the Warsaw Pact as well

Andreotti

as with individual countries belonging to the Community, since the military regime came to power. What we are concerned about is that there should be no repetition of what happened to us Italians during the early postwar years, when the Allies put strong pressure on us to refrain from forming relations with Spain, while they themselves were entertaining many such relations, particularly in the economic and commercial spheres.

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, it was Mr Patijn's remarks that gave me the incentive to address the House. In the first place, I must endorse the condemnation of the present regime in Greece; it is not democratic and does not measure up to our standards.

In the second place, however, let me point out that at the time the Association Agreement was signed with Greece, that country had a democratic government. The Association Agreement was meant to lead eventually to full membership, but as things stand any further movement in this direction is blocked by the Community and by the Commission. No progress can be made towards that goal owing to the change in regime. I feel that we should endorse the Commission's point of view, but at the same time I cannot help feeling indignant over the hypocrisy displayed by a number of people at this gathering. Has a single Member State of the Community broken off diplomatic relations with Greece? Has a single one of the nine Member States broken off its commercial dealings with Greece? No, not one. On the contrary, all Member States are trying to extend these relations at every opportunity that occurs. Yet the attitudes struck in this House are holier-than-thou, holier, that is, than the attitudes adopted by a number of Member States with Socialist prime ministers. This, Mr President, I cannot stomach.

For heaven's sake let's be consistent. If we really mean to send the Greek regime to Coventry and show the world we think this sort of thing should be firmly discouraged, Member States should themselves act accordingly instead of using the Community Forum as a pulpit for self-righteous sermonizing while at home the money-changers remain as busy as ever.

I suggest, gentlemen, that you think very carefully about what I have said.

(Applause)

President. — I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, I believe that we have got a long way from the point of the Socialist Group's oral question. I don't think it can help to improve the political situation in Greece in any way if we proceed as the Socialist Group is suggesting. I say this fully conscious that all of us here are united in condemning the regime and the political situation in Greece.

Last year I spent 5 days in Greece not officially but in a private capacity. I spoke there with a number of Greek politicians opposed to the regime, who have some political standing in Greece. I was left in no doubt that the Greek opposition relies heavily on the fact that political opinion in Europe and especially in the European Parliament criticizes the Greek regime as being insufficiently democratic, insufficiently humanitarian, and falling very far short of the standards we expect from every member of the Community.

This must be said and it must be said again and again. And indeed we have a good record. I can remember our discussion on Greece in which Sir Christopher Soames clearly stated that, as long as the political situation in Greece doesn't change, the Association Agreement cannot be implemented, that we must therefore, simply bury it, and not draw any political advantage from it. This seems to me the only sensible answer.

If we now terminate such an Agreement as is being suggested, we shall be cutting off political relations, the life-line with Greece and at a moment in which the opposition in Greece depends on such links to preserve at least some hope of continuing political dialogue.

I say this because I am generally of the opinion that in such matters one ought to behave less ambiguously than is normal in political practice. But, Mr Behrendt, the problem is that, while acknowledging the moral principles which must govern our policy, we have to act politically in such a way as to transform those moral principles into reality. This is, you may say, a dramatic dilemma, which you are not going to solve in the way suggested by the Socialist Group. If we follow their suggestions, ladies and gentlemen, we shall salve our conscience, but we shall not help the Greeks, certainly not the Greek opposition. We are in the position of a man standing on a shore watching a boatman struggling through the waves and the storm to bring his boat safety into land. We should not take any action that will destroy our last chance of exerting political influence in Greece.

I urge you all, ladies and gentlemen, to go for five days to Greece. If every Member of this

Bangemann

Parliament did that it would be worth more than this entire debate.

(Applause)

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I can be very brief this time: I had noted down four or five points in almost the exact order as in Mr Bangemann's speech, and I am very glad that he and I should be in such agreement.

I should like to repeat what I have always said in these discussions, Mr Seefeld, that is that there is fundamental agreement in this House in judging the situation. There is no doubt about that. But the decisive question is, how can we help the Greek people to overcome these difficulties? Here I am in complete agreement with Mr Bangemann. If we destroy the last remaining links, then we shall obviously be unable to wield any influence whatsoever.

I wish we could all spend a few days in Greece. It is only too clear that many people who are least entitled to speak about democracy and humanity want to fish in troubled waters here and, if I may say so, it always makes my flesh creep to hear Communists in this House speaking about democracy and humanity while, at the same time, they profess loyalty to a system in Soviet Russia, where millions are wasting away in concentration camps. It is surely the height of hypocrisy to keep such double standards, and I believe this House should plead the cause of humanity and democracy on behalf of all peoples.

(Applause)

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, let me say a few words so that at least one French member will have taken part in this discussion. In antiquity, Greece was a teacher of democracy, and I see it as our common task to seek to help the Greek people to recover their freedom. I who have never worn any blinkers or stopped short of plain speaking where offence against the rights of man was involved, wish to back all my colleagues, and more particularly my friend Mr Seefeld, in roundly condemning the Greek régime. On this issue I think we are really all of one mind.

It is however quite clear where the difference of opinion arises. How can we bring pressure to bear so that it is felt? This is not a specifically Greek problem. I myself have accounts to settle with Franco since 1938, and I am one of those Frenchmen who will never cross the Pyrenees

while that man is in power. Unhappily, however, I still see no prospect of a trip to Spain for me. So the question we face is this: do we, as Mr Bangemann believes, help the Greek people by taking our money and our implicit condonation with us to Greece? This is a matter of individual conscience; in this House however, we are not just individuals, but a public body. As we know, since the dictatorship was introduced in Greece—and dictators are dictators, whatever their rank—we have been content to raise our eyebrows and freeze relations. We Socialists feel that this sort of attitude cuts no ice. Injustice, violence and tyranny ride as high as ever. We kow-tow to the treaties, and Mr Cheysson's legal arguments certainly carry conviction. But perhaps we should try to be bold and imaginative enough to transcend the legal mind and find ways and means of widening the ditch we have dug between the Greek Government and the Community; we are, after all, powerless within the framework of the UN where everybody can mix—which is all to the good—whereas, as representatives of the democratic Community of European nations, we are at liberty to choose our own friends, and we are determined, right now, not to encourage the despots in Greece if we can help it.

For this reason I would in the first place ask the honourable Members, and in the second place the Commission, to examine this break and sever the last links still associating us with the Greeks, in an endeavour to say with a firm voice, until such time as freedom is restored: no, this is the limit, as far as we are concerned.

(Applause from the left)

President. — I call Mr Cheysson to reply on behalf of the Commission to the Members' remarks.

Mr Chesson, Member of the Commission of the European Communities. — (F) Mr President, taking account of the level of the Parliament's remarks on the situation in Greece, perhaps the House will excuse me from replying to some relatively detailed points, and especially from attempting to add up the accounts to establish who is the gainer in this affair, Greece or the Community. As we are all aware, an able lawyer can argue any cause and whatever statements the Greek colonels or generals may have made on this issue are of little consequence to me. Let us keep to the political and moral frame of reference we have adopted with regard to this situation in Greece.

Let me stress, in this respect—and the honourable Members recognize it to a man—that under this roof all, Commission included, agree in

Cheysson

denouncing the Greek situation. Mr Patijn, I confirm that the Vice-President of the Commission has issued every possible protest, both through diplomatic channels and publicly, and I have just read the Commission's latest statement to the House. It is of very recent date, just five days old in fact.

So as regards both moral judgement and hopes for the future the House is of one mind. Indeed, we all hope and believe that the great Greek people will one day join the Community, as Mr Behrendt has said. At the present time the situation presents a number of different aspects, and I cannot help reminding you that this includes the juridical. If we are considering a supplementary protocol, Mr Patijn, this is because, as I just pointed out, three new members have joined the Community, and it would be unthinkable for their external business to follow different rules from those which bind the rest of the Community. Hence the supplementary protocol. That is all.

As regards the application of the Treaty, several speakers have made reference to the 'rebus sic stantibus' clause with its dynamic political implications. Mr Burgbacher has asked me, has asked the Commission, what it makes of this clause. It has just been my privilege to remind the House, Mr President, that ever since 1969 the meaning of the 'rebus sic stantibus' clause has been defined as closely as possible in juridical terms, by the Vienna Convention. May I read chapter and verse in Article 62 (1)?

'No fundamental change of circumstances not anticipated by the parties to a treaty, as compared with those obtaining at the time of its conclusion, can constitute a valid reason for putting an end to the treaty or withdrawing from it, unless... such change involves a radical transformation of the scope of the obligations still to be met by virtue of the treaty.'

Well now, there has indeed been a fundamental change of circumstances, but not one which could provide a valid reason for putting an end to the treaty or withdrawing from it, since it does not alter the scope of the obligations still to be fulfilled in routine application of the treaty, failing a further change rendering their fulfilment impossible.

This is not legalistic hair-splitting. Respect for the Law of Nations, Mr President, is a political issue of the highest importance. It would hardly be appropriate for me to lecture a European Parliament on this. Men who have in their persons, their families and their countries experienced the consequences of contempt for the Law of Nations have no need to be told that international law forms part of the highest

political order. The Commission is therefore only doing its job politically in recalling that, unfortunately, this is a case of international commitment. And I have also just referred to the view of the Legal Affairs Committee of the Parliament, which on this issue is substantially the same.

Mr President, let me assure you that we have given a good deal of thought to all this, and do not by any means feel happy about the position which the Commission is taking up—and this applies with greater force to some of its members individually. Mr President, a Community based on international law must abide by this law. The Commission has always acted in this way and will continue to do so.

The Commission believes that it is far wiser to adopt a positive attitude in the matter, and to seize every opportunity to stress the bright perspectives which will open up for Greece—now suffering from every possible ill, including grave economic ones—the day the rights of man and democratic freedoms are restored and the Community can come to her aid in a swift, effective and, I trust, generous way, and our relations with Greece can prosper without limit.

Yes, Mr Patijn, you are quite right to remind us that the day democratic freedoms are restored in Greece, a very special effort will be needed to enable that country to make up for lost time in the economic field, so as to put it in a position to apply for membership of the Community under Article 72 of the Treaty of Association, democracy being re-established and the full acceptance of the economic obligations of the Treaty being within Greece's capacity.

This, then, is what we are hoping for. When will the dream come true? Well, gentlemen, I am a believer in democratic pressures. We can all play our parts: this Parliament, each and every one of you, all parties represented in the House, and, I trust, all the Governments (which, as Mr Bertrand points out with justice, are sometimes inclined to go beyond the letter of the law in the fulfilment of their commitments).

(Applause)

President. — Thank you, Mr Cheysson.

Pursuant to Rule 47(3) of the Rules of Procedure, the questioner may, at his request, briefly comment on the answer given. Does Mr Seefeld wish to speak? No.

No motion for a resolution has been tabled.

Does anyone wish to speak?

The debate is closed.

5. Request for postponement of a debate —
change in agenda

President. — I have received the following letter:

'Dear Mr President,

The French members of the Liberal and Allies Group and the Group of European Progressive Democrats have to be in Paris this afternoon, in order to pay their last respects to the President of the French Republic, Georges Pompidou.

They will be unable, therefore, to take part in the debate on Sir Douglas Dodds-Parker's very important report on sugar imports.

They request you to ask the House to postpone this debate to the coming part-session to be held 22-26 April, particularly since new proposals on the subject will have been submitted by that time...'

Rule 32 of the Rules of Procedure allow me to give the floor to one speaker to speak in favour of this procedural motion, and one against, before putting it to the vote.

Do you wish to speak, Mr Bangemann?

Mr Bangemann. — (D) As co-draftsman of the opinion of the Committee on External Economic Relations, I am against postponing the debate.

President. — Thank you, Mr Bangemann.

I repeat that I can give the floor to one speaker in favour and one against.

I call Mr Martens to speak for the motion.

Mr Martens. — (NL) Mr President, I should like to endorse the request for postponement, for both of the reasons mentioned in the letter. Obviously the French delegation, which is so interested in the Dodds-Parker report, is entitled to all our sympathy for being detained this afternoon. The second reason for the request is however the more important. The position is that Parliament is now considering a proposal from the Commission for which the Committee on Agriculture is to issue a report on 18 April next, to be discussed during the forthcoming series of plenary sessions. The contents of this proposal are in almost flagrant contradiction with the conclusions embodied in the memorandum we shall put up for discussion. If the deliberation is put off till a later plenary session, we could then debate the matter in a completely straightforward manner. If a decision had to be taken this week, it might prove necessary to revert to

the matter in a fortnight's time. For this reason I support the request for postponement of discussions on the Dodds-Parker report.

President. — Before calling Mr Kirk to speak against the motion, I should like to explain again that our French colleagues have to be in Paris this afternoon to pay their last respects to President Pompidou. We had originally considered voting on the motion for a resolution in Sir Douglas Dodds-Parker's report tomorrow. Then our French colleagues could be here tomorrow, to take part in the voting.

If we postpone the debate until the next part-session, our French colleagues are unlikely to be able to attend, since they will probably be involved in an election campaign.

I call Mr Kirk.

Mr Kirk. — Mr President, with great respect I would like to recall that this debate has already been adjourned once from the last part-session, and at that time it was agreed that the three committees concerned should get together and see if they could produce a joint text. This, I understand, they have done. I understand that the text that is now available, with certain modifications that have been made, is agreeable to Mr Bangemann of the Committee on External Economic Relations, to the Committee on Agriculture and to the Committee on Development and Cooperation. I quite understand the French interest in this. As you yourself have said, Mr President, they can be here tomorrow morning to vote. I have great sympathy for the reason why they will not be able to be here this afternoon. I am sure we all have. If the problem is really as difficult as that, perhaps I might make a compromise proposal, that we reverse the order of business, that we take tomorrow morning's business this afternoon and take the report on sugar policy tomorrow morning. Then any Frenchman who wishes will be able to be here, and we shall be able to have a proper debate and a proper vote. This is acceptable to my group and, I believe, acceptable to the rapporteur.

President. — Mr Kirk has proposed that tomorrow's agenda be dealt with this afternoon and the debate on sugar tomorrow morning.

One speaker may speak in favour of this procedural motion and one against.

I call Mr Martens.

Mr Martens. — (NL) Mr President, my argument in support of the request for deferment arose essentially out of the fact that we have in the meantime received a new proposal from the

Martens

Commission which clashes head-on with the conclusions of the memorandum. For this reason it seems to me to make sense for us to hold a debate on both texts, at the next opportunity.

President. — I wish to clarify procedure. Mr Kirk has proposed changing agendas; that is, holding the sugar debate tomorrow morning and taking tomorrow's agenda this afternoon. Mr Martens is against this: he favours postponing the debate. I can now give the floor to someone else to support Mr Kirk's proposal. Then we shall proceed to vote on the motion which 'departs furthest', namely that the debate be postponed until 22 April. If this is rejected, I shall put to the vote Mr Kirk's motion that tomorrow's agenda be dealt with today.

I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, two arguments are being advanced here. One concerns the absence of our French colleagues, but this loses its force if we hold the debate tomorrow morning. The other is the serious argument that the proposal of the Committee on Agriculture should also be considered in the debate. I do not agree with this, since, while this interim report—and we must remember that it is an interim report—does propose fundamental arrangements for the sugar market which closely affect the Community's internal sugar production, nevertheless its proposals are so flexible that anything the Committee on Agriculture may propose can still be considered, even on the 26 April.

I am therefore in favour of our dealing with this important subject tomorrow morning and adopting a resolution then.

President. — I put the proposal that the debate on Sir Douglas Dodds-Parker's interim report be postponed to the part-session of 22-26 April to the vote.

The proposal is rejected.

I put to the vote Mr Kirk's proposal that the sugar debate be held tomorrow morning and tomorrow's agenda be dealt with this afternoon.

The proposal is adopted.

Why do you wish to speak, Mr Giraud?

Mr Giraud. — (F) Mr President, I am just asking you to make sure that our colleagues who have returned to Paris are informed of this decision; otherwise, the point of it will have been lost. Thank you.

President. — We shall inform them of the decision.

The proceedings will now be suspended.

The House will rise.

(The sitting was suspended at 11.10 a.m. and resumed at 2.35 p.m.)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — The sitting is resumed.

6. Membership of committees

President. — I have received a request from the Liberal and Allies Group for the following appointments:

- of Mr Pintat, to the Committee on Energy, Research and Technology, to replace Mr Lenihan, member of the Group of European Progressive Democrats;
- of Mr Pintat to the Legal Affairs Committee to replace Mr Premoli;
- of Mr Durieux, as member of the Delegation to the Parliamentary Committee for the Association with the East African Community to replace Mr Achenbach;
- of Mr Emile Muller to the Committee on Public Health and the Environment.

Are there any objections?

These appointments are ratified.

7. Change in the time-limit for tabling amendments

President. — I call Mr Martens.

Mr Martens. — (NL) Mr President, this morning it was decided to deal with Sir Douglas Dodds-Parker's report tomorrow.

I wish to ask if the dead-line for tabling amendments can be extended to 4.00 o'clock. We should like to try to come to an agreement on the amendments.

President. — I put to the vote Mr Martens' proposal that the time-limit for tabling amendments to Sir Douglas Dodds-Parker's second interim report be extended to 4.00 p.m.

The proposal is adopted.

8. *Commission statement on action taken on texts adopted by Parliament*

President. — The next item is the Commission's statement on action taken on opinions and proposals adopted by the Parliament.

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, since I am speaking for the Commission on behalf of the Vice-President, Mr Scarascia Mugnozza, who apologizes for his absence, it will be my privilege to inform Parliament of the action which the Commission has taken on the various opinions expressed by the House, not only during the March session, but also during the sessions which preceded.

The most important point raised during the March session was no doubt Mr Notenboom's report on the sixth directive on VAT. I am in a position to advise you that an amended proposal is now being examined by the Commission, in which the fullest consideration will be given to the views expressed by Parliament. The preparation of this text, as the rapporteur realizes, will raise a number of problems in a very sensitive area. As a result of this it will not be possible for the Commission to submit this modified proposal to the Council and to the House before early May. At this point let me advise Parliament that the Commission has accepted 25 of the amendments proposed by the House.

Another important recommendation of the House is that issued in February, concerning Mr Artzinger's report on the control of concentrations between undertakings. I can advise that Commission experts are now working on an amended proposal in response to your advice and that of the Economic and Social Committee; this proposal will be submitted to Parliament and to the Council at the earliest possible moment.

Mr Walz's report on the hazards of ion radiation was approved by Parliament in March. Whilst expressing the fullest sympathy with Parliament's concern over special supervision for workers exposed to ion radiation, the Commission feels that the proposed amendment to Article 34 of the draft directive cannot be accepted in its present form. The Commission is seeking a solution which will take into account the concern expressed in this House, and will not fail to advise you of the text that has been decided on.

The next point, Mr President, is Mr Gibbons' report on safety at work. Here, the proposed

amendments to Articles 12 and 13 of the Council's draft decision on setting up a General Committee on Safety at Work can be accepted by the Commission. The same applies to the amendment to Article 1 of the Council's draft decision to entrust the Mine's Safety and Health Commission with the task of working out preventive measures aimed at ensuring safety at work throughout the extractive industries. The Commission will submit an amended proposal to the Council incorporating the amendments accepted by this House. Concerning this report, however, I have to advise you that the Commission has some reservations. Under Article 3 it does not strike us as a good idea to change the normal procedure under which the Commission itself has to submit its committees' reports to the Community Institutions. I can however assure you that the Commission will make it its business to send out these reports with the utmost dispatch. And as regards the second amendment to Article 3 I should like to add, Mr President, that the Commission cannot see its way towards accepting this as presented. Apart from the annual report, the departments of the Commission will, of course, do their utmost to ensure the distribution of any information which becomes available in the matter of safety and health, on the lines which the General Committee on Safety at Work may consider appropriate.

Coming to a further point, Mr Koning's report on sugar, the Commission is in a position to inform the House that, at its session of 23 March, the Council decided that the guaranteed quality for the 1974-1975 season would not be fixed before the norms to apply to sugar imports into the Community from some of the developing countries, as from 1 January 1975, had entered into force. We shall thrash out this subject tomorrow.

When during the session of January 1974 Mr Früh's report on the aid to hop producers was discussed, my colleague, Mr Lardinois, stated that he would try to get the Council to find a solution as close as possible to the proposed amendments. The Commission is in a position to inform Parliament—and is pleased to do so—that the Council has just adopted the regulation in question with all the categories recommended by the House.

Finally, Mr President, in approaching Mr Armengaud's report, let me recall the emotion caused at the Commission by the disappearance of a man who played such an important part in this House and often displayed an uncanny ability to see through to the kernel of a problem. Well, as regards Mr Armengaud's report on guaranteeing investment in third countries, ac-

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cepted during the February session, the Commission has, as I mentioned in my own speech, decided to create a distinction between guaranteeing private investment anywhere in the industrialized world, on the one hand, and guaranteeing investments made within the context of aid to developing countries, on the other.

I shall conclude with Mr Broeksz' report on radio-electrical disturbances. This report proposed two amendments. The first of these refers to the languages in which instructions for the use of appliances are printed, a matter which, as you know, has already been discussed on a number of occasions. The Commission's position on this question is well known to the House, so perhaps I may be excused from quoting it in detail. The second amendment recommends compulsory sample testing for appliances covered by this directive. Let me quote what the Commission said in May 1973 when two similar proposals were discussed. The Commission has no objection to sample testing. However, the question arises as to whether such testing should not be the object of legislation by Member States.

President. — Thank you, Mr Cheysson.

9. Statement by Mr Dahrendorf on the participation in elections by Italian migrant workers

President. — I have received the following letter from Mr Dahrendorf, Member of the Commission of the European Communities, dated 1 April 1974:

'Dear Mr President,

During Question Time in the European Parliament's sitting on 13 March the subject of the participation by Italian migrant workers in the 1972 elections in Italy was mentioned in connection with the oral question put by Mr Marras.

Through a misunderstanding I stated that fewer than 5 000 migrant workers out of more than 650 000 had voted. However, these figures, which both Mrs Caretoni Romagnoli and Mr Girardin queried, only apply to Italian migrant workers living in Belgium. The total figures are as follows:

— Ballot papers distributed to Italian migrant workers in Europe	810 275
— Ballot papers used by these workers ..	180 431

Numbers by country :

— Switzerland	105 479
— Belgium	4 853
— Federal Republic of Germany	44 610

— France	17 227
— Great Britain	2 314
— Luxembourg	1 356
— Netherlands	428

I very much regret having misinformed the Parliament.'

10. Regulation on the import system for carp and trout

President. — The next item is the report drawn up by Mr Houdet on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the import system for carp and trout (Doc. 16/74).

This report was adopted by the Committee on Agriculture by the simplified consultation procedure.

Does anyone wish to speak?

I put the motion for a resolution contained in the report to the vote.

The resolution is adopted.¹

11. Directive on the making up of certain pre-packaged products

President. — The next item is the report drawn up by Mr Creed on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the making-up by weight or by volume of certain pre-packaged products (Doc. 382/73).

I call Mr Creed to present his report.

Mr Creed, rapporteur. — Mr President, very briefly I want to state that there are two distinct issues involved in my report. One is whether or not harmonization will be total or optional. I think it is an important issue in as far as that the divergences between the currently existing national laws on the subject give rise to difficulties in the fields of consumer protection and free trade. Manufacturers and packagers are obliged to diversify their products in the Member States in which such pre-packaged products are to be used. The substance of the proposals is the outcome of consultation between agricultural experts, representatives of trade fede-

¹ OJ No C 48, 25. 4. 1974.

Creed

rations concerned and consumer organizations. The method of harmonization selected by the Commission is the so-called optional one. The European Parliament has already declared itself in favour of total harmonization. This involves replacing national legislation by Community legislation after a sufficient transitional period. My committee still believes that total harmonization is preferable. Allowing for the fact that the current national laws are justified by legitimate concern to protect the consumer and user, the harmonization of laws appears to be the only way of removing difficulties arising out of the divergences between them and of creating conditions necessary for the establishment of the Common Market, and I think that total harmonization is in keeping with the spirit of the Common Market.

On the second issue I should like to say that I have a strong preference for the minimum system on the grounds that this gives the consumer better protection. The 'average concept' would leave the purchaser of an underweight packet no way of knowing whether or not it was legally acceptable, that is within the permitted lower limits. It would also mean that all lots of packs would include some with short weights, that is those below the average, as well as some above. While mine is the consumer-orientated approach it must be mentioned that manufacturers have expressed a preference for the 'average system'. It is more economical for them if they can pack less than the stated quantity in some packs and easier for them if their packing machinery can be set to the average, the marked quantity, and is free to vary up or down slightly. It is expected that manufacturing interests in the other Member Countries would probably take the same line. I have therefore, Mr President, given it as my opinion that the minimum system, which we use in our country is preferable, and I am reluctant to advocate a change to the 'average system'. I as the rapporteur, whilst expressing the national view, have had to consider other views expressed and agree to what is in the best interests of the Community as a whole. I was assured by the Commission that the average system gives sufficient protection to the consumer. Another consideration in favour of the minimum system is that you would have less State intervention because a package is guaranteed a certain weight below which it cannot fall.

Thank you, Mr President.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, if I

may try to clarify the Commission's view on behalf of Mr Gundelach, let me say first of all that the Commission would like to make a point of thanking the Committee on Public Health and the Environment, and in particular its rapporteur, Mr Creed, for the forthright and comprehensive report submitted in support of the proposal presented to the House. On careful examination by the Committee on Public Health and the Environment, there appears to be only one point on which there is divergence between the directive proposed by the Commission of the European Communities and the view of the Parliamentary committee.

Before broaching this I should like to point out that, on an important issue, the Commission has, in its report dated 6 March, recorded its endorsement of the approach recommended by us, i.e. the system of averages. The Commission lists the reasons for adopting the system of averages and declares itself satisfied that this principle is fair to both packer and consumer, the products involved being the kind that are widely sold and purchased by consumers several times a year.

The Commission also states—in the words of that excellent report itself: 'this concern for the consumer's interest, so frequently overlooked by manufacturers and by industry, is praiseworthy.'

I would make the further observation, especially by way of comment on Mr Creed's remarks, that the 'average system' is in fact general practice in international trade.

It was recommended at the last meeting held by the 'Codex alimentarius' organization in Ottawa in June 1973. Were the Community to adopt a different ruling, it would run the risk of finding itself in a minority of one in the context of international trade as well as becoming vulnerable from the viewpoint of competitiveness. So on this point, Mr President, our Commission's recommendation is accepted as per the report submitted on 6 March.

However, a gap remains between the Commission's report and ourselves. As Parliament is aware, it is not a principle of the Commission to harmonize for harmonization's sake. It is important to bear this in mind at every moment of bureaucratic temptation: harmonization is to be recommended only when necessary to ensure the free circulation of goods, and even then it should be kept as flexible as possible. Let the technocrats play chess instead. In this case the Commission is convinced that the aims laid down in the directive can be fully achieved by the optional method. It therefore sees no reason for dropping

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that method in favour of total harmonization or for resorting to national rules alone.

President. — Thank you, Mr Cheysson.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Agenda for next sitting*

President. — We have completed today's agenda. The next sitting will be held tomorrow, Friday, 5 April 1974, with the following agenda:

9.30 a.m.:

Second interim report by Sir Douglas Dodds-Parker on the future sugar policy of the Community.

The sitting is closed.

(The sitting was closed at 3.00 p.m.)

¹ OJ No C 48, 25. 4. 1974.

ANNEX

Oral Question which could not be answered during Question Time, with written answer

Question by Mr Cousté to the Council of the European Communities

Subject: Entry into force of the uniform basis of VAT assessment throughout the Community

Can the Council say whether the deadline of 1 January 1975 for the entry into force throughout the Community of the uniform basis of VAT assessment will be observed, this date being particularly important as it coincides with the introduction of financing of Community expenditure from the Community's own resources?

Reply

It will be recalled that the proposal for a directive on the uniform basis of VAT assessment was submitted by the Commission to the Council on 29 June 1973 and the European Parliament delivered its opinion during the part-session in March 1974.

To save time while awaiting the Parliament's opinion, a group of experts examined the proposal in order to acquaint themselves with the facts, but this was only a preliminary study and the Council could not begin its main work on the problem until a few days ago.

The Council is not, therefore, in a position to say when it will be able to adopt the directive; it seems unlikely, however, that it can come into force in the Member States as early as 1 January 1975 given the length of time required for its implementation after it has been adopted.

SITTING OF FRIDAY, 5 APRIL 1974

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received from the Council of the European Community requests for an opinion on the following documents:

- Proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the driver perceived noise level of agricultural or forestry tractors fitted with wheels (Doc. 39/74).
- Proposal from the Commission of the European Communities to the Council for a directive on the disposal of waste oils (Doc. 40/74).

These documents have been referred to the Committee on Public Health and the Environment as the committee responsible and to the Committee on Economic and Monetary Affairs and the Legal Affairs Committee for their opinions.

3. *Membership of committees*

President. — I have received from the Christian-Democratic Group a request for the appointment of Mr Rosati to the Committee on Social Affairs and Employment to replace Mr Artzinger, of

Mr Ligios to the Committee of Development and Cooperation to replace Mr Rosati and of Mr Antoniozzi to the Delegation to the Parliamentary Committee for the Association with the East African Community to replace Mr Rosati.

I have also received from the Socialist Group a request for the appointment of Mr Wohlfart to the Committee on Economic and Monetary Affairs.

Are there any objections?

The appointments are ratified.

4. *Statement by the President on the situation in the Community*

President. — Honourable Members, I should like now to make a statement to the House.

In the last few days serious difficulties have arisen in connection with the measures to be taken to strengthen the Community pursuant to the principles laid down in the Treaties and guidelines issued at the last three Summit Conferences of the Heads of State or Government.

Consequently, the President of the European Parliament wishes once again to draw the attention of the Member States to the major dangers facing the Community in view of the understandable concern about the short-term economic situation and in connection with sectoral interests. Certain attitudes represent a threat to Community solidarity and any chance of further development towards European Union.

The President of the European Parliament has noted the statement made by Mr Callaghan on behalf of the British government. He does not wish to go into the matter in any greater detail for the present and feels that we should sympathize to some extent with the British government's demands for certain changes in the operation of the Community within the framework of existing procedures. In the continuous process of Community development, however, it is unacceptable that a Member State should be

President

able to demand changes to the Treaties merely because its government has been replaced by another.

As the representative body of the European peoples, Parliament is fully convinced that, while maintaining everything that has already been achieved, the Community must intensify its efforts to make up for lost time and to find a solution to the serious irregularities and discrepancies, most of which are the result of the lack of progress.

The President of the European Parliament also feels that, by creating a European identity, the Community will be able to promote peace and progress throughout the world, thanks to the close cooperation between the Member States in the field of external policy and within the framework of large-scale cooperation with the major powers. In this way, we shall be able to strengthen our alliance with the United States of America on a basis of equality and give an impulse to fruitful cooperation with, in particular, the countries of the Mediterranean area.

Today's sitting takes place very soon after the latest meeting of the Council in Luxembourg. It is therefore obvious that the European Parliament, the forum of the peoples of the European Community, would like to have had a debate on this subject. The chairmen of the political groups had in fact made the necessary contacts to this end. As a result of the sudden death of President Pompidou it will not, however be possible to do what we had originally planned. I am sure that we will have an opportunity at coming part-sessions in Strasbourg to have a full political debate on the serious situation in which the Community now finds itself.

5. *Future sugar policy of the Community*

President. — The next item is the second interim report drawn up by Sir Douglas Dodds-Parker on behalf of the Committee on Development and Cooperation on the future sugar policy of the Community with particular reference to imports of sugar from the developing countries and in the light of the Commission's Memorandum of 12 July 1973 (Doc. 32/74).

I call Mr Liogier on a point of order.

Mr Liogier. — (*F*) Mr President, honourable Members, following the death of President Pompidou and the deep sense of loss this has caused throughout France, nay, throughout the Community and in the world beyond it—as you, Mr President, told this House in such moving words, we addressed a letter to you, asking you

to arrange for the debate on sugar to be deferred to the next part-session. The French delegation felt that they had to be in Paris yesterday afternoon to attend the tribute to the late President of the Republic. On the other hand, our two assemblies will not meet again until a new President is elected, which means that before returning to their respective constituencies, their members must make arrangements to attend the memorial service at Notre Dame Cathedral tomorrow.

Even so it was decided yesterday, in spite of us and in the almost total absence of our delegation, that the sugar debate should take place this morning—in the absence, therefore, of virtually all the 36 members of the French delegation, although the latter has a prime interest in the debate, our country being by far the leading sugar producer in the Community. This being so I must, in the name of my own group—and I think that in this I can speak for all our French Members, to whatever group they may belong—express my very keen regret over the decision which was taken yesterday, all the more so as the discussion of this very important report is not so pressing a matter that it could not have been put off for a few days; further weight is added to this consideration by the fact that the Commission has just faced us with a new text on sugar, indicating a change in the level of the maximum quota. This latest text, which is much more urgent than its predecessor, will not be discussed till the next part-session. On this account we cannot help but entertain the most earnest reservations concerning the result of any voting which may presently take place in the unavoidable absence of almost all of the French delegation.

President. — Are you making a proposal, Mr Liogier, or do you merely wish note to be taken of your statement?

Mr Liogier. — (*F*) Mr President, my proposal is that the debate on sugar policy be deferred to the next part-session.

President. — Mr Liogier is reiterating the proposal which we discussed yesterday, namely that the debate on Sir Douglas Dodds-Parker's report be deferred until the next part-session of Parliament in Strasbourg.

We weighed the pros and cons of this proposal yesterday, and it was said that very few French Members were expected to attend the next part-session in Strasbourg since they will be taking part in the presidential election campaign. But Mr Liogier has made a formal proposal, and one

President

Representative has the right to speak for and one against.

I call Mr Lücker.

Mr Lücker. — (D) Thank you, Mr President. You rightly reminded us that we discussed the same question yesterday, and I might also recall that I did, though without prior discussion, speak up on my group's behalf for Mr Kirk's proposal that the debate be held today. We voted on this yesterday in the expectation—on the assumption—that our French colleagues could in fact be present. There was some doubt yesterday as to whether this would be possible, but we were expecting the French Members to manage to take part in the debate today. To that extent Mr Liogier was right in what he said here.

Casting a quick glance round the House, I notice that apart from Mr Liogier no French Members are to be seen. I must therefore take it that the French Members were not able to get back in time for today's debate.

In the circumstances, Mr President, I should like to adjust the attitude I took yesterday and say that I view this request with sympathy. Nor do I think that much damage can be done by accepting it. Mr Liogier has spoken on behalf of his group and of all the French Members, and I would be willing to back his request, so that we do not run into possible difficulties which would have to be taken into account. This should be avoided, the more so as there does not appear to be any necessity for the voting or debate discussion to take place today on account of any time-limit or deadline.

President. — Mr Lücker has therefore spoken in favour of adopting Mr Liogier's proposal.

I call Mr Kirk, who I assume is against the proposal.

Mr Kirk. — Mr President, I am beginning to suspect that there are people who do not want us to discuss this report.

Perhaps I may be allowed to recall the sequence of events. The rapporteur was appointed as long ago as last October. The report was ready in January. At the March part-session a request was made to postpone the debate. We did not like this, but we agreed so that the people concerned could get together and see if they could agree on a text. They did get together and they agreed, as I understand it, on a text. We come back here and are then asked to postpone the debate until the next part-session, knowing that the French will not be able to be here at the next part-session either, and then we shall no

doubt be asked to postpone it once again until the May part-session. The other report on sugar has nothing substantial to do with this one at all. It is concerned with the internal system and not the external system. Yesterday we postponed at some inconvenience the debate until this morning to enable the French to be here. At the special request of a Member of the Assembly the President sent messages to Paris to make sure that they knew that the debate would take place this morning. So, in the circumstances, I cannot see what has changed, except Mr Lücker's mind...

(Laughter)

...and I personally intend to vote against any further adjournment in this matter.

President. — I put Mr Liogier's proposal to the vote.

The proposal is rejected.

I call Sir Douglas Dodds-Parker, who has asked to present his report.

Sir Douglas Dodds-Parker, rapporteur. — Mr President, I am most grateful to you and to the Members of the Assembly for making it possible for this debate to take place now. I am also most grateful to all colleagues on the three committees principally concerned and to the officials on the committees and of the group for all the help they have given me in the past seven months. It is therefore with great pleasure that I present on behalf of the Committee on Development and Cooperation the motion for a resolution approved by the committee on the Commission's sugar memorandum which was published in July of 1973.

Many of the very important issues covered by the memorandum fall directly within the terms of reference of our committee and in view of the need of the Community to take positions on a number of these matters, the committee decided that it should take the initiative in presenting to Parliament an interim report and motion for a resolution on these matters.

It is seven months since I was appointed in September 1973 rapporteur by the Committee on Development and Cooperation, and I might say in this connection that my own experience in the field of sugar has been as a Member of the British Parliament who has for 15 years represented a constituency in which beet sugar is an important crop. Opinions were received from the Committee on External Economic Affairs in November last year and from the Committee on Agriculture following its meeting on 28 February 1974. It will be recalled, Mr Presi-

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dent, that Parliament decided during the March part-session that my report should be sent back to the committee with a view to holding a joint meeting with the Committee on Agriculture to try and arrive at a single text to present to the House. In the event, it was decided that a joint meeting of the two committees was unlikely to be useful in this case, but following a meeting with the draftsman of an opinion on behalf of the Committee on Agriculture, my committee adopted on Tuesday evening last the text of the motion for a resolution which is now before the House.

As the Assembly will appreciate, our committee is concerned primarily with the question of the imports of cane sugar from the sugar-producing developing countries and the discharge by the Community of its obligations under the Treaty of Accession in respect of these imports from the countries listed in Protocol 22 to the Treaty and under Article 118 of the Treaty itself and the Declaration of Intent attached to it. I have recorded in my explanatory statement, which is available to Members, the text of these undertakings and I would remind Members that during the 1972/73 session Parliament adopted a resolution reaffirming the responsibilities of the Community as a principal trading partner with the Third World in the sphere of development and cooperation. In connection with sugar, the resolution called, among other things, for freer access for the developing countries to external markets. My honourable friends and I were, of course, not Members of this House at the time of that debate, but believe that the resolution I now have the honour to move is in the spirit of the resolution adopted during the session before the enlargement of the Community. In the view of my committee, Parliament should express its opinion on this matter now.

The Commonwealth Sugar Agreement expires on 31 December 1974 and the Second Yaoundé Convention on 31 January 1975. The question of imports of cane sugar constitutes an important element in the negotiations with the countries listed in Protocol 22, and not much time now remains in which to complete the negotiations as well as the process of ratification by the Member States before the terminal dates of these agreements.

Members will be aware that the terms of Protocol 22 contain no precise proposals as to the volume of sugar to be imported from the developing countries. I think it would therefore be appropriate for me to say a brief word on why the concept contained in Protocol 22 was expressed in terms of tonnage quotas and how

the figure of 1.4 million tons has been arrived at.

The Commission proposed that the volume should be 1.4 million tons, and this corresponds with the quotas accorded to the member countries of the Commonwealth Sugar Agreement less the quota which was filled by Australia and the Associated States. The breakdown of this overall volume of 1.4 million tons is given in paragraph 7 of my explanatory statement.

As Members know, the economies of several developing countries are highly dependent on the production of sugar. In these countries sugar is a labour-intensive crop, and fluctuations in levels of production of cane sugar therefore represent social as well as economic problems for them. It is for this reason that these developing countries are so concerned with the volume of exports of cane sugar. A guarantee of access to the Community market for a specific quantity of sugar is therefore the most effective way of discharging this commitment.

I think, Mr President, it is worth recalling the circumstances of the settlement of the original Commonwealth Sugar Agreement in 1951, when, as now, world commodity prices were high as a result of the Korean War. This Agreement has proved of considerable benefit to both producers and consumers. At no time has there been a failure to supply even when conditions have required the transfer of quotas from one producer country to another.

As Members know, the Commission's proposals were formulated on the assumption that the Community would be joining an International Sugar Agreement which contained economic provisions. In the event the negotiations on a new agreement failed last year. Your rapporteur would like to express the hope that the negotiations will be brought to a successful conclusion in 1975. The proposals formulated by the Commission were therefore designed to take effect with the Community as a signatory of an International Sugar Agreement. But it is recognized that the economic provisions of any such agreement would only be operative under normal conditions of market supply and demand and would equally be inoperative during periods of extreme shortage such as those through which we are at present passing. It has been said that the Commission's proposals seem to have been drafted to take account of a situation which no longer exists, that is to say, a situation of surplus supply on the world market. They must therefore be out of date. However, the proposals make it quite clear that in times of shortage on the world market as exists now, the Community would be allowed to dispose of any surplus on

Dodds-Parker

this market, in other words, to become a net exporter without quantitative limitation. A shortage is deemed to exist when prices rise above a level beyond which the export quotas no longer apply. When the world markets are short of supplies as they are at present, there are therefore no problems of disposal either for domestic producers or for the sugar producers in the developing countries. A shortage has now prevailed for two years and has led to world prices which are currently very high, appreciably higher, in fact, than internal Community prices. It is possible that this shortage will have corrected itself in two or three years' time, but it would seem more likely that it will prevail for longer.

World consumption is rising at a faster rate than production, and Community consumption is also rising. Average consumption per head, particularly in Italy, is still quite low. So the basic requirement of developing countries in respect of their sugar exports is guaranteed long-term outlets at remunerative prices. Hence the attractiveness of the so-called special arrangements such as the Commonwealth Sugar Agreement and the United States Sugar Act, which meet Britain's requirements in contrast to the world free market, which does not. The Commission's import proposals would provide a degree of security of access comparable with that enjoyed under these special arrangements, but the developing sugar exporting countries will want to be assured that this sugar is not simply re-exported to the world market or used to replace exported sugar. Your rapporteur believes that Parliament should insist on the Community discharging the commitments it undertook in the Accession Treaty. The resolution calls upon the Community to give effect to these commitments in the form proposed by the Commission. It underlines the concept of the reciprocal obligation which the developing countries must acknowledge. It emphasizes the necessity for the Community to participate in an effective International Sugar Agreement and the need for reasonable refining margins for both beet and cane sugar. It invites the Commission to make further proposals on the need for reserve stocks and for the provision of food aid in the form of sugar and for help from the Regional Development and Social Funds under certain circumstances.

This is, Mr President, I am sure Parliament will agree, the moment for the Community, for Parliament, Commission and Council of Ministers to show the developing world, especially those once dependent on Member States of the Community, that we have constructed long-term proposals to help them. The need for sound

policies of development and assistance has been underlined by the huge increases in the cost of oil which have hit these countries as well as the Community very hard.

Those who were present, and a number of those in this Chamber were, in Rome at the beginning of the Conference of the Joint Parliamentary Committee at the end of January found that the fact that the Committee on Development and Cooperation had adopted this report on 24 January had been very well received. The representatives of the developing countries are awaiting signs that Parliament as a whole is going to support our motion for a resolution. This is indeed, Mr President, one way in which the Community can refute the charge that it is a rich man's club. Sugar is regarded as a test case, which the whole developing world is watching. It is the first of the eight commodities in the Deniau Plan aiming to give stability of, production, availability and price for producer and consumer. I repeat therefore, Mr President, that the developing and the developed world is looking with interest to Parliament's reception on this report.

I would conclude by reminding Parliament of the words of Mr Scarascia Mugnozza, Vice-President of the Commission, when he said in Brussels on 5 March, and I quote: 'The European Community will not turn in on itself. It is conscious of its role and of the expectations of countries geographically close and far. Its support activity for poorer countries will not be, just as it has not been up to now, a sort of discrimination but a means of avoiding greater impoverishment.' I beg to move that the report and the resolution be adopted.

(Applause)

IN THE CHAIR: MR DEWULF

Vice-President

President. — I call Mr Bangemann, draftsman of the opinion of the Committee on External Economic Relations.

Mr Bangemann. — (D) The Committee on External Economic Relations has delivered an opinion on Sir Douglas Dodds-Parker's report. In a general way we support what Sir Douglas Dodds-Parker recommends, and I should like to make a few observations on the considerations which led the Committee on External Economic Relations to give its support.

There can be no doubt that we are in this case faced with a knot of problems which can assume

Bangemann

quite different complexions according to where you locate the focal point. If you lay the emphasis on the management of the internal market, which means in effect the position and predicament of the Community's sugar producers, you will be led to different conclusions from those which would result from laying the emphasis on the problems of the cane sugar producing countries. The Committee on External Economic Relations, although by the nature of things required to give its main consideration to foreign relations when attempting to work out its decisions, has nonetheless examined the internal problems, and we have endeavoured to work out a formula which ensures that both the position of the cane sugar producing countries and that of the sugar producers within the Community are considered and reconciled. In my view, however, there are a number of basic facts to be taken into account first, and these are unalterable.

Basic fact No 1 is, without a doubt, that quite a number of the sugar cane producing countries are much more heavily dependent on cane sugar production than can on the whole be said of the Community. Single-crop agriculture is of course far from being an ideal economic development for these countries, and in our statement we have pointed out that an effort should be made to get away from such single-crop agriculture and to provide the ways and means which would enable these sugar cane producing countries to put their economies on a sounder basis through diversification. This must, however, remain a pipe-dream unless we can get beyond pious declarations of intent; the present situation of these countries is that they are dependent on sugar cane production to an extent which accounts for up to 90% of their industrial production. This means that we cannot solve the problem intelligently without taking this most vital sector of their national economies into account.

Basic fact No 2: during the negotiations on accession, particularly with Great Britain, a series of declarations were made which must be respected in the letter and in the spirit. Precisely in view of the present political situation the Community should adhere strictly to what was agreed during these negotiations, in relation also to the new Member States. It just would not do for the Community to turn down any idea of renegotiation on the basic terms of entry without being prepared to fulfil down to the last detail the conditions which were agreed. This is, I think, a political fact of the first importance, and must be given the fullest consideration.

Basic fact No 3: we must not overlook the circumstance that we are in a position to adjust

the Community's sugar production in a flexible way to the situation on the world market. Obviously, the Committee on External Economic Relations shares the concern that sugar producers within the Community should not be worried by regulations which give them different conditions to cope with from year to year, preventing them from managing their production intelligently over long periods of time. However, Mr President, this is a demand which can well be met, and we have for that reason laid great stress on the question of improving the Commission's information system, so that it will be in a position to take timely steps to cope with fluctuations on the world market in such a way that home production can absorb the shocks, by stockpiling or other methods. What all this amounts to, Mr President, is that we have found a synthesis which in my view renders possible the harmonization of these three important political necessities:

Firstly, consideration of the position of the sugar cane producing countries.

Secondly, consideration of home producers within the Community.

Thirdly, consideration of the assurances given, particularly to Britain, during the negotiations on accession.

These, Mr President, are the three factors we must take into account if we are to work out a reasonable proposal to meet the situation.

The Committee on External Economic Relations therefore supports both the Commission's proposal and what Sir Douglas Dodds-Parker has said in his report. May I conclude by saying, Mr President, that we should under no circumstances allow ourselves to be influenced in our decision-making by any conditions prevailing on the world market, because these conditions change rapidly. We are here concerned with a fundamental recognition of the three political necessities which I have just mentioned. Therefore I may, on behalf of the Committee on External Economic Relations, recommend the House to approve Sir Douglas Dodds-Parker's report.

(Applause)

President. — I call Mr Martens, draftsman of the opinion of the Committee on Agriculture.

Mr Martens. — *(NL)* Mr President, I have also been appointed by my group to act as its spokesman, and since what I shall have to say in that capacity is the same as what I would be saying as the draftsman of the opinion, I propose to address the House once only. Should any other

Martens

speaker wish to address the House for my group, I would be prepared to stand down as spokesman.

President. — I would ask the Christian-Democratic Group whether anyone wishes to act as spokesman. This does not appear to be the case.

I call Mr Martens.

Mr Martens. — (NL) Mr President, I cannot begin without expressing my regret over the fact that this debate is having to take place in the absence of the French Members, who surely have a keen interest in this matter. I am also sorry that this debate is not coupled with the debate which is to take place in a fortnight's time, which has to do with a quite important change in the basic regulations for sugar and from which it is apparent how seriously the present world sugar shortage needs to be taken. What, after all, are the contents of the proposal we are dealing with? Under today's regulations there is no provision in any price guarantee for the 'C' quota, and this has to be exported outside the Community. The proposal before us now, stipulates the opposite. Here, the production of a 'C' quota over and above the maximum quota is encouraged by the granting of a price guarantee at least equal to the one provided for the 'A' quota. If this does not mean that we are at present facing a serious shortage on the world market, and that therefore the framework set out in the memorandum is exceeded, the whole business makes no sense to me. After Mr Callaghan's statement I must also ask with emphasis what still remains of what was laid down in Protocol No 22 to the Treaty of Accession, with regard to the Commonwealth.

With regard to Sir Douglas Dodds-Parker's report however, I must admit that I greatly appreciate the manner in which he has drawn it up, and especially the willingness he has shown to accept some opinions expressed on behalf of the Committee on Agriculture, which has in fact to a large extent served to smooth out the differences of opinion which existed between the Committee on Development and Cooperation and the Committee on Agriculture. All we want is to speak our minds clearly by means of amendments instead of going round the houses. I shall make my meaning plain when we come to deal with the amendments which have been submitted by a number of Members and by myself, and the amendment which was submitted by Mr Héger.

I now wish to express a few misgivings on to the memorandum itself. Let us underline the fact that the import of 1.4 million tons of raw

sugar—we would even have accepted 1.4 million tons of refined sugar—is a political gesture. Its purpose is to help the developing countries. We insist that the promise be kept and also that a fair price be paid for the sugar so that the producers in those countries can live decently on it. That will in any event have to be a price—and let me emphasize this—considerably higher than that paid over the last few months. Because, of course, it could not escape our notice that prices have remained static at £57 to £61 per 100 kg, whereas the price of sugar on the world market at is least three times that amount at present. We do have some reservations with regard to the question whether the import of these 1.4 million tons should result in the European Community becoming a party to a sugar agreement as a net importer. We do not mean to say that we do not need to be a net importer, but really at this stage no one could pretend that there would be no more problems if we were to advocate a net import figure of 600 000 metric tons. I have failed to find any indication anywhere why the figure should be exactly 600 000 tons. What is 600 000 tons anyway? It corresponds to some 5% of the sugar produced in the Community, and barely 0.6% of world production. No-one can convince me that this 600 000 tons import will restore the balance of the world market for good. As I have just said, it really will not do for the Commission to put forward proposals, on the one hand, which show clearly that there are shortages and seek to encourage producers to step up their output, while at the same time holding the threat above their heads that any money invested in increasing sugar production will be found within foreseeable time to have been wasted.

I have spoken about the Commission's proposal. To me this shows clearly that it is not possible at present to say with any confidence whether we are to be net importers or net exporters. There are other countries, parties to the International Sugar Agreement, which appear in both roles.

I should also like to stress that, if it is not our wish at this stage already to define our position with regard to the International Sugar Agreement, we are doing this not merely in the interest of the sugar producers, but also, in great measure, in the interest of developing countries which do not produce any sugar but import it. I think I am right in saying that the number of developing countries which import sugar remains greater than the number of sugar-exporting ones.

Moreover, if the Community should agree to limit its own production by 600 000 metric tons, who is to guarantee that other countries such

Martens

as South Africa, Australia and perhaps the East European countries will not simply fill the gap, attracting the 600 000 tons business their way? We should then have made no contribution at all towards restoring the balance on the world market.

And can we anyway be sure that the 1.4 million tons we are asked to import will in fact be delivered? If my information is correct, the Federation of British West Indies is at present unable to meet its quota commitments for the United States and the United Kingdom. Even a unilateral commitment to limit our exports would not—as I have just said—necessarily rebound to the benefit of the sugar-exporting developing countries.

We have noted that developing countries which are not sugar producers are paying twice as much for their sugar as we do, and that the sugar-producing countries are at present getting one third of the world market price for the sugar they sell. Furthermore we cannot deny that in the past the Community, without being a party to the International Sugar Agreement, has in any event respected the guidelines of that Agreement and has never done anything to disturb the balance of the world market.

Finally, let me draw attention to the fact that now, since the memorandum was drafted, three new facts have come to the fore. The first of these is that discussions on the extension of the International Sugar Agreement have failed to produce a result, and it will be a year or two yet before the parties return to the table. I cannot overlook the statement made by a representative of the Commission to the effect that it would be highly desirable to conduct an objective survey of the real situation before any well-founded decisions could be reached. It was indeed found at the conference that no reliable data were available for drawing up a medium-term programme. Then there is also the consideration that, apart from uncertainties over the development of production and consumption, there are other unknown factors.

What, for instance, is to take the place of the Sugar Act in the United States, due to expire in 1974? What will be the contents of Russia's Five-Year Plan?

Mr President, in this connection I have already pointed to the growing scarcity of nearly all raw materials, including foodstuffs. Is it really desirable at present that we should deliberately make ourselves dependent on imports of foodstuffs from third countries?

Finally, as I have just said, I have serious misgivings concerning Mr Callaghan's statement

on the Common Agricultural Policy. My conclusion, Mr President, is the following: we agree to the import of 1.4 million tons of sugar at fair prices. We couple this, however, with a reservation on signing the International Sugar Agreement as a net importer, under the present circumstances. If all developing countries which produce sugar attend the Conference, we shall do so too. Finally we obviously must voice a reservation about internal policy as long as the two main factors are not known. As regards the amendments, I hope to be able to revert to this matter presently.

(Applause)

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

Mr Laban. — *(NL)* Mr President, does it make sense, in these times of world sugar shortages, unprecedentedly high prices and depleted stocks, to be arguing in Parliament over matters such as restriction of Community sugar production and classifying the Community as a net importer?

There are in this House representatives of countries which find this downright absurd. And they therefore completely reject the Commission's memorandum of July 1973. We must produce and we must export, they say. And as things are at present, that point of view may well be justified, but our group is of the opinion that governing involves foresight. It would testify to shortsightedness were the Europe of the Nine not to work out a flexible sugar policy externally and internally, and this the European Commission has indeed tried to do in its memorandum, although it has appeared too late.

The Commission also had to draft a document because the International Sugar Agreement expired in December 1973, the Commonwealth Sugar Agreement runs out on 31 December 1974, and a month later the Second Yaoundé Agreement is also due to expire. We find it regrettable that the Member States and the institutions could not agree on a uniform policy with a view to negotiating a renewal of the International Sugar Agreement. France especially is opposed to this; the result is that there is no new Sugar Agreement, and without EEC co-operation there cannot be. Again, we think this is a pity. This bridge will have to be crossed, and it is therefore good that this Parliament has put the question on its agenda.

This is all the more true because negotiations will have to be launched in connection with the other agreements about to expire. Sugar policy in the Community is influenced by external political and economic factors. The Commission

Laban

and the rapporteur, whom I must congratulate, together with Mr Martens, on his work and cooperative attitude, correctly point out that these influences will ultimately determine internal policy. Three important points need to be cleared up. The first of these relates to the future position of the EEC on the world market, and the issue here is whether in future the Community will be prepared to declare itself a net importer. In our view this is of decisive importance for the extension of the International Sugar Agreement.

In our opinion it is also a test case for Community policy towards the developing countries. It is obvious that the position is destined to greatly affect internal policy. Even the present phase of shortages will pass, as was correctly pointed out by Mr Bangemann.

A necessity would then arise to restrict our sugar production in order to make room for expansion in the developing countries. The cutting down of production in the Community, and expansion elsewhere, can take place only in a gradual way, and in this process due consideration will have to be given to the interests of the European producers and of people employed in the sugar sector.

However, we see great possibilities for the future expansion of cane sugar production in countries such as Brazil, Argentina, Mexico and India. The Commission has proposed that the Community should in principle become a net importer for 600 000 metric tons of sugar. A decision on this is now on the cards—this is a matter on which all the other spokesmen agree with me. There is a shortage of sugar and there are not enough data to enable us to establish whether short-term economic or structural factors are to blame for the present predicament of the world's sugar industry. It is however an established fact that, up to and including the 1975-76 harvest, the Community will have a production level adequate to ensure self-sufficiency on the basis of the present acreage of some 1.5 million hectares. Any decision by Parliament to buy a proportion of the sugar produced by the developing countries is consequently a political decision.

It is a gesture on the part of the wealthier countries, showing that they are willing to sacrifice something for the developing countries. It discharges a debt of honour incurred in the colonial past, a condition being that the Community's sugar policy and the internal sugar market are flexible enough to enable any rise in demand on the world market and any possible shortage within the EEC to be absorbed by stockpiling and by increases in production. We ask the Commission to take account of these

wishes when working out its policy. A temporary boosting of beet sugar production is not in itself a difficult matter, but an expansion of refining capacity could lead to faulty investment.

A second important point is that we in the EEC have moral obligations *vis-à-vis* a number of developing countries, namely, a total import of 1.4 million tons, especially by Britain. This is something that will stay. There can be no doubt that my group accepts responsibility for the fulfilment of this obligation, even bilaterally. The developing countries must in their turn accept an obligation to deliver the agreed quantity. Furthermore we find, as a result of paragraph 2 of the motion for a resolution contained in Sir Douglas Dodds-Parker's report, that Britain also will have to start paying the producing countries a fair price. This was correctly pointed out by Mr Martens. The situation is now such that the developing countries have to buy their sugar at a price which is more than double the price paid by the European consumer, while under the current agreement Britain is buying sugar from exporting developing countries at a price considerably lower than that paid by importing developing countries. For my group this is also an unacceptable situation, and we therefore attach great importance to the principle that henceforth fair prices should be paid to Commonwealth and other countries.

The third point on which decisions will have to be reached is the working out of an internal sugar policy for the Community. For the moment, transitional norms apply. The quota system forms an important part of this policy, even within the new system which the Commission is proposing, be it that the allocation by Member State is to be replaced by allocations to individual undertakings, the purpose of this being to end discrimination between Member States. This is however not the issue today. We are expecting to receive detailed proposals on this question when they are ready. I did want to point out on behalf of my group that the basic quota must in principle not exceed the difference between consumption and the import of the 1.4 million tons from the developing countries, should it turn out that these countries indeed wish to continue delivering that quantity. That is their business. Restrictions on production can then be lifted when prices rise to such a level that quotas are abolished even under the International Sugar Agreement, and this could now well be the case.

It will have become apparent from my remarks that we can accept the motion for a resolution tabled by the Committee on Development and Cooperation. Parliament will thus make it clear

Laban

that the Community is ready to allow the developing countries room for their own refining facilities—often the largest source of employment. We also take the view that the sugar will have to be refined in those countries, if this is feasible. The industrialized countries will have to lend a helping hand here, and we shall therefore support Mr Héger's Amendment No 3. As will be evident from the above explanations, this does not apply to most of the other amendments and certainly not to those which attempt to take the heart out of the resolution being moved by the Committee on Development and Cooperation.

(Applause)

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

Mr Scott-Hopkins. — Mr President, I should like first of all to congratulate the rapporteur, Sir Douglas Dodds-Parker, on the report that he has submitted to this House and indeed on the speech that he has just made. It covers all the most important points and I do not need to go over them. My intervention on behalf of the European Conservative Group will therefore be a short one; but one or two points have already arisen which I should like to comment upon.

Of course, it is absolutely true that as a Community we regret it was impossible to come to an agreement with the signatories of the International Sugar Agreement and that we are therefore not members of it. This is a very important point.

It is also absolutely true, Mr President, that the sugar situation of supply and demand, of surplus or scarcity, can change, and change reasonably rapidly, and therefore I think we must try and take a position in this House, as my honourable friend has done in his report, which covers all eventualities.

Now, I think the other rapporteurs who were cooperating with my honourable friend in coming to this compromise solution have done an extremely able job. I quite understand the anxieties that Mr Martens has expressed on behalf of the Committee on Agriculture and indeed on behalf of the beet growers, but I think perhaps they are a little exaggerated. At the moment there are, I think, three points which I should like to underline. The first one is the most important of all, and that is the honouring of our commitment, as a Community, to import into the Community 1.4 million tons of raw sugar from the Protocol 22 countries. This undertaking is, I think, extremely important, not only in the short term but in the long term, to the economies of these countries. It has already been pointed out by Mr Bangemann.

draftsman of the opinion of the Committee on External Economic Relations, that the economy of these particular cane-sugar-producing countries does to a very large extent—perhaps to too great an extent—rely on the production and export of cane sugar and that therefore they want to have a certain amount of reasonable security for the future, to know that their economies will be able to continue and that there will not be any drastic upheaval within their countries.

A point has just been made by Mr Laban, speaking on behalf of the Socialist Group, concerning the level of prices. I would point out to this House that the level of prices he was referring to was that negotiated under the Commonwealth Sugar Agreement. This agreement has been operating for many years indeed, and over those years it has given stability to those Commonwealth countries who export raw sugar to us: for many years it has given them a price far in excess of the world price, and if one took the level of advantage and disadvantage over the post-war years—since this agreement has been in operation for 20 years—one would find that it has been greatly to the benefit of the Commonwealth exporting countries. It is true that at the moment the world sugar price is higher than that which was negotiated, but even the price that we as the United Kingdom were paying has been upped over the past few months to a high level of return for the Commonwealth sugar-exporting countries; and, of course, Mr Laban was right when he said that a reasonable price must be negotiated for any future agreement between those countries and ours. That is the first point.

The second point really concerns Mr Martens more than anyone else. He is worried—as I said, understandably—on behalf of the sugar beet producers in Europe, with regard to the position we are going to be in in Europe in the years ahead. At the moment there is a shortage, and of course none of these problems of being in the position of having to import into Europe sugar from overseas has any impact whatsoever. The world price is high, and every bit of sugar that can be grown is welcomed onto the world market. And so the points made in the opinion drafted by my honourable friend do not really apply at the moment. Mr Martens' anxieties concern what will happen if the situation changes—whether, if there is a surplus of sugar on the world market, the beet producers in Europe will suffer because they have to import 1.4 million tons, because they have to become a net importer of the 600 000 tons which he mentioned as the difference between importing and exporting the 800 000 tons of the Commission proposals.

Scott-Hopkins

In my view, Mr President, if we are going to give stability and honour our obligations to those other countries then indeed this is not too high a price to ask of sugar beet producers in the Community. Consumption is going up. My honourable friend mentioned this fact. It is going up not only within Europe, but throughout the world, and although one does not envisage this position of a surplus happening in the near future, or indeed in the medium-term future, by the time that it does occur, by the time that production does increase, then indeed I have no doubt that the level of production in the Community will be such as to be perfectly capable of sustaining a healthy beet industry throughout the Community at that high level of production. And so, Mr President, I would strongly support the proposals made by my honourable friend in his report and I not only commend the report to this House but congratulate the two draftsmen of opinions, who have come to an agreement with my honourable friend, Sir Douglas Dodds-Parker, on what I think is of vital importance—namely, the three points that we as a Community should join the International Sugar Agreement, that we should honour our obligations to import into this Community 1.4 million tons and that we should therefore be a net importer should the moment arise, even given rising consumption, of surpluses in Europe.

With these words, I commend the report to the House.

(Applause)

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

Mr Liogier. — *(F)* Mr President, honourable Members, so we are now asked to give our opinion on Sir Douglas Dodds-Parker's second interim report, which looks very much like a twin brother to its predecessor, particularly as regards 'imports of sugar from the developing countries in the light of the Commission's Memorandum of 12 July 1973.' This, then, is very much a report with a point to make—and it makes it from the outset. Its title tells us as much.

If we follow the rapporteur, we shall see that we are not—God forbid!—to weep any tears over this trivial matter of the rights and interests of beet sugar producers within the Community, unless, of course, we can face the impossible task of proving the urgency and the necessity of the sacrifices they are required to make, despite the economic trend, on the altar of this future sugar policy, in favour of producers and

exporters in developing—or other (a detail the title of the report omits)—countries, almost all of them belonging to the Commonwealth, whether the criterion be the number of countries involved or the quantities to be exported.

This peculiar and uncommon agricultural policy clearly departs radically from the Common Agricultural Policy which is, I understand, based on Community preferences thus far practised, which it is our firm intention to preserve and strengthen. There can consequently be no question of our agreeing to such a departure. We remain nonetheless willing to abide by our commitments which are already very heavy—but we cannot exceed them. We would therefore have given our ready assent to a title which put the Community's producers on the same footing as the others. Such a title might be worded: 'Report on the future sugar policy of the Community as a whole, concerning both Community Sugar production and imports from or exports to developing countries in the light of present and foreseeable prospects.' A good deal of ink has indeed flowed under the bridges of the Thames and Seine since July 1973, and the light of this Memorandum has gone out like a candle.

The Memorandum does not fail to record the constant increase in the consumption and, correlatively, in the price of sugar since 1968. It also notes that production cannot keep up with demand; yet, paradoxically, its whole emphasis is on measures to be taken in the event of overproduction. The possibility of a sugar shortage is barely touched upon. The Commission regards the situation of shortage as but a passing, short-term economic phenomenon, whereas it is in fact related to the structures of production themselves and to market demand. Indeed, the trend has gone on unchallenged since 1968, and world prices have gone on soaring up at high speed ever since the Memorandum was published.

These are hard economic facts. Why, then, expect a reversal of the trend when on a world scale the need becomes ever more pressing and producers outside the Community are gasping to meet their commitments and anyhow contemplating partial conversion to other lines such as cotton, which are becoming more and more profitable. In the cotton industry, for example, there has been a 160% increase within 15 months, following the oil crisis and resulting difficulties in the manufacture of synthetic fibres. We also think it should be realized that the Memorandum of 12 July 1973 has now been well overtaken by events, and that the time has come to replace it by a new and more realistic text on which we could place useful reliance,

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which we have time to do following the failure of the World Conference on an International Sugar Agreement and the suspension of negotiations.

We have reached a transitional stage in which production is regulated by a system of quotas, in force since 1968. Each of the Member States has a basic quota, called an 'A' quota, which enjoys the benefit of a good guaranteed price (selling price). The same applies to a further proportion beyond the basic quota and up to the limit of the maximum quota or 'B' quota, which is 135% of the basic quota. This latter part, however, is subject to a production levy as well as an export levy. For the producers this means a much lower price than that of the quota. Beyond this there is no price guarantee, and any losses sustained on the disposal of surpluses are entirely for the account of the trade. For the year 1973, for example, the distribution picture in France was roughly as follows: two million tons of 'A' sugar and one million tons of 'B' and 'C' sugar, the tonnage of 'B' sugar being double that of 'C'.

In its Memorandum the Commission takes the view, on the one hand, that if the Community wishes to take part constructively in negotiations on a future International Sugar Agreement, it is desirable, if not essential, that it should do so as a net importer. On the other hand, the Commission refers to Protocol 22 to the Act of Accession, under which the Community is required to import 1 400 000 metric tons of cane sugar from developing countries, i.e. 1 345 000 tons under the Commonwealth Sugar Agreement, which is refined in Great Britain, and 51 000 tons only from Surinam, Malagasy and the Congo. Note the disproportion between these two figures. The Commission also estimates that, of the 1 400 000 tons imported, 800 000 tons of sugar could be re-exported onto the world market, and spells out the following conclusion: 'Under these conditions the Community would have the status of net importer under the Agreement and its imports would exceed its exports by at least 600 000 metric tons.' The Commission adds however, that in the event of a shortage on the world market no quantitative limitation should apply to exports from the Community. But how could producers, planters and manufacturers of sugar agree to make the investment necessary to meet market demand if the outlet they are offered is limited to a situation which, by the Commission's own criteria, is of an exceptional nature?

You have just heard Mr Scott-Hopkins tell us that we must give serious guarantees for the future to outside producers, in the Commonwealth probably. But what about the others?

Is it at their expense that such guarantees must be given? The Memorandum keeps to the quota system in production, rejecting the quantum principle, which makes no price discrimination based on volume of production. We therefore have basic quotas, the so-called 'A' quota, and maximum quotas, the 'B' quota, but the stipulation is that any production exceeding these maximum quotas is not to be sold either inside or outside the Community, and must therefore be laid up till the following season. Since this causes delays, it amounts to pure Malthusianism at the cost of the Community producer. The basic and maximum quotas are fixed for each sugar undertaking within the Community. The undertaking is allotted a basic quota representing 93% of its average production for 5 years, i.e. between 1968 and 1973. The quota is granted on a permanent basis for 85% of the quantity involved, and on a provisional basis for the remaining 15%. Unfortunately, I do not have the time to analyse this document in a more complete and thorough way, so I have kept to the essentials.

In his motion for a resolution, the rapporteur, Sir Douglas Dodds-Parker, states that he is in agreement with the Memorandum, and moreover considers that in times of surplus exports of sugar or beet from the Community should be cut down in accordance with agreed quotas, as if, at the touch of a magic wand on demand, the acreages under sugar beet within the Community could be increased or decreased accordingly. On the other hand, the rapporteur does not fail to insist on the need to provide for reasonable refining margins susceptible to annual adjustment in case of need. But to our way of thinking these reasonable prices should also be guaranteed to all exporting producers outside the Community. Even if we do not see eye to eye with his ideas on a sugar policy for the Community, we must congratulate him both on the job he has done and on his lucidly expressed clear-cut choices.

We must also congratulate Mr Bangemann, draftsman of the opinion for the Committee on External Economic Relations, who, like ourselves, declines in his conclusions to accept that the Community should be reduced to the role of a net importer.

We of the Committee on Agriculture have examined at length the Memorandum of 14 July 1973, and I should like to inform the House that we have taken a big part in the study of the excellent draft opinion drawn up by Mr Martens. If I abstained at the final voting, it was not because I disagreed with him, since I approve of his draft, but because I would have liked him to come out strongly in favour of

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the Community's being a net exporter of sugar. I therefore support his draft opinion. I must point out at this juncture that the principal amendment he submitted to the Committee on Agriculture was given a unanimous vote by that committee. Once the vote had been taken, I saw no point in reverting to the matter.

It has, however, been decided otherwise, most French Members being away this morning to attend to their national obligations; as a result, the text which had originally been adopted unanimously was rejected in favour of the de Koning amendment. I find this absolutely deplorable. The outcome was that a decision of the Committee on Agriculture was reversed from one sitting to the next. Mr Martens, who is consistent and a respecter of decisions already reached, was also asked to make appropriate adjustments to his text, which had been unanimously adopted and which we back as co-signatories.

Finally, since the EEC is self-sufficient in sugar with production at 10 million tons—which has had the virtue of preventing a rocketing of prices and depletion of stocks—an annual import of 1 400 000 metric tons, from developing countries or elsewhere, does not meet any need. This is a political gesture aimed at providing the countries concerned—or keeping them provided—with price guarantees and outlets.

By proposing that the EEC should, on the one hand, commit itself to importing 1 400 000 tons and, on the other hand—and more particularly—to limiting its exports to 800 000 tons, the Commission is afflicting the European producers with the threat of an arbitrary cut of 600 000 tons of sugar produced, which represents a reduction of acreages under beet by 100 000 hectares. Neither the world situation nor medium-term prospects justify this. A 600 000 ton cut in European production constitutes a threat not only to European producers, but also to the consumer.

It just does not make sense for the EEC, which can cover its own needs fully by home production, to go and deliberately place itself in a position of dependency on third countries. The dangers of this kind of dependency have been amply demonstrated, first by the protein crisis, and now by the oil crisis.

According to the Commission, the cutting of EEC exports would be justified by a need to promote the growth of production and exports in the developing countries. In this connection, the following points should be stressed: most of the Commonwealth countries concerned have not been able to meet their international commitments during recent years. A unilateral com-

mitment on the part of the EEC to limit its exports on the world market would not, in fact, help the exporting developing countries, because, more often than not, these countries lack the financial, human and technical resources necessary to achieve increases in their production. The real beneficiaries would be the developed countries of the southern hemisphere, South Africa, Australia, Brazil and some countries in the East. The Commission's proposal overlooks the countries of the developing world which are importers of sugar—and the vast majority of the Third World's populations are involved. These countries can only satisfy their sugar requirements if supplies are abundant and world prices within their means. Under present conditions they have to pay twice as much for their sugar as the European consumer.

Since the Commission's Memorandum was published, two new facts have changed the situation fundamentally. First, there was the International Sugar Conference, held in Geneva in September and October 1973, which failed to produce an agreement; then there is the rise in oil prices, which has brought about a radical change in world economic prospects.

To conclude, the Commission's memorandum on sugar is now out of date in a number of fundamental respects. There is an urgent need to revise it. Such revision could take a number of basic factors into account: the Community must be able to balance its imports of raw sugar from the Commonwealth by equivalent exports of white sugar, giving the Community its place among the net sugar exporters; a commitment to limit or reduce European sugar production is not conceivable within the framework of a future International Sugar Agreement unless a chronic surplus situation develops on the market, and is acceptable only within the context of a general commitment shared by all developed countries exporting sugar.

The Memorandum is all the more out of date in that the Commission has just discovered for itself, at last, that we are experiencing a condition of structurally conditioned shortage, and has now recommended new measures which contradict those we are discussing at present—and what measures! In order to keep the 'C' quota within the Community, it is now to be subjected to an export levy, which means that on the Community market these 'non-guaranteed' tonnages will not even be able to benefit by any favourable world economic trend involving high export prices. Parallel with this, the Commission is making feeble gestures towards expanding the 'B' quota from 135% to 145%, perhaps with the idea of providing some slight compensation

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for losses sustained by producers paying tax on their 'C' quota exports.

Indeed, in none of the proposals do we find a coherent guiding line. All we see are erratic measures, which can only serve to discourage our producers from putting land under beet, and thus perpetuate the world sugar shortage.

(Applause)

President. — I should like to express my sincere thanks to Mr Bourges and his colleagues for returning to Luxembourg in spite of the considerable amount of work they have to do at home.

I call Mr de Koning.

Mr de Koning. — (NL) Mr President, I would also like to begin by congratulating Sir Douglas Dodds-Parker, who as rapporteur has had to investigate this very complicated matter; against the background of an obscure world market situation a number of divergent interests have had to be weighed against each other, to produce a defensible report. The fact that no fewer than three committees were involved in the task of formulating this report testifies to the many-sided nature of the question.

May I extend my congratulations also to Mr Martens, to whom, as draftsman of the Committee on Agriculture, fell the arduous task of working out a common denominator—in consultation with Sir Douglas—to combine the points of view of the Committee on Agriculture and of the Committee on Development and Cooperation. In this he has succeeded admirably.

You may well ask, then, why I should still find it necessary to address the House after Mr Martens, and this in a somewhat different key from the one he adopted. This is not out of any desire to oppose my fellow group-member's argument, or to involve myself in discussion with him on all manner of questions which have cropped up in his contribution, or on all the objections he has raised.

In every case the questions and the objections were reasonable, and the discussion on them will go on for years—also between him and me—on every future occasion which involves the Community's sugar policy.

I asked to address the House in order to give the clearest possible expression to my own viewpoint on European sugar policy. In this I shall endeavour to let myself be guided by the consideration of long-term objectives and not let myself be entirely overwhelmed by the difficulties which undoubtedly are there, if these long-term objectives are to be achieved.

I have ascertained that, on the main issues, there is agreement between us; this agreement is embodied in paragraphs 1 and 2 of the motion for a resolution, in which it is made plain that a guarantee is given for the import of 1.4 million tons of sugar from developing countries. This guarantee stipulates that the sugar is to be imported at a fair price. As the rapporteur correctly points out, this guarantee meets the Community's moral obligation *vis-à-vis* the sugar-producing developing countries. Moral obligations, however, tend to get whittled down to pious intentions or high-sounding words, unless at the same time concrete measures are taken to discharge the moral debt. This is but a first step in that direction, and amounts to no more than a declaration of intent. On this very point a number of difficult steps will still have to be taken. In the first place there will be the conclusion of a new Commonwealth Sugar Agreement subject to the guarantee of a fair price, as required under paragraph 2 of this motion for a resolution. In the second place will come negotiations leading to a new International Sugar Agreement, to which the main producing countries will be parties.

And in the third place it is essential that the Community should work out a clear sugar policy, making it possible to accept the discipline which the conclusion of international agreements involves.

In Sir Douglas Dodds-Parker's motion for a resolution these successive steps are indicated but not worked out in detail. There is no apparent need for this. Various speakers have already pointed to the present situation of shortage on the world market, indicating a need to step up sugar production wherever possible and as far as possible. In a situation like this it is not an attractive prospect to take measures aimed at controlling the volume of production and the prices of the product in the event of surpluses arising. Yet it would be shortsighted on our part not to consider these possibilities.

On the contrary, it is precisely at a time when there is no immediate need for a system of production control, so that such a system need not hurt anyone, that measures of this kind should be worked out, relevant to a different context of market conditions which is likely to recur. We are all familiar with the inconstancy of the world market for agricultural products and must be prepared for the appearance of market conditions such as prevailed only a few years ago, and under which production and sale will have to take place in quite different circumstances. The Community and the other sugar-producing countries should already be getting preparations under way, through the

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conclusion of a International Sugar Agreement and by working out a corresponding internal policy. This should be done at once, with the present situation in mind.

Mr President, none of this detracts from the fact that I am specially taken with the unambiguous statement in this resolution, to the effect that we acknowledge our moral obligations *vis-à-vis* the developing countries, and intend to discharge them by opening up our markets to their products. It inevitably follows, however, that our own production will, under given circumstances, have to be curtailed. Acceptance of this resolution implies a readiness to do just that.

(Applause)

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I think I can be very brief in dealing with this matter, particularly as our feelings generally have been so ably expressed by my colleague, Mr Liogier, but I cannot let the occasion pass without mentioning my admiring astonishment at the solid phalanx of our British colleagues here this morning for the decision that we had to take as to whether this very important question should be postponed for further and more mature consideration or be taken now in the absence of so many of our French colleagues. It is particularly remarkable to see the zeal of our British colleagues against the background of the new policy towards the EEC and Europe generally announced by the new British Foreign Minister.

It seems to us, Mr President, that the issue to be decided here is particularly difficult because we would not advocate at all that the Community go back in any way on commitments that it has made to sugar producers in the developing countries, or on obligations that a developed Community such as this would have to undeveloped and comparatively poor communities such as they.

One wonders if this is really the issue at stake at all. I suspect, Mr President, that it is not. I suspect that the act we are contemplating now is purely a political one which consists in making a choice as to who will be thrown overboard in the event of a surplus situation. Who is to be chosen? The Community beet growers or the Commonwealth producers and the people who refine their sugar? I am afraid that the recommendation would appear to be aimed straight at the prosperity of the Community beet grower. Here I speak on behalf of the Irish sugar-beet industry, which makes a very modest claim: we

have the capacity, both agriculturally and industrially, to supply the island of Ireland. We have been doing this; we merely ask to be allowed to continue to do so. This, I think, is a modest enough request, and it is that that we seek to defend. We seek to defend the interests of the sugar-beet growers and of the people employed in the sugar-refining industry of our own country.

Above and beyond that, we are conscious of the fact that the economic future of a great many thousands of Community farmers in countries such as France, Belgium and the Netherlands is also bound up in this. It would be regrettable indeed if these farmers' future were to be jeopardized for some obscure political motive which, in spite of the attitude of our British colleagues, which, to say the least, is equivocal, is astonishingly unanimous. It is an attitude that we find very difficult indeed to understand, and we reason, I think, fairly enough that its motivation is clearly political. The Community not only has responsibilities as laid down in Protocol 22, it also has a responsibility to its own growers. It has the economic capacity to meet its own sugar requirements, and I think it would be unwise, to say the least, for the Community as a community, as my colleague has just said, to commit itself to a long-term programme of planned insufficiency, or a lack of self-sufficiency, when it has, with its own resources, the capacity to satisfy all its sugar requirements.

I fear, Mr President, that the people about whom we are expressing most concern and for whom it is right for us to express concern—namely, the poor sugar producers of the Commonwealth countries—may not be the real beneficiaries of this policy. I fear that it is the more highly developed countries, such as Australia, Brazil and South Africa, who would really benefit from this, apart from the British sugar-refining industry itself.

Taking it all in all, Mr President, since I know that you are anxious to press forward with the debate, I would sum up by saying that we cannot accept this report, clear and concise though it is, because I think it runs counter to the interests of Community sugar workers and farmers generally, and it introduces into our Community a political objective which in our opinion is indefensible.

President. — I call Mr Thornley.

Mr Thornley. — Thank you, Mr President, for giving me the floor. What I have to say is very brief. I voted for the debate going forward on this report, but I share Mr Gibbons' reservations about debating it in the absence of so many of

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our French comrades. I only voted for the debate because I felt, as was forcefully pointed out by, I think, Mr Kirk, that our French comrades will also be absent in two weeks' time.

I should like to explain very briefly the manner in which I intend to vote on the amendments and on this report. I should have liked to explain this to my group, but the fact that the Irish budget was announced this week prevented my coming here earlier.

Like Mr Gibbons, I speak as a representative of a country for which the production of sugar beet is a primary form of agriculture, I share the concern expressed by Mr Martens about the sugar-beet producers' fate if these recommendations are accepted, and I agree with Mr Liogier that the memorandum is out of date, since it dates from July 1973. I share Mr Laban's concern for the Third World, but, like, Mr Gibbons, I am a little sceptical that the Third World is really present at this debate. If aiding the Third World is to provide assistance for the importation of cheap cane sugar from former British imperialist countries which are now in the stage, if I may use the Marxist jargon, of neo-colonialist finance capitalism, I do not quite understand the alliance between the Socialists and the English Conservatives on this issue. As far as I am concerned, I am not anxious to add to the dividends of the shareholders in Tate and Lyle. We have a saying in English that 'charity begins at home', and I think that Socialists should bear this in mind. Only a Socialist totally dedicated to low consumer prices at the cost of primary producers could disagree with the concern that Mr Gibbons has expressed, for the small beet producer very often is very near to the poverty line. Mr de Koning spoke of moral obligations towards the Third World; well, I have already expressed my scepticism about English Conservatives' loyalties to the Third World.

(Protests)

For my part, I have moral obligations towards the beet producers of my own country, and I therefore intend, in the vote on this report, to do something which I rarely do in this House: I intend to put my country before my group.

(Applause)

President. — I call Mr John Hill.

Mr John Hill. — Mr President, I had not really intended to take part in this debate until I heard some of the other speeches, and I really must take some issue with Mr Thornley. I had never thought of his country as being quite a developing country, but I must remind him that several

millions of his fellow countrymen are deriving a good living in mine, and may they continue to do so!

I am very glad that we have come to this debate, because it is important that the questions covered by Sir Douglas Dodds-Parker's report and the later debates to come on the reorganization of the Community's internal sugar régime should, if possible, be completed by September of this year, because the sugar producers, not least those in the Community, including the small Irish producers, want to know where they are. Yes, sir, I should like to declare a personal interest—perhaps I am the only person in this debate so far to have done so—for I am a sugar-beet producer myself. I should like to expand my acreage, but I put forward the implementation of the sugar provisions of the Treaty of Accession as a fundamental test of the good faith of my country and of the Community and for some twenty years my wish to expand sugar-beet production has been restricted by the obligations which I shared towards the developing countries of the Commonwealth and now of the Commonwealth countries plus the others who are concerned (admittedly only a few of them). I therefore strongly agree with the sentiments expressed by Mr Bangemann.

Yes, I would say to Mr Gibbons, I think it is a political decision that the Community, and the United Kingdom before it, should take on the sugar produced in the developing countries. Admittedly, this year and last the effect of the long-term contract has been to give my country sugar at a very favourable price. That is not the usual situation: nine years out of ten it is very much the other way. At the moment, however, I agree that prices have reached such a fantastic level that all agreements and all previous arrangements seem somewhat out of date. I do not, however, believe that they will remain out of date for very long, for there are many factors at work which are likely to bring world sugar supplies back to a condition of surplus, and it is comparatively easy to expand the production of sugar. It has therefore always seemed to me that the difficulty consists in finding suitable arrangements for breaking into this complex—indeed, this almost vicious circle—of world and internal sugar demand and supply, and a convenient break-in point is the 1.4 million tons which the Community is guaranteeing to import—assuming that we accept this report and it is acted upon.

I think the arguments about net importing are rather emotive, because until enlargement the Community was clearly a net exporter of the order, I think, of about 800 000 tons, so that the commitment to be a net importer in future is

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merely recognizing the fact that the result of enlargement makes net importation a proper reflection of the balance of sugar production in times of balance between supply and demand. Not, admittedly at the moment, but I realize that farmers everywhere, and indeed organizations who perhaps should know better, do not sufficiently realize that all these arrangements, all agreements, are designed to cope with times of surplus and that all restrictions and regulations are waived in times of shortage. It would be more useful if we were to consider these 1.4 million tons as an integral part of Community domestic supplies and accept them as such. The difference between me and, for example, Mr Liogier is that he does not want to accept them as such, he wants to give complete priority to the European sugar producer. I can see that as an aim; I can see that the European sugar industry and the very powerful and persuasive arguments made on its behalf would like to consolidate the expansion that is coming forward to meet present and immediately prospective shortages as a permanent part of European industry at the given priority over these overseas supplies. Sir, I believe that this is wrong, for the reasons with which I started this speech, and that it might lead in the none-too-distant future to a most expensive sugar mountain. I therefore very much hope that this report will be passed.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, before I proceed to the examination of the reports which have been submitted and formulate the Commission's comments, let me say first of all how highly we appreciate the work done by the committees and, in particular, by Mr Bangemann on behalf of the Committee on External Economic Relations and Mr Martens on behalf of the Committee on Agriculture.

I should also like to express my great admiration for the perseverance, the intelligence and the skill which the rapporteur for the Committee on Development and Cooperation has brought to bear in the endeavour to find a common line with those of the other committees.

In this way he has not merely produced a report of high quality, but has made it abundantly clear that a good many of the conflicts we imagine to exist between our obligations *vis-à-vis* the developing countries and the Common Agricultural Policy are largely imaginary. I think the fact that Sir Douglas Dodds-Parker has managed to present a motion for a resolution

which, as we have just heard, has met with the approval of the rapporteurs of the other committees, shows that this very important subject can be treated in such a way as to take into account all the interests concerned.

Mr President, today's debate covers the external sides of our sugar policy; I shall therefore limit myself to this field, since my colleague, Mr Lardinois, is obviously much better equipped than I to discuss the other aspects when the time comes.

As regards these external aspects, I notice at the outset that the rapporteurs of the Committee on Development and Cooperation and the Committee on External Economic Relations accept the fundamentals of the Commission's Memorandum of 12 July. It should be realized that this Memorandum is out of date in certain respects, and this is freely admitted here. It does indeed need revision. Chapter 4 in its entirety covered the International Sugar Agreement before the autumn meetings, which, of course, do not lead to any different conclusions, but to a different presentation of the facts. The new facts are many, as the report of the Committee on Agriculture correctly stresses; price levels throughout the world have soared; then there is the present shortage which, unfortunately, looks like continuing for some time, if we may judge by the depletion of stocks which has been going on from year to year since 1970-71, and by the outlook on world consumption, now exceeding 80 million metric tons and likely, according to some authorities, to rise to 100 million metric tons. It is therefore necessary to re-examine the statistical data, the data in figures, and to readjust certain portions of the Memorandum; however—and I must make the point in order to obviate any misunderstanding—as regards foreign policy, the Commission has no intention of making any change in the principles which have been put forward.

When must we submit another Memorandum? Mr President, we think the moment for this is approaching, and this is one reason why we welcome this debate, which was perhaps not desperately urgent for a week or two but was due round about this time, precisely because of the need to give careful consideration to the various feelings expressed in this House. Indeed, the connection existing between external problems and intra-Community problems cannot be doubted by anyone. This fact is well emphasized in the report by the Committee on Agriculture, which states that the external aspects of the Community's sugar policy cannot be dissociated from its intra-Community aspects. This is an accepted fact.

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On the external side then, as several speakers have pointed out, we shall soon be faced with our commitments, when the Commonwealth Sugar Agreement expires at the end of this year, and when, as a result, discussions have to be launched within the framework of negotiations with the countries of Africa, the Caribbean and the Pacific, at the earliest possible date. In any event the future association will have to be got on its feet on 1 February 1975, which means that time is running short for submitting our proposals. Although, at intra-Community level, sugar policy has been decided until the summer of 1975, we have, by reason of this connection between external and internal problems, an obligation to formulate our policy without delay; Mr John Hill pointed this out very well just now. So this is a point of the motion for a resolution on which the rapporteur will allow me to say that there is some doubt. As regards paragraph 4, he states that it is premature to go into certain aspects of the sugar policy.

Mr President, having said this, I should like to revert to the fundamentals of the external policy. These are well explained in the proposal for a resolution submitted to you, a draft resolution which acknowledges the validity of these principles, and this will allow me to proceed fairly quickly. In the first place your motion for a resolution recommends that a firm commitment be entered into with the developing countries with whom we shall be entering into contractual relations for a guaranteed purchase of 1 400 000 metric tons. This would be taking place within the framework of the future Association Agreement, a five-year agreement, and the Commission, for its part, has recommended that this should be so, and will keep strictly to this principle.

'This is a political gesture', says Mr Liogier with regret. 'This is a political gesture', says Mr Laban with satisfaction. On this point, the Commission is with Mr Laban. Yes, this is indeed a political gesture, namely, a guarantee extended to certain countries to enable them to plan their production; what is involved is a particularly important form of development aid. If there are people here who think we should not have a development aid policy, let them say so. But if it is admitted that we must have a development aid policy, it must assume forms which suit the countries whose development we are aiding, and in this respect a guaranteed tonnage is an important factor, particularly if this is expressed in fairly comprehensive conditions, such as those to which the draft resolution draws attention, that is to say that there is provision for making food supplies if one of the exporting countries does not want to meet its commitments—this is paragraph 3 of your motion for a resolution—

and that there is a reciprocal commitment to supply the goods tied to the commitment to take them.

It therefore seems to us essential that this guarantee of 1 400 000 tons be offered to our future partners. Essential as it may be to extend this offer, Mr President, this in one way detracts from the importance of an observation which is made in one of the amendments, to wit that 'it is both wrong and desirable to base the balancing of the Community's sugar situation on an absolutely assured import of 1.4 million tons.' I think we should dwell for a moment on the reactions which this amendment arouses.

The Commission considers that we should be prepared to guarantee our partners 1.4 million tons, subject, reciprocally, to a commitment to supply the Community with this quantity. The Commission thinks, as is stated in your motion for a resolution, that the price mechanism should be such as to ensure the exporting countries a fair deal. You know that the Memorandum of 12 July proposed a mechanism which makes use of a reference price, and, unlike the Commonwealth Sugar Agreement, the assurance that, should the reference price fall below the Community price or the world price, the commitment to purchase will be made either subject to the world price or to the Community price, whichever is the lower.

The present position is that the Community price is a good deal lower than the world price. This is common knowledge. It will be realized that this Community price is a result of the Common Agricultural Policy, to which we are all attached and which conditions all our thinking on the subject, since there could be no question of the Commission going back on any of its fundamental aspects. I am therefore not sure, or at any rate I could not under these conditions vouch for the fact, that our partners will wish to take on in full the quantity we are offering, and must offer, to them, i.e. the guaranteed 1.4 million tons. It is a matter, therefore, of making them this offer and then, during the negotiations, ascertaining how close they want to come to the contractual level. Mr Laban has already made this remark, which seems to me to be quite basic. In other words, let us offer the guaranteed 1.4 million tons on terms of reciprocal commitment as laid down in the resolution, and then see what transpires during negotiations.

Mr President, the subject of our foreign policy on sugar leads me to express myself in a more clear-cut way on the responsibilities which, in the Commission's view, devolve on the Community in the field of sugar.

Cheyssou

First of all we have a responsibility for helping to keep the balance on the world sugar market, and this fact is keenly appreciated by the rapporteurs; it is reflected in paragraph 6 of the motion for a resolution now before the House, which states that beet sugar exports from the Community should in times of surplus be limited in accordance with quotas agreed within the framework of the International Sugar Agreement, which should be signed by all producing countries. This, then, is a statement of recognition of our responsibilities. This recognition is a matter of principle and of fundamental importance. As far as the Commission is concerned, the wording of paragraph 6 of the resolution proposed by the rapporteur is beyond criticism and entirely in harmony with the policy we must follow.

What would be the result of our acting in this way if one day there is again a sugar surplus? Mr President, it would certainly be no easy matter to put this down in black and white right now, since we do not know at what point the balance will be struck—the question being how far sugar consumption will have grown throughout the world, what world commitments will have been agreed on. We think, and Mr Scott-Hopkins pointed it out just now, that the balance will be struck provided the commitment rightly recommended in the motion for a resolution has been observed in the meantime.

Our responsibilities, however, are not limited to balancing the world sugar market in the producers' favour. The Committee on Agriculture very rightly points out in paragraph 11 of its report that the Community has a responsibility in the matter of ensuring world supplies of foodstuffs. This responsibility is apparent in all sectors of world food supply, in which we are major producers. We have never disputed this when it came to cereals; it applies to dairy produce, and it is important in the field of sugar.

This is a fact which I think we should at all times keep in mind. During times of shortage—and we are at the moment going through such a time with regard to most of the products I have just mentioned—this question of responsibility becomes acute. For this reason the Commission is pleased to see that the motion for a resolution tabled by Sir Douglas Dodds-Parker mentions reserve stocks and refers to food aid in the form of sugar.

You will be aware that from now on, in the three-year programme recommended by the Commission and, I believe, due to be discussed by this House before long, we have proposed that sugar should form part of the Community's food aid programme, the quantities ranging be-

tween 10 000 and 40 000 metric tons. This, I admit, is a modest figure—too modest in relation to the figures which have been mentioned elsewhere—but it does reflect the responsibility we accept in the matter of food supplies, especially supplies of the most nutritional foodstuffs. And this, Mr President, leads me on to the subject of our aid policy towards developing countries in a more general way, because I think we should indeed see this chapter on sugar within the context of our overall policy.

In this respect I am very interested in the remarks embodied in several points of Sir Douglas Dodds-Parker's report and Mr Bangemann's opinion.

Allow me to read out this passage from Mr Bangemann's opinion: 'Is it advisable to continue supporting a one-sided and precarious bias towards sugar production in the countries concerned?' The Committee on External Economic Relations feels that this problem should be examined by the appropriate Community institutions.

I think that here we are touching on a very important point. It seems to me—and I have had the opportunity to discuss this subject with each of the Prime Ministers of the cane sugar producing countries, excepting those of the Pacific which I did not visit—that for each of these countries it is very important to know the economic future and the real returns to be expected from production.

A very thorough survey will have to be undertaken in this field, and it will have to be done quickly.

Mr President, wherever the conclusion is reached that cane sugar is being produced, or can be produced under competitive conditions, I have no hesitation in saying that if the Community commits itself to an association with these countries, it will have to make a contribution to the modernization of production processes, and possibly even to their development, and that it will also have to help to make these production processes a viable proposition. It is at this point that the problem arises of what refining capacities should eventually be installed in some of these countries.

These problems are by no means simple. The problem of refining capacity, as you know, raises technical difficulties in particular due to the fact that sugar travels badly in tropical areas and that, after refining, any sugar travelling through very humid areas may deteriorate.

It will not therefore be possible in every case to install refining capacity. Yet it seems to us that when the conclusion is reached that devel-

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opment of production is possible and desirable, the case concerned will have to be looked at carefully. In some cases we have no doubt that a survey will lead to favourable conclusions.

Unfortunately, there will also be the other kind of decision, where it is found that the production of cane sugar is not competitive in relation to the world market. This was found to be the case with some of the Caribbean islands, which have cut down production of their own accord on this account.

I think, Mr President, that here, too, we should be ready to accept our responsibilities and give systematic help to any countries which have reached this conclusion, work out some conversion scheme, try out new crops and new sources of income.

I do, however, think that the guarantee we are offering as regards tonnage and price is all the more important for such countries, because it provides them with an assurance that they will not be crushed by the millstones of economic reality and will be given the time they need to carry out any changes which may be feasible. In some cases a lot of time will be required; those countries will need to have certainty in this field.

Mr President, several speakers here have cast doubt on the value of the commitments we are having to enter into *vis-à-vis* developing countries which produce cane sugar. Let me then earnestly entreat these people to go and visit those countries, to see for themselves what this production represents in the way of intensive employment against a background of—almost invariably—desperate poverty by our standards.

If only the sugar cane had the good taste to grow in developing countries with which we are associated and which are particularly rich! But no, it is mainly in the poorest countries that the sugar cane is at present grown. And owing to the tens of thousands of jobs, the hundreds of thousands of families the sugar cane keeps alive, that crop represents a factor of social and political equilibrium we have no right to disturb, especially in particularly vulnerable areas.

There is therefore no question—and this is fundamental to our philosophy of development aid—of supporting any production which has no future, nor is it a question of tying the world economic order into knots in order to keep unviable industries on their feet.

The idea is that wherever there is scope for profitable operation, an effort should be made to improve conditions, to make them viable as far as possible, and wherever the industry is not sufficiently viable and cannot be improved, to infuse the country in question with the courage,

give it the time, equip it financially and technically, provide it with commercial outlets—in a nutshell, aid in every possible form, so that it can manage by stages to find an alternative way of making a living.

This, Mr President, seemed to me to require underlining within the framework of a general policy of development aid.

Almost my closing remark on behalf of the Commission is that what your rapporteurs have said about the International Sugar Agreement of course corresponds quite closely to the Commission's ideas.

On page 10 you state that 'given the Community's considerable weight as the largest exporter of white sugar on the international market, it should plan a part in the future International Sugar Agreement and even take the initiative in resuming negotiations.' Mr President, this is exactly the position the Commission has adopted, and there is no need for me to dwell on it.

Briefly, Mr President, this document is of the first importance. The interest shown by the House clearly reveals this.

However, it has some of the features of a precedent, and I should like to briefly point these out. It involves developing countries which are particularly poor, with which we shall probably be entering into new contractual commitments. We must give them scope in this field: they will avail themselves of it to the degree that makes sense to them.

This is a form of production which exists both in industrialized and in developing countries. To strike a balance between commitments, equally honourable on both sides, is no easy exercise; however, I feel sure that it can be done, and that it is precisely at the present time, when no restriction whatsoever is called for, in any field, that the balance can best be achieved.

This is a subject of interest both to sugar-producing developing countries, and to sugar-consuming developing countries, both with equally legitimate interests. Here, too, there is a balance to be struck which seems to me as being of the greatest importance.

Finally, Mr President, the methods of action envisaged by the Commission, and which the proposal for a resolution will put on record, themselves present the features of a precedent: the search for a genuine international agreement, for an agreement involving all the interested countries, an agreement covering regulating stocks managed in a neutral manner by all the producers and consumers—this is a goal

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with a scope far transcending the narrow issue of sugar, its application being equally commendable where a number of other raw materials are concerned.

As regards the guarantees we are proposing, the fairly complex system of reciprocal commitments, I think that there also we are setting a precedent; and I do not by any means exclude the possibility that, as Sir Douglas Dodds-Parker very rightly said earlier, we may some day have to take similar action with regard to other raw materials.

Finally, as I have pointed out, all this fits in with our development policy as a whole, which has grown to be a significant Community policy and which I am sure will some day be one of the major policies of the Community.

(Applause)

President. — Thank you, Mr Cheysson.

Ladies and gentlemen, it is 11.40 a.m., and I feel that it would be useful to concentrate on the amendments now.

Does the rapporteur wish to say anything?

Sir Douglas Dodds-Parker, rapporteur. — Mr President, very briefly I would just like to say how grateful I am to our French friends who have come back on this occasion, to thank everybody who has spoken in this very interesting debate and to say that it might enable us to curtail the debate by accepting amendments No 3 and No 7. After our discussion with Mr Martens, in particular, and others, I had hoped it would then be possible for the report to go through without further amendment.

President. — I call Mr Liogier.

Mr Liogier. — (F) Mr President, honourable Members, the Commissioner has just informed us of what was to come out of the new memorandum; this appears to confirm our position and we cannot but be pleased with that.

I must point out, however, that we have never considered, as he appears to assume, that we should have no policy of aid to developing countries. Quite the contrary, Mr Commissioner, but it is not our wish that such a development aid policy should in the first place benefit countries which are already developed.

I thought I had made myself sufficiently clear on this point. However, one would think I failed in this, since you are replying on different lines.

This was what I had to say on the subject of sugar exports to the Community.

But most of the developing countries are not exporters, Mr Commissioner; they import sugar. Hence the Community's interest in exporting and in stepping up its production to a maximum, in order to raise the quantities available on the world market and to enable the developing countries—the real developing countries—to obtain supplies at reasonable prices, which they are not at present able to do.

President. — Does anyone else wish to speak?

The general debate is closed.

We come now to the motion for a resolution.

On the preamble I have no amendments listed.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 4 tabled by Mr Liogier and Mr Gibbons on behalf of the Group of European Progressive Democrats and worded as follows:

Paragraph 1

This paragraph should read as follows:

'1. Is unable to dissociate either in form or in substance the external aspects of the Community sugar policy from its intra-Community aspects. This being the case, it considers that it was ill advised to have removed from the Memorandum those particular aspects concerning imports of sugar from developing countries, while nevertheless accepting the principle of these imports within the context of observation of the Protocol of Accession.'

I call Mr Liogier to move this amendment.

Mr Liogier. — (F) Mr President, under the Treaty of Accession imports from developing or other producing countries to the Community are not refused. But to our way of thinking we should at the same time have discussed the internal and external aspects of the sugar policy, because a serious agricultural economic policy must be based on the data of a global balance. This is the gist of our amendment.

President. — What is the rapporteur's position?

Sir Douglas Dodds-Parker, rapporteur. — Mr President, this of course is the key point. In determining the future sugar policy of the Community, the Commission assumed that the Community would wish to honour commitments entered into under the Treaty of Accession *vis-à-vis* countries listed in Protocol 22 and other developing countries. The committee's motion for a resolution endorses the Commission's proposals in this respect and in particular endorses guaranteed access to imports of 1.4 million tons

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of cane sugar from these developing countries as an essential element. This endorsement constitutes a most important element of the motion for a resolution, and a deletion or substitution of this paragraph cannot be accepted. I therefore move that Parliament reject the amendment.

President. — I call Mr Laban.

Mr Laban. — (NL) It is clear that the majority of my group are in favour of the declaration of principle, and that we are prepared to help the developing countries in their sugar production and to buy up a portion of what they produce. This is in fact the core of the resolution and I should like to assure Mr Thornley that we give the developing countries a high priority.

Socialists have an important starting-point, to wit, solidarity with the weak and the oppressed. This is the point of view from which we look at the motion for a resolution, and these considerations lead us to oppose acceptance of the amendment. And I may add that we shall indeed do everything to see that the producers do not make excessive profits.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2 I have Amendment No 5 tabled by Mr Liogier and Mr Gibbons on behalf of the Group of European Progressive Democrats and worded as follows:

Paragraph 2

This paragraph should read as follows:

- '2. Indicates its preference for a guaranteed revenue for exporters which would ensure their protection against the hazards of economic developments.'

I call Mr Liogier to move this Amendment.

Mr Liogier. — (F) I withdraw Amendment No 5, Mr President.

President. — Amendment No 5 is withdrawn.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3 I have no amendments listed.

I put this paragraph to the vote.

Paragraph 3 is adopted.

On paragraph 4 I have Amendment No 6 tabled by Mr Liogier and Mr Gibbons on behalf of the Group of European Progressive Democrats and worded as follows:

Paragraph 4

This paragraph should read as follows:

- '4. Since the Commission's Memorandum on limiting domestic production is now out of date in the context of the present shortage, which is characterized in a greater increase in consumption than production and by very high world prices to the disadvantage of developing countries (while European producers are paid at an extremely low level), requests a revision of the future sugar policy of the Community, which should reject the position of net importer of 600 000 tons, and instead increase its exports at a profitable price in the current period.'

I call Mr Liogier to move this amendment.

Mr Liogier. — (F) This amendment follows on from the statement I made just now; I see no point in reverting to it. I am saying merely that we must ask for a revision of the Community's future sugar policy, which should not accept the position of being a net importer to the extent of 600 000 tons, but should on the contrary develop its exports at remunerative prices now.

President. — What is the rapporteur's position?

Sir Douglas Dodds-Parker, rapporteur. — Mr President, I would ask the House to reject this amendment. As I have already pointed out the Commission's proposals are flexible in the sense that under conditions of shortage the Community would be free to become a net exporter without quantitative limitations, that in these circumstances there would be no problem of disposal either by domestic or other producers. Your rapporteur rejects the idea that the Commission's proposals are out of date in this respect. It is of course implicit in these proposals that the cane sugar imported from the countries listed in Protocol 22 should not be simply re-exported and sold on the world market. The proposals take account of this requirement, which constitutes an important element of the assurance which the Community would be giving to these developing countries. I therefore repeat that I consider this amendment to be unacceptable and advise the House to reject it.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is rejected.

On paragraph 4 I have no amendments listed.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

President

On paragraph 5 a corrigendum has been distributed in all languages. The end of this paragraph should read: '...points 1, 2 and 8' instead of '1, 2 and 10'.

On paragraph 5 I have two amendments listed:

— Amendment No 2/rev. tabled by Mr Martens, Mr Héger, Mr Liogier and others and worded as follows:

Paragraph 5

This paragraph should read as follows:

'5. Maintains the standpoint previously expressed by Parliament that the Community ought to take part in a new International Sugar Agreement, although wishing at this stage to reserve its position on whether (and if so, to what extent) the Community should eventually be a net importer or a net exporter on the world market.'

— Amendment No 7 tabled by Mr de Koning and worded as follows:

Paragraph 5

The second sub-paragraph of this paragraph should read as follows:

'In the meantime, the Community should pursue a production and marketing policy that ensures Community supplies, and at the same time takes into account points 1, 2, 8 (a) and 8 (b) of this resolution.'

The two amendments can be taken together.

I call Mr Martens to move Amendment No 2/rev.

Mr Martens. — (NL) Mr President, this is where we come to the kernel of the argument. I believe that if we had reached agreement on this point, no amendments would have been submitted by the Committee on Agriculture. I must admit that I could accept paragraph 5 as now revised, if it did not require the explanation embodied in this amendment. Since it is in any case made clear in paragraph 4 that, owing to recent developments on the world market in primary products, and because a new International Sugar Agreement will not be concluded in the near future, it would be premature to put the contents of the future sugar policy on the order paper, we do not wish to express an opinion on the question of whether we are to be net importers. If there is to be an International Sugar Agreement to which all producing countries will be parties, and if it should then turn out that a curtailment of production is necessary, we will offer no objection, but we cannot at this stage determine what our position will have to be at the time when the Agreement comes to be signed. For this reason I am asking that in paragraph 5 a clear reservation be made on the point.

President. — What is the rapporteur's position?

Sir Douglas Dodds-Parker, rapporteur. — This, as Mr Martens has said, is, of course, basic. I discussed it with him on behalf of the Committee on Agriculture but failed to reach agreement with him. The wording which we have in paragraph 5 was, I thought, acceptable to the Committee on Agriculture. Nobody except Mr Martens, as far as I know, is speaking about net importer or net exporter in this paragraph. I explained, when presenting this motion for a resolution why the Commission's proposal regarding the Community's obligation towards the countries listed in Protocol 22 had been expressed in terms of guaranteed access for 1.4 million tons, and the House has now just approved this in paragraphs 1 and 2 of this motion for a resolution, which endorse basic principles. I pointed out that developing countries would want an assurance that these imports of cane sugar will not simply be re-exported. I furthermore underlined that the Commission's proposals were designed to be operative under normal conditions of market supply as opposed to a period of extreme shortage such as that through which we are at present passing. The motion for a resolution endorses the Commission's proposals, whereas this amendment would seek to alter them in a major respect and in a sense which is contrary to the motion now before the House, paragraphs 1 and 2 of which have just been accepted. I must therefore ask the House to reject this amendment.

President. — Does the representative of the Commission have anything to say?

As this is not the case, I call Mr Martens.

Mr Martens. — (NL) Mr President, I wish to put on record only my reaction to Sir Douglas Dodds-Parker's observation, suggesting that I was the only member of the Committee on Agriculture to adopt that viewpoint. I should like to repeat that at a certain stage the Committee on Agriculture adopted this viewpoint unanimously. The majority of the Committee on Agriculture did not, however, consider it necessary to take up this point again in an amendment from the entire committee. So I am far from being the only one to adopt this point of view. The Committee on Agriculture has endorsed all this in its entirety. I wish to underline this.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I wish in the first place to endorse the rapporteur's observations, but now that Mr Martens has spoken so explicitly about the opinion of the Committee on Agriculture, I do feel I should remind the

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House that a compromise was reached on paragraph 5 by a majority of the Committee on Agriculture at their last meeting. And I am happy to say that the rapporteur and the Committee on Development and Cooperation have accepted this. So it was in fact a majority opinion of the Committee on Agriculture.

President. — Does anyone else wish to speak?

I put Amendment No 2/rev. to the vote.

Amendment No 2/rev. is rejected.

I call Mr de Koning to move Amendment No 7.

Mr de Koning. — (NL) Mr President, I can be very brief on this. The purpose of the corrigendum was to correct the mistake which had crept into the final text and which failed to take account of the changes in the numbers of the various paragraphs. The corrigendum, however, mentions paragraph 8 only while it would appear from the tenor of paragraph 5, which has just been adopted, that the issue here is not one of policy in regard to production and sales. Consideration must thereby be given to the contents of paragraph 8 (a) and (b). Subparagraph 8 (c) is well worth keeping in mind on its own account, and I endorse it fully, but subparagraph 8 (c) is not directly concerned with the Community's sugar policy. Hence this amendment, which does not raise any matter of principle.

President. — What is the rapporteur's position?

Sir Douglas Dodds-Parker, rapporteur. — Mr President, as I have said before, I accept this.

President. — I call Mr Harmegnies.

Mr Harmegnies. — (F) Mr President, you pointed out that there was a corrigendum. The Committee on Development and Cooperation had admitted this, and the new paragraph 8 was fully taken into consideration. Mr de Koning's amendment in fact drops the invitation we are making to the Commission, under subparagraph (c), to submit further proposals 'for help from the Regional Development and Social Funds for any who lose their employment in the refining of cane or beet sugar within the Community.'

I see no reason why this text should be dropped and, Mr President, I should like us to keep to the earlier text. Mr de Koning himself seemed to be in favour of paragraph 8 in its entirety.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, the speech made by Mr Harmegnies enables me to be quite brief. The Socialist Group is indeed happy about subparagraph (c) of paragraph 8, because it underlines the fact that we do not wish to overlook the interests of people employed in the sugar industry. If we should deliberately omit to mention subparagraph (c) in paragraph 5, as there might be reasons for doing, this could create the impression that a kind of political decision was involved; we would, however, be sorry to create such an impression, and our group will therefore vote against Amendment No 7.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker, rapporteur. — A last word, if the House agrees: one could of course leave it as paragraph 8 and not put in (a) and (b).

President. — I call Mr de Koning.

Mr de Koning. — (NL) Mr President, in the interests of not holding up the discussion, and in order to meet the psychological objections which have been so clearly voiced, I am prepared to withdraw my amendment.

President. — Amendment No 7 is withdrawn.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6 I have no amendments listed.

I put this paragraph to the vote.

Paragraph 6 is adopted.

I have Amendment No 1/rev. tabled by Mr Martens, Mr Héger, Mr Liogier and others and aiming at the insertion of a new paragraph after paragraph 6. The amendment is worded as follows:

Paragraph 6a (new)

After paragraph 6, insert a new paragraph worded as follows:

'6a. Considers that, if the Community is to achieve the highest possible degree of stability in its supplies and the prices paid for them it is at this moment both wrong and undesirable to base the balancing of the Community's sugar situation on an absolutely fixed import of 1.4 million tons from the Associated developing countries.'

I call Mr Martens to move this amendment.

Mr Martens. — (NL) Mr President, it is clear that the internal policy of the Community is deter-

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mined by real imports from the developing countries.

We have established that there may well be some doubt concerning the import of 1.4 million metric tons. For this reason we should like to indicate with Amendment No 1/rev. that it is undesirable and incorrect, at this stage, to base the sugar balance on an absolutely fixed import figure of 1.4 million tons. If I have understood Mr Cheysson correctly, we shall make the offer of 1.4 million tons during the negotiations. We shall then hear what the other party has to say. Until we know this, we think we should first make it our business to ascertain whether 1.4 million tons will in fact be imported.

President. — What is the rapporteur's position?

Sir Douglas Dodds-Parker, rapporteur. — It would seem to me that this amendment is incompatible with paragraphs 1 and 2, which have already been accepted, and as these two paragraphs have been accepted, it seems clear that this amendment must be rejected.

President. — Does anyone else wish to speak on Amendment No 1/rev.?

I put Amendment No 1/rev. to the vote.

Amendment No 1/rev. is rejected.

On paragraphs 7 and 8 I have no amendments listed.

I put these paragraphs to the vote.

Paragraphs 7 and 8 are adopted.

Mr Lenihan has asked for the floor for an explanation of vote. He should have done this before the vote on paragraph 8. Nevertheless, with the Assembly's approval, I shall give him the floor.

Mr Lenihan. — Mr President, on the point of explanation of vote in regard to paragraph 8, while we welcome subparagraph (c) of paragraph 8 seeking help from the Regional Development and Social Fund for people who lose their employment in the sugar refining industry within the Community, I would like to explain that our vote is against this paragraph, even though we welcome the subparagraph, because there is a tacit admission in that subparagraph that jobs are going to be lost within the Community in this area of industry. I would say in particular to our Socialist friends that it is surely undesirable that we should write into a paragraph a subparagraph whereby workers who lose their jobs will be guaranteed charity out of an inadequate Social Fund and a non-

existent Regional Fund. If this is Community policy, it is surely a total contradiction of what Community solidarity should mean in very real terms of maintaining people in employment rather than putting them into unemployment and giving them charity from funds rather than jobs of work. Community policy should surely be aimed at guaranteeing maximum production of sugar beet within the Community and maximum employment based on sugar beet production within the Community. Thank you, Mr President.

(Applause)

President. — Ladies and gentlemen, I gave Mr Lenihan the floor for an explanation of vote after the vote had already taken place. I should like to point out that an explanation of vote must normally be made before the vote takes place. Secondly, an explanation of vote must be short and to the point. It should not open the debate again and definitely not give rise to controversy with other groups.

I have Amendment No 3 tabled by Mr Héger, Mr Houdet, Mr Vetrone and others and aiming at inserting a new paragraph after paragraph 8. In Dutch alone a revised version has been distributed as an improvement of a faulty translation. In English a corrigendum has been distributed following the discovery of two errors in the text.

The amendment is worded as follows:

Paragraph 8a (new)

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

'8a. Considers that, if sugar cane production were to increase in those countries in which it constitutes the main source of income, these countries should be helped, where practicable, to establish a refining industry of their own rather than allowing this additional production to increase the manufacturing potential of the industrialized countries.'

I call Mr Héger to move this amendment.

Mr Héger. — (F) Mr President, I shall be very brief, the reason being that I have just discovered, to my great satisfaction, that I am in excellent company in backing this amendment.

There are many ways of helping developing countries. First of all, we can help them to produce; in the second place, we can help them to sell at a worthwhile price. But there is a third way, and that is by not abusing a raw material which is supplied at a low price, to enable unexpected or inadequate profits to be realized in more fortunate parts of the world. It should, on the contrary, be our business to see to it that

Héger

the developing countries can make their production viable. In order to achieve this, in this special field which concerns us, we should help them to set up wherever possible, the refineries which will enable them to achieve a better result.

Just now the rapporteur said he was prepared to back the amendment. Mr Laban said the same on behalf of the Socialist Group, and Mr Cheysson seems to take a similar view in the comment he made on the motion for a resolution.

All I can say is that I hope the amendment will be adopted unanimously.

(Applause)

President. — What is the rapporteur's position?

Sir Douglas Dodds-Parker, rapporteur. — Just to put it beyond any doubt, I should like to read out what I have put forward and accept:

'Considers that if sugar cane production were to increase in those countries in which it constitutes the main source of income, these countries should be helped where practicable to establish a refining industry of their own, rather than allowing this additional production to increase the manufacturing potential of the industrialized countries.'

That is the amendment which I have accepted.

Secondly, I would ask whether it should not be a new paragraph 9 rather than paragraph 8, which might lead to some misunderstanding. Thank you.

President. — In the text that is finally adopted the paragraphs will be numbered in the correct sequence.

Does anyone else wish to speak?

I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

On paragraphs 9 and 10 I have no amendments listed.

I put these paragraphs to the vote.

Paragraphs 9 and 10 are adopted.

I call Mr Martens to give an explanation of vote.

Mr Martens. — *(NL)* I am happy to state, Mr President, that I am in agreement with the overall content of the motion for a resolution, but since Amendment No 2 to paragraph 5 has been rejected, and this, according to us, touched on the core of the entire problem, I shall abstain from voting on the motion for a resolution as a whole.

President. — I call Mr Liogier to give an explanation of vote.

Mr Liogier. — *(F)* Mr President, honourable Members, we are being asked to give our verdict on the second interim report on the future sugar policy of the Community with particular reference to imports of sugar from developing countries and in the light of the Commission's Memorandum of 12 July 1973.

The Commissioner has, however, just told us he admits that the Memorandum of 12 July 1973 is singularly out of date, since a new memorandum is being prepared. We are now awaiting this, but in the meantime we cannot accept Sir Douglas Dodds-Parker's report, which owes its light to a Memorandum that has already 'gone out'.

President. — Does anyone else wish to speak?

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

The resolution is adopted.¹

6. Dates of the next part-session

President. — The enlarged Bureau proposes that the next part-session be held in Strasbourg from 22 to 26 April 1974.

Are there any objections?

That is agreed.

7. Approval of minutes of today's sitting

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.

8. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 12.20 p.m.)

¹ OJ No C 48, 25. 4. 1974.

