

Annex

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## Debates of the European Parliament

1974-1975 Session  
Report of Proceedings  
from 12 to 15 March 1974  
Europe House, Strasbourg

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## NOTE TO READER

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

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IN THE CHAIR: MR THIRY

*Oldest Representative*

(*The sitting was opened at 11 a.m.*)

**President.** — The sitting is open.

1. *Opening of annual session*

**President.** — Pursuant to Rule 1 of the Rules of Procedure, I declare the 1974-75 annual session opened.

(*The sitting was suspended at 11.05 a.m. for technical reasons and resumed at 11.10 a.m.*)

The sitting is resumed.

2. *Address by the oldest Representative*

**President.** — It is an honour for me, a non-attached Member of this Assembly, a member of a 'groupless group' which usually complains of being overlooked, to take the chair at the European Parliament, albeit for less than an hour and through the capricious privilege of age. It is like making the poor man take the master's place, the fairy tale of queen for a day,

it is a little like the *Umwertung aller Werte*, Nietzsche's reversal of values.

The Assembly may rest assured that I do not intend to take unfair advantage of this very temporary reversal of roles. It would, however, seem to me that I was proving myself ungrateful to destiny for having raised for the duration of a ceremonial occasion one of your non-attached colleagues to these lofty heights if I did not devote a few minutes before this brief traditional speech to describing the difficult conditions under which some of us, having the same assignment and bearing the same responsibility as the others, work at your side.

You have decided this year that to help them to employ a secretary to assist them with their European work, some budgetary funds are to be made available. May I say that no other secretariat could provide the same services as the political group secretariats, whose complex and highly specialized teams work on the spot and which, as we all know, render the groups to which they are attached and—I am happy to pay them this compliment—the whole of Parliament and the Community an invaluable service.

Even though the question of secretariats is not easy to settle, and I agree it is not, there are other problems which would be easier to solve. One of them concerns speaking time during our

## President

debates: the non-attached Member has the same number of minutes as a Member speaking after the spokesman for his group; the arguments of a group can therefore be developed at much greater length than the opinion of an individual, which is normal in principle, but the disproportion is great. Even more serious is the disadvantage arising for non-attached Members from the method of forming committees. They are each allotted a seat on a committee—one committee only—from those that remain after seats have been shared among the groups, usually without their being able to express any preference. The result is assignments in which chance plays the major role, and not therefore an advantageous method of distributing work.

It is this last factor, the desire for improved organization of our work together, that prompted me to make these remarks; it was not my intention, nor would it have been proper, to state my own case—in others words, to speak in the interests of the few non-attached Members of this Parliament. Mr Seefeld recently pointed to the difficulties that we all encounter as members of two parliaments. I merely wanted to say that the work of some Members is quite particularly awkward and that the burden should never be made too heavy if the risk is not to be run of its being taken too lightly.

Ladies and gentlemen, I have spoken of a problem which is undoubtedly not of the same magnitude for the European Community as monetary union or direct elections by universal suffrage to our Parliament. I would add straight away that it is an ill wind that blows no one any good, even if the ill wind is only a slight breeze; being left out of the work of the political groups and the flood of information from their secretaries perhaps allows these few people, sitting here and there in somewhat lofty places in this Chamber, to consider our work with a little more detachment and in a slightly more oblique light, similar perhaps to that light, beloved of painters, which leaves the details in the shadow while throwing the subject into relief.

Speaking from this point of view, I do not, however, intend to present an item-by-item balance sheet of European development during the last session of Parliament, and you were certainly not expecting this. I should just like to give you one or two of the impressions an actor might have whose position at the side of the stage allows him to be more or less a spectator at the same time.

That the Europe of the Nine is not advancing quickly is not simply an impression. It is a generally accepted fact. I will not say that this is even partly due to that slowness of movement

that always characterizes coalitions, because the idea of a coalition is strategic and warlike, and consequently very much out of place here. Thoughts might also turn to the pace of convoys, which is necessarily adjusted to the slowest and tends to come to a complete halt if one of the ships breaks down or gets out of line. Whatever the image, the cause we must recognize is the same: we do not form a single entity; sailing together, even if the convoy has been well formed, cannot be the same as sailing on the same ship; and I find that even when there is no profound divergence or real conflict of interests or difference of opinions between the Nine, their collective reaction is curiously slow.

When, for example, the oil crisis began, many people thought that the solution lay in the immediate launching of a long-term programme of cooperation between the Community as a whole and the petroleum-producing countries. These countries, we said, could not reasonably be insensitive to the following simple proposal: 'Through geographical chance, you are in possession of fabulous power, but for a very limited period. In twenty or thirty years, in other words, tomorrow, your treasure will be exhausted. Now it is your main, and for some of you only, source of wealth. The rest of us will not die for lack of your product; we have been through worse crises. We shall adapt ourselves before you to the post-petroleum age, which will affect you as much as it will affect us. We can make the change together, on the one hand, by rationally and calmly introducing measures to put to economical use the black gold that you have left so as to prolong for a number of years your position as its owners, while ensuring a smooth transition to the nuclear age, and, on the other, by having you participate in efforts to develop new techniques and the benefits to be derived from the equipment needed. Let us no longer speak of petroleum as a weapon, but of cooperation between ourselves and with the greatest possible number of countries, without exception, for the post-petroleum age.'

Ladies and gentlemen, it seems to me that a policy of this kind is nothing other than an extension to a greater number of people of the Community's awareness of the energy problem, which has occupied us for a very long time and which my eminent predecessor on this rostrum as the oldest Representative, Mr Cantalupo, made one of the subjects of his speech when opening the session three years ago. It also seems to me that Europe might have tried to put this policy into effect without too much delay.

But I realize that it is easier to make an appeal through a committee motion or a newspaper article than for one group of countries to make

**President**

diplomatic representations to another. There were, perhaps, wise considerations of expediency for waiting four months before committing oneself to this path, which, it would seem to me, is dictated by good sense and by our sense—no less good—of world-wide solidarity, a path all the more to be recommended as it does not involve us in the dangerous sphere of the problems connected with the war around Israel. Finally, the Nine made their proposal on 4 March; we should not, however, think of congratulating ourselves for making it. 'We must adapt ourselves to delays and failures,' as Chancellor Brandt said here four months ago: adapt and, I would add, endeavour to learn our lesson and even derive benefit from the situation.

And I should like, by way of example, to apply this precept to one of our most serious setbacks in the last few months, which we suffered in the field of regional policy. It is here that the Community has blatantly failed to fulfil the programme laid down by the Paris Summit, for even now no agreement has been reached on the Regional Development Fund, which was to have been set up on 31 December. A few days ago, a Council communiqué informed us that the Commission would be submitting a modified proposal which could be accepted as a compromise by all the delegations. This is a hope which fills us with joy. But I should like to point out that we have already been able to learn and benefit, in this area, from our difficulties, our setbacks and even from what was for a moment a failure. The large-scale reports and debates to which the problem of the Development Fund has given rise in this Parliament have opened up horizons of quite another order than those appertaining to the mere issue of financial aid to imbalanced regions. What the fine reports by Mr Delmotte, which you have approved, have shown us is not only that the human factor must be a matter of primary concern in this work of building up European solidarity and that, to this end, vocational training and education must be promoted, by means of sound infrastructures, at least as much as investments promising immediate economic profit—not only that: these reports have also shown us that, if the regions are to be able to help themselves, they must become aware of themselves, and that the regional circles, as we have called them—rather vaguely, it must be said—ought to be consulted directly by the new Regional Policy Committee. Thus, from a project which, in concrete terms, is concerned only with the creation of a mutual aid fund, the debate, because of the very difficulties of organizing this function, has widened as it has proceeded to embrace finally a discussion of the beginning of a genuine regional policy.

Some of you will think that I am over-optimistic and that I am interpreting very widely the words of Chancellor Brandt encouraging us to adjust to our setbacks and failures. Certainly, I have faith in the elaboration of Europe, not only in spite of its difficulties but also through its difficulties. Today, events are taking place in Britain which may lead to the face of our Parliament being changed as a result of what is already being called 'renegotiation'. This, if it comes about, will no doubt be a trial, but we need not fear it for bringing change. On the contrary, I wish Europe, I wish our Assembly and I cordially wish all of your, Ladies and Gentlemen, the good fortune to go from change to change (as many as possible), always seeking true fulfilment, for that is what living is all about.

(*Loud applause*)

### 3. Election of President

**President.** — The next item is the election of the President of the European Parliament.

According to Rule 7(1) of the Rules of Procedure, Parliament may decide to depart from the rule of election by secret ballot if for any election the number of nominations does not exceed the number of seats to be filled.

I have received the name of only one candidate, and that is Mr Cornelis Berkhouwer.

I call Mr Vals.

**Mr Vals, Chairman of the Socialist Group.** — (F) Mr President, dear colleagues, following a tradition established in this Parliament, I call upon you, if you will, to elect the President of our Assembly by acclamation.

(*Applause*)

**President.** — Does anyone wish to speak on the proposal to elect the President by acclamation?

I call Mr Memmel.

**Mr Memmel.** — (D) Please excuse me, Mr President, if I cause you some trouble today, on the eve of your 77th birthday. I am not in agreement with the proposal to elect the President by acclamation.

I request that we act in accordance with the first sentence of Rule 7(1) of the Rules of Procedure and elect the President of this House by secret written ballot. I am not obliged to justify this request, but I should like to say a few words about it.

**Memmel**

I consider that it is the inalienable right of every individual Member of this House to make such a request, and this right cannot be dismissed by a majority decision. Each Member of our House has the right to request a secret written ballot.

Of course, it could be said, 'But it was Mr Memmel who proposed at last year's constituent sitting that voting by acclamation should also be allowed'. But I must point out that anyone who uses this argument has not read my proposal and my speech last year correctly; at that constituent sitting, these referred only to the Vice-Presidents, for it was only relevant in their case.

In any event, the President was elected by secret written ballot. If you look it up, you will see that I based my argument on the version of Rule 7 of the Rules of Procedure then in force. It has been amended since then; I am aware of that. But the amendment in respect of the Vice-Presidents is acceptable; whereas I consider the amendment to the effect that the President himself could be elected by acclamation, which has been incorporated in the Rules of Procedure —I shall be quite blunt—to be a curbing of the rights of individual Members of this House. I therefore request that the President be elected by secret written ballot.

**President.** — I call Mr Vals to speak on behalf of the political groups.

**Mr Vals.** — (F) Mr President, I deliberately intended to be as brief as possible a few moments ago. I must point out that my proposal was not made in my own name. The chairmen of the political groups met just a little while ago and decided to ask the House to maintain what has up to now been a tradition of this Parliament.

That is why, notwithstanding the merit of Mr Memmel's request, I uphold my proposal to elect the President by acclamation.

(*Loud applause*)

**President.** — Ladies and gentlemen, Rule 7 is quite clear: we have to vote on the proposal that the President be elected by acclamation.

I put this proposal to the vote.

The proposal is adopted.

We may therefore proceed to elect the President by acclamation.

(*Loud applause*)

I declare Mr Berkhouwer President of the European Parliament and invite him to take the Chair.

(*Applause*)

I congratulate him on his election and offer him my best wishes for the exercise of his mandate.

(*Applause*)

## IN THE CHAIR: MR BERKHOUWER

*President*

## 4. Election of Vice-Presidents

**President.** — The next item is the election of the Vice-Presidents of the European Parliament.

The number of nominations corresponds to the number of seats to be filled.

I have received from the chairmen of the political groups the following nominations, in order of precedence: Mr Bersani, Mr Behrendt, Lord Bessborough, Mr Cousté, Mr Bordu, Mr Burgbacher, Mr Ariosto, Mr McDonald, Mr Dalsager, Mr Dewulf and Mr Wohlfart. I remind the House that the same provisions apply to the election of the President. I call Mr Vals to speak on behalf of the political groups.

**Mr Vals.** — (F) Here again, it would be logical to uphold tradition, and so I propose a vote by acclamation. Again, I do so not in my own name but in that of the chairmen of the political groups.

**President.** — I take note of Mr Vals's proposal. I call Mr Memmel.

**Mr Memmel.** — (D) Forgive me, Mr President, if I must now cause you some more trouble. I must now insist on a secret written ballot for the Vice-Presidents too, for political reasons:

Ladies and gentlemen, if you proceed to take a vote by acclamation, as has been proposed, then a member of the Communist Group will be elected to the Bureau of Parliament. You will be electing a member of the Communist Group as Vice-President, and you will be going further than those national parliaments in which there are Communist groups. Neither in Italy or in France is there a Communist Vice-President of Parliament. You wish to go further in this Parliament than in the national parliaments!

(*Loud protests on the extreme Left*)

### **Memmel**

I therefore also propose that a written secret ballot be held in this case.

(*Mixed reactions*)

**President.** — I therefore have a proposal from Mr Memmel that a secret ballot be held.

In accordance with the Rules of Procedure, I shall give the floor to a speaker against this proposal.

I call Mr Vals to speak on behalf of the political groups.

**Mr Vals.** — (F) Mr President, dear colleagues, I should like to point out an error Mr Memmel made when he said that there were no Communist vice-presidents in parliaments which had a Communist group.

There is a Communist Vice-President in the French National Assembly: there is a Communist Vice-President in the Italian Senate and one in the Chamber of Deputies.

This argument cannot, therefore, be valid.

Furthermore, I would point out that the chairmen of the political groups have decided to follow what has always been the practice in our Parliament, namely, the system of proportional representation known as the 'Hondt system'.

Up till now, no one has questioned this system of proportional representation.

During the next few days we shall, perhaps, arrive at other rules than those that have hitherto been unanimously approved with regard to the constituent sitting...

That is why I maintain the proposal to vote by acclamation.

(*Applause*)

**President.** — Mr Vals maintains the proposal he has made on behalf of the chairmen of the political groups that the Vice-Presidents be elected by acclamation, pursuant to Rule 7(1) of the Rules of Procedure.

I put Mr Vals's proposal to the vote.

Mr Vals's proposal is adopted.

I therefore propose that we proceed to elect the Vice-Presidents by acclamation.

(*Applause*)

I declare the candidates whose names I have read out elected Vice-Presidents of the European Parliament. The order in which their names were called will be the order of precedence.

I congratulate these Members on their election.  
(*Applause*)

Mr Romualdi, why do you wish to speak?

**Mr Romualdi.** — (I) For an explanation of vote.

**President.** — That is no longer possible, Mr Romualdi. Parliament has made its decision.

The membership of the new Bureau will be notified to the Presidents of the European Institutions.

### *5. Address by the President*

**President.** — I thank the Assembly for having decided to re-elect its President by acclamation. Ladies and gentlemen, you may rest assured that your support will enable me in the coming year all the better to defend the cause of the European Parliament.

I want next to address a word of gratitude to Mr Thiry for opening this sitting.

(*Applause*)

It is my view that the coming weeks will be decisive in the struggle for our budgetary powers. These are purely and simply the budgetary powers to which we are legally entitled by virtue of the Luxembourg agreement of April 1970. Immediately thereafter, that is, within the framework of European Union, the struggle for co-legislative powers will have to be launched.

Ladies and gentlemen, it has become well nigh the fashion to declare that the Community is going through a serious crisis. People are even talking of the worst crisis in its existence. On this subject I should like to make the following observations. It is not only the Community which has to find an answer or which is confronted with a number of fundamental challenges. Since the autumn of 1973, the appeal has gone round the world to adapt ourselves to a number of fundamental changes, and 1973, announced as Europe Year, has turned out instead to be a year of marking time. Another depressing fact is that the number of parliamentary democracies in the world has not increased. It is even true that, here and there in the Western world, doubts have arisen concerning the future of parliamentary control of governments, which are acquiring ever-increasing power.

These are the circumstances in which the European Parliament is this year to hold a symposium at which science, Parliament and Press are to consider this Parliament's role. The initiative in this undertaking came from my predecessor, whom I thank once more.

**President**

If stagnation reigns in the one or the other of the Community institutions, this Parliament must be the Community's driving force. More depends on us now than ever before. In my view, this driving force must be guided by the slogan of full implementation of all commitments entered into at the Summit Conference held in Paris 17 months ago. These commitments must, I repeat, be implemented fully and in parallel, not *à la carte* according to the tastes of one of the partners. This Parliament must ensure that these commitments are carried out completely. The powers we demand have been anchored in various treaties and in undertakings made during Summit conferences and on other occasions.

It is no longer a matter of words but of real control.

Unity means strength. United, we must conquer our rights. I therefore conclude with the urgent appeal to carry out, united and with the utmost energy, the task imposed on us by our European mandate.

May the fruit of this be that our Parliament, within the institutional structure of the Community, plays the role that belongs to a truly democratic, representative assembly! Precisely in those spheres where the national parliaments are losing influence as a result of the—despite everything—growing importance of the Community, we must champion the rights of Europe's 250 million citizens.

We are now approaching the end of this morning's sitting. The new Bureau and the chairmen of the political groups will meet this afternoon at 3 o'clock, as the enlarged Bureau, for the nomination of candidates for the parliamentary committees. Before closing the sitting, I call the Vice-President of the Commission of the European Communities, Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-president of the Commission of the European Communities.** — (I) Mr President, on behalf of the President of the Commission, Mr Ortoli, and my colleagues and on my own behalf, I should like to congratulate you and express the hope that the year to come, which will be far from easy, may bring the greatest satisfaction in the way of close cooperation between the Parliament and the Commission of the European Communities.

**President.** — Thank you, Mr Scarascia Mugnozza.

The proceedings will now be suspended until 4.30 p.m.

The House will rise.

(*The sitting was suspended at 11.45 a.m. and resumed at 4.50 p.m.*)

#### 6. Appointment of general rapporteur

**President.** — The next item is the appointment of the general rapporteur on the Seventh General Report on the Activities of the Communities in 1973, pursuant to paragraph 3 of the resolution of 14 February 1974.

The Bureau has received the nomination of Mr Rossi.

Are there any objections?

The appointment is approved.

#### 7. Membership of committees

**President.** — The next item is the appointment of members of the committees of the European Parliament.

Pursuant to Rule 37(2) of the Rules of Procedure, the Bureau has drawn up the list of nominations by the enlarged Bureau, one seat has been reserved for one of the seven Non-attached Members in each of the seven following committees:

- the Legal Affairs Committee;
- the Committee on Social Affairs and Employment;
- the Committee on Regional Policy and Transport;
- the Committee on Energy, Research and Technology;
- the Committee on Cultural Affairs and Youth;
- the Committee on External Economic Relations;
- the Committee on Development and Cooperation.

The Non-attached Members are asked to notify the Bureau how they intend to fill the seats that are reserved for them.

I shall now submit to the House the list of members of each committee.

I call Mr Covelli.

**Mr Covelli.** — (I) I have asked to speak, Mr President, on your stateemnts about the criteria used in respect of Non-attached Members. The Non-attached are once more being maltreated.

**Covelli**

You may call it abuse or discrimination, but it is offensive in either case. We should like to hear from the President—or, if the President does not reply, from the House—by what reason the Non-attached should be excluded from the Political Affairs Committee. Since we believe that the Non-attached Members are equal to the other Members of this Parliament, we are asking once again, Mr President (while holding that the questions both of our functioning as a group and of the assistance which, though often promised, has not yet been accorded to us remain open) that you explain to this Assembly on what grounds the Bureau decided this time to exclude the Non-attached Members from the Political Affairs Committee.

Honourable Members will know that this would be the first time that the Non-attached Members have been discriminated against, because last time the President and the Bureau gave a committee place to the Non-attached Communists. We have no objection to the decision that was made on that first occasion; but it is one more reason for not submitting to the exclusion of Non-attached Members from the Political Affairs Committee, not to mention the fact, Mr President, that the Non-attached Members are parliamentarians who for over a quarter of a century have been doing battle in national parliaments and performing political tasks of indisputably greater importance and responsibility than the others.

We therefore see no reason for this exclusion, which would be an offence against the democratic principles to which the European Parliament ought to conform. And since, if the President decides not to give an answer, we shall invite him once again to refer this question to the Assembly, I should like the Assembly, by its attitude, to confirm or annul a decision which is both undemocratic and unparliamentary.

**President.** — In reply to Mr Covelli's question, I can say the following. With the object of acting in as democratic a fashion as possible, the political groups have reached a joint decision to offer each of the seven Non-attached Members of our Parliament a seat on one committee. The Non-attached Members are not obliged to take advantage of this, and if they fail to do so we shall note the fact and decide how the seats are to be distributed. Since the Non-attached Members are seven in number, the Bureau, in conjunction with the political groups, has decided to offer them one seat each on seven committees, namely, the Legal Affairs Committee, the Committee on Social Affairs and Employment, the Committee on Regional Policy and Transport, the Committee on Energy,

Research and Technology, the Committee on Cultural Affairs and Youth, the Committee on External Economic Relations, and the Committee on Development and Cooperation.

It was our intention to allow these seven Non-attached Members to decide for themselves who should occupy a seat in which committee.

Have I correctly understood Mr Covelli to mean that the House should adopt or reject this proposal?

**Mr Covelli.** — (I) You should put the exclusion to the vote!

**President.** — I accede to Mr Covelli's request that this proposal be put to the vote.

**Mr Covelli.** — (I) You cannot put it to the vote like that!

(*Mixed reactions*)

**President.** — I put to the vote the allocation, agreed upon by the groups, of seats on the committees to the Non-attached Members of the Parliament.

This allocation is adopted.

I shall now read out the lists, in alphabetical order, of the candidates for each committee and ask the House's opinion on each committee.

The list of candidates for the Political Affairs Committee is as follows:

Messrs. Achenbach, Amendola, Andreotti, Ansart, Ariosto, Sir Tufton Beamish, Messrs. Behrendt, Berthoin, Bertrand, Blumenfeld, Bourges, Colin, Corona, Corderier, Dalsager, Durieux, Faure, Giraudo, Lord Gladwyn, Messrs. Jahn, Kirk, Lenihan, Lücker, McDonald, Patijn, Radoux, Van der Sanden, Scelba, Thomsen.

Are there any objections?

I call Mr Schuijt

**Mr Schuijt.** — (NL) Mr President, as chairman of the Legal Affairs Committee, I should like to point out that full account has not been taken of Rule 37(2) of the Rules of Procedure in the constitution of the committee. The paragraph in question refers to 'fair representation of Member States and of political views'. The proposed membership of the committee does not entirely meet this requirement, and I would therefore request the Bureau to remedy this as quickly as possible in order to ensure that the composition of the committee is in fact compatible with Rule 37(2).

**President.** — The handling of this criterion is naturally determined by the political groups,

**President**

who apply this article. It was through an optimal application of this criterion that the groups arrived at the membership indicated. However, everything is liable to reconsideration, and if the chairman of the Legal Affairs Committee takes the view that there are certain imbalances, he is at liberty to raise the matter at any time during discussions among the political groups.

I call Mr Schuijt once more.

**Mr Schuijt.** — (NL) Mr President, Mr Vals stated yesterday that this was a matter to be settled by the political groups among themselves. It is indeed a matter for the political groups, but we as a Parliament cannot accept a proposal which is in direct conflict with Rule 37(2) of the Rules of Procedure.

**President.** — Mr Schuijt, you are entitled to express your opinion. Nonetheless, the lists have been drawn up in agreement with the political groups.

I call Mr Lücker to speak on the membership of committees.

**Mr Lücker, Chairman of the Christian-Democratic Group.** — (D) Mr President, I fully understand Mr Schuijt's initiative.

I should like briefly to throw a little light on the matter. It is true that the political groups had undertaken to submit a balanced list. But I would ask you to understand that with today's turbulent events it has not been possible to prepare it thoroughly enough. On the other hand, however, we do not wish the detailed adoption of the lists of committee members this afternoon to be unduly protracted, so that we can complete our work as planned. I think I can assure Mr Schuijt that we are prepared to settle afterward the matter to which he refers. This has been discussed. As far as my group is concerned—and I think that in principle I can say the same for the others groups—we shall settle the matter as soon as we possibly can.

**President.** — The problem of the Political Affairs Committee has been settled.

We proceed to the Legal Affairs Committee.

I call Mr Romualdi.

**Mr Romualdi.** — (I) Mr President, I must regrettably point out that, for several months now, we have been making representations in this House about the extraordinary, peculiar and unjust position in which non-attached Members are being kept, with regard to the Legal Affairs Committee.

This morning—I believe I am justified in pointing this out—the Oldest Representative raised this problem and said that the committees would be set up on a majority basis, a method which runs contrary to the safeguards which this Parliament's Presidency should provide for the interests of those who are not formally organized in political groups.

Rule 37, to which everybody refers, does not, incidentally, mention political groups but only political views. It says that proposals shall be made, but does not specify by whom.

Well, there is a tradition in this matter, and we are perfectly agreeable to its continuation; but I do believe that even bad traditions may sometimes be corrected.

Speakers have been pointing out that the provisions of Rule 37(2) have not been adequately observed.

But how has all this really come about? It is because the political groups make their decision independently of the general will of the Assembly and of its presidency. I had followed the correct procedure by sending to the Bureau of the Parliament a letter containing some suggestions and asking that our point of view should be heard if our suggestions were not accepted.

Well, there are eight Members of this House who have the right to be represented and express their opinion when committees are being formed. If the committees are set up without the views of these Members being heard, the committees which emerge are a case of majority domination and a denial of what ought to be Parliament's democratic will. Parliament should protect minorities, not the majority.

But what is the Bureau? Is it a body that should confine itself to the functions of a records office? Should it not rather be a mouthpiece for those who do not belong to a political group and therefore have the right to be represented by it? The Bureau cannot confine itself to noting the wishes of the political groups, because in that case, Mr President, it would be the political groups and not you who would be exercising your office; and the Bureau would end up as a records office and not the Assembly's governing body!

These are the facts and it was my duty to say so, making a protest against the actions of the Assembly's Bureau.

**President.** — We have to keep to the provisions of Rule 37(2) of the Rules of Procedure, which states:

**President**

'Committee members shall be elected at the beginning of the session, which opens each year on the second Tuesday in March.' This provision applies to the Parliament and not merely to the Bureau. It is the Parliament as a whole that has to decide upon the lists. That has nothing to do with majorities or minorities.

**Mr Romualdi.** — (I) And why, Mr President, did you not ask for our opinion?

**President.** — I call Miss Lulling to speak on the membership of the Legal Affairs Committee.

**Miss Lulling.** — (F) Mr President, we have not yet voted on the membership of the Political Affairs Committee.

**President.** — The membership of the Political Affairs Committee has already been approved...

**Miss Lulling.** — (F) No, you did not put the membership of the Political Affairs Committee to the vote, Mr President, and I had asked for the floor before.

**President.** — The House has already made its decision on the membership of the Political Affairs Committee.

We now proceed to the Legal Affairs Committee. I call Mr Schuijt, who has asked to speak on this committee.

(*Mixed reactions*)

**Miss Lulling.** — (F) But you did not consult the House.

(*Uproar*)

**President.** — I have to ensure that order is observed, and I cannot tolerate such disturbances.

**Miss Lulling.** — (F) I am sorry, Mr President, but you did not put the membership of the Political Affairs Committee to the vote. I wanted to abstain, and I should have liked to make a statement.

**President.** — You're too late!

**Miss Lulling.** — (F) I should like to explain my abstention, Mr President. I am perfectly entitled to do so, and I ask you to be so good as to give me the floor for this purpose.

**President.** — You should have abstained when the vote was taken.

**Miss Lulling.** — (F) Mr President, excuse me, but you have not put the matter to the vote.  
(*Cries and mixed reactions*)

**Mr Covelli.** — (I) We haven't voted.

**Mr Kaspereit.** — (F) It's true, there hasn't been any vote.

**Mr Bourges.** — (F) Miss Lulling is right.  
(*Loud cries*)

**President.** — I shall now read out the list of candidates for the Legal Affairs Committee.

**Miss Lulling.** — (F) I am sorry, Mr President, but you cannot proceed in this fashion.

(*Mixed reactions*)

**President.** — I read out the list of candidates for the Political Affairs Committee and no one objected.

I call Mr Schuijt.

**Mr Schuijt.** — (NL) Mr President, I wanted to express a reservation in respect of the composition of the Political Affairs Committee and not of the Legal Affairs Committee.

**President.** — Mr Schuijt, I called you to speak on the Legal Affairs Committee only. I thought you wanted to speak as chairman of this committee.

I return to the list of candidates for the Legal Affairs Committee:

Messrs. Albertsen, Bangemann, Bermanni, Brewis, Broeks, Brugger, Caillavet, Concas, D'Angelo-sante, Héger, Mrs Iotti, Messrs. Jozeau-Marigné, Lautenschlager, Lucius, Lord Mansfield, Messrs. Memmel, Pianta, Premoli, Rivierez, Scelba, Schmidt, Schuijt, Schwörer, Springorum, Vermeylen, Vernaschi, Sir Derek Walker-Smith, Mr Yeats.

One seat is reserved for the Non-attached Members.

Why do you wish to speak, Mr Kaspereit?

**Mr Kaspereit.** — (F) Mr President, I wish to take the floor on a procedural motion.

**President.** — You have it.

**Mr Kaspereit.** — (F) I should simply like to make an observation not connected with the question of the composition of the Political Affairs Committee. A little while ago, you took

**Kaspereit**

a vote on the place the Non-attached Members could have on the different committees. I am bound to agree with Miss Lulling that Parliament has not voted on the composition of the Political Affairs Committee. That is what I wished to say, Mr President.

(Cries)

**President.** — I take note of this statement.

I fear Mr Kaspereit did not hear me consult the House a few minutes ago.

Perhaps it was due to the interpreting. I repeat that no one objected when I read out the list of candidates for the Political Affairs Committee.

I should like to consult the House on the membership of the Legal Affairs Committee.

Does no one wish to speak on the membership of the Legal Affairs Committee?

I call Mr Durieux.

**Mr Durieux, Chairman of the Liberal and Allies Group.** — (F) Mr President, with regard to the composition of the Legal Affairs Committee, I am afraid that because of the disturbance I did not catch the names of the members of my group. Could you simply confirm who they were?

**President.** — When reading out the list, I called the names of Mr Bangemann, Mr Jozéau-Marnigné, Mr Pianta and Mr Premoli, who belong to your group, Mr Durieux.

**Mr Durieux.** — (F) Thank you for this confirmation, Mr President.

**President.** — Are there any objections to the membership of the Legal Affairs Committee?

These appointments are ratified.

I call Mr Jahn.

**Mr Jahn.** — (D) On a point of order, Mr President. I am sorry, but I only wanted to say at this stage, so that there can be complete understanding that we have not taken a vote by show of hands on the membership of the Political Affairs Committee. I would suggest, so that everything is done correctly, that we go back to this vote. Then there will be no misunderstanding. We have not raised any objections, but we have not voted by show of hands. If we are to vote at all, it must be done in the same way each time.

(Applause)

**President.** — I asked the House if there were any objections to the membership of the Political Affairs Committee. Well, no one objected.

I therefore have a proposal from Mr Jahn to put the membership of the Political Affairs Committee to the vote.

I put to the vote the membership of the Political Affairs Committee as already read out.

These appointments are ratified.

Miss Lulling, do you wish to speak?

**Miss Lulling.** — (F) I wish to explain my abstention, Mr President.

**President.** — The vote has already...

**Miss Lulling.** — (F) Excuse me, Mr President, but those are the parliamentary rules. I asked to speak a few moments ago, to explain my abstention, when you had not yet taken the vote. I wish to repeat the fact, and I appeal to the Members of this House to recall what has really taken place.

I agree with Mr Schuijt about the failure to comply with Rule 37(2) of the Rules of Procedure.

In addition, I should like to thank Mr Lücker for his offer to try, after Parliament had voted, to remedy the situation in which a Member State was not represented on the Political Affairs Committee, which has a very special role to play, particularly in the sphere of economic cooperation. That is why we think that all Member States should be represented on the committee.

Until this is agreed, as I hope it will be, I wish to abstain from voting on the composition of the Political Affairs Committee. That is all I wanted to say a short time ago, Mr President, and you would have done better to let me speak then!

(Laughter)

**President.** — I call Mr Wohlfart.

**Mr Wohlfart.** — (F) Mr President, I, too, wish to explain my abstention. I merely wish to repeat briefly what I said a little while ago in the Bureau about the composition of the Political Affairs Committee and the Committee on Economic and Monetary Affairs. I hope, together with the committee chairmen, Mr Lücker and Mr Francis Vals, and other members, that we shall devise a fair solution for a country which is not represented on the Political Affairs

### **Wohlfart**

Committee or on the Committee on Economic and Monetary Affairs.

**President.** — We proceed to the membership of the Committee on Economic and Monetary Affairs.

The list of candidates is as follows:

Messrs. Artzinger, Bersani, Bordu, Bousch, de Broglie, Burgbacher, Cifarelli, Cousté, Harmegnies, Van der Hek, Hougardy, Kater, Krall, Lange, Leenhardt, Leonardi, Mitterdorfer, Brøndlund Nielsen, Normanton, Notenboom, Nørgaard, Poher, Lord Reay, Sir Brandon Rhys Williams, Messrs. Schachtschabel, Scholten, Schwörer, Starke, Taverne.

Are there any objections?

These appointments are ratified.

I call Mr Kollwelter.

**Mr Kollwelter.** — (D) Mr President, I was sorry to hear that one name which was mentioned yesterday in connection with the Committee on Economic and Monetary Affairs was not mentioned today. I was pleased to hear this name yesterday, as it would have been the solution to a problem. I voted for the committee because Mr Lücker had promised Mr Schuijt to clear this matter up.

**President.** — Mr Kollwelter, I believe that the Member to whom you allude has preferred to sit on another committee.

I call the chairman of the Liberal and Allies Group to reply to Mr Kollwelter.

**Mr Durieux, Chairman of the Liberal and Allies Group.** — (F) Mr President, as I said a little while ago at the Bureau meeting, I had suggested to Miss Flesch, Member of the Luxembourg Parliament, that she become a member of the Committee on Economic and Monetary Affairs.

For various reasons, however, she prefers to remain on the Committee on Budgets—also a very important committee—of which she is already a member and in which she is chairman of a sub-committee.

I wanted to make this clear, but to answer your question, Mr President, I had offered this post to Miss Flesch.

**President.** — I remind the House that the lists have been drawn up by the general secretaries of the political groups and that the group chairmen have given them their approval.

In this way, I may be able to anticipate certain observations. We now proceed to the list of candidates for the Committee on Budgets:

Messrs. Aigner, Artzinger, Lord Bessborough, Messrs. Boano, Concas, Durand, Fabrini, Miss Flesch, Messrs. Galli, Gerlach, Houdet, Laüenschläger, Leenhardt, Lenihan, Maigaard, de la Malène, Notenboom, Pêtre, Poher, Pounder, Radoux, Sir Brandon Rhys Williams, Messrs. Rossi, Schmidt, Spénale, Terrenoire, Vernaschi, Wieldraaijer, Wohlfart.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Social Affairs and Employment:

Messrs. Adams, Albertsen, Artzinger, Bermani, Berthoin, Bertrand, Brégégère, Sir Douglas Dodds-Parker, Mr Durand, Lady Elles, Messrs. Girardin, Van der Gun, Härschel, Laudrin, Lemoine, Lucius, Miss Lulling, Mr Marras, Sir John Peel, Messrs. Pêtre, Pianta, Pisoni, Schwabe, Terrenoire, Vermeulen, Wieldraaijer, Yeats.

One seat is reserved for the Liberal and Allies Group, and one seat for the Non-attached Members.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Agriculture:

Messrs. Baas, Bourdellès, Brugger, Cifarelli, Cipolla, Dalsager, Della Briotta, Frehsee, Früh, Gibbons, Héger, John Hill, Houdet, Hunault, Jakobsen, Kavanagh, De Koning, Laban, Lefèuvre, Lemoine, Ligios, Liogier, Lücker, Miss Lulling, Mr Martens, Mrs Orth, Messrs. Scott-Hopkins, Vals, Vetrone.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Regional Policy and Transport:

Messrs. Antoniozzi, Ariosto, Berthoin, Bourdellès, Colin, Delmotte, Eisma, Fabbri, Gerlach, Giraud, Herbert, James Hill, Johnston, Kavanagh, Kollwelter, Liogier, Lord Mansfield, Messrs. Marras, McDonald, Mitterdorfer, Mursch, Pêtre, Pounder, Rizzi, Seefeld, Scholten, Schwabe, Starke.

One seat is reserved for the Non-attached Members.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Public Health and the Environment:

Messrs. Adams, Albertsen, Antoniozzi, Brégégère, Mrs Carettoni Romagnoli, Messrs. Cipolla, Creed, Della Briotta, Eisma, Gibbons, Van der Gun, Jahn, Jarrot, Lagorce, Lord Lothian, Messrs. Martens,

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Willi Müller, Noë, Mrs Orth, Messrs. Petersen, Premoli, Rivierez, Rosati, Lord St. Oswald, Messrs. Scott-Hopkins, Springorum, Walkhoff.

Two seats are reserved for the Liberal and Allies Group.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Energy, Research and Technology:

Mr Andreotti, Lord Bessborough, Messrs. Bordu, Bousch, Burgbacher, Flämig, Giraud, Glesener, Van der Gun, Van der Hek, Hougaard, Jakobsen, Jarrot, Kater, Krall, Lagorce, Lautenschlager, Lenihan, Leonardi, Memmel, Willi Müller, Noë, Normanton, Nørgaard, Petersen, Springorum, Verhaegen, Mrs Walz.

One seat is reserved for the Non-attached Members.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Cultural Affairs and Youth:

Messrs. Brewis, Broeksz, de Broglie, Caillavet, Mrs Caretoni Romagnoli, Mr Delmotte, Lady Elles, Messrs. Giraudo, Glesener, John Hill, Hougaard, Hunault, Klepsch, Laban, McDonald, Knud Nielsen, Nolan, Petersen, Pisoni, Premoli, Van der Sanden, Schulz, Seefeld, Terrenoire, Thornley, Verhaegen, Walkhoff, Mrs Walz.

One seat is reserved for the Non-attached Members.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on External Economic Relations:

Messrs. Baas, Bangemann, Sir Tufton Beamish, Messrs. Behrendt, Boano, Bourdellès, Brégégère, Corterier, Cousté D'Angelosante, Dewulf, Dunne, Fellermaier, Girardin, Herbert, Jahn, Kaspereit, Klepsch, De Koning, Lange, Lord Lothian, Messrs. Maigaard, de la Malène, Emile Muller, Patijn, Radoux, Rizzi, Rossi, Lord St. Oswald, Messrs. Sandri, Schulz, Thomsen, Thornley, Vetrone.

One seat is reserved for the Non-attached Members.

Are there any objections?

These appointments are ratified.

The following is the list of candidates for the Committee on Development and Cooperation:

Messrs. Aschenbach, Aigner, Ansart, Bersani, Blumenfeld, Broeksz, Corona, Dewulf, Sir Douglas Dodds-Parker, Messrs. Durieux, Flämig, Miss Flesch, Messrs. Galli, Harmegnies, Härschel, James Hill, Mrs Iotti, Messrs. Jozeau-Marigné, Kaspereit, Kollwelter, Laudrin, Mursch, Knud

Nielsen, Nolan, Sir John Peel, Lord Reay, Messrs. Rivierez, Rosati, Sandri, Schuijt, Seefeld, Spénale, Vals, Wohlfart.

One seat is reserved for the Non-attached Members.

Are there any objections?

I call Mr Covelli.

**Mr Covelli.** — (I) Mr President, I am speaking on the vote on the last committee, because I believe it is important to respect the Rules of Procedure.

I vote against, and this negative vote is meant to refer to the whole question of the committees' composition—at least so far as the spirit and manner in which they were set up is concerned.

Mr Lücker has encouraged me to speak by loyally stating that, in the haste to conclude, sufficient attention may not have been paid to all aspects of the committees' composition.

Mr President, I should like to remind my colleagues that they were not being asked to vote on the criteria by which the committees were set up, but on the premature conclusion of the discussion on the Political Affairs Committee.

I maintain that the Bureau, and the President who represents it in the Chamber, have blatantly and outrageously violated the Rules of Procedure. Anyone who knows the Rules of Procedure must agree with me.

In the actual words of Rule 37(1): 'Parliament shall set up standing or temporary, general or special committees, and shall define their powers. The Bureau of each committee shall consist of a chairman and one, two or three vice-chairmen.'

The second paragraph is much more explicit. I ask you, ladies and gentlemen, to pay at least a little attention to this matter, because we shall return to this argument every time there is a chance of re-establishing the principle of democracy in committee elections: 'Committee members shall be elected at the beginning of the session, which opens each year on the second Tuesday in March. Candidatures shall be addressed to the Bureau of the Parliament'—they were not—which shall place before Parliament proposals designed to ensure fair representation of Member States—and, from what I have heard, this duty was shirked—and of political views.'

There is no doubt, Mr President, that these committees, or at least some of them, have failed to include representatives of all Member States and all political views. And I should like to

**Covelli**

add, Mr President, that the procedure followed in putting the matter to the vote violated the Rules of Procedure for a second time, because the third paragraph of Rule 37 says: 'Should any dispute arise, Parliament shall decide thereon by secret ballot.'

I wonder how seriously we should take the results of these votes, particularly as relates to the Political Affairs Committee.

It is for my colleagues to judge, and I expect Mr Lücker, as soon as he wishes to reopen the subject, to review the question.

But I should like to make another point. It is obviously not possible for the Non-attached Members to be represented on every committee (though, literally taken, the Rules of Procedure require all political views to be represented on all committees). Since the Non-attached Members have not been able to obtain the same treatment as the parliamentary groups, they will also be able to accept this exclusion. But I do feel that it is overstepping the mark not even to allow Non-attached Members to sit on the committees which they suggested. I ask you to note that by no means all the committees were involved. If you consider that almost all the Members of this Parliament belong to not one, but several, committees, it seems most unjust that Non-attached Members should not be represented on at least one of these committees.

I leave it to my colleagues in this House to judge whether or not this is democratic.

It is very serious that, in the European Parliament, both the spirit and letter of the Rules of Procedure should have been violated. I assure you, Mr President, that if this had happened in the Parliament of my country I should have been even more severe.

I have no cause to envy the parliamentary traditions of other countries, but I appeal to the conscience of parliamentarians from other countries. Surely they do not wish to accept discrimination, which has nothing to do with liberty, democracy, decorum, procedure or moderation.

Anyone who speaks in this way and using these terms must feel that he represents a political tendency which does honour to his country, a political tendency which has fought for the European Community and which has fought for the European Parliament...

**President.** — Mr Covelli, you were given five minutes to speak. If you insist on continuing, I shall have to cut you short.

**Mr Covelli.** — (I) Just a moment please, Mr President, I am about to finish.

I ask you or someone else in the Chamber to answer my precise allegation that the Rules of Procedure have been violated when deciding on the composition of the committees and as regards the subsequent vote on the dispute...

**President.** — I think the Parliament should first establish whether there has been any failure to observe Rule 37(2) of the Rules of Procedure.

If the House establishes that the Rules of Procedure have been observed, there are no grounds for taking a secret ballot.

I call Mr Durieux to speak on behalf of the Liberal and Allies Group.

**Mr Durieux.** — (F) I should like to say a few words on behalf of my group in connection with the composition of the committees. During the meeting of the Bureau, which took place a little while ago, candidatures were presented and the proposals of my group were submitted to you, Mr President, in writing. Pursuant to the decisions taken a fortnight ago by the general secretaries of the political groups, we allocated our own seats in accordance with the accepted criteria.

At the Bureau meeting, it appeared that certain groups had nominated too many candidates. The general secretaries then hastily met; I, personally, had given instructions that, in the spirit of conciliation shown by the chairmen, one or other of the posts to which we were entitled should, if necessary, be relinquished. Now, however, I note that, in comparison with the allocation worked out a fortnight ago, the Liberal Group has lost three candidates: one for the Committee on Energy, Research and Technology, one for the Committee on Regional Policy and Transport and one for the Committee on Development and Cooperation. Speaking on behalf of my group, I must state that I cannot accept this. However, to avoid dragging out the discussion, I ask the chairmen of the political groups to consider, either today or at the latest tomorrow, reviewing this hastily-prepared allocation, for I repeat that we cannot accept it.

**President.** — I note that two problems have been raised—in the first place by Mr Covelli and in the second by Mr Durieux, who object to the proposed membership of the committees. In principle, we must today observe the provisions of Rule 37(2) of the Rules of Procedure. That does not, however, prevent the possibility of changes, made in consultation among the

**President**

political groups and their chairmen or general secretaries, of some points of secondary importance. Such a possibility has never been out of the question.

I call Mr Lücker to speak on behalf of the Christian-Democratic Group.

**Mr Lücker.** — (D) Mr President, perhaps there has been an error in the interpreting. As I understood it, Mr Durieux said that he was unable to approve the lists of committee members today, and emphasized that he had spoken on behalf of his group. That could lead us into a difficult situation.

I should therefore like to ask Mr Durieux to agree in principle to the lists of committee members, so that the committees can hold their constituent meetings. We—that is, Mr Durieux, Mr Vals and the other group chairmen—had, after all, agreed to discuss as soon as possible a few difficulties which still remain, and to submit a corrected version of the list of members adopted by us today.

I think we should agree to this, so that the committees can meet.

**President.** — I call Mr Durieux.

**Mr Durieux, Chairman of the Liberal and Allies Group.** — (F) Mr President, so as not to slow the proceedings down, I agree to this procedure, but I wanted to make these observations in public sitting so that the composition of the committees might be reviewed in agreement with the group chairmen.

Given that I have their assent, which I did not doubt for one moment, I am naturally in full agreement on the procedure.

**President.** — We must now proceed to the problem raised by Mr Covelli.

**Mr Covelli.** — (I) Mr President, please let me explain myself.

**President.** — Mr Covelli, you have already had the floor.

(*Mixed reactions*)

**Mr Covelli.** — (I) Mr President, I was not questioning the vote on the composition of the last committee: I was rather referring to paragraph 3 of Rule 37 of the Rules of Procedure, which would be violated by the composition, of all the committees. Paragraph 3, I repeat, was not observed when making up the various committees, starting with the Political Affairs Com-

mittee. Since it is not our habit to make difficulties for the Parliament, I, too, am prepared to agree to the courteous interpretation offered by Mr Lücker. If Mr Lücker believes that the whole question can be reviewed in respect of the Non-attached Members also, I am prepared to withdraw my proposal while maintaining my objection to a contravention of the Rules of Procedure.

(*Loud cries*)

**President.** — We can now vote on the list of candidates proposed for the Committee on Development and Cooperation.

Are there any objections?

These appointments are ratified.

The following is the list of candidates proposed for the Delegation to the Joint Parliamentary Committee of the EEC-Greece Association:

Messrs. Bourdellès, Corderier, Cousté, D'Angelosante, Dewulf, Dunne, De Koning, Lange, Emile Muller, Radoux, Lord St. Oswald, Messrs. Schulz, Thomsen, Thornley, Vetrone.

Are there any objections?

These appointments are ratified.

The following is the list of candidates proposed for the Delegation to the Joint Parliamentary Committee of the EEC-Turkey Association:

Messrs. Baas, Bangemann, Sir Tufton Beamish, Messrs. Behrendt, Boano, Brégégère, Cousté, D'Angelosante, Fellermann, Girardin, Jahn, Klepsch, De Koning, Lord Lothian, Mr Patijn.

Are there any objections?

These appointments are ratified.

The following is the list of candidates proposed for the Delegation to the Parliamentary Committee for the Association with the East African Community:

Messrs. Achenbach, Blumenfeld, Sir Douglas Dodds-Parker, Messrs. Flämig, Galli, Harmegnies, Mursch, Nolan, Rosati, Sandri, Vals, Wohlfart.

Are there any objections?

These appointments are ratified.

We still have to appoint the members of the Parliamentary Conference of the EEC-AASM Association.

The Bureau has unanimously decided to deal with these appointments at a later part-session.

I call Mr Romualdi.

**Mr Romualdi.** — (I) Mr President, I have asked to speak only to stress my satisfaction that the

**Romualdi**

membership of the EEC-AASM Association Parliamentary Conference has not been finalized. I want to repeat what I have said on other occasions namely, that Non-attached Members who belong to the Committee on Development and Cooperation should also be members of the EEC-AASM Parliamentary Conference if they are to be able to carry out their work effectively.

I wanted to bring this to your attention because otherwise participation by a Non-attached Member in the Committee on Development and Cooperation would be hampered. While doing so, I wish to draw the Bureau's attention to the fact that the Non-attached Members when they belonged to the present Communist group had their official representative in the Conference.

Thank you.

**President.** — I take note of Mr Romualdi's statement.

I propose to the House that the appointment of members of the Parliamentary Conference of the EEC-AASM Association be postponed to a later part-session.

Are there any objections?

That is agreed.

Since this plenary sitting has taken longer than expected, the constituent meetings of the committees will begin about an hour later than planned.

I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, the time put aside for each of the constituent meetings was 45 minutes. Now that the first constituent meeting is to be one hour later it is perhaps possible to shorten it to 30 minutes. I believe that half-an-hour would be sufficient for the various committees.

(Applause)

**President.** — I thank Mr Broeksz for his helpful suggestion that the duration of the constituent meetings of the committees be reduced to 30 minutes.

Are there any objections?

The proposal is adopted.

I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr President, I should like to make a statement concerning Rule 31 of the Rules of Procedure.

Mr President, I would ask the Bureau to propose a new procedure to the House before the 1975 constituent sitting, so that in this age of computers it would not be necessary for you, Mr President, to read out hundreds of names. (Applause)

**President.** — The appointment of committee members could have proceeded much faster if it had been better prepared. Once drawn up, the lists could have been distributed, and the House could have given its decisions on the basis of written lists. Unfortunately, that was not possible.

I call Mr Vals.

**Mr Vals.** — (F) Mr President, I can only agree with Mr Fellermaier. This is the first time in the history of this Parliament that a constituent sitting has been held in such conditions.

Clearly, the measures in force hitherto have not been sufficient to allow these proceedings to run a little more smoothly and a little more decorously.

At the request of Mr Lücker, chairman of the Christian-Democratic Group, contacts have been arranged between the various chairmen of the political groups—representing, of course, the opinion of the latter—to try to set up a system combining justice and efficiency.

I should like to point out to my Luxembourg friends that, yesterday, the political group chairmen decided on certain measures. But these group chairmen are only men, after all! They met late last night and early this morning, and have continued to meet throughout the day. They were consequently unable to deal with a problem which is certainly important to the Luxembourg delegation but which, in view of the difficulties they were having to deal with, they reckoned on solving in the next few days.

At all events—and we have been parliamentarians too long not to know this—decisions taken at the constituent sitting are only provisional: they are intended to enable Parliament to function. There are bound to be changes within the various committees, possibly even in the course of this part-session. This will be our task, I think, in the next few days. In any case, I should like to assure the Members of this Parliament that the chairmen of the political groups, who met yesterday, this morning and this afternoon are aware, of the problem and I believe I speak for them all—since I have already spoken on their behalf yesterday—when I say that what we want to achieve, as regards the functioning of this Parliament, is a result that will satisfy you.

(Applause)

**President.** — Mr Broeksz has asked me to announce the new times and places for the meetings of the various committees. At 6 p.m., the Committee on Budgets is to meet in Room C 100. For the rest, I shall read out only the times: at 6.20 p.m., the Committee on External Economic Relations; at 6.50 p.m., the Committee on Cultural Affairs and Youth, the Committee on Economic and Monetary Affairs and the Committee on Development and Cooperation; at 7.20 p.m., the Political Affairs Committee, the Committee on Regional Policy and Transport and the Committee on Social Affairs and Employment; at 7.50 p.m., the Committee on Agriculture, the Legal Affairs Committee and the Committee on Public Health and the Environment.

This, I think, satisfies Mr Broeksz's request.

Finally, I would ask those Members who have been elected Vice-Presidents to come to my room for a moment.

There are no other items on today's agenda.

#### *8. Agenda for the next sitting*

**President.** — The next sitting will be held tomorrow, Wednesday, 13 March 1974, at 10 a.m., the first item on the agenda being the order of business.

The sitting is closed.

*(The sitting was closed at 6.15 p.m.)*

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IN THE CHAIR: MR BERKHOUWER  
President

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

**President.** — The sitting is open.

1. Approval of minutes

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

Are there any comments?

I call Mr Schuijt.

**Mr Schuijt.** — (NL) Mr President, I have just seen the report of yesterday's proceedings. I

asked yesterday, in connection with the composition of the Political Affairs Committee, that the Bureau's attention be drawn to Rule 37 of the Rules of Procedure. It was my intention that this should at all costs be noted in the report of proceedings. As far as I can see, however, this has not been done. Page four merely states that I spoke. I find that less important than the fact that I raised the question of Rule 37. I would ask you to have my remarks entered in the report of proceedings.

**President.** — This is the customary practice in compiling the minutes. However, I shall take the necessary steps to see to it that the substance of your speech is recorded in the report of the debates.

Are there any further comments?

The minutes of proceedings are approved.

## 2. Documents received

**President.** — I have received the following documents:

— Oral Questions from Mr Cousté, Sir Tufton Beamish, Mr Brewis, Mr Noè, Mr Marras and Mr Patijn, pursuant to Rule 47 of the Rules of Procedure, for Question Time on 13 March 1974 (Doc. 1/74);

— a report from the Commission of the European Communities on development in the social situation in the Community in 1973 (Doc. 2/74).

This document has been referred to the Committee on Social Affairs and Employment;

— an Oral Question, without debate, pursuant to Rule 46 of the Rules of Procedure, put by Mr Horst Gerlach to the Commission of the European Communities, on the prices of fuels for coastal fishing.

## 3. Verification of credentials

**President.** — At its meeting of 12 March 1974 the Bureau verified the credentials of Mr Andreotti and Mr Concas whose appointments as members of the European Parliament were announced on Monday last.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that these appointments comply with the provisions of the Treaties.

It therefore asks the House to ratify these appointments.

Are there any objections?

These appointments are ratified.

## 4. 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?

That is agreed.

## 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 for all

items on the agenda except Mr Notenboom's report and the Oral Questions with debate 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.

In view of the importance of Mr Notenboom's report on value added tax, the rapporteur will, by way of exception, be given 30 minutes' speaking time in accordance with the usual practice. Finally, in accordance with the usual practice, I propose that speaking-time for the Oral Questions be allocated as follows:

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

Are there any objections to these allocations of speaking-time?

That is agreed.

## 6. Order of business

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

At its meeting of 12 March 1974 the enlarged Bureau prepared the following draft agenda, which has been distributed:

*Wednesday, 13 March*

*That morning and that afternoon at 3.00 p.m.:*

- Question Time;
- Statement by the Commission on action taken on opinions and proposals put forward by Parliament;
- Statement by the President-in-Office of the Council on the annual report on the activities of the Council;
- Oral Question No 193/73, with debate: protection of the privacy of the Community's citizens;
- Oral Question No 197/73, with debate: development of the Economic Community;
- Oral Question No 196/73, without debate: environmental measures proposed by the Commission;
- Debate on the report on the Council's activities;
- Report by Mr Bousch on the economic situation in the Community;

### President

- Presentation of the report by Mr Notenboom on value added tax;

The time limit for tabling amendments to the motion for a resolution contained in the report by Mr Notenboom was set for 3.00 p.m. that afternoon.

At the request of the Committee on Budgets, the six reports drawn up by Mr Artzinger, Mr Schmidt and Mr Rossi on certain excise duties were removed from the agenda.

- Motion for a resolution on the regional policy of the Community;
- Report by Mr Cousté on the Agreement between the EEC and India;
- Report by Mr Klepsch on the Trade Agreement between the EEC and Brazil;
- Report by Mr Cousté on the Agreement between the EEC and the Lebanese Republic.

*Thursday, 14 March 1974*

*10.00 a.m., 3.00 p.m. and possibly 9.00 p.m.:*

- Debate and vote on the motion for a resolution contained in the report by Mr Notenboom on value added tax;
- Motion for a resolution by Mr Springorum on energy supplies in the Community;
- Joint debate on the following Oral Questions:
  - Oral Question No 204/73, with debate: activities of oil companies;
  - Oral Question No 205/73, with debate: abuse by oil companies of their dominant positions;
- Interim report by Sir Douglas Dodds-Parker on sugar policy;

*Friday, 15 March 1974*

*9.30 a.m. to 12.00 noon:*

- Oral Question No 3/74 without debate: fuel prices for coastal fishing;
- Report by Lord Reay on the annual meeting of the Parliamentary Conference of the EEC-AASM Association;
- Report by Mr Gibbons on safety at work;
- Report by Mr Creed on the making up of certain pre-packaged products;
- Report by Mr Walkhoff on cosmetics;
- Report by Mr Laban on the programme of surveys on agricultural holdings;

- Report by Mrs Orth on the production capacity of certain tree fruits;
- Report by Mr Baas on products processed from fruit and vegetables;
- Report by Mr Vals on liqueur wine and grape musts;
- Report by Mr Boano on the suspension of customs duties on certain agricultural products from Turkey;

Are there any further comments?

I call Mr Gerlach.

**Mr Gerlach.** — (D) Mr President, firstly I would like to thank you and the Bureau for recognizing the urgency of my question. I am also grateful to the Commission for being prepared to recognize this urgency.

Since it is a question without debate, I request you to deal with it as the first item on the Friday agenda; it will only take a few minutes.

**President.** — Has the Assembly any objections to Mr Gerlach's proposal?

That is agreed then and the agenda will be drawn up accordingly.

### 7. Question Time

**President.** — The next item is Question Time. The questions to be put are contained in Document 1/74.

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

I call Oral Question No 1/74 by Mr Cousté on prospects offered to the Community by the European-Arab Conference:

Can the Council state what prospects are offered by the European-Arab Conference decided in principle by the Ministers of Foreign Affairs of the Member States on 4 March 1974, within the framework of political cooperation?

I call Mr Apel to answer the question.

**Mr Apel, President-in-Office of the Council of the European Communities.** — (D) Mr President, before replying to this question, may I congratulate you very sincerely on behalf of the Council on your re-election and wish you great success and all the best. In the coming months we will be faced with a turbulent period of European policy. We are aware that in the next few months the European Parliament will bear a special responsibility to hold the European ship on course. We wish you, Mr President, as

**Apel**

captain of the ship, all the best and much success.

You may be sure that we are at your disposal at all times to continue our close and loyal collaboration.

And now, Mr President, let us proceed to Mr Cousté's question. You know, Mr Cousté, that I, as representative of the Council of Ministers, cannot speak here of the foreign minister's decisions. I hope there will soon be a colloquy between you and the President of the Council in which we may speak of political cooperation.

With regard to the Council's terms of reference, I can inform you that the Community also has a great deal of responsibility in respect of the European-Arab dialogue and that this may well be described as part of its 'global approach'. The Council has not yet taken any final decisions. We will give you further information as soon as we have taken such decisions.

**President.** — I call Mr Cousté to put a supplementary question.

**Mr Cousté.** — (F) Mr President, this question has two aims which are very simple. First, it relates today's statement to that of 16 January. We wish this matter to have practical results and I am delighted that it has. But is it true, as I understood—and here I am speaking to Mr Apel—that the Community as such will enter into these global negotiations, quite apart from the political cooperation at the level of the Council of Ministers of the European Economic Community? That is what I should like the Council to state clearly before this Assembly.

**President.** — I call Mr Apel.

**Mr Apel.** — (D) Mr Cousté, if we want to collaborate closely with the Arab world, this naturally also involves the question of the overall Mediterranean policy, the question of imports of agricultural products from these countries into the Community, the question of labour and the question of coordinated Community investments in these countries. It seems only natural to me that these matters fall within the terms of reference of the Community. Here I am speaking as a Federal German representative. We will refuse even to envisage the danger that the Community should forfeit any of the responsibilities due to it and only to it in this dialogue.

**Mr Cousté.** — (F) Very well!

**President.** — I call Sir Douglas Dodds-Parker.

**Sir Douglas Dodds-Parker.** — As many Members have urged over many years, may I ask whether the Council of Ministers is offering specific proposals for Europe to underwrite any settlement negotiated by Dr Kissinger?

**President.** — I call Mr Apel.

**Mr Apel.** — (D) Mr President. I have very private and personal views on this matter. But I shall not even mention them.

(Laughter)

**President.** — I call Oral Question No 2/74 by Sir Tufton Beamish on proposals of the Council for a common position in the foreign policy of the European Community:

What positive proposals has the Council to ensure that the Nine member countries speak increasingly with one voice in important world affairs as decided in paragraph 1 of the Summit communiqué of 15 December 1973?

I call Mr Apel to answer this question.

**Mr Apel.** — (D) Mr President, once again I am faced with difficulties. As Council representative I can only deliver an opinion on matters falling within the Council's terms of reference. So I am unable to speak, comment or even deliver an opinion on cooperation in foreign policy.

With regard to the 'European Community', the Treaty of Rome explicitly states that the Community must appear as a single entity in international organizations such as GATT, the International Monetary Fund or the OECD. Hitherto we have managed, thanks to the European institutions, in particular the Commission, to adopt such a common stand. We shall manage to do so in future too in the interests of the Community.

As regards political cooperation, I can only repeat what I just said. There will soon be a colloquy between the Political Affairs Committee of this Parliament and the President of the Council, Mr Scheel, probably in Bonn. That is when this aspect of the matter should be discussed.

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

**Sir Tufton Beamish.** — While I understand the limitations imposed on the President-in-Office

**Beamish**

of the Council and clearly shown in the two replies to the questions that he has answered, he will, I think, agree that confidential meetings of the Political Affairs Committee are no sort of substitute for debates and questions on the Community's foreign policy in the presence of the responsible Minister. May I ask him, therefore, if he clearly understands the urgent need to bring the whole sphere of so-called political cooperation within the framework of the Council of Ministers, so linking it intimately with the work of the Commission and Parliament?

**President.** — I call Mr Apel.

**Mr Apel.** — (D) Mr President, may I say the following on behalf of the Federal German Government: We are quite aware of the more or less artificial distinction between the various Community spheres of responsibility in foreign policy—and foreign trade policy also belongs to foreign policy, in the widest sense of the word—i.e. in foreign policy as a whole, which is a field of general political cooperation between the Nine. We too would very much like to eliminate this artificial distinction in the interests of an open and honest debate on political affairs in this Parliament.

Believe me, Sir Tufton, it is very difficult for me to repeat again and again here what I have been instructed to say. It gives me no pleasure at all. But at the moment I am forced to do so. You have written a letter on the matter; we discussed these questions at the last foreign ministers' meeting. I hope that your constant activity, for which I for one am very grateful, will bring the required success. Only I cannot make any promises because all Nine Community countries will have to agree to comply with your wishes.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, at the CSCE negotiations in Helsinki and Geneva, the Community spoke with one voice on the major points. We took a very favourable view of this. Do you not think that this joint attitude in the CSCE could serve as a good basis for a joint stand by the Community on all other foreign policy questions?

**President.** — I call Mr Apel.

**Mr Apel.** — (D) I quite agree, Mr Jahn. But we should not indulge in any illusions, for these are areas of the Nine's common foreign policy in which they all have the same interests. That of course makes it much easier to adopt joint

positions than in other areas where opinions differ vastly. That is why we should not believe that success at the CSCE can simply be transferred to other fields. In the last few days we have read in the press of differences of opinion which cannot be ironed out quickly, however regrettable that may be.

**President.** — I call Mr Patijn.

**Mr Patijn.** — (NL) Mr President, I should like to ask the Council representative if he does not feel that there is a close connection between progress in the Community in regional policy and so on and progress of political deliberations within the framework of European political cooperation.

**President.** — I call Mr Apel.

**Mr Apel.** — (D) Mr Patijn, may I express my full agreement. The unease we feel does not simply concern cooperation within the Community but also concerns the common stand in foreign policy and agreement in the Community on common objectives.

**President.** — I thank Mr Apel for his replies.

We now proceed to the questions addressed to the Commission of the European Communities.

I call Oral Question No 3/74 by Mr Brewis on free competition in the shipping sector within the Community:

The Commission is asked what action it will take in the shipping sector to encourage free competition within the Community and to prevent flag discrimination by external states?

I call Mr Scarascia Mugnozza to answer this question.

**Mr Scarascia Mugnozza,** Vice-President of the Commission of the European Communities. — (I) Mr President, the Commission thinks that action should be taken in the two sectors mentioned by your colleague. A difficulty, however, arises since Article 84 (2) of the Treaty stipulates that a common policy on sea and air transport may only be implemented acting on a unanimous Council decision. Given the difficulties encountered in the Council, the Commission did not in the past think it was worth while making proposals in this field. The situation has now changed and the Commission's communiqué to the Council on the revival of transport policy made it clear that it was necessary to initiate action in this sector. For these reasons, the Commission has already arranged meetings with

**Scarascia Mugnozza**

shipowners and other interested parties to investigate the limits and possible extent of action in the sea transport sector.

In a few months' time, the Commission will therefore be able to present proposals and we hope they will prove acceptable.

Insofar as national discrimination is concerned, some progress has already been made within the framework of the trade negotiations conducted on the basis of Article 113 of the Treaty. The Commission, however, does not think this is enough and will, in the future, submit proposals in order that Article 113 of the Treaty may also be observed in negotiations with third countries.

**President.** — I call Mr Brewis to put a supplementary question.

**Mr Brewis.** — While thanking the Commissioner for his reply, may I ask, whatever be the position under Article 84(2), whether it is not absolutely basic to the Community that there should be free competition? Further, is it not a fact that provisions for free competition in shipping have already been concluded in agreements between the Community and Brazil and Uruguay? Will the Commission seek to include similar clauses in future agreements with other countries?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) I admit that this is true, Mr President. I must, however, add that I know, partly from personal experience acquired during a recent visit to the Latin American countries, that these States do not consider the clauses dealing with national discrimination envisaged in the treaties satisfactory.

**President.** — I call Mr Seefeld.

**Mr Seefeld.** — (D) Mr President, I should like to ask whether the Commission will draw the right conclusions from this for its activities in sea transport, as, for instance, the Advocate-General Mr Reischl did in his judgment on case 167/73—Commission versus France—declaring that all, and I stress all, general Treaty provisions also apply to sea transport?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, we are waiting with considerable interest to hear the Court of Justice's verdict. We hope that their decision will be such that it opens up the

possibility of also establishing a common policy in the sea transport sector.

**President.** — I call Mr Gerlach.

**Mr Gerlach.** — (D) Mr President, I should like to ask the Commission whether the proposals which the Commission representative has just referred to also aim to prevent the re-registration of ships which previously flew the flag of a Member State, for this re-registration is becoming more and more prevalent in Member States and does damage to our own shipping.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, this is a very complex matter and, as I have already said, it has already been covered in commercial negotiations. It goes without saying that we shall try to arrange matters so that discrimination does not damage the shipowners and national interests of the European Community.

**President.** — I call Mr Schwabe.

**Mr Schwabe.** — (D) I should like to ask the Commission representative whether the Commission also considers that flag discrimination must be viewed in conjunction with the problems of the developing countries and that the Community should, therefore, take part in the talks now being held within UNCTAD on shipping conferences and flag discrimination.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) I agree, Mr President.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (F) Does the Commissioner intend to study all aspects of the problem of flag flying and re-registry?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) We are studying the matter, Mr President.

**President.** — I call Oral Question No 4/74 by Mr Noë on the reorganization of the Joint Research Centre:

How soon does the Commission propose to complete the reorganization of the Joint Research Centre, in view of the need to implement the

**President**

multi-year programme adopted in February 1973 and to re-form the top management structure following the application of the voluntary retirement procedure?

I call Mr Dahrendorf to answer this question.

**Mr Dahrendorf, Member of the Commission of the European Communities.** — (D) Mr President, it is one of the responsibilities of the Director-General of the Joint Research Centre to organize the structure of the research centre in such a way as to ensure that the programmes can be practically implemented. I am not aware that any problems arose here. The problem with which we are concerned is due to the fact that a fairly large number of researchers was able to leave our services under the voluntary retirement scheme. We hope to be able to fill the posts thus vacated.

**President.** — I call Mr Noè to put a supplementary question.

**Mr Noè.** — (I) Mr President, I asked this question because I was concerned that, if too long a period passed before these vacancies were filled and the research centres organization completed, the long-term plan would suffer considerably.

Since, in the past, there have been similar unfortunate occurrences in relation to Euratom's centres, we did not want the same thing to happen again.

In addition, the Committee on Energy, Research and Technology is to visit the Ispra Centre in the near future and I hope that, by then, all the organizational problems will have been solved.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, the voluntary retirement scheme provides that those who leave must do so by 30 June this year. This implies a certain time schedule. I agree with Mr Noè that in the interests of research this period of time is too long; but it is in the interests of those who are leaving. We must try to fill all the vacant posts again as soon as possible.

**President.** — I call Lord Bessborough.

**Lord Bessborough.** — Can the Commissioner say to what extent the Joint Research Centre has diversified its activities into industrial or scientific sectors other than nuclear energy? To what extent is the Director of the Centre cooperating with industrial firms in different

Member States—for example, Britain—and to what extent is the Centre moving into applied research rather than mainly basic research?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, part of the programme decided upon last year consists of more research into matters outside the nuclear field, such as the research programme for the utilization of solar energy, the research programme on environmental detection, the research programme on so-called remote sensing of earth resources, or the research programmes for standards and reference substances. The Commission intends to proceed further in this direction. The proposal for a revised research programme which is now being discussed contains recommendations on these programmes. That answers half of Lord Bessborough's question.

As for the other question, the Commission quite agrees with Lord Bessborough that it would be desirable to create closer links between our research institutes in Member States. We are in the process of working out comprehensive proposals, particularly in energy research. These proposals can only become meaningful if they are implemented in close cooperation with private and public research institutes.

**President.** — I call Mr Pounder.

**Mr Pounder.** — May I ask the Commissioner how much in financial terms the Joint Research Centre is saving as a result of last year's decision to cut back on its activities?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, the reply to this question will probably not satisfy the questioner, yet it must be put in this form. It is not the case that the Research Centre saves money, but rather that the Council of Ministers has granted fewer funds and that the budget—which is in any case not very substantial—is therefore lower now than in previous years. It is, therefore, not the case that the Research Centre was able to save, but rather that the Council of Ministers economized on the Research Centre.

**President.** — I call Mr Normanton.

**Mr Normanton.** — Is the Commissioner able to tell the House whether there have been any identifiable economic advantages or returns as a result of the work done in recent years by the

**Normanton**

Joint Research Centre which can be to the credit of this Centre as opposed to other research establishments in the Community?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, I would not contrast the Joint Research Centre with other research centres, for there is no question of any opposition here. What is important is that the Joint Research Centre has produced a series of results which were of direct economic use in terms of licences and treaties. I cannot at the moment give any actual financial figures in respect of this economic advantage. Yet I could do so later by letter if the questioner so wishes. In any case such licences and treaties and this economic advantage do exist. It must be realized, however, that a fairly large part of the research —this also answers Lord Bessborough's question—is basic research, so that its advantage can only be assessed indirectly.

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — (D) Mr Dahrendorf, in connection with the last supplementary question, I should like to point out that I have been asking in this House for years for success figures on the research centres and above all Ispra. I am aware how difficult this is, in particular because it is not possible to assess the results of basic research. We have no idea of the effectiveness...

**President.** — (NL) Would you ask your question now?

**Mr Burgbacher.** — (D) ... of Ispra, but I would like to know and would like to have a kind of report for Parliament with details of results achieved in relation to expenditure...

**President.** — (D) Please ask only one supplementary question, Mr Burgbacher!

**Mr Burgbacher.** — (D) Much research is done in areas which are not of immediate interest at present. I have just heard with pleasure that energy research, which is of rather more direct interest, in fact of great concern, is to be promoted.

May I ask whether serious attempts are being made here and whether funds are available?

Mr President, I have a supplementary question to the supplementary question.

(*Laughter*)

**President.** — I must ask you to finish, Mr Burgbacher.

**Mr Burgbacher.** — (D) The problem of staffing in Ispra has been a complex one for years and many changes have taken place. You may reply to the question I am now about to put, Mr Dahrendorf, with 'no comment'. This question, which worries me greatly, is as follows: has the change in scientific staff improved or worsened the quality of work?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, it is difficult to reply to questions concerning quality. The fact that we have a multi-year programme with annual reviews makes it easier for us to control success. I welcome the suggestion to combine the review of the programme with a statement on relations between expenditure and yield. The annual review system enables us to incorporate certain new developments into our research field, and this is what is done in the Joint Research Centre.

As far as I know, the Council intends, at a May meeting which the Ministers of the Research will attend, to discuss methods of devoting more attention to questions of energy research within the framework of the Joint Research Centre. That is a very realistic plan and not a question of the far distant future.

Moreover, I hope that the new appointments will bring fresh blood into a majority of jobs near the top management level of the Joint Research Centre. It is always safe to assume that a certain amount of fresh blood will improve quality.

**President.** — I would remind the members that in accordance with the Rules of Procedure on Oral Questions, each member may put only one short supplementary question.

I call Mr Flämig.

**Mr Flämig.** — (D) Mr Dahrendorf, I would like to ask a supplementary question to your reply to Mr Noë's original question, now that you have explained that no real difficulties arose as a result of the voluntary retirement scheme.

Mr Dahrendorf, how do you explain the complaints from Ispra about internal difficulties, e.g. that one research team tried in vain for months to be allocated a project? Are those not management problems and are they not further complicated by the fact that replacements can usually only be appointed on two year contracts nowadays, which reduces all incentive to work at the research centre? Are there any plans to change this situation?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Appointments to vacant positions in Ispra and elsewhere within the framework of the Joint Research Centre will certainly remove the cause for such complaints within a very short time—I am not aware of this specific complaint. The Commission has made most of the necessary arrangements already. Moreover, I would like to point out that the introduction of the multi-year programme last year naturally involved certain changes of orientation for a number of researchers. I am aware that at times research teams which previously worked together were broken up and redistributed. That produced quite normal transitional difficulties.

On the whole the Commission intends to ensure that the Joint Research Centre and Ispra in particular will become a notable European scientific centre.

That requires a number of decisions in respect of personnel and projects. This process will come to an end during the current six months. Then we will have the right groundwork. I very much hope that it will be possible while I am still a member of the Commission to create a lasting basis for the creation of a notable European Community scientific centre.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (F) Mr Commissioner, do you not think that in the field of basic research in particular some failures should not be regarded as such since they allow one to identify dead-end roads? It would be too easy to speak of failure in cases where the Centre has in fact failed but this failure perhaps represents success viewed in terms of overall research.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, I agree with the questioner without reservation. I even think that under certain circumstances we should pursue hazardous research projects and make them central to European research, even if their ultimate success is uncertain at the time when we choose them and failure, as the questioner says, may in fact be success. For even if a certain line of research leads to a dead end, that could perhaps be most important for all Member States and in general.

**President.** — I call Mr Leonardi.

**Mr Leonardi.** — (I) What does the Commission think about extending the Centre to the non-

nuclear sphere, particularly in relation to making use of the men and experience acquired in the nuclear field in previous years?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) The Joint Research Centre began purely with nuclear research. For a while it pursued a major field of research, one of those to which the last questioner's remarks apply. Diversification into non-nuclear fields has not advanced far enough to allow me to assess whether the nuclear or the non-nuclear field leads to greater success. But I would presume that we must pursue this diversification further, especially in the field of energy research, so that the Joint Research Centre will be characterized by a combination of nuclear and non-nuclear research together with some concentration on energy research. It would be premature to make any value judgments at this point.

**President.** — The next item is Oral Question No 5/74 by Mr Marras on facilities for Italian emigrants to participate in the divorce referendum:

Does the Commission agree that the Governments of Member States should—by approaching employers, providing additional transport facilities and reducing fares—enable the greatest possible number of Italian migrant workers to travel home to take part in the forthcoming referendum on the divorce law?

I call Mr Dahrendorf to answer this question.

**Mr Dahrendorf, member of the Commission of the European Communities.** — (D) Mr President, at the level of Community law we have no means of obliging Member States to give facilities to migrant workers which enable them to take part in elections or referenda in their countries of origin. This matter was discussed when the Council of Ministers' met as the Social Committee. Various delegations and the Commission made statements. But we have no real legal instruments here, so the question must be left up to Member States themselves.

**President.** — I call Mr Marras to put a supplementary question.

**Mr Marras.** — (I) Mr President, I must admit that I was deeply disappointed by the Commission's reply. Though I appreciate the legal difficulties which the Commission's representative explained, there can be no doubt that this is a field in which the Commission's action in

**Marras**

dealing with Member States can have positive results and some success.

Mr President, I am sure you know that in Italy we have neither the postal vote nor the proxy vote. Since millions of Italian electors are forced to live abroad as emigrants, it is obvious that their presence in Italy on this occasion may be a decisive factor. We have not asked the Commission to come out for or against divorce but simply to use its authority to make it easier by means of action by the Member States's governments for these migrant workers to return to Italy. Past experience, i.e. during general elections, has shown that these workers have great difficulty in returning because of the holiday arrangements used by employers, the scarcity of means of transport and the lack of travel facilities.

On these three practical issues—leave from employers, increasing means of transport and travel facilities—we ask the Commission whether it cannot take any initiative in relation to the Member States' governments?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, firstly, the Commission is aware of this problem and of its dimensions. According to our information, at the last Italian elections, only 5 000 out of the 650 000 Italian migrant workers entitled to vote were able to use their voting right.

Secondly, the Commission made proposals pointing out the need to ensure—as the member responsible, Mr Hillery said—the full participation of migrant workers in Community life.

Thirdly, there is no legal instrument, I repeat, to force Member States to adopt uniform measures here. It is welcome that some Member States have done so on their own initiative and the Commission will continue to urge that this is done.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Mr Dahrendorf, we have discussed this question frequently here and I believe—since we have just heard figures which are shocking in terms of the equal rights of electors in one country—that we should advise the Commission to propose to Member States that they should introduce the right to vote by letter for referenda and elections, so that no citizen working in the Community is placed at a disadvantage.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, I welcome that suggestion although I realize that electoral provisions in the Member States do not make it very easy to do this. For instance the Member State from which the questioner comes has electoral laws under which it would be very difficult to introduce such a regulation.

**President.** — I call Mrs Carettoni Romagnoli.

**Mrs Carettoni Romagnoli.** — (I) Mr President, I do not know if there was a translating error but I understood that 5 000 migrants voted in Italy. If I understood correctly, I should like to know what are the Commission's statistical sources since all Italians know that there are hundreds of thousands of migrants.

I repeat, I should like to know where the Commission gets its data.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) The low figure I quoted refers to those who actually travelled back to make use of their voting right. I obtained this information from the Commission services. I am quite prepared to check it again; but I cannot do so during question time.

**President.** — I call Mr Girardin.

**Mr Girardin.** — (I) Mr President, I think that the Commission's representative is making a very serious mistake and that not 5 000, but many more, migrants returned to vote. Since, for us, this is a very important political fact the figures must be checked and I am sure that you will find them to be erroneous.

I should secondly like to point out that we have not yet reached the stage when the European institutions consider themselves responsible for providing transport to their native countries for migrant workers and I therefore think, I am sure that Mr Marras will agree with me, that this is above all a matter for the national parliament.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, of course I will check the figures, and if they are wrong, I will inform this Assembly. As for the other part of Mr Girardin's question, I can only repeat that the national parliaments must create the right preconditions. That has been done in some cases.

**President.** — Mr Burgbacher, a short supplementary question!

**Mr Burgbacher.** — (D) Mr Dahrendorf, do you not think that it is a primary duty of the countries of origin to ensure that their citizens are able to exercise their voting right, that it is not primarily our duty to ensure this, and that Mr Jahn's suggestion about voting by letter would, therefore, be the best solution for all concerned, since it ensures the exercise of voting rights in the country of origin?

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, I replied to Mr Jahn's suggestion; however I should think, and the Commission thinks, that the freedom which we promise within the European Communities should go hand in hand with an obligation to ensure on principle that those who make use of this freedom do not, therefore, forfeit any of their citizens' rights in their own country. In this context the Commission maintains that it is also the duty of the Community to examine proposals and, possibly, to make decisions in this case.

**President.** — I call Mr Bersani.

**Mr Bersani.** — (I) Mr President, I hope that my colleagues will excuse me for returning to this problem but everyone knows that 95% of workers employed outside their native country are Italian. Hence our interest in such a situation.

Though I agree with my colleagues that the figures given are clearly wrong, I am nevertheless convinced that there are two sides to this problem: a national side and a European side.

For example, I consider that the question of applications for leave, referred to by my colleague, Mr Marras, should be considered on a Community level whilst other problems should be considered on a national level. A general policy line must be established at the Community level and explicit recommendations made to governments so that a means of ensuring that these citizen's fundamental rights are respected is found.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, I can only agree.

**President.** — I remind you once again that only short supplementary questions may be put.

I call Mr Giraud.

**Mr Giraud.** — (F) One can either move the stool or move the piano!

(*Laughter*)

I think the correspondence vote is the most practical solution.

I ask the Commissioner whether, in response to the concern shown by members of Parliament, he does not consider it appropriate to suggest to the governments or to the Community that they should undertake a practical study of these problems.

**President.** — I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, I must reserve my answer to this question. It is a matter that requires consideration, i.e. the question whether the stool be sent to the piano by post.

(*Laughter*)

**President.** — I call Miss Lulling.

**Miss Lulling.** — (F) Mr President, does the Commission not consider that the time has arrived to take steps towards harmonizing legislation in the Community, not only in matters of divorce, but also, for example, in matters of nationality?

In Italy there is still a law to the effect that a woman of foreign nationality who marries an Italian automatically becomes an Italian herself and loses her nationality.

Do you not think that all these problems should finally be settled in the Community, for example by organizing meetings between Ministers of Justice and of the Family, so as to harmonize the legislation of the Member States? In fact, present differences in legislation on the family and divorce constitute a hindrance to the free circulation of persons in the Community, since by changing countries they lose certain rights and are subject to different laws.

**President.** — I would remind Members that this question concerns the possibility of participating in a referendum on divorce, not on marriages.

I call Mr Dahrendorf.

**Mr Dahrendorf.** — (D) Mr President, a case is pending before the European Court of Justice which concerns whether restrictions of citizenship are justified in many areas by the Treaty. When that case has been decided, we will know better how far the Treaty of Rome is to be regarded as directly applicable law and cancels many existing restrictions. I agree that

**Dahrendorf**

it is in the spirit of the Treaty to remove such restrictions of citizenship and the accompanying legal discrimination wherever possible.

**President.** — The next item is Oral Question No 6/74 by Mr Patijn on future relations between COMECON and the European Community:

Has the Commission already established contact with a COMECON representative concerning future relations between this organization and the European Community, and if so, what is the nature of such contacts?

I call Sir Christopher Soames to answer this question.

**Sir Christopher Soames, Vice-president of the Commission of the European Communities.** — As my honourable friend, Mr Dahrendorf, told the House in February, the situation in regard to COMECON is that the Danish Ambassador in Moscow, in his capacity as a representative of the President, conveyed a reply to Mr Fedayev, the General Secretary of COMECON, last September.

The Community's reply stated that we had taken note of the informal *démarche* by the General Secretary of COMECON and, should COMECON wish to take the matter further, they should do so with the Commission.

I welcome this opportunity to confirm, in case there has been any misunderstanding, that this reply was in no sense a negative one but was merely the normal Community response to such an approach and that if COMECON wishes to pursue the matter, the Commission stands ready to have an exploratory discussion with them about the areas of possible cooperation.

**President.** — I call Mr Patijn to put a supplementary question.

**Mr Patijn.** — (NL) Mr President, is the Commissioner now suggesting that the Community should at this point take another step in its relations with COMECON, and is the Commissioner prepared to allow the Commission to take this step?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — No, Sir, the Commission suggested to the Council of Ministers that it might be useful if the President were to explain again to COMECON the nature of the reply conveyed last September to their initial informal *démarche*. Therefore, there have been some indications in the press and elsewhere that

this reply was considered by some either negative or incomplete. In our view it was neither and it is perhaps worth saying so explicitly.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, since we have discussed this question here fairly frequently, may I ask: do you agree that the Council can maintain contacts with Comecon, but that there should be both multilateral and bilateral negotiations with the Commission, as in the past, involving not only the COMECON leaders but also the individual COMECON member states if they so wish.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — Yes, indeed, and it is a proposal along these lines that we have made to the Council, but where COMECON is concerned, there is no question of negotiations at this point in time.

We have made it perfectly clear to them that if it is COMECON'S wish as such to take this further, we stand ready to discuss the matter with them.

**President.** — I call Mr Leonardi.

**Mr Leonardi.** — (I) In the press it was announced that the Commission has drawn up a report on the question of COMECON and its relations with the European Community. Does the Commissioner not think that the time has come to forward the text of this document to the members of the parliamentary committee concerned?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — The report is not exactly what the honourable Member suggests. It is a factual report—a report promised by the Commission—on the responsibilities of COMECON. It is about that and not about any form of negotiation between COMECON and the Commission. I repeat that it is a purely factual report.

**President.** — All the Oral Questions have been answered.

Question Time is closed.

8. *Commission statement on action taken on opinions and proposals of Parliament*

**President.** — I have received a communication from the Commission of the European Com-

**President**

munities on action taken on opinions and proposals of Parliament.

Mr Scarascia Mugnozza has informed me that the Commission would prefer to make its statement in April. It will tell us then what action has been taken on opinions and proposals submitted by Parliament during the February and March sessions.

I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I have no objections to this. I would, however, remind Mr Scarascia Mugnozza of his promise not only to give us an oral statement but also to let us have it in writing, so that we can clearly see what action has been taken on our opinions.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the European Communities.** — (I) Mr President, the Commission asked to be exempted from informing the Parliament of the action taken pursuant to the latter's opinions and proposals because, in the parliamentary committee meetings during this part-session, the Commission has already approved almost all the opinions expressed, there and in the Chamber. Under these circumstances, the communication would have been extremely short and, I dare to think, superfluous. In April, on the other hand, more information will be available.

In reply to Mr Broeksz, I should like to point out that the text of the Commission's statement is always placed at the President's disposal in order that he may forward it to the committee chairmen.

**President.** — I note that Mr Scarascia Mugnozza is prepared to meet Mr Broeksz's wishes on this point and that Parliament will be given a written document.

#### 9. Report on activities of the Council of the European Communities

**President.** — The next item is the report by the President-in-Office of the Council on the activities of the Council of the European Communities.

I call Mr Apel.

**Mr Apel President-in-Office of the Council of the European Communities.** — (D) Mr President, in accordance with the procedure adopted by the Council for improving its relations with

the European Parliament, a procedure about which my predecessor informed you at the meeting on 17 October 1973, I shall confine myself to a short statement on the Council's activities. A more detailed written summary of our activities will be circulated to you immediately following my statement.

Mr President, you have just said that the more interesting part of the discussion, namely the debate, will be concerned with these activities. 1973 has been, first and foremost, the year of the enlargement of the Community. Its increased size has brought with it a period of adjustment as a whole new series of mechanisms had to be introduced in order to enable the Community to operate with nine Members instead of six. I must acknowledge that, thanks largely to the goodwill and adaptability shown by our new partners, the transition was carried out smoothly within each of the Institutions and in the relations between the Institutions themselves. The latter were thus able to co-ordinate their working methods within a short time and adapt their structures to an enlarged Community.

In our respective Institutions we have all had occasion to realize that this change has truly enriched the Community.

As President of the Council, I cannot but pay homage to the activities of my predecessors in 1973: to those of Mr Van Elslande and the Belgian delegation whose experience of Community matters and whose political will for the Community were particularly beneficial during the first Presidency of the Council of the Nine; to those of Mr Nørgaard who has now joined your ranks after representing the Council so devotedly at the European Parliament, and to those of the entire Danish delegation, which, so shortly after Denmark's entry into the Community, was called upon to bear the heavy burden of the Presidency of the Council, a burden which it shouldered with both vigour and wisdom.

In 1973, the Community was faced with the important and difficult mission of implementing the guidelines laid down by the Conference of Heads of State or of Government held in Paris in October 1972. These guidelines constituted a real challenge, since, together with the existing Treaties, they are our charter for the building of Europe in the future. Their purpose was to bring about in-depth changes in the Community, adding so to speak, a new "qualitative" dimension. The Community was to embark on new areas, strengthen its institutional structures and prepare itself for the great objective of European Union.

**Apel**

Immediately following this Summit Conference, all the Community institutions began detailed surveys with a view to implementing the decisions taken by the Heads of State or of Government. The results obtained are set out in the written part of my statement.

As examples I should simply like to mention the common position adopted by the Community at the GATT negotiations, the adoption of a social programme—and I sincerely hope that the Community will achieve tangible results in this field—the decisions taken on industrial and technological policy, scientific research and environmental policy.

The Council has also made efforts to improve its relations with the European Parliament and to this end has adopted a number of practical measures.

Parliament will ask: what about the European Parliament's budgetary powers?

**Mr Fellermaier.** — (D) Very true!

**Mr Apel.** — (D) You know, Mr Fellermaier, that we in the Council have tried very hard to comply with your requests and wishes as far as possible. We had hoped at last week's Council meeting to be able to evolve guidelines which should have been communicated to you with a view to establishing the planned contact between our Institutions. Unfortunately, the political situation in certain Member States has prevented some Governments from taking a decision on a problem of such political importance at that meeting. The Council will therefore re-examine this question at its next meeting and I remain confident that positive results will be obtained on that occasion.

During the last few months, Parliament, the Commission and the Council have been tackling the preliminary work connected with drafting the report on European Union which the Heads of State or of Government have asked the Community Institutions to produce. For its part, the Court of Justice is shortly to examine the questions affecting it which have arisen during preparation of the report.

We are all aware of the fact that, during 1973 and the first few months of this year, the Community has been confronted with major problems which are perhaps the most difficult which it has experienced since it was set up.

Last year a variety of events, the original cause of which cannot be laid at the door of the Community, profoundly upset the world economic situation and threatened in our

various countries such basic objectives as the steady expansion of a stable economy, the competitive strength of our people. These events, as we all know, were the monetary crisis—which has made it so very difficult for us to pursue our goal of Economic and Monetary Union—the rise, at times staggering, in the cost of raw materials and, finally, the oil crisis, a direct result of the situation in the Middle East. This is the first time in a quarter of a century that Europe and the Western world as a whole have had to face up to so many uncertainties and disruptions.

It is not surprising, in these circumstances, that the Community has been unable to arrive as quickly as had been hoped at decisions which, if the economic situation had been favourable, it would probably have been able to take much earlier. We may even ask ourselves whether it is not in the nature of things that a situation such as the present one can cause certain internal tensions.

On several occasions already, the Council has devoted its attention to these problems. While aware of the seriousness of the events, it felt that there was no need to dramatize them. The difficulties are there and I am sure that no one underestimates them. It is now up to each of our Institutions, in as far as it is able, to take up the challenge. It is not a matter of whether we are optimistic or pessimistic but rather of seeking together in what way we can overcome as soon as possible the obstacles which recent events have brought upon us.

It is true that, in order to accomplish this, our decision-making processes can be improved. However, I should like to warn you against the illusion that mere procedural adjustments are enough to enable us to find genuine solutions to the problems confronting us. What is needed is that the collective awareness of the Member States, which has shown itself in each one of our Institutions, should result in a bold effort of political will which will measure up to the gravity of the problems before us.

I believe that I speak for the Council as a whole when I express our conviction that the only way in which we can take up the challenge of present events is to continue to do what we have been doing for more than twenty years, that is to constantly seek to reconcile legitimate national interests with the interests of the Community as a whole—in other words the way of European solidarity.

When we in the Council examined the situation last month, all the Member States reaffirmed their loyalty to the Community and their inten-

**Apel**

tion to continue to strengthen the work of building up a united Europe in which they believe. We are resolved to work towards this end in order to achieve the objective assigned to us which is now more than ever necessary: European Union.

In the coming months these intentions must be translated into practical acts and decisions which are both bold and realistic. This is not merely an earnest wish but a vital necessity if we are to continue to play our part in world history and European politics and not become mere spectators.

(*Applause*)

**President.** — I thank Mr Apel.

I will remind you that the debate on the report on the activities of the Council and on Mr Apel's statement will be held this afternoon.

**10. Oral Question No. 193/73, with debate, on protecting the privacy of the Community's citizens**

**President.** — The next item is Oral Question No. 193/73, with debate, by Mr Cousté to the Council of the European Communities on behalf of the Group of European Progressive Democrats.

The question is worded as follows: Subject: Protecting the privacy of the Community's citizens. Many large data banks are already operational or being set up in the Community countries.

Does the Council propose to take adequate measures, within the framework of Community data processing policy, to protect and guarantee the privacy of citizens, in particular by strictly regulating conditions for access to such information?

I remind you that in accordance with the decision taken by Parliament on Tuesday, the speaking-time allowed in Rule 47 (3) of the Rules of Procedure has been reduced, the questioner being allowed only 10 minutes to speak to the question and other speakers 5 minutes.

I call Mr Cousté to speak to the question.

**Mr Cousté.** — (F) Mr President, I shall comply with your request, for I should like to make a more precise statement after hearing the reply from the Council of the European Communities.

At the moment, I should like very simply—for I believe that this is the first time that this matter has been raised in this House—to stress that in our Community there is a real and growing awareness of the dangers to the individual freedom of our citizens resulting from the use of computers on personal data. It is obvious that in this new field it is desirable from all points of view that the Member States should not begin, as some perhaps already have, to make laws to protect citizens against this kind of abuse, to that we would finally find ourselves obliged, even in this important new field, to harmonize the different national legislations.

I believe that it is the responsibility of the Council, acting jointly with the Commission, of course, to set about establishing the principles and basic rules for the protection of the private life of European citizens, in such a way as to prepare the steps which the governments of the Member States, and indeed we as parliamentarians, will take in the form of draft legislation.

In this connection, Mr President, I should like to refer to a study which I consider extremely interesting—I even consider it the only one of an original nature—namely that of the OECD on data processing.

This study puts forward a number of arguments which I would briefly like to sum up. Our whole existence is surrounded by private and personal documents, but it is only when these are put on computers that fears of intrusion arise, from the time when these personal details come into the hands of someone not known to the individual or his family, through the many methods of information processing which we have today. And these fears, Mr President, are not always based on the possibility of irrational or biased behaviour on the part of certain officials or persons responsible for our data processing centres, our data-banks, to use the modern term.

They also relate to the fact that the information collected and stored may be false, incomplete or out of date. That is why we have reason to fear that the information treated by a computer produces, as a result of the treatment, data which are ultimately liable to damage the interests of the individuals or organizations to whom they are attached.

We are therefore worried that the information may be given to people who are incapable of receiving the data produced, or that these people may make use of them in an improper manner.

**Cousté**

But—and now I come to the positive part of my speech—among the measures to safeguard the originality of the individual, his inviolability and his integrity, we must adopt a series of guiding principles in which a set of ethics, an attitude of respect for mankind, should be manifest. That is why I call upon the Council immediately to follow the example of the steps taken in certain States, such as the United Kingdom or Germany. It is essential that regulations governing data on people's private lives should be observed during the various stages of data processing, that is to say at the time of storage, transmission, transformation and also of deletion, stages during which special protection is necessary.

Thus, Mr President, by controlling not only access but also the data processing process itself, limiting the use of data processing to certain research files or data banks, we would prevent what I want to avoid, and I stress it quite clearly, for the benefit of the citizens of this Community.

Nevertheless, we should still make provisions for a legal basis assuring personal protection; but this is Europe's tradition, and there is no need for me to remind you that a free Europe will want to protect the freedom of its citizens.  
(Applause)

**President.** — I call Mr Apel.

**Mr Apel, President-in-Office of the Council of the European Communities.** — (D) Mr President, on 17 December 1973, after examining the communication received from the Commission, the Council adopted a resolution on industrial policy and decided to take the initial decisions in the field of information policy. This communication, which includes a draft resolution and was forwarded to the Council at the end of November last year, also lays down the basic principles of a Community information policy. The European Parliament knows that in this communication, which was also submitted to Parliament, the Commission lays great stress on the need to protect the individual against the development of information data. You, Mr Cousté, have just shown very impressively and emphatically where the main problems lie. A number of data banks are now set up or planned in the Community. It is true that here we need strict provisions on access to this information, as you rightly say, Mr Cousté, to protect the private life of the individual.

We have not yet considered the communication from the Commission in the Council, nor have we been consulted on any formal proposals

on the matter. That is why it is premature to deliver a definitive, detailed opinion at this point.

A major question, which we must of course discuss, is whether the question of protection of the private life of the individual requires Community legislation or can be left to the legal provisions of the individual states, which must then be harmonized. This is an open question and must be discussed in the Council. Since it is not a matter of ideology, I think it should be quite easy to discuss. At any rate, Mr Cousté—and in that sense I am most grateful for your statement—we will take note of your question and of what emerges from the ensuing discussion when we deliver our final opinion on this question.

The prime aim is to protect private life. Whether this is to be achieved at national or Community level is a question of practical feasibility, not a matter for a European discussion of principle.

**President.** — I remind you once again that in accordance with the decision taken on Tuesday, each speaker is allowed only 5 minutes.

I call Mr Lautenschlager on behalf of the Socialist Group.

**Mr Lautenschlager.** — (D) Mr President, my group welcomes Mr Cousté's question because it allows it to express its views on the matter.

The more man rules man, and the more he allows himself to be ruled by a transfer of powers and by delivering himself up to outside control, the greater will be the efforts of those who exert power of any kind over others to continuously protect this power by depersonalizing those whom they dominate. The citizen of our states is numbered, registered and catalogued, he becomes a cipher or a fraction in a soulless column of figures or statistical combinations. From birth to death he is exposed to this basically anonymous and inhuman control. The constant attempt to divest man of his personality becomes most apparent in cases of interference in his private life. Almost all the constitutional principles of Member States guarantee their citizens a minimum of basic freedoms which ensure them a certain political life-line in their communal life with other citizens of that state.

But these same constitutions also admit of exceptions to the basic rules; for in certain cases state bodies and authorities may intervene in these basic freedoms. Letters are opened, telephones tapped and messages read, and the per-

### Lautenschlager

son concerned has no legal means under the law of his land to defend himself. The invention of the computer and the introduction of central data banks astronomically increase the likelihood that man will be stripped of the final remnants of his personality. Unless the Member States adopt legal measures to limit severely the collection of personal data on their citizens, it will be only a small step to the 'Big Brother' system familiar to us from Orwell's novel '1984', and there will be no limit to the total control of the individual.

But it is not only the State, its bodies and subordinate institutions that threaten the citizen's freedom; even in private life it has almost become common practice to use electronics to dominate man. Employers listen in to their employees' conversations by secret bugging machines; as we know from the United States, they may ask candidates the most intimate questions, even using lie-detectors. Even the State and its security organs monitor and screen citizens on the quiet. There is scarcely a Community country in which the parliament has not had to deal with monitoring cases. This misuse of the State's power ranges from monitoring individuals to supervision of private activities the government. Watergate has become all-pervasive.

The development of electronics and its products, to which everyone has access, requires rapid action by the legislators. Data protection laws and strict provisions must be laid down; similarly, the production import, export and use of electronic bugging must be regulated by law and all misuse punished severely. The Council should take the initiative and immediately make use of the provisions of the Treaty and urge Member States to adapt their legislation to these urgent requirements as soon as possible.

My group will support the Council without reservation in any efforts in this direction.

(Applause)

**President.** — I call Mr Brewis on behalf of the European Conservative Group.

**Mr Brewis.** — We are all very indebted to our colleague Mr Cousté for raising this matter. Information about people has always been most valuable to governments. One can instance the records kept by the Roman censors and the Doomsday Book in my country, which was an early form of data bank produced by William the Conqueror.

Medical records can be extremely useful for saving life but, on the other hand, they can be used to ruin a person's reputation, perhaps

because he has undergone mental treatment. One thinks at once of the extraordinary burglary in the United States of the secret files kept by Dr. Ellsberg's psychiatrist.

Essentially, two forms of records are kept: public records by state departments and private records by banks, insurance companies, credit rating agencies and so on.

In 1972 in the United Kingdom we had a report from a Committee on Privacy which made many recommendations. On data banks in private hands, the committee felt that up to the present time apprehensions had been over-stated, but this was generally accounted much too complacent a view. Indeed, the news editor of a national paper, as an experiment, employed a detective to find out details about himself. Within a matter of an hour or two he was able to get from his bank full details of his bank account, his salary and many other personal details. Clearly, therefore, some tightening up is needed.

In my country there is no legal right of privacy. Up to now flagrant breaches have been dealt with in England by the remedy of breach of confidence, which has been extended by judicial decisions in a somewhat haphazard manner. Much the same is true in Scotland. The Committee on Privacy felt that a right of privacy was too difficult to define, and certainly there can be no absolute standards of privacy. Definitions have, however, been attempted and, in my view, supported by many far more eminent jurists, and we should seek to define such a right of privacy in the European Community.

Another question which seems to me to be important is to whom the data stored in a data bank actually belong. Information as such cannot be stolen, but is it in order, say, for a credit rating firm which goes into liquidation to sell its data to the highest bidder, which may be able to put such information to entirely improper purposes?

There is, I think, a case for saying that the records should belong to the individual and should not be saleable or assignable. He should certainly have a legal right to what is technically called a print-out or access to his file to ensure that his records are not false, because we shall never overcome the factor of human error in operating computers.

Much the most potent stores of information, however, are in the hands of government departments. It is easy to run one computer tape against another, to verify common facts and also to note exceptions. It would be quite simple to run a tape of car owners against a tape of those

**Brewis**

who pay their excise licence fee, and note those who are in breach of the law. Such a use of data might be quite legitimate, but it would be easy for military or police agencies to use the correspondence of data for an entirely illegitimate purpose. Certainly only facts—and only relevant facts—should be stored, and not people's opinions.

It seems to me, therefore, that there should be a central data processing department, which would allow the correspondence of tapes only when it was established that it was needed for a legitimate purpose. I believe that this is the position already in several of our Member States. Computer data know no frontiers and, therefore, what I have said about a national context is equally true of our Community.

I therefore welcome the reply which Mr Apel has given today that the matter will be urgently considered.

(*Applause*)

**President.** — Pursuant to Rule 47(3), paragraph 2, of the Rules of Procedure, I call Mr Cousté to speak to Mr Apel's reply.

**Mr Cousté.** — (*F*) Mr President, I noticed in the reply of Mr Apel, whose European sentiments I have long known, a preoccupation which is similar to my own and which furthermore we find incorporated in the communication from the Commission of the Communities to the Council, which have before us as a Parliament, namely that the data processing problems form part of the overall question of a Community policy for data processing.

That is quite true. But my further preoccupation, with regard to both the Commission and the Council, is the necessity to hear the views of those responsible for, and technically skilled in, data processing, for this is a field where considerable technical progress is going on. In addition to the computers, there are the terminals, the tele-information systems, in brief European and world wide ramifications.

These use made of these data, at least in our Community, should be governed by Community rules and principles. The citizens of Europe will only be treated with proper respect, and be able to rely on the correct use of the data which they have had to communicate to administrations, to credit-granting, to doctors, to the police or to tax authorities to the extent that they will at the same time have the benefit of a harmonized body of legislation.

I am not against national initiatives, but I would like to see the level of harmonization and its

directing principles match not only the present technical situation in data processing but also its current advances which so astonish those who know something about these problems.

In conclusion I hope not only that we shall shortly produce a report on this data processing policy, which is incidentally already in preparation in the Committee on Economic and Monetary affairs under the chairmanship of Mr Lange. I should also like to see, and this in my view is an urgent necessity, that national initiatives are not the result of Community shortcomings, but on the contrary that Community legislation becomes comprehensive enough to discourage national initiatives. I feel sure that the work at the level of the Community will be of a kind to meet this requirement: free citizens in a free Europe wish to be protected in a fair manner.

(*Applause*)

**President.** — Does anyone else wish to speak?

The debate is closed.

11. *Oral Question No 197/73, with debate, on the development of the Economic Community*

**President.** — The next item is Oral Question No. 197/73, with debate, by the Committee on Economic and Monetary Affairs to the Council of the European Communities.

The question is worded as follows:

Subject: Development of the Economic Community.

When and to what extent does the Council intend to promote the Economic Community into the second stage of economic and monetary union?

I would remind the House that the provisions applicable in this case are those to which I have already drawn attention in connection with the previous Oral Question.

I call Mr Apel.

**Mr Apel, President-in-Office of the Council of the European Communities.** — (*D*) Mr President, our colleague Mr Lange had already touched on this matter during the last plenary debate in the form of a supplementary question and we agreed at that time that it would not be expedient to deal with this very important topic in that way. There is also the fact that—and this can be counted as a positive result—the Council has in the meantime adopted some important

### Apel

acts at its meeting of 18 February, which have also been published in the Official Journal, in particular four decisions: decision to achieve a large degree of convergence in the economic policy of the Member States of the European Community, directive on stability of growth and full employment in the Community, resolution on the establishment of a committee for economic policy and finally a resolution on short-term monetary standby.

It is now a question of converting these four decisions into practical policies which will then help us on our way.

To the matter itself: the second stage of economic and monetary union. The text, Mr President, is familiar to the members of the Assembly. The final decision has not yet been taken because the Council has not yet agreed on the question of the regional fund, and the formal adoption of the whole resolution depends on this agreement. As far as regional policy is concerned, we have made good progress in the meantime so that there are prospects of settling this matter in the foreseeable future.

**President.** — I call Mr Lange.

**Mr Lange, chairman of the Committee on Economic and Monetary Affairs.** — (D) Mr President, this answer, with the information that resolutions taken on 18 February—which in practice were already taken in December—are now formally confirmed in the official languages, is of course to the credit of the Council. This cannot be disputed. The question now, of course, is how far the Council feels bound by its own resolutions and acts.

So far as consultation is concerned, i.e. with a view to a coherent economic policy, the Council has departed from the Commission's proposed time limit of 14 days for examination of economic development etc. and had agreed and decided on 4 weeks. It then explained, of course that there would be no meeting in March. This is a suspicious sign for this House, Mr Apel—if I may speak to you as more than just the President-in-Office. You said before that that not everything you had to say here gave you satisfaction, and I take it that this is included.

It is important for us, Mr President, as you mentioned previously in the case of the report on the activities, without wishing to discuss it as such, although in practice it forms part of your answer—without over-dramatizing on the one hand and without being too optimistic in the description of the actual position and assessment of the position, that appropriate steps

should be taken towards further integration. The behaviour of the Council, however, does not encourage us to believe that it is prepared to do things with the energy which you have just tried to describe. We gladly admit that in the last weeks and months to an almost frightening extent—and at this point I would refer to a statement by the President of the Council in a previous sitting of this House, since it is words which I am now quoting—national interests have been put forward with greater or lesser justification. And this championing of national interests, of which you have also spoken before in another connection, seems to us to have gained the ascendancy in recent times over the need to carry on the work arising from the desire for integration and to complete this work.

To that extent therefore, Mr President, in my opinion you, i.e. the Council, should be able to make the binding promise that, with the appropriate political will, the obligations arising from the Treaty of Rome will be fulfilled. This means primarily: departure from the 1966 agreement of absolute unanimity. This can be done in stages, just as political groups have already found on other occasions, namely, that the Council must prove the assertion of vital interests and does not in practice bring in a veto simply by claiming vital interests.

The other question which arises concerns basically the relationship between the institutions. On the basis of the treaties the Council is the actual legislative body. The Council however exercises this right of legislation—which includes all resolutions—without any effective control by the national parliaments. On the other hand, the necessary instrument of control is also lacking at the European level. The question which arises for us, Mr President, is whether the Council, in accordance with a proposal by the Commission, which the Committee on Economic and Monetary Affairs and this Parliament have already suggested, could decide to share its legislative powers with the European Parliament. It is not therefore just a question of the budgetary powers but also the legislative and controlling powers of this Parliament. To this extent it would therefore be useful to know what has happened in this connection.

On the other hand, Mr President, it is of course a good thing that, for example, something like the stability directive has been adopted. You have referred to the difficulties in implementation. It must be pointed out again that the Council has weakened a very effective set of instruments, namely tax policy instruments, and it is not possible to foresee from the present stability directive any coherence in the economic policy of the Community.

**Lange**

As a minimum it would therefore have been necessary—and this was Parliament's view—to accept the Commission's proposal. This resolution, however, expressed national egoism once again to an increasing extent, if I may define it so plainly.

All these signs, Mr Apel, do not show very clearly the political will of the members of the Council—even taking into account the difficulties of Great Britain, Belgium, Italy and some other member countries—so that one can say: I hear the gospel, but I lack faith.

It would therefore be useful if, by appropriate decisions in the next few weeks, the Council could make it clearer that all those concerned have not only declared their faith in Europe and further European integration, but that they also confirm that we are completely in agreement that also means breaking the deadlock in connection with the regional fund, and I gladly confirm that we are completely in agreement with the fundamental view of the government which you represent with regard to the actual criteria for the regional fund, namely not to use the principle of a little for everybody. Parliament has said this very clearly. You will remember the question which Mr Delmotte explained here at the last part-session. That was Parliament's opinion. It is important for us however, if we pass a resolution regarding entry into the next stage—since such a resolution must unfortunately be formally adopted, I say unfortunately because the question of the stages is a problem anyway, since the content of the stages never corresponds with actual developments, but rather the actual developments are faced with other problems—it is important for us not to establish further stages, but to take the political decisions which seem necessary in order to arrive at a uniform policy.

The last question, Mr President, is how far the Council is also prepared to transfer increasingly to the Commission responsibilities for economic policies and, if you wish, I can also add responsibilities for monetary policy—I do not want to bring up again the dispute between the monetary experts and the dispute over parallelisms, but only to state that we are interested in combining these economic responsibilities with the responsibilities for monetary policy—to transfer these responsibilities to the Commission, so that it is in a position to act as the quasi-executive of the Community, again subject to effective Parliamentary control.

Mr President, you will remember that I have already said on another occasion that I often have the impression that the Community is in the position in which the Holy Roman Empire found itself at a certain stage in history, in

which all the Member States and their princes took a thousand solemn vows to the Holy Roman Empire, but in other respects did everything to destroy it. I hope that there is no parallel with the incipient European union. All the Member States are constantly taking a thousand solemn vows on the need for European integration—this is shown by the summit conferences, although I do not wish to make an assessment of the summit conferences now—but in all Member States there is a tendency to a greater or lesser extent, for whatever reason, to negotiate with other states independently of the Community and on a nationalistic basis. Other states, however, means fostering relations outside the Community and not inside, and therefore basically neglecting Community interests.

Mr President, we have all lived through this experience before but I must state quite openly to you: because it is so critical, the present stage of development does not allow us to resort again to the very optimistic formula which we adopted in all previous critical developments, namely that the Community has always made progress through crises. At the present stage of development, we see more than mere stagnation and it would be useful if the Council were to promote the development of the Community by accepting the proposals which this Parliament submitted last year and at the beginning of this year—the Council is quite familiar with Parliament's opinion. I agree with you, Mr Apel, as you expressed it so clearly this morning, that only by continuing integration and unification do the Europeans have any hope of becoming and remaining masters of their own fate and playing an appropriate part in world politics.

If we do not want that, we must split up and become fragmented again. However, Mr President, I do not believe that anyone is basically prepared to do that, because we are aware, I hope, of the economic, social and political risks which would result for us all from such negative developments.

## IN THE CHAIR MR McDONALD

*Vice-president*

**President.** — Thank you, Mr Lange.

I call Mr Burgbacher.

**Mr Burgbacher**, on behalf of the Christian-Democratic Group. — (D) Mr President of the Council, ladies and gentlemen, I am speaking both on behalf of the Christian-Democratic Group and as a member of the Committee on Economic and Monetary Affairs. When we formulated the question we knew we had to avoid

### Burgbacher

the risk of being unrealistic, nor were we to act as though nothing had happened which would affect the reformation of the so-called second stage. Our request for urgent procedure has unfortunately not met with the agreement of the Council, otherwise the question would have been dealt with at the last part-session. I do not think, however, that the matter has been greatly prejudiced by the fact that it has not been considered until today; rather is the opposite the case.

What I must guard against most keenly—I do not know whether I am speaking here on behalf of the Christian-Democratic Group—is the establishment of a link between the secondary questions which are subordinate to the second stage and the main question of the Community, i.e. its further development, as expressed in the words 'second stage'. This must then arouse in all of us the impression that the solution to the secondary question—please excuse the expression—seems more important, for materialistic reasons, to that country or those countries who demand this link than a new strategy for the new second stage. In fact no country should expose itself to this suspicion, even when it has to present justified arguments on the secondary question.

In our question we also wished to guard against the risk of the institutions of the Community and the Council of Ministers suffering a psychological set back as a result of the serious events such as the withdrawal of France from the snake, the tragic result of the Washington energy conference and certain statements by the French Foreign Minister, as well as other sins committed by other Member countries of the Community and which were in conflict with Community feeling. Certainly Europe has lost a battle as a result of these events but we have not lost Europe itself. The word 'crisis' which is used so terribly freely here should be used more sparingly. Every one of us should think about this.

**Mr Fellermaier.** — (D) That also applies to your Group in Bonn, Mr Burgbacher.

**Mr Burgbacher.** — (D) Yes, the use of the word 'crisis' is a matter for lively discussion in your Group in Bonn. I wished to say that we must guard against the risk of thinking that we had time to spare and could wait after losing a battle. If this second stage cannot be implemented as planned—it would be an illusion to believe that it would progress as envisaged in the Werner plan—then we must tighten up our defence—please forgive the military expression—and develop a new strategy which

must fit in immediately with what is possible, and which will give the Council, Parliament, the Commission and our peoples the assurance that there is no question in the European Community of capitulating before these events.

This is the point at which I am personally of the opinion that the second stage would probably involve better prospects of implementation of a realistic policy, if it was in the form of a number of small steps which were all individually feasible.

We Germans are a model for this in the negative sense. Last century List said: when the Germans want to wash their hands they go to the ocean. He meant to say that we all go to extremes too soon; and I believe that we have perhaps made the mistake of setting our aims too high, ignoring the lessons of history where the process of unification of a people has taken so long—and there have been psychological setbacks.

We therefore believe we need a new strategy to be submitted soon for a second stage, which is realistic and which does not involve moving heaven and earth immediately.

**President.** — Thank you, Mr Burgbacher.

I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams,** on behalf of the European Conservative Group. — I wish warmly to support my chairman, Mr Lange, and Mr Burgbacher in their comments on this difficult subject.

I am an optimist, as I think my colleagues in Parliament know. I have not felt too much of a psychological setback as a result of the events in recent weeks in economic and monetary union, perhaps because I was never quite of the party which felt that the programme that had been laid down some years back was entirely realistic. But my commitment to the ideal of economic and monetary union is as strong as anybody's in the House.

We must overcome the feeling that there has been a setback, because confidence in the monetary sphere is one of the most important elements. We have a favourite saying in England which comes from Robert Louis Stevenson, that it is better to travel hopefully than to arrive. This is what I feel with regard to economic and monetary union. It is not necessary to delineate exactly what the ultimate form of economic and monetary union will be, but we must maintain a sense of momentum and useful progress step by step.

### Rhys Williams

The Council of Ministers, in my view, owes it to Parliament today to say what it feels should be done next in this regard. If we have been too ambitious, or possibly working not entirely in the right direction in the past, it is not enough now to say that our plans have come to nothing and that we are facing a crisis. I, too, try to avoid the word 'crisis' because it is certainly destructive of confidence. As I said, in the monetary sphere confidence is one of the most important elements.

There has been a school of thought which one might describe as the school that insisted on the snake, the whole snake and nothing but the snake. The fact that they may possibly have been proved wrong now is in my opinion a step forward rather than the reverse, because too much has been built on the successful operation of this monetary device. I am not saying that it would not be advantageous if the snake could be maintained, but there is so much else that we could and should be doing during the period when we are making the economic advances which will ultimately make it possible to maintain a close cluster of exchange rates for the Community as a whole.

The snake may be the ultimate objective, but the Council must tell us what we are to do in the meantime. We are entitled to insist on specific guidance on what will happen next.

I have my own ideas on these matters, and I have often made speeches in Parliament without being heard by the Council of Ministers. We need to make progress in the institutional field. It is ridiculous to talk about economic and monetary union and then to leave a vacuum in the institutional sphere. We have the European Investment Bank. That is a successful organization and it has an impressive staff; but it is operating on too limited a scale. In face of the problems affecting it, particularly those arising out of accumulations of money in the hands of the oil-exporting countries, the European capital market must be given the closest attention at once.

What about the European Fund for Monetary Cooperation? This has been talked about ever since the publication of the Werner Report and before, but where is it, who is its managing director and what funds does it have? It is simply a notion, a glint in the eye of the Bank for International Settlements. It plays a useful role, but only in the absence of a specific European fund with proper Community backing. What about the rules of conduct in respect of parity changes? This matter also needs attention.

I also wish to refer to the unit of account and the gold price. Let us stop talking about these

matters and take decisions. Furthermore, in respect of mutual aid facilities, we must know what will happen about multinational credits. Decisions are needed now.

My question therefore is: What are the Council's intentions in respect of further developments in the institutional field, and in respect of the provision of mutual aid facilities in view of the break-up of the snake?

**President.** — I call Mr Leonardi.

**Mr Leonardi, on behalf of the Communist and Allies Group.** — (I) Mr President, I agree with the representative of the Council who has pointed out the difficulties associated with the work of developing an economic and monetary union. Nevertheless, because of the very fact that the work is difficult we need to proceed with extreme clarity if the difficulties are not to become insurmountable.

In reply to my colleague, Mr Lange, the Council representative has reminded us of the four decisions and has declared that the next step is to implement those decisions. This obviously is the point. From my knowledge of the four decisions gleaned from the documents that have been supplied to me, I fear that these decisions—and they do not even lead to the second phase—will come up against enormous difficulties and it may even be impossible for the Member States to implement them.

I believe this situation should be borne in mind if we really want to help to find the way out of this extremely serious situation in which the development of the Community now finds itself. We all know that the decision should have been reached as to the second phase in the development of economic and monetary union. During the first phase, Member States were still allowed some leeway, but the introduction of the second phase should have marked a decisive step forward. Now, on the other hand, we are in a position in which the very principle of the irreversibility of the development of the Community is being called into question. In several quarters it is believed that what has already been achieved could be placed in jeopardy; it is even thought that we could turn back.

This being the situation, it is obvious that an effort should be made, as we are doing, to impress upon everyone that reconsideration is necessary. The concept has been that economic and monetary union should be evolved in phases, just as the concept was that customs union should be achieved step by step. In the case of the customs union we worked in stages because it was an undertaking whose content

### **Leonardi**

was entirely different from that of economic and monetary union.

This difficulty of proceeding step by step shows that we have not appreciated the realities of the situation with which we are faced, the difficulties inherent in the problem and its differing political content. We have pointed out this radical difference and this misunderstanding several times and we have also said that, in the way in which the Community has been developed up to this time, we have failed to establish a basis for rapprochement between our countries; indeed, we have done exactly the opposite, for we have created the objective situation in which they could move further apart. This is precisely what is happening.

I believe we should make this effort. The speaker who preceded me—whose ideological concepts are of course quite different, as in the case of Mr Burgbacher, Mr Lautenschlager and Mr Vermeylen—has called for clarification. I too believe this to be necessary, for I do not believe it is enough for the Council to say “we appreciate the difficulties of moving towards the second phase,”—a point with which we are in agreement—and then to add “we have taken four decisions, but now these must be put into action”. I believe that this is an inadequate reply: we must assess the feasibility of putting those decisions into action, otherwise we shall continue to go forward taking as our reference concepts that have now become historically out of date.

**President.** — Thank you, Mr Leonardi.

I call Mr Artzinger.

**Mr Artzinger.** — (D) Mr President, Mr President of the Council, unlike my colleague Mr Burgbacher I speak for no one other than myself, in my own name. I can therefore permit myself to speak somewhat more heretically.

Mr President of the Council, at a meeting of the Committee on Economic and Monetary Affairs last week I prophesied that the Council representative would answer our question as you have done today. The prophecy was not hard to make; but you have also completely exhausted the possibilities of this answer. It is clear to you as a parliamentarian that in posing this question our intention was to ascertain what the Council essentially conceives the second stage to be. You will say: It conceives this to be the carrying out of the four decisions which it has now made at the beginning of the second stage. I agree with you that these decisions can certainly be a valuable basis for the future work; but as the chairman of our Committee

has already said, the decisive question will be whether the Council succeeds in putting the substance of these decisions into practice. So far this has not been done.

Now about the transition to the second stage. Allow me to make the heretical remark: What then was actually the content of the first stage, that enables us to proceed to a second stage? When I examine the practical result of the first stage nothing much actually remains of it, especially as that proud animal, the monetary “snake”, became still smaller on 19 January. It is true that the remarkable “little snake” causes us no worry, but neither does it give us much pleasure. I cannot address the Commission in this debate; we shall have an opportunity of doing so this afternoon. I have the impression that this little snake is a dangerous animal for the Commission inasmuch as it might possibly arouse tendencies to secession which would be the beginning of the end. I was happy to read that in order to meet this danger Mr Haferkamp has made a proposal in Bonn which we shall certainly have to discuss.

But as we are already speaking about Bonn: Mr President of the Council, your Federal Chancellor, who is also my Federal Chancellor, told representatives of the banks in Bonn that he wanted economic co-operation in the Community to progress more quickly. Who would not want this? But in the same breath, according to press reports, he openly expressed himself against a proposal by Mr Spinelli, a member of the Commission, who also spoke during the award of the Robert Schuman Prize in Bonn and pointed to the need for a European Government.

I have taken the statement of the Federal Chancellor, that there is no question of institutional reforms, to be a rejection of this proposal. Perhaps you could tell us during the summing-up what view you take of this. In fact I too am of the opinion that at the moment there can be no question of institutional reforms, at least in such a comprehensive sense as Mr Spinelli has openly advocated. For the time being we have more pressing things to worry about.

In the further pursuit of an economic and monetary union, however, we shall have to agree to the position of the Commission becoming similar to that of a Government. I would stress what the Chairman, Mr Lange, said. Through his Committee we have repeatedly suggested and pleaded that the Commission's powers should be strengthened; otherwise we cannot progress any further. I think I know you well enough, Mr Apel, to know that you personally are not averse to such a way of thinking. But

**Artzinger**

how far you as Under-Secretary of State will be able to follow up this idea is another question. I am of the opinion, however...

**President.** — Mr Artzinger, please conclude your speech.

**Mr Artzinger.** — (D) Yes, I am just coming to the end. We should also put a question to the Council urging it, as Mr Lange did so forcibly just now, to put the decisions reached into effect. (Applause)

**President.** — Thank you, Mr Artzinger.

I call Mr Apel.

**Mr Apel.** — (D) Mr President, I should like to make five comments.

First comment: Mr Lange, you have felt it necessary to compare the Community with the "Holy Roman Empire of the German Nation." My knowledge of history does not suffice for me to be able to judge whether what you said about this Empire and the behaviour of the members of this Empire is true. I can only say one thing: Even if it were so at that time, today it is not so. Today we have quite another series of problems. Europe's present problem is that we have tried as long as possible to avoid taking the step from betrothal to marriage. This means therefore that we have promised each other everything possible, such as marriage. But now, at the moment when we have to abide by these betroths, and, that still in a phase of world-wide movement—we shall be debating about that this afternoon—it is difficult for those involved to make this change of status. Thus we are now at the threshold where the "Europe of Words" (« l'Europe des paroles ») is losing its power and its fascination. Now the Europe of deeds has to come. Admittedly this will cause some Member Governments more, others less, but all of them together some worry and difficulties. But I am convinced that we shall find in the next few months that economic methods of behaviour which are based on purely national considerations will lead to an impasse; and this will spark off efforts to achieve European integration. I therefore feel that this historical comparison is a little lame.

Second point: You said, Mr Lange, that what the Council has decided was all very well, but that these four directives must now be put into practice. I could make things fairly easy for myself by saying: After all, this was not decided till 18 February, we can't yet move so quickly, and we will do all that sometime. Only—and Vice-President Haferkamp will agree with me

—that is not the problem. The problem is that the Council as a whole can only make offers to co-operate economically and in particular to bring economic and monetary policies into line. I think it is wrong—and I say this in my personal capacity—that attempts are repeatedly made in public debate to put the blame on the Commission for co-ordination procedures which do not work. It is quite the wrong body to whom to address reproaches.

The Commission makes offers and proposals. The Member Governments can take these proposals and offers seriously or not. The responsibility lies with them. This applies particularly to the stability directives. We shall see what the Member States make of them. For the Council's part we have given them every opportunity of taking action by national laws or the issue of regulations.

Now I come to the third point: In the phase of European integration in which we now find ourselves the question must be posed in the national capitals as to the future of the economic and monetary union as the kernel of European integration. As you are all national parliamentarians, I would ask you to pose these questions relentlessly at home, where it will be decided whether the offers which the Council has decided upon on the basis of the preliminary work of Vice-President Haferkamp are to be accepted or not. In the next few months it will be decided there whether the national isolated actions are to be continued or not. For my Government I can declare that we have no interest at all in these national isolated actions. Quite the contrary, we feel sad about them. Mr Burgbacher has indicated some facts according to which we shall be confronted with certain isolated actions in the next few weeks.

I thus come to the fourth point: We do not need a new strategy, Mr Burgbacher. I agree with you: After all, a policy of taking small steps is useful everywhere: this also towards the East, Mr Burgbacher, because this was the only practical policy.

**Mr Burgbacher.** — (D) If they were only small steps, you would be right.

**Mr Apel.** — (D) We will talk about this. Naturally, everyone has a different length of step, I admit.

(Laughter)

I come therefore to the point "New strategy" and also to what Sir Brandon Rhys Williams has said: What shall we do in the meantime until we have restored the "snake"? I am in favour of doing what the Commission has sug-

**Apel**

gested to us and what the Council is carrying out. With the fourth point, moreover, I return again to my starting-point: Please ensure that your Member Governments take seriously what the Commission has suggested and the Council has decided.

I now come to the fifth point and my last comment. Ladies and Gentlemen, if this is not taken seriously, and if the rates of inflation predicted for this year develop separately from each other in the Member States, then it will be very difficult to take small steps in a realistic way this year. If the rates of inflation within the Member States are in the ratio of 1:2—in which case our country can naturally not be willing to accept a harmonisation of the inflation rates upwards—then the whole matter will become very problematical, and the danger of an attempt to act disunitedly will doubtless become greater, Mr Leonardi.

Allow me to add one last comment: It is just for this reason that the Federal Chancellor has said—and I emphasise this—that economic integration, the unification of economic policy and the joint combatting of inflation problems are the central issues of the European Community. Like me, the Federal Chancellor is of the opinion that we must not give way. To give way would, for instance, be to question seriously the idea of a European Government. We must not shrink from the need to press on towards solving the problems. I am opposed to creating screens which conceal the true problems of European integration.

(*Applause*)

Anyone who comes to us with such things, however good his intentions, does us no good service as Europeans. These problems must be forcibly brought to our notice. The problem is precisely this year to achieve economic and monetary union as far as possible—you know this far better than I, Mr Haferkamp—and to develop it further in a modest way. Then we can bring up new problems again at the end of this year. But I would ask you not to turn away from the process of clarification but soberly to present today's problems as they really are, so that we can build further on this basis. Otherwise we shall go astray, for enough has been written about European timetables, but now the European trains must run.

(*Applause*)

**President.** — I call Mr Lange.

**Mr Lange.** — (*D*) Mr President, worthy colleagues, I willingly admit to the President-in-office of the Council that every comparison

is a lame one; only hitherto I imagined that with the end of the transitional period which was limited to 12 years the betrothal had also been ended and the marriage had virtually taken place. That is therefore a small difference of opinion on which I will not dwell further. I feel, however, that some question should be worded a little differently. I fully agree with you, Mr President, when you say that the pertinent questions should unhesitatingly be asked in the national Parliaments; in the first place, however, we have to perform this task here as a European Parliament, as we understand it under the terms of the Treaties. I will not discuss this matter any more now because we shall have further opportunity today to consider a few aspects of this problem; this applies both to the Council and the Commission.

I should be grateful, Mr President, if we could enable such talks to be held more often with the Council by means of a question, followed by a discussion, addressed to the Council, so that the latter does not learn of the views and conceptions of the Parliamentary only through the medium of the Commission, which is certainly our initial interlocutor; also, so that it can become aware of the atmosphere and, let us say it outright, also the irrational things which play their part therein and may directly come to grips with the Parliament on questions concerning the further development of the Community.

If this today was a attempt in this direction which we can continue, Mr President, I would regard it as a considerable success that the Council has presented itself to the Parliament in order that a dialogue can take place and if possible a three-fold discussion between the Commission, Parliament and Council can then ensue.

**President.** — Thank you, Mr Lange.

Does anyone else wish to speak?

This item is closed.

**12. Oral Question No 196/73, without debate:  
environmental measures proposed by the  
Commission**

**President.** — The next item is Oral Question No 196/73, without debate, by Mr Scott-Hopkins to the Council of the European Communities, on environmental measures proposed by the Commission of the European Communities.

The question is worded as follows:

The Council is asked whether they agree that it is within the articles of the Treaty of Rome,

**President**

including Article 235, that environmental measures proposed by the EEC Commission should continue to be put forward even though they fall outside the competence of Article 43, 75, 100-102, 117, 118, 228, 231, Euratom Treaty Articles, 30-39, ECSC Treaty Article 55?

I call Mr Scott-Hopkins to speak on the question. He has ten minutes in which to do so.

**Mr Scott-Hopkins.** — I have no intention of speaking on it, Mr President. I would much rather hear the answer and reserve my right to reply, if I may. I therefore put the question formally.

**President.** — Thank you, Mr Scott-Hopkins.

I call Mr Apel.

**Mr Apel, President-in-Office of the Council of the European Communities.** — (D) Mr President, I would reply to the member's questions as follows: on 22 November 1973 the Council adopted a programme of action of the European Communities for the protection of the environment. In this programme the Council approved a series of actions which are to be carried out on the Community level and also noted that the Commission will later present proposals of its own. It will surely be possible to adopt many of the proposals to be presented on the basis of the articles of the Treaty mentioned by the member. It will only be possible finally to ascertain this, however, when the Council is presented with concrete proposals. Recourse to other articles, however, is not excluded, quite the contrary, for in accepting this programme the Council has recognised that the improvement of the quality of life and the protection of the natural environment are essential tasks of the Community and that these tasks are of a comprehensive character and cannot in any circumstances be performed in the context of a sectoral policy.

Articles of the Treaty other than those mentioned by the honourable member, particularly Article 235, can also be invoked, therefore, as a legal basis for the environmental measures.

At their conference held in Paris in October the Heads of State or Governments agreed that it was desirable, especially in order to achieve the tasks prescribed in the individual programmes of action, to give the fullest possible effect to all the provisions of the Treaties, including those of Article 235. This naturally applies above all to the environmental measures.

Article 235 provides that an action by the Community is necessary in order to achieve one of the aims of the Community.

The environmental programme of 22 November has already recognised that the fulfilment of the tasks of the Community mentioned in Article 2 of the Treaty, namely to promote a harmonious development of economic activities within the Community and a continuous and balanced expansion, is not conceivable without an effective combatting of environmental pollution and nuisances. The Council has therefore already basically affirmed that the first important condition for invoking Article 235 has been fulfilled in the case of environmental measures.

**President.** — Thank you, Mr Apel.

I call Mr Scott-Hopkins, but would ask him to be brief.

**Mr Scott-Hopkins.** — I intend to be brief, Mr President. I thank the President-in-Office of the Council for the reply he has given. It will need careful study to allow an evaluation of all the points he has made.

May I quickly say that when I tabled the question I had no intention of trying to halt the environmental programme or the progress made in dealing with environmental matters—that was far from my mind—but I was anxious to see whether the Community was advancing along the proper lines.

It seemed to me that Article 235, which is merely there so that gaps in the existing Treaties can be filled, was being stretched beyond the limit to which it was legally right to do so. As a non-legal person it seemed to me that the Community was trying to do something which it did not have the power to do under existing legislation and that, therefore, new legislation would be required by the Council, and a new article would need to be added to the Treaty.

As I have said, I shall want to study carefully the reply that the President-in-Office of the Council has given. While in no way wishing to inhibit any of the actions that are being taken or any of the programmes, I beg the President-in-Office of the Council, as well as the President of the Commission, to look most carefully at the actions that are being taken to make certain that they are *intra vires*. It would be disastrous if somebody who was offended by a certain action or who found it particularly onerous decided to try to use legal means to escape the application of the article. That was the purpose of my question. I am grateful to the President-in-Office of the Council of Ministers for answering in the way he has done.

**13. Report on activities of the Council of the European Communities (resumption)**

**President.** — As we have a rather heavy agenda, I propose that we start the debate on the report by the Council.

Is it also agreed that we suspend the sitting at 1 p.m.?

That is agreed.

I call Mr Bertrand to speak on behalf of the Christian-Democratic Group.

**Mr Bertrand, on behalf of the Christian-Democratic Group.** — (NL) Mr President, on behalf of the Christian-Democratic Group I should like to thank warmly the President-in-Office of the Council for his oral introduction to the report on the activities of the Council in 1973. I think that this introduction may give grounds for a certain optimism and there is even talk of a certain political determination to tackle the problems facing us with courage and pragmatism. I hope that the President-in-Office has the same feeling and that in the coming months we may witness a different attitude in the Council from that which we have seen over the past six months and which gave anything but an edifying picture of Europe to the world.

I realize that 1973 was a difficult year but also a very important one in the life of the Community. It was a year in which the process of enlargement had to be consolidated. It is apparent now that this consolidation in 1973 did not go badly.

It ought also to have been a year of deepening. This has not been the case, however.

Indeed one of the institutions of the Communities has shown grave inadequacy in carrying out a number of the decisions of heads of government solemnly proclaimed and published at the summit conferences of Paris and Copenhagen.

These decisions have not been implemented by the institutions, particularly by the Council. The Paris Summit had kindled great expectations among the populations of Europe.

The impression was that, thanks to the enlargement of the Community and thanks to the very important and influential position the Community would take in world developments as a result of this, a real deepening of Community activities had got under way. The Paris Summit was a surprise to many in the decisions it took, but many were also disillusioned by the failure to carry out the institutional reforms which should have followed. The facts in 1973 showed

that there is no question of any modification of the Community structures. This is one of the main causes of the inertia we are now witnessing. The economic developments in the Community, with all that is bound up with them, are considerably more farreaching than the possibilities of the institutions of the Community keeping pace with them.

Hence the great expectations which were aroused by the political decisions of the summit conferences in Paris and Copenhagen have given way to great disillusionment which has now become a malaise among the peoples of the Community.

When the political declaration of the Commission is compared with the Report on Activities of the Council, it has to be admitted that considerable distance separates the two documents. The Commission has in my opinion sought to give expression in a dramatic way through a political declaration to a malaise which does not find expression so patently in the Council's annual Report on Activities.

It is easy to understand that the President-in-Office of the Council will not himself sound the alarm over some shortcomings in the working of the Council.

It is not my intention here to exaggerate the present difficulties of the Community. Many of those difficulties are indeed closely bound up with the internal difficulties which various Member States are having to cope with and which necessarily have their repercussions in the institution in which the Member States are united. It cannot be denied that unforeseen changes in the economic realities of the world have been a considerable shock factor in Western countries and have upset equilibria throughout the world. This has of course not left the Community untouched. The Community does not wish to dramatize the difficulties, but the fact remains that it would be undesirable and even dangerous not to analyse the causes in a thoroughgoing manner and not to seek suitable solutions.

No-one denies that many difficulties facing Europe as a Community have been caused by the fact that the existing treaties have not been amended, which has hindered the balanced continued development of Europe.

I readily concede that the Council has in certain areas taken decisions to implement the settlements reached at the Paris Summit. But allow me to point out that all the talk we are currently hearing about the urgent need for rapid development along the road to European Union meets with great scepticism in public opinion. How

**Bertrand**

will it be possible to convince public opinion, even after reading the Council's Report on Activities, that it is possible to make progress along the road to European Union, when at this moment undertakings which have been solemnly entered into have not even been fulfilled, although they are of vital importance in making development towards European Union possible?

As long as the Council remains an intergovernmental body with the right of veto, it cannot be expected to muster the political will to take a number of decisions for which the political intention had nevertheless been formally declared by the heads of government. In some cases the attitude of the Council was humiliating. I will only give one example of this, since my speaking time is limited.

After a decision to attend the oil conference in Washington as a European Community with one voice, the fact that one Member State was not prepared to take the course which the other eight Member States considered essential in order to reach a basis for solving the energy crisis brought the continued existence of the Community into serious jeopardy.

That is only one example, but bearing in mind the old Luxembourg agreements of 1965, which provided that all decisions should be taken unanimously, I can already predict that the activities of the Council will again this year fall into complete stagnation as a result of certain internal developments in some Member States, which will certainly not be positively resolved this year.

This means that many decisions, even those taken in a sound and proper manner at political level, will be blocked. I will quote you a single example of this, for it is essential that we, as representatives of public opinion in our Member States, give expression to our disillusionment and our concern in the discussion of the annual report of the Council.

We cannot evolve towards European Union until a decision has been taken to enter a new phase in the process of Economic and Monetary Union. The establishment of Economic and Monetary Union is quite self-evidently a basic requirement for European Union. Nor can we bring about Economic and Monetary Union until a decision has been taken on regional policy. The one is closely bound up with the other.

Also, public opinion cannot be made to believe that the European Community is evolving democratically unless the powers of the European Parliament are strengthened at an early date.

There is also a close connection here.

These are, alas, matters which were not put into effect until 1 January 1974, in spite of the decision of the Conference of Heads of Government in Paris and Copenhagen.

Similarly, nothing has come of a Community energy policy. Also, there is a complete absence of any social policy.

As long as the Council fails to muster the political will to implement the undertakings solemnly entered into by the heads of government, we, as members of Parliament, have the duty to put pressure on the Council by all means at our disposal.

On behalf of the Christian-Democratic Group, I declare that we consider it our duty, by reason of our conclusions regarding the Council's Report on Activities, to alert public opinion during the course of this year, with the help of our contacts in the national parliaments and the political parties of our Member States, in order to put pressure on the Council and on the governments represented on the Council, so that the Council will muster the political will to honour these undertakings which have been solemnly entered into.

I appeal to the members of this Parliament not to speak here at length on these problems but for each one to call upon his minister of foreign affairs in his own national assembly to shoulder his responsibility and to force him to answer the question of why the Council is not taking any decisions in areas on which political agreement has been reached.

We also call upon the national political parties to take the same action. It is not the time now to speak of the wishes we cherish for the forthcoming summit conference in June. The debate on this annual report was however once more an opportunity to stress that the crisis Europe is now passing through bears no relation to the normal working of the Community on the basis of the existing treaties.

It is a crisis which has arisen because the political will is lacking to take a definitive step forward along the road of further development in the Community. We have achieved a customs union and an inadequate farm policy, but there is still no sign of a common transport policy, an industrial policy or a short-term economic policy. These matters should form the next stage in Economic and Monetary Union, but the political will is lacking. This emerges very clearly from the annual report. There is however no desire to take this step, a step which is nevertheless necessary to secure a future for Europe in the new world situation.

**Bertrand**

The Christian-Democratic Group makes an urgent appeal to the Council to do its duty, as the Commission and the Parliament have done. The Commission has submitted the proposals to the Council within the time limits laid down by the Paris Summit. Parliament has given its opinion on these proposals to the Council, also within the time limit laid down at the Paris Conference. The Council has however failed to take the decisions within the time limits laid down.

It is to our regret that we note this, and we blame it on the fact that the Council has not had the courage to adjust its working and decision-taking procedures to the necessities which we see confronting us. We hope that the Council will be able to muster this courage in the coming months after all.

(*Applause*)

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

(*The sitting was suspended at 12.55 p.m. and resumed at 3.00 p.m.*)

IN THE CHAIR: MR DALSAGER

*Vice-president*

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

*Activities of the Council of  
the European Communities (continued)*

**President.** — I call Mr Bertrand for a procedural motion.

**Mr Bertrand.** — (*NL*) Mr President, I should like to draw your attention to the fact that at this moment neither the Commission nor the Council are represented here. We cannot continue the debate on this matter, as no representative of either institution is present here.

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

**Mr Fellermaier.** — (*D*) Mr President, I concur with the remarks of Mr Bertrand. I think it is certainly not ill-will on the part of the President of the Council but an obligation to fix a date for a discussion between the three Presidents of the Council, Parliament and Commission. In these circumstances I would ask that the debate on the Council's progress report should be suspended and either another point of the

Agenda should be taken up or the sitting interrupted. I feel it is absolutely unthinkable to carry on the debate here without the Council and Commission being present...

But I see that we do not have to apply any rules of procedure in order to adjourn the debate.

**President.** — Ladies and Gentlemen, I am afraid it looks as if the debate which was fixed for 3.00 p.m. cannot take place, since those who were to take part are not here.

I appreciate that it is rather unusual to start so promptly, but I feel we should. Now that — as I see — the President-in-Office of the Council has come, is it agreed that we proceed with the agenda?

It is agreed.

I call Mr Fellermaier on behalf of the Socialist Group.

**Mr Fellermaier.** — (*D*) Mr President, ladies and gentlemen, if the President of the Council were not here in his capacity as President of the Council but in that of a Member of Parliament who comes from the House and is regarded in the Federal Republic as a full-blooded parliamentarian, the picture of the Council's activities during 1973 would certainly have been painted in different colours. But we know that the President of the Council must make the difficult attempt to speak simultaneously for nine Member States.

I therefore think that the general heading which should be placed over the Council's activities in 1973 and over the state in which the Council now finds itself can actually only Read as follows: 'Power and powerlessness of the Council' — power, because it has been given a great deal of power as a Community organ, but powerlessness because it has been shown that the powers of decision which the Council could have under the terms of the Treaty are largely not being used or are no longer used or used insufficiently. This is because this Council behaves more and more as a diplomatic conference of representatives of the Governments of nine Member States.

Allow me also, Mr President of the Council, to make a criticism of the changing chairmanship. I feel that the Council must consider in its own interest whether it is sensible, having regard to its internal structure, that the chairmanship should change every six months. I take the view that here too somewhat more continuity would facilitate many things in the Council. For hardly has a President become accustomed to the Parliament, the Committee and the Permanent

### Fellermaier

Representatives when the chairmanship is already transferred to the next President.

Thus the criticism which the Socialist Group expresses here today is not addressed so much to the Council as a body but rather to those who represent the body in the Council and who in so doing are inclined less and less to regard themselves as a body. We realise that with the enlargement of the Community the year 1973 has naturally brought with it certain difficulties of adjustment. But, Mr President of the Council, not only the Council but also the Parliament has been enlarged. I must say that we appear to have effected our process of adjustment to the nine Member States in a somewhat more uncomplicated way than has the Council in 1973. The monetary crisis and especially the energy crisis have demonstrated the limits of European solidarity. It is just not enough—to use the language of the President-in-office of the Council—to work out timetables, to make declarations in a Community spirit in order to show in practice how inadequate the timetable becomes if it is really to tally with the timetables established by the Summit Conference and the Council itself.

I feel that in addition to what we see as immediate aims, a critical word must also be said about the preliminary work for the achievement of European union. It is not a question today of developing a theoretical model of this European union, it is only a question of affirming that a pre-condition for thinking of European union at all is a stronger democratisation of our Community.

I believe we must also ask the question how long the Council as the only true legislator will continue to shun the glare of publicity and only announce in communiqués what has been negotiated in the 'Council Chambers.' Fortunately, at least a closer dialogue has been established here and now between the President of the Council and Parliament. At this point I must also make a criticism of this Assembly itself: When in such a debate as today's in which the Parliament has an opportunity of discussing with the President of the Council in public questions about political work, the majority of seats in the Parliament remain unoccupied, the House should not be surprised that its value as an authority will be judged by the public according to how seriously the House takes itself!

(Applause and cries of: Hear, hear!)

Let me quote some typical examples which show that the Council's aims should be thoroughly approved, but that, naturally, when one examines what has become of the aims, a few questions have to be asked. Thus, for instance,

in the Third Programme for the medium-term economic policy quantitative guidelines have been established, but both with regard to prices and also with regard to unemployment in various Member States the figures deviate from the guidelines because the same Governments which in the Council expressed their agreement with the guidelines laid down by the Commission and the Council, did not wholly abide by them in their own countries.

In the field of economic and monetary policy Community powers would be fully forthcoming if the Governments allowed the fullest possible use to be made of them.

With regard to energy policy—though I do not want to anticipate tomorrow's debate on this subject—it has been seen how strong the disunity of the Member States was in Europe's hour of need. We can only hope that the Council and Commission together will feel so responsible that they can make long-term arrangements for co-operation with the oil-producing countries in order to lessen the dependence of European oil supplies on multinational concerns.

With regard to energy there is also the fact that the Member States do not agree on a common urgent uranium enrichment procedure.

Among the subjects which still remain to be debated, allow me to raise that of transport policy. In this field there has been unmistakable stagnation since 1970. Mr President of the Council, it cannot be true that in 1973 the Community's Ministers for Transport only met once in order to discuss secondary questions of transport policy, while during the same period the Member States considered more than just new transport developments, both concerning rail transport and new methods of propulsion. In this connection, in the individual Member States public funds in the form of tax resources are being channelled in a specific direction, perhaps for a decade or two decades, with the result that there is competition in the development of new transport systems, whereas instead of this competition a European joint transport system ought to be created. In this respect the Council of Transport Ministers should shift the political railway points! But I cannot see any reference to this in the progress report for 1973.

As a speaker for the Christian Democratic Group, Mr Bertrand said that it was true that the social policy had begun, but that was all. As regards the series of problems bound up with regional policy, we only hope, Mr President of the Council, that 1974 will not pass without the Council achieving a break-through in regional policy, because this is an essential element for entry into the second stage of the economic and monetary union.

### Fellermaier

And in the external political sphere? When I think of the Mediterranean policy, of the hope of the countries of the Mediterranean basin to receive a firm offer from the European Community and to have a global concept as to how this Community intends to pursue and develop a Mediterranean policy as its own way of contributing to peace, then one can only say, if one is to express the opinion of the Commission: The Community's standpoint on this subject has so far been very unclear. Is perhaps the reason for this, Mr Apel, that there are differences of opinion in the Council as to how the European Community among other things should react to the developments in Greece, as I could unfortunately find nothing in the progress report about Greece?

Mr Bertrand rightly pointed out that so long as the unanimity rule obliges us to agree on the smallest denominator we cannot but note that hundreds, not to say hundreds upon hundreds, of proposals of the Commission, accompanied by the views of the European Parliament, have to lie hidden in the Council's desks, one could almost say in a slightly mouldy condition, because everything which cannot be settled by unanimity, even minor proposals, all too often disappears into the Council's desks.

Allow me to close, Mr President, by pointing out that the Council will have to pass its examination before this Assembly next month. Then we will not have to assess its activities during 1973, but as freely elected parliamentarians we shall have to decide whether the Council is progressing from words to deeds, by granting this Parliament as from 1975 certain rights of control as an expression of a genuine democratisation of this European Community.

(Applause)

**President.** — I call Mr Johnston on behalf of the Liberal and Allies Group.

**Mr Johnston.** — Mr President, in the English language there is a saying that we must hang together or we shall hang separately. This phrase seems to represent the position that the Community is in now. Mr Apel has given us a report on what are euphemistically described as 'the activities of the Council', which, in my view, is much less a report than an Apel-ogia.

Of course this has been a difficult year; of course things happened which could not be forecast and which profoundly affected the economic situation; but if these things are alarming in themselves, the nature of the Council's response has been even more alarming. This is not a time, Mr President, for making excuses. This is a time for facing reality. The reality is that, if the

individual members of our Community continue to give priority to short-term domestic political considerations, then our Community is in jeopardy, and that means that the long-term economic stability and the long-term political influence of each individual is likewise in jeopardy.

This was a year in which tactics triumphed and strategy was forgotten. A frank admission of this by Mr Apel this morning—he is a man, as we all know, Mr President, more than capable of blunt speaking—would, I think, have been the tonic we needed. Instead, we had 46 pages of political bromide. It is no use saying that if the economic situation had been more favourable we should have reached decisions more quickly. This is like the Olympic runner who, after coming last, said, 'If I had run more quickly I should have got a gold medal.' The question really was: why did he not run faster?

The question that we face is: why have we responded in such a divided way to adverse external pressures, and what are we as a Community going to do about it? Look at the British attitude when the energy crisis broke. It was not a Community attitude. It was a British national attitude. Look at the French attitude at the Nixon talks in Washington on energy. It was not a Community attitude. The report's comment, incidentally, on that particular meeting is really typical of the side-stepping *sotto-voce* approach which characterizes the whole report. Instead of saying quite bluntly, 'Mr Joubert did not think that the agreement was in the French interest', which is what happened, it says, 'Some of the measures did not meet with the approval of all the Member States and consequently cannot apply.' That is what I mean by political bromide.

Look at Germany, Mr Apel. I was one of the people who sat in this Chamber and who applauded Willy Brandt when he spoke here at the end of last year and made a splendid speech. He said, 'We must and we will create Europe.' Days later in Copenhagen, out of the blue, without warning, he torpedoed the agreement on the size of the regional fund. Perhaps this was a response to the British attitude on energy, which, as I have already said, I do not defend. But all that that proves is that nationalism breeds nationalism, and at least from a statesman of the stature and calibre of Herr Brandt I would have expected some warning when he spoke here in this place of what he intended to do days later.

I was sad to hear Mr Fellermaier a moment ago actually saying that he hoped that we should reach agreement on regional policy in 1974.

**Johnston**

The Paris Summit said that we would reach agreement on 31 December 1973, and it is depressing if people approach things in that way.

Now in Britain we have a Labour minority Government who are committed, in their own words, to a 'fundamental renegotiation' of the Treaty. What does that mean, Mr President? Does it mean, perhaps, a 10 per cent reduction in the British contribution to the Common Agricultural Fund? Are we to threaten to break Europe for the sake of 10 per cent? What of economic and monetary union, which is our only real hope of creating a bastion against the inflation from which all our countries suffer? It seems to be receding as our currencies devalue. Political union does not even merit a separate heading in the report. Mr Apel muttered something about 'preliminary work' when he spoke, but that was all. I say from this Liberal Group to the Council through Mr Apel that somehow we must restore the European dimension to the Council's deliberations.

Mr Apel said that the Council was reluctant to dramatize events; those were the words he used. If we are to survive as a Community, if we are to survive as a great collective force for good in the world, I think that realities must be dramatized and it must be brought home to all individual members of the Community that their domestic priorities, important as they may be, are less important but dramatically affect the cohesion of the whole Community.

Unless we can restrain the excessive nationalism which fragments us, we shall never be able to resist the external challenges that we face nor reach for the prizes of economic stability and shared prosperity and political influence with which all our futures are bound up. That was what I wanted to hear this morning from Mr Apel. He is a blunt man and I wanted blunt speaking from him. That was what I heard nothing about at all. I hope that when he replies to this debate he will face these realities directly. It is vital for all our Community and all our people within it that he does.

(Applause)

**President.** — I call Mr Kirk on behalf of the European Conservative Group.

**Mr Kirk.** — I apologize, Mr President, that, as always happens, being elsewhere in the building I was prevented from hearing the beginning of this debate, although I was, of course, keenly attentive to the speech that Mr Apel made this morning.

Having listened to most of what my friend Mr Russel Johnston had to say, I think it is clear that we all share his views that this has been a bad year for the Community and that the bad year has reflected itself rather more in the activities of the Council than in the activities of the other two institutions.

In a sense, I suppose, that is inevitable, as it arises out of both the composition of the Council and the strains within it—strains which mean that the Council is always bound to reflect to a much greater degree than the other institutions the national interests of its members. Indeed, presumably that is why it was set up and why it was endowed with such great power. It was felt in the early years of the Community that only a body which reflected what I think General de Gaulle always maintained was *la seule réalité, la nation* could have the final say in developments within the Community.

The worry which, I think, strikes many of us at the moment is that, instead of progressing from that stage to one at which the Council, quite rightly, still had the preponderant say but we began to move more towards a Community situation, we begin to look as though we were, if anything, going backwards.

That means going backwards towards a situation in which the Community will be entirely within the hands of the Council, the power of initiative perhaps remaining with the Commission and one or two crumbs being tossed to the European Parliament, the Council itself persisting in remaining a kind of Congress of Vienna.

I suspect this is due partly to two aspects of the Council's work: the method of work itself, which seems to me to lack cohesion, and the fact that it tries to divide itself into a series of different roles none of which is properly co-ordinated.

A classic example of this, although it does not appear in this report—it appears in an answer that Mr Apel gave to my friend Sir Tufton Beamish this morning—is the attempt to separate political questions from all other questions contained in the Treaty. It reached the height of lunacy when the Council of Ministers had to be flown from Copenhagen to Brussels in the course of a single day to have two meetings with the same people taking part.

From what Mr Apel had to say this morning, it is clear that at least one government takes the view that this situation cannot be allowed to continue for very much longer and that there must now be an attempt to create from the Council of Ministers a coherent whole. That coherent whole will have to cover not just all

**Kirk**

the matters written into the Treaty, but all matters that are bound to flow from the European union towards which we are all looking forward and which is due to take place not later than 1980.

I mention this in passing. I think it is unlikely to take place by 1980, just as Mr Fellermaier's suggestion that we might be lucky to have a regional policy by 1974 is very much a *pis-aller* as far as many of us are concerned.

Nevertheless, I think there is now an obligation on the Council, with the other two institutions, to attempt to produce ideas which might make the Community better. There is an obligation on the Council to try to reform both its own working method and the way in which it looks at its global responsibility.

The tendency to sit as an Agricultural Council, a Transport Council or now as a Political Council is one that had certain merits in the early stages of the Community. I feel it has less merit now, and there may be something to be said for re-examining the old idea of having special Ministers charged with the entire European responsibility.

There are other reasons why this has been a bad year, and it is unfair, of course, to put the whole blame onto the Council. Nevertheless, there is a certain element of smugness in this report which I find rather disconcerting.

On page 5, the oral part of the statement which Mr Apel delivered to us this morning (and I noticed that he read this part without any change at all) says that 'last year a variety of events, the original cause of which cannot be laid at the door of the Community, profoundly upset the world economic situation and threatened in our various countries such basic objectives as the steady expansion of a stable economy, the competitive strength of our undertakings, employment and the standard of living of our people.' That, of course, is perfectly true. However, put in that way, it seems to suggest that this was the basic cause and to overlook the fact that long before these external events began to influence our affairs within the Community, things had already begun to go profoundly wrong, and certainly those of us, regardless of party, within Parliament who have followed affairs closely realized that they had begun to go profoundly wrong.

I do not think we can get away with the alibi that we have been blown off course, if I may use a phrase well-known in my country, by particular events completely external to what we within the Community are trying to do.

In my view, we must accept the fact that the Community is faced with external pressures, that the Community, after some 20 years now of existence, even with the shock of enlargement and the problems that that has brought with it, ought to be strong enough to cope with external pressures of this kind but has so far shown itself incapable of doing so.

I do not wish to exaggerate, because the Community has faced worse crises than this before and has survived them: the crises in the 1960's, for example, were real and worrying, and I am confident that the Community will survive the present crisis. We within the Community are undergoing the same kind of pressure that is now being imposed on every advanced industrialized society in the Western world. It is a challenge to the Community to ensure that we come through the present difficulties. Nevertheless, I believe that in looking at our Community the time has come for us to realize that it is not good enough to accept as an excuse the fact that there are external problems—and national problems—which must be resolved, and that we should be prepared to take, not just from this Parliament or from the Commission, but from the Council itself, a much more global view of the way in which things should go.

I hope that Parliament will forgive me for ending these remarks on a slightly more personal note. The House will not be unaware of recent events in Great Britain or of the fact that the new British Government have declared their intention to institute a fundamental renegotiation of the conditions under which my country joined the Community 14 months ago. It is not yet clear, and probably will not be clear for some little time, precisely what is meant by the phrase 'fundamental renegotiation'. Every one of us in this Parliament is aware of the fact that the process of renegotiation, in the sense of adjusting the Treaty and the conditions under which it operates, is continuous. This is one of the strengths of the Community, even though from time to time it creates very grave crises and stresses within the structure of the Community.

The European Conservative Group has from its foundation been a bi-national group; it has never been a group committed to the policies of any one particular government. It is a group that is committed to the policies and philosophies of two particular parties—or now, as it happens, three particular parties, two in Denmark and one in Great Britain. It is an open secret, which I shall not try to hide, that by a majority we viewed with some favour the activities of the previous British Government and that we shall not necessarily view with such favour the

### Kirk

activities of the present British Government. But I assure Parliament, if such assurance is necessary, that it is not part of our task to make the life of the incoming British Government any more difficult than it already is.

We feel it our duty here to do what we have tried to do since we first joined—and this applies to the British Conservative members as it does to the Danish members of our group—and that is to represent the interests of our parties and our people and not of any particular government. In that sense alone we shall examine, as I hope all other political groupings in this Parliament will examine, all proposals for fundamental renegotiation, from wherever they may come. It is in that sense that we shall continue to strive, as we have tried to strive since we came to the European Parliament in collaboration with other groups here, for greater power and responsibility for the European Parliament, which we regard as fundamental to the Community. In that sense we shall continue our presence.

I conclude by expressing my profound regret that at such a significant moment in the history of Europe the party which now forms the government of Great Britain—albeit a minority government and the second largest party there—remains unrepresented in this Chamber.

(Applause)

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

**Mr Ansart.** — (F) Mr President, ladies and gentlemen, it has become a commonplace to say that the Community is going through a serious crisis which is itself a reflection of the general crisis in the capitalist world.

What has been happening during the last year in the countries of the Community bears witness to an aggravation of the crisis situation which will certainly continue to get worse if the Community's policy is not set on a different course.

Elections make and unmake governments under the pressure of strikes and demonstrations of discontent which grow more and more frequent, mobilizing huge masses of people, involving in great struggles the workers, the peasants, the supervisory staff and—a new factor—the middle classes.

The public, from their own experience, can see that we are far from being a European Economic Community, a grouping together of 240 million persons living harmoniously together as a result of economic, social and political relationships of a new type, stretching across the frontiers; on

the contrary the Community presents a picture of a merciless struggle between multinational companies for the conquest of new markets and new riches: the law of competition which some people were saying had permanently disappeared has never before played such a harsh role in our world.

The economic policy of each of the countries of the Community is based on exporting at all costs and consequently these policies rest on an unsound basis; They accentuate the internal strife within the countries of the Community; they postulate ever greater sacrifices by millions of workers.

For this reason, as we have said many times before from this rostrum, the social policy has given way to the policy of austerity.

To take over an expression used by a journalist, there has been a transition in this field, from the Europe of intentions to the Europe of sacrifices.

Millions of men, often accompanied by their families, go from one State to another seeking work which they cannot find in their own country: this is the famous migration about which everyone is talking. At the same time the regional policy and regional development are in a state of stagnation: the regional policy proposed to us is not one which will restore the situation. It consists in capitalist regional development conceived as a network of regions designed to provide new large-scale profits for the largest financial and industrial companies.

And now we see the reappearance of that scourge, unemployment, which we have known in our youth. It has got a hold and far from being contained it is tending to increase. Several million men and women, among whom—and this is most serious—a large proportion are young people, are now awaiting in vain the elementary right to work.

The monetary policy itself is in a state of serious disarray. Inflation and speculation are destroying economies, and endangering agreements, which are constantly challenged, while rising prices and crushing taxes are a burden to the daily life of the workers.

In this period when there have been in certain fields enormous advances in science and technology, a new form of poverty has appeared which the sociologists have called the modern poverty. It is something which falls heavily on the disadvantaged, particularly the elderly, and deprives of the fruits of expansion too many young people who react against a world which is not opening wide before them the gateway to the future.

### **Ansart**

The time has after all gone when social policy could mean the parsimonious distribution of small portions of the riches that have been created. The demand for a great social policy guaranteeing life in all its fields, ensuring security of employment and health to everyone, is an urgent necessity in order to satisfy the millions of workers who decade by decade have become conscious of the rights which are their due thanks to the riches which they produce. It is at this price that the Community will obtain the popular support which it has lacked since its birth.

Our assessment of the economic and social activities of the Community can therefore not be an indulgent one; on the contrary it must be a severe one which cannot even give the benefit of attenuating circumstances.

It is true that production in the Community has increased. But the fruits of that increase have essentially gone to the big companies whose desire for profit and accumulation of capital knows no bounds. The increase has been accompanied by too many people left by the way-side, too much muddle, too much waste, for the peoples to greet it as real progress.

It is not possible, as some try to do, to use the argument that we are living in a hard and harsh world, for if the world as a whole is hard and harsh, it is flourishing and beautiful for a handful of big companies who in fact dominate the life of our Community.

It has been said of steel that in our time it has the value of gold. This is true if one studies the benefits obtained by the big steel-making companies. The same can be said of petrol, of the chemical products and generally speaking of the industries where the three or four largest companies control the bulk of the production. These great companies have little by little become States within States. They lay down the law. Sheltered by governments whose every decision they influence, they affect the very climate of our existence. They have at their disposal floating capital amounting to thousands of millions which tomorrow can make and unmake currencies.

They enable the United States so to dominate our Western Europe, that it becomes meaningless to speak of economic and thus political independence. Europe will never be able to be truly democratic, socially, progressive and independent until it extricates itself from their influence.

The condemnation of the activities of the multinational companies is now no longer the exclusive theme of the Communists. Voices are

being raised in other political parties; large trade unions among both workers and supervisory staff are saying what we have been saying. Nationalization has become the key word in both Sweden and England. Belgium now feels itself to be undermined by the foreign companies and it is looking anxiously not to its far distant, but to its immediate, future.

In France great international industries are escaping from government control. The profits are made in France but the Boards of Directors are elsewhere. They decide everything for everybody without consulting anyone but a handful of shareholders.

That situation cannot last. It will in fact form the basis for the struggle of the forces of the left who cannot speak of democracy without revealing and attacking the economic domination. This economic domination and the grouping of hundreds of thousands of workers from different countries under a single financial company is creating objectively in our time the basis for the common struggle of the workers across the frontiers.

Ladies and gentlemen, the facts are these. As we have said many times—and there has been nothing to contradict our analysis: on the contrary all these events are the reflection of the state of crisis in which the Community is struggling—voices are now being raised and are going so far as to predict the immediate collapse of the Community. Moreover it is a fact that the 'summits', the Councils of Ministers are meeting more and more often without deciding anything, or they take decisions which are immediately called in question by market conditions or by one government or another reflecting the particular interests of the big companies.

If we do not change our policy, the crisis in the Community will get worse and conflicts will increase.

Clearly the moment is approaching when it will be necessary to undertake the great democratic, social and structural reforms without which the machinery itself will seize up. Already it is acting more and more as a brake on the great technical and social progress for which our epoch calls.

Another policy is therefore not only necessary, it is possible.

I wish to reaffirm that our criticisms of the present construction of Europe do not constitute a refusal to set to work to build a new Europe. It is simply that against a technocratic Europe dominated by big capital we oppose an association of sovereign independent peoples in a demo-

**Ansart**

cratic Europe which is itself independent and peaceful; that is what we propose.

There was a reference just now to nationalism. For us the European construction does not presuppose the abandonment of the nation; of its prerogatives, of its sovereignty, of its independence. The concept of the nation is not for us an outmoded expression; it can well go hand in hand with a European policy which incidentally we think is very timid in many essential fields affecting the life of the people, and first of all with regard to peace.

Yes, this Europe should be the Europe of peace, putting all its forces at the service of that detente which began so brilliantly and which we greeted last year on our arrival in this Parliament.

The Community should firmly state this will to peace, this will to participate in international conferences and to ensure their success. It should affirm its desire for an independent policy free from any subjection to the United States. It should repulse the policy of blocs which is a thing of the past, running counter to the evolution of our world.

Europe should, if only for our youth, seize the occasion to be a land of peace and no longer a land of suffering where the peoples too often confront one another for interests which are not their own. Peaceful coexistence should make it possible for peoples with different social systems to live peacefully, in respect for one another.

How greatly the European Community would grow in the eyes of the peoples of the nine countries and in the eyes of the world if it placed its great resources behind a policy of peace and detente, if it facilitated the advance of the work in the Geneva Conference, if it made possible a decrease in the burden of armaments, if it affirmed its will to independence; this does not mean in our opinion a refusal to collaborate both with the United States and with the Soviet Union and the other socialist countries.

That position would, it is true, not be fully satisfying for us, for there would still exist another type of domination: that of the multinational companies. But it would constitute a big step forward along the road to peaceful coexistence and peace. That is why we have stated and we now reaffirm that we will support any step, however timid, in this direction.

Do you not think that an independent policy ought to be all the more widely proclaimed without equivocation and with all the necessary energy, when Mr Kissinger, abandoning the policy of the reassuring smile, now shows his impatience and declares roundly that the USA

will not abandon the leadership of the Western and capitalist world? That is something which shows up in a harsh light the intentions of a country which—to our regret—has too often in the past been encouraged in its role of policeman by those who see today that the United States has decided not to share with anyone the leadership of the capitalist world. As the French proverbs says: 'Gardez-moi de mes amis, quant à mes ennemis, je m'en charge', or, 'Save me from my friends. I can take care of my enemies myself'. The recent Washington Conference, and the events which have taken place since, show clearly the dangers of a policy of alignment on the United States.

That is why I wish to say in conclusion to the workers who are struggling in all the countries, to the democratic political parties in which they are organized, to the unions of workers, supervisory staff and peasants which unite them in the same combat, that we stretch out our hand towards them in order to wage a common struggle in the immediate present, but also to reflect together on the construction of a democratic and social Europe, this new Europe which is the goal of the workers' hopes.

I have already had the occasion to say, in the name of my group, that Europe is certainly a generous idea, that men in their millions who have greatly suffered wish to stretch out their hands across the frontiers. But there are harsh realities in life and we should not speak of Europe without content without taking these factors into account. For, there does exist a large amount of common ground for common action by the socialist and communist parties of Europe. We think it possible, we think it necessary, to develop wide cooperation with the Christian forces of progress because we think, we who are not believers, that the world is not to be divided between believers and non-believers.

In a word we are open to new proposals, ready for dialogue, guided by a will to unite and to gather together. We are disposed to cooperate with all those who think that the hour has at last come to construct by common efforts the social democratic and peaceful Europe of tomorrow. That is what represents the future and it is for that future that we have already been working in this Parliament.

(Applause)

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

**Mr Cousté.** — (F) Mr President, since I am speaking at the end of this debate I shall be able

### Cousté

to avoid repeating certain positive comments which have already been made about the Council's activities.

It is true, as the President-in-Office of the Council has already said, that so far we have only an oral report which, of necessity, is not as comprehensive or complete as the written report will be. Nevertheless, the President-in-Office of the Council was right to recall that 1973 was the year of an enlarged Europe, to which our attentions were directed today. It is important to remember all that has been done, the progress achieved in the various common policies and, at the same time, we must not forget that there is no point in enlargement unless Community policies are also unobtrusively intensified at the same time.

In this respect we must take a positive view of all that has been done despite the lack of success in certain fields because, in the ultimate analysis, these achievements and even these modest steps forward have, whether we like it or not, given our Community more depth and have allowed it to find a more authentic identity.

This is undoubtedly true of the first of the common policies of this Community, i.e. the agricultural policy, since no one could deny that in today's troubled world trade situation this common agricultural policy has, in the ultimate analysis, been a stabilizing factor as regards prices and hence as regards progress for farmers and breeders, thus meeting the aims of the Treaty.

Admittedly, improvements are still desirable and the Council, in cooperation with the Commission, will, I am sure, now advance this agricultural policy still further. However, in the last analysis, if we get away from immediate events and prices and look at the development of agricultural structures, we cannot fail to recognize that this policy represents a happy commitment for Europe in the medium- and long-term on the basis, to be sure, of future action which, despite being reasonable and unobtrusive, is nevertheless adequate not only to meet Community conditions as regards agricultural production but also, and this is what is important, to meet the food needs of the Community.

The same is true of the measures which have been taken to curtail inflation. Admittedly, not all have been fully successful and the Community economic policy, as we said this morning in another debate, has on occasion been divergent, even in its monetary aspects. No one could fail to recognize this fact. However, while admitting this, we must also bear in mind that

if we had done nothing the situation would have been much worse. Even though the Community machinery for countering inflation and the interventions of the monetary fund may have been inadequate, we must remember that in a certain number of cases solutions were found to the monetary problem thanks to the common agricultural policy.

It is our wish and our desire that Economic and Monetary Union should represent a new step forward. This indeed is the problem we face, and we have confidence that the Commission and Council will make it possible for us to take this step.

The same is true of regional policy, a field which we have so often talked about here in Parliament. It is not because of the changes of government in certain countries that this common will, which as we know is about to come to fruition, will not take practical form in the next few weeks. In the ultimate analysis, the main states concerned in the implementation of this policy have to look at the medium- and long-term prospects, whatever the politics of their governments; here again, aside from the difficulties of its implementation and notably of the creation of a regional fund, a Community policy will meet expectations and bring the progress desired.

I will not speak about the other policies, except to say that as regards industrial policy, the efforts made in the patents field although unobtrusive, are nonetheless very important and that, finally, we must not forget that all this is aimed at a major European Social Policy, i.e., in the ultimate analysis, the improvement of living and working conditions and, as one of my colleagues said, also of living conditions for the millions of handicapped persons towards whom we should direct our solidarity.

For this reason I believe that the new depth achieved by the Council, inspired by proposals from the Commission, as is laid down in the Treaty of Rome, must be extended to the Community's external relations. It is in this very area that the Community's personality gives us most problems and will, with European Union, give us the most satisfaction in the future. Truly, nothing is more difficult than to induce nine states to carry out principally national policies in respect of the complex objectives of modern life. It is precisely because we are at a historic stage of change and adaptation that over-pessimistic opinions cannot be accepted. We must always bear in mind the immensity of our objectives and the difficulty of the work, knowing that at all events we must safeguard Community achievements and respect the Treaties,

**Cousté**

without which there would be no Community law and not progress.

Certain treaties were submitted to referendum, and the popular voice of the participants in Europe cannot be misunderstood as changes of government.

Apart from the difficulties of which we are aware, we must congratulate ourselves on the improvement in relations between the Council and Parliament. We have often requested a dialogue. Now we have it. And we must also express our pleasure at the fact that a representative of the President, and sometimes even the President of the Council himself, is present at almost all of our part-sessions. This is a positive result of the improvement in our relations and it is why, in the ultimate analysis, I believe that, as Mr Apel, who I know thinks on a European level and who has sat at our side in this Assembly, has said, in the coming months we must translate our political intentions and our plans for common action, for increasing the depth of the Community and for European identity into practical action and realistic decisions. Someone said: we must take reality as a basis, and this should be a bold reality. I would add: this is not something simply desirable but an absolute necessity if we wish to remain protagonists and not become mere spectators in history; hence, the meeting with the young members of society will encapsulate the true sense of our mission.

(Applause)

**President.** — I call Mr Faure.

**Mr Faure.** — (F) Mr President, I had absolutely no intention of speaking at this point, but Mr Cousté's statement has given me cause for reflection.

I find that all too often our debates lack a sense of immediacy, and perhaps even liveliness, which would give them the necessary spontaneity.

Mr Cousté appears to be the only optimist in Parliament. Speaking about a well-known theme—things are what they are and we should not expect that on such a long road and with such an ambitious policy we will not meet considerable obstacles, the problem being essentially to overcome them—and with great dialectic technique, Mr Cousté said to us: the adaptation which were able to show in respect of monetary problems should be brought to bear on European construction.

A few months ago, this same Mr Cousté denounced in equally confident tones those of our countries that had got away from the Community snake and said that observance of the

rule of internal parities was, to a certain extent, the law of the European Community.

Since then his affirmations have lost their value and Mr Cousté has been obliged to recognize today that the government to which he indirectly paid tribute has also had to take recourse to the floating of currencies, hence the tribute now made to the adaptability of our Community.

The truth is that we are not here dealing with a process of internal policy. I also read the document submitted to us concerning the activities of the Council in 1973. I do not want to make any accusations. This is not the time. But I would like to say that this document is a list of our delays and a justification for our failures. It is constructive on very few points. It is a sort of comment on the excessive slowness of our Community. A few weeks ago I had an animated exchange of words with the President of the Commission. However, I believe that truth lies in the expression of the deep feelings which we must experience and, at present, these must be feelings of disquiet since there is little hope to be gained from reading this document. It is, to be sure, a collective achievement in which nine countries have participated, some of which still do not have, or have not had for some weeks, a clear awareness of their position vis-à-vis Europe.

However, Parliament must, in a no less categorical fashion, assess the gravity of the situation. Soothing words, like those we have just heard, which may perhaps excuse our delays, will not allow us to develop the awareness necessary for the rectification of the situation.

(Applause)

**President.** — I call Mr Apel.

**Mr Apel,** President-in-office of the Council of the European Communities. — (D) Mr President, you will, I hope, allow me to make a few final observations on what has been discussed, but I should first point out that it is not my place either to criticise or censure the opinions expressed by members of the House or indeed to criticise or censure recent actions by individual Member States. I am addressing you as the representative of the Council of Ministers, and I must live up to this role; I must accordingly ask you to appreciate that in this position I must exercise a certain restraint over what I say.

My first observation is this. Mr Bertrand, I think, hit the nail on the head when he said that the basic problems for European integra-

**Apel**

tion in 1973, as indeed in previous years, are due to the fact that the structural organizations of Member States are too far apart. And I should like to take the term 'structural organizations', Mr Bertrand, in its widest sense. It is not only a question of economic structures, it is a question of social structures too, and indeed possibly of the degree of political awareness in Member States. We must all of us be quite clear about this, that until we succeed in overcoming these structural problems it will be difficult to make any decisive advance in the policy field. I am no Marxist, but we must surely all realise that these problems of structure, the disparities in class and social and economic structures, are all reflected in the problems we have debating in regard to economic and monetary union. There are indeed countries which, because of the way they are structured, find it very much easier to go all out for a prices stabilization policy, since for them, unlike other countries, full employment is no problem.

My second point is that I share Mr Bertrand's view that we must be very careful over what we say in the next few months about European Union. We must at all costs avoid giving the impression that we are bent on getting over present difficulties, and we certainly have them, by talking about the distant future. The problems which have arisen over the breaking up of the monetary agreement, and in connection with the Washington conference, must be resolved. It is only if this is done that public opinion will take it from us that European Union is a realistic proposition.

Third, I fully agree with you, Mr Fellermaier, that it is of the greatest importance to press on with the democratization of the European institutions. But as I already said last time, the members of this Parliament will then have a different role to play. It will not just be a question of attendance, Mr Fellermaier, but it will then be a question of showing responsibility.

Sociologists are always saying that people's social behaviour is determined by their environment. My daughters naturally behave differently in our drawing room than they do in the sandpit, and when you are in the drawing room you will also act differently than is the case at present. That can only be very helpful for European integration. We also anticipate that, thanks to your collaboration, we shall be in a position at the next meeting of the Council to achieve at least some small measure of increase in the powers of the European Parliament.

My fourth observation, Mr Fellermaier, is that I question whether trading policy has been at a standstill only since 1970. For me our trading policy is a symptom of the fact, and don't forget that I was for many years secretary of the European Parliament's committee on trade, that the ones who have been making it difficult for Europe to achieve unity are not by any means always to be found only in one capital. Our trading policy is evidence that nationalism is prevalent everywhere. I have the feeling that over the whole of this time we have got precisely nowhere with our trading policy. What has become of Mr Kapteyn's plans, then, or of Mr Posthumus's endeavours? Nothing has happened. This is the sober truth, and I feel we should not forget it.

Fifth, Mr Fellermaier hopes that our regional policy will be settled this year. Some colleagues have criticised Mr Fellermaier for this. I believe, my dear colleagues, that we must look on things somewhat differently. We are at a stage when Europe looks rather like a *Europe à la carte*, with everyone in Brussels ordering *à la carte* what he likes best. And I tell you too quite frankly, a *Europe à la carte* is not the kind of Europe which has any real possibilities for development. And I mean this very definitely over the regional fund too. The whole thing can only become a unity, can become a reality can justify itself to the peoples of Europe, and of my country too, if the second stage of economic and monetary union, a properly coordinated and universally maintained economic policy, is coupled with a policy for stabilization of prices, if there are no further competitive depreciations of currencies, if there are institutional improvements, such as greater powers for the European Parliament and certain others, and coordination between national regional policies, where as things are at present Member States are falsifying the position to get a larger share of the cake. *L'Europe à la carte* is bringing us into serious trouble. Indeed I do not know that Mr Fellermaier's proposals on timing are so altogether wrong. For we have still some hard thinking to do about certain matters before we can set things to rights.

My sixth observation concerns Mr Johnston. I fully share his opinion: the report on its activities by the Council of Ministers is scarcely a glowing advertisement for our work. This is largely because in recent years the main lines of a European policy have been lost. And here I think one must agree with the view that nationalism breeds nationalism. I believe this way of thinking is right, and shall adopt it in my own judgements. It is something to

**Apel**

which we must try to put a stop, so that this dangerous chain reaction of chauvinism, of reciprocal claims that individual obligations do not have to be carried out, can be done away with.

Seventh, you will appreciate that it is not possible for the representative of the Council to take up a position here on the Queen's Speech to the British Parliament. We shall just wait quietly and see what demands the British Government may make. Though there is this to say, that the provisions of the Treaties and of the treaties of accession are clearly enough defined.

Everyone will have to operate within the limits imposed by law. Though it is obviously true that no Community policy is a permanent factor, but that policies can be further developed, and that each Member Government has the opportunity of playing a part in this development.

My eighth observation concerns Mr Kirk. I agree with you, Mr Kirk, that it would of course be wrong to give the impression that it was only because of events in the world political arena that we were thrown off course in 1973. But one thing cannot be overlooked: if we had not been drawn into these turbulent events, which we certainly did not unleash ourselves, then we should have been able to continue calmly and quietly on the path towards European integration, and to have made further successful progress along the route on which we had resolved in Paris at the Summit Conference. The changes in the world political scene took us by surprise. The difficulty is, as has become very plain to us from what has happened, that neither our institutions nor our policies are able to cope with sudden outbursts of this kind. There will be definite conclusions to be drawn from this.

My ninth observation is for Mr Ansart. I think you are inconsistent, Mr Ansart, to say on the one hand that nationhood and the safeguarding of national interests have their own importance and their own part to play and on the other to say that international capitalism—once more I am compelled to use this outworn expression—is to be held responsible. The inconsistency is surely this, that if we still wish to protect national interests then we must also hold this protection of national interests as responsible for our difficulties, not the economic order which we live in. I am absolutely convinced that our present problems have nothing to do with the economic system, but that they exist because we have not yet learnt to look on our national interests in the right way, but see them only in the short term. It is all too seldom that we view our prospects and our

national interests in the long term. Eventually we shall have to find agreement or pay the price for a narrow-minded and insufficiently long-term view of the European political scene.

Nor do I feel that the picture which Mr Ansart has painted of the Community in its economic and social aspects is the right one. Our Community, ladies and gentlemen, despite all its difficulties, is the most socially advanced territory in the world, and a territory which, despite its problems, many people envy us; for freedom to work and freedom of thought are of great value by themselves. Many millions of Europeans would like to share them with us, but they do not enjoy the same opportunities as we do.

(*Applause*)

I should like to add a tenth comment. For all these years, and for the foreseeable future, the European policy we have been following and shall continue to follow has been openly dualistic, in that we are aiming at a European Europe. But we can only develop a European Europe in partnership with the United States. Anyone who believes that Europe can be forged in opposition to the USA ought to realise that it is not Europe that he wants; for, whether one likes it or not, ladies and gentlemen, this Western Europe of ours can only be conceived of for the foreseeable future as a partner of the USA, and can only develop within this partnership.

One final observation: you, my dear colleague, have criticised Mr Cousté. I do not wish to intervene in a dispute between two Frenchmen. Still, I feel I must go some way towards Mr Cousté, in case this debate should end up on too negative a note. Please do not let us forget that we have an operative customs union. Where else in the Western world has it been possible for nine industrial nations to bring about such an achievement? We have created freedom of employment, and are well on the way towards harmonised regulations in all Member States. Much remains to be done. But what other part of the world has achieved what we have?

We have an agricultural policy which has recently started to be of special benefit to consumers in view of rising world prices. Even as a German Minister, who has to approve the allotment of funds for this agricultural policy before the Bundestag, I nevertheless find this policy very reassuring, since here at least we are immune to a large extent to international pressures, and this is indeed reassuring.

In our economic and monetary policies we have, it is true, taken one or two steps backwards, but even here there has been some show of unity at least.

**Apel**

It is also important that we should stay together over foreign policy. We either keep together over foreign policy or the prima donna attitudes and the actions in protection of individual interests in the Community will become harder to deal with. And, ladies and gentlemen, we have you.

You may complain of your lot and of your lack of influence, but you are the visible will of the people of Europe to go forward towards the European idea.

In saying all this I have not meant to maintain that everything in Europe is brilliantly successful and altogether splendid, but merely to emphasize the importance of Europe for all of us, and that what we have created must be defended tooth and nail. That is why I am against too much pessimistic talk.

Surely what we need, and this should happen in the next few months, is a process of clarification. Do we want to confine ourselves to the kind of Europe which I have just briefly described—I can say on behalf of the German Government No, we do not want to confine ourselves to this kind of Europe—or do we want to have the sort of Europe as depicted for us at the Paris Summit?

But then we must do more! The most important thing we can do over the next few months, it seems to me, is to get away from the crisis atmosphere and clarify the position.

A Europe with a customs union, a common agricultural policy and a concerted outlook is no bad kind of Europe, but it will bring other consequences in its train. For certain finance machinery will not be available to the same degree as it would be in the other instance. This now requires clarification. And here we are all of us front line troops.

So, ladies and gentlemen, I should like to thank you very much indeed for the debate. It has been conducted without sentimentality and on a very down-to-earth basis, and without too much pessimistic thinking. Let us go on debating in the same way. I am convinced that the final conclusion will be that Europe cannot remain stationary in the position I have been describing, but that we must go further. We shall then be able to do away with shortsighted, selfish nationalism and take another step forward. You can be certain that the German Government, which I also represent, will do all in its power to work towards this end.

(*Applause*)

**President.** — Thank you, Mr Apel.

Does anyone else wish to speak?

The debate is closed.

#### 14. Economic situation in the Community

**President.** — The next item is a debate on the report drawn up by Mr Bousch on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community (Doc. 407/73).

I call Mr Lange, deputizing for Mr Bousch, rapporteur, who has asked to present the report.

**Mr Lange, deputy rapporteur.** — (D) Mr President, honourable Members, since Mr Bousch appears to have been detained for some reason, I must, to my keen regret, submit the report of the Committee on Economic and Monetary Affairs.

This may put me in rather a tight spot, because my name also appears on the speakers' list as spokesman for the Socialist Group. I shall nevertheless do my utmost not to get myself into an equivocal situation.

As far as Mr Bousch's report is concerned, what we really have to do is come to terms with the exposé delivered by Mr Dahrendorf instead of by Mr Haferkamp on 14 February on behalf of the Commission; this exposé paints a perhaps slightly brighter picture than would appear from the views expressed by the Commission as recently as the end of 1973.

Well, ladies and gentlemen, this motion for a resolution from the Committee on Economic and Monetary Affairs, which was to be submitted by Mr Bousch, divides, essentially, into four sections. In the points calling for consideration we again draw attention to the resolutions we submitted at the end of the transitional period and at the start of the Community's decisive stage of development, on 3 December 1970.

I have therefore, in contrast to the President-in-Office of the Council—whose metaphor I shall employ—this morning registered the end of the 'betrothal phase' on 31 December 1969, to enter the 'marriage' on 1 January 1970. This is a civil union which may well prove indissoluble, since any divorce would entail unending difficulties for the various contracting parties to such a multiple menage.

Let's face it, we are all in this together, and no economic or social troubles can justify any backing out. The Committee on Economic and Monetary Affairs therefore takes the view—bearing in mind also the resolutions which this

**Lange**

committee has submitted to Parliament and which the latter has accepted, i.e. those of 5 July, 13 November and 13 December last year—that we have now reached a highly critical stage in the development of Community affairs. Remembering this morning's debate I will avoid repeating myself, but there are dangers arising out of the fact—to which the President-in-Office of the Council has already again drawn attention—that Member States are seeking to a scarcely justifiable extent to safeguard their own sectional interest, whereas basically it is only in the Council, via the Committee of Permanent Representatives that an agreement can be reached based on the lowest regional common denominator—never on the basis of necessities resulting from further integration of the Communities. It seems to me, therefore, that we cannot put aside this acknowledgement of fact, but must draw the necessary conclusion from it if we are to vanquish the difficulties.

The Council President made that much clear when summarizing the debate on the Council's annual report for 1973—speaking in a personal rather than in an official capacity—when he said: 'we are now launched on a path which could—and these are my own words—lead to the total disintegration of the Community and—as I said this morning—to the Balkanization of Europe.

There is no need for me to go into the detail of what this could entail in the way of political consequences. This is no part of my task. Attention could be devoted to it on an appropriate occasion and under different conditions, perhaps even in this House.

We go along with the Commission in saying that the Community now faces three main problems: accelerated price rises, the threat to employment which is quite serious, and current balance of payments difficulties. Furthermore, we are in agreement with the Commission also—which should be an encouragement to them—when we say that problems such as these call for intelligent Community solutions.

There is no other way. While supporting the Commission, however, we reiterate a view, already put forward more than once by this Parliament, which is in fact the view of a member country which has acted contrary to its own view, namely, that we need fixed rates of exchange which are adaptable, and this Parliament has submitted appropriate proposals—I do not need to go into these at this stage—and that, if any changes in monetary policy, such as changes in the rates of exchange or exchange standard are introduced, this action should not be inspired by considerations of competitiveness.

Thus far, then—further support and encouragement for the Commission, to give it a chance to properly formulate its attitude also towards the Council and towards Member States—but let me conclude these general points by reiterating, on behalf of the Committee on Economic and Monetary Affairs: I cannot spare the Commission the charge of having to some degree adapted itself to the ways of Council Members, inasmuch as it is always, or at least over many questions, attempting to ascertain what can and what cannot be carried through by the Council.

We have indeed heard quite a number of such arguments and answers by the representatives of the Commission in a great variety of fields with which the Committee on Economic and Monetary Affairs also has to deal. This therefore comes not only within the range of Vice-President Haferkamp's responsibilities, but also within that of other Members of the Commission. The answer was given that only this or that could be carried through in the Council, leaving other things recommended by Parliament, perhaps to the Commission—even where these support the Commission's views—to be judged impracticable.

It seems to me that the Commission is here taking up a position which undermines its authority vis-à-vis the Council and the self-interested considerations of individual States.

I should therefore like to see the Commission make an effort to extricate itself from this predicament, and perhaps Vice-President Haferkamp will have something to say in the matter. And may I add this: it is no use complaining about the 400 or more outstanding proposals on which the Parliament has adjudicated and which the Commission has submitted to the Council, unless both Parliament and the Commission will get round to asking themselves whether it is not possible to put pressure on the Council to get it to abide by the provisions of the Treaty.

The question this raises, and which I will not attempt to answer but will put to the House, is whether Parliament and the Commission cannot take the Council to the European Court of Justice. If indeed we are to take seriously what a Head of State has said in this House about a 'parliamentary revolution' and about causing Parliament's view to prevail over the Executive, I must ask you whether it is not open to us to use firmer methods than these constant appeals we address to the Council. Uppermost in my mind is, of course, the Treaty of Rome which—as we have all in our own ways repeatedly realized—provides the basis for our endeavours inasmuch as it embodies directly applicable legislation and is also a Constitution postulating

**Lange**

goals which must be reached and providing a framework for our political action. And if this be accepted, it follows that legal claims can be enforced against the organs responsible for carrying out the provisions of the Treaty.

With this in mind I raised the question this morning—also on behalf of the Committee on Economic and Monetary Affairs—of where we are with regard to the second stage, and when and to what extent this can be realized, i.e. whether the Council should not, on the basis of a Commission proposal, unreservedly share its legislative and executive powers with Parliament.

These observations I made this morning, and which I now reiterate, are addressed to the Commission, which should put an appropriate proposal to the Council, since—if I am to take the Council and its now absent President-in-Office seriously—any further developments in the matter depend on this Parliament. These ideas on transforming the relationships between the individual administrative organs must therefore be taken up by the Commission, the only body qualified to do it by virtue of the exclusive right of proposal vested in it under the Treaty.

In addition to this, the Commission should submit a proposal for the progressive repeal of the Unanimity Agreement signed in Luxembourg in 1966. I am using the term 'progressive' with intent, because I must add that, under given conditions and in view of foreseeable developments, individual Member States will have vital interests to consider, which they will, however, need to account for in the appropriate way and not take for granted.

With this we have in part anticipated what may have been expressed in the third batch of our proposals or ideas addressed to the Commission under paragraph 11 ff. In the second batch, i.e. under paragraph 4 to 10, we clearly stated that the Council should abide by its own decisions, and should indeed carry them out without making any prior exceptions, as happened on 18 February, as a result of which the mutual consultations on economic development, scheduled on a four-week rota basis, will simply not be taking place in March.

As a reminder to the Commission I should like to repeat once again that these things are giving cause for concern. On the other hand we could quite easily—as I would have liked to point out personally to the President of the Council—support the Council's view, that any interference with exchange standards or parities inspired by considerations of competitiveness must be

rejected. It is a question of what degree of political determination there is in the Council to bring about an effective realization of these concepts in individual Member States.

I do not even need to repeat the contents of paragraph 6 because I already explained it this morning. This stability directive decided on by the Council strikes us as quite inadequate, because it cannot lead to the necessary convergence or cohesion of Community economic policy.

Time does not allow me to go into this question any further. I have had my say about it this morning.

May I however ask the Commission, in spite of the decision of the Council, which still lags behind the views of the Commission which we regard as inadequate, to take the step of considering whether in fact—seeing that this morning the competence of the Commission vis-à-vis Member States in the matter of social policy came up for discussion—we can solve, or at least examine, the problem of whether it would be opportune to issue a directive on stability, growth, high levels of employment and foreign trade balances—completely omitted from this directive. The problem of constitutional reconcilability with the provisions of individual Member States must, of course, not be disregarded in this connection, but neither should this be used at the outset as an excuse for having issued only one directive in this field, which we are ready to develop, because then different instruments of economic and monetary policy do not, as we know from experience, lead to comparable and uniform results in economic and monetary policy.

Furthermore, let us again make clear that the Council's statement to the Press as per paragraphs 6 and 7—but more particularly paragraph 6—is seen here as clear evidence that the Council sees itself as an intergovernmental rather than as a Community body, and—this is also not apparent from the declarations of the President-in-Office of the Council—has up to the present shown no sign of any intention to alter its position. I would advise the Commission to submit to the Council a proposal to abolish the Committee of Permanent Representatives, because the institutionalization of these matters has in fact launched the Council in a direction which we regret and have been regretting for quite some time. I made some relevant observations this morning and need not go into them again.

Paragraphs 8, 9 and 10 speak for themselves; these require no explanation.

**Lange**

Paragraphs 11 to 17 are addressed to the Commission. These, Mr Vice-President, essentially repeat something which has already been put forward on a number of occasions in this House as my view on the coordination of economic and monetary policy. There is no need for me to explain these items in detail.

I would however revert with emphasis to paragraph 13 which makes very plain that in this is needed. In the matter of the International context a strengthening of Community powers Monetary Fund and of monetary policy we encourage the Commission to pursue its chosen path within the Community, and to take account of the views which have been put forward in this Parliament on various occasions.

The last point I should like to refer to is paragraph 18. If Parliament so decides, this includes instructions to the Committee on Economic and Monetary Affairs to grapple with these problems and submit a report on the capital market of the Community, paying special consideration to whatever the balance of payments difficulties and the conditions created by higher prices for oil and raw materials may entail, as well as to what is likely to be done with the resources which are accruing to others as a result of these higher prices, with a view to channelling these back towards the Community.

Taken in the main, this report is concerned with guaranteeing a workable capital market in the European Community. Mr President, this is my exposition of the motion for resolution which should have been submitted by Mr Bousch.

(Applause)

**President.** — Thank you, Mr Lange, for that very clear and comprehensive introduction.

I call the first speaker, Mr Burgbacher, on behalf of the Christian-Democratic Group.

**Mr Burgbacher.** — (D) Mr President, Mr Vice-President, ladies and gentlemen, we owe this work to Mr Bousch; in the matter of work, the Committee has been a generous investor. The latest version was approved by the Committee only on the 7th and 8th March. This report should not be regarded as an ordinary annual business report, since it cannot easily be considered representative. Let me put it this way: this is a sick report on a patient whose health was fairly good during the first three trimesters, but who during the fourth trimester developed a severe two-sided circulatory complaint, involving on the one hand the oil-sector—in some ways the life-blood of the economy—and on the other, the field of currency and balance of payments, to complete the parallel.

There is therefore nothing to be inferred from statistical averages. In the report of the Commission which provides the basis for this resolution of the last year, as we have just learned from our chairman Mr Lange, it was stated that the Community as enlarged in 1973 showed a real growth in GNP of 5.7%. At no time since 1969 had the recorded growth reached this figure. In 1973 the increase in real GNP in the member-countries amounted to 7% in Ireland and Luxembourg, 6% in France, Belgium and Great Britain, 5 1/2% in Germany and Italy, 5% in Denmark and 4% in the Netherlands; although average employment levels rose during 1973, unemployment figures in most of the member-States were higher than during comparable trade cycles previously.

Consumer prices rose by 8.5%, varying from 6% in Luxembourg to 11% in Ireland. Parallel with a deterioration in the proportion of exports to imports, the Community's external contribution marked an appreciable downward trend. The outbreak of the oil crisis made the position even worse. The higher oil prices will mean a considerable increase in revenue for the oil-exporting countries, from 1974 onwards—this extra revenue will amount to something like 60 billion dollars; for the Community on the other hand, the higher prices will involve a 17.5 billion dollar drop in the trade balance. The Commission is of the opinion that we are going to have to face major economic and financial difficulties; the growth in GNP for 1974 will be only 2 to 3%, and the prospects for prices are nothing short of alarming; nowhere are the increases likely to be below 10%.

It will at any rate be clear that the major problems of inflation, unemployment and balance of payments difficulties can be solved only by common action; even when we have got so far it remains to be seen whether these measures can fulfil their purpose. This applies to an even greater extent to the problem of the threatened capital accumulation in the hands of the oil-exporting countries. Only if the Community succeeds in organizing its capital market well enough to create the confidence which could induce the oil-exporting countries to treat the Community as an interesting investment market, and show a readiness to allow their oil-dollars to flow back into the Community on a long-term basis, will it be possible to prevent this capital from disrupting the entire Community capital market. It must, however, also be realized in this connection that the Community has a duty to take the developing countries into consideration, and to demand that some proportion of the oil capital should find its way into these countries in the long term.

**Burgbacher**

Consequently, the Bousch resolution, for which Mr Lange stated the case at such great length—which exonerates me from going into the detail of it now—embodies three essential demands. I list these as:

First, the Community must speak with one voice;

Second, the Community must in all things act as a Community;

Third, decisions in important fields must be reached at Community level, and this must be done as promptly as possible.

The three hazards referred to here, namely, prices, employment and balance of payments are all of a contingent nature, i. e. they flow out of other causes. As a doctor would put it: we identify the disease here in its recognizable external manifestations, but these are not its cause. The pathogenic factors in the three areas mentioned constitute the problem. But these three danger-spots, namely price, employment and balance of payments, also prove that the danger-situation we are in is not so much one of conjunctural change, but rather, that we are in the throes of structural changes which are probably definitive, and which are coming to face us in many fields. If the oil-supplying countries have woken up to the fact—for which, leaving out of consideration the methods resorted to, we cannot blame them—that their monopoly-position gives them the power to exploit the situation for the purpose of improving their future in a more lasting way than they can by letting the oil flow as liberally as it has been doing up to the present, this will prove to be no exceptional development, but rather, a precedent to be followed. I believe and fear—or rather, we all believe and fear—that in many countries, including some in the developing world, men will presently get up and say: 'Well, if oil is so important, then so is our article'.

This will apply to any country with some kind of monopoly. The bauxite countries, for example, are already conferring in Conakry; these are the people who supply the raw material for making aluminium, and their aim is nothing less than a 15-fold increase on the price of today. This goes to show that the action of the oil producing countries has let loose an avalanche leading to a situation of dearer raw materials, which will of course bring about an improvement of the monetary and balance-of-payments situation in some of the developing countries in a radical way, though by quite other means than those we had contemplated employing.

We also see that the price of gold is constantly going up. I will not go so far as to say that all the bullion which is the object of transactions at the present time is flowing into the treasuries of oil-producing countries, but I can well imagine that quite a substantial proportion of it is doing so.

If, however, our own citizens buy up gold—which they are in fact doing in no small measure—this is an alarming sign of the lack of public faith in our currencies.

So our work is cut out, and our Vice-President Mr Haferkamp is certainly not to be envied these marathon tasks, with sometimes almost tragic developments involved. What I had in mind, however, was to point out, in connection with the 1973 report—and please do not misunderstand me here—that a backward glance at the first three semesters of 1973 shows the position to have been substantially better over this period than it is at present.

What this amounts to is that we have reached a turning point, starting during the last quarter of 1973, which is in essence structural rather than conjunctural, and whose consequences for resolution embodied in Mr Bousch's report.

My Group urges the House to approve the all fields are not yet to be foreseen.

(Applause)

**President.** — I call Mr Lange on behalf of the Socialist Group.

**Mr Lange.** — (D) I can take it that the Socialist Group approves the motion for a resolution drawn up by Mr Bousch; this in any event underlines what I said as chairman and as deputy rapporteur on behalf of Mr Bousch in elucidation of the motion for resolution—which is why, speaking for my own person, I was anxious to avoid getting involved in any contradictions. There can be no doubt about it: the rising price of oil, and of raw materials generally, which we are witnessing on every side, both in the Community and in the other industrial countries, is going to necessitate a good deal of rethinking. To this extent I feel that I, as spokesman for my Group, can endorse the statement of Mr Burgbacher when he maintains that the development we are witnessing today—what we are talking about, really, is a sketch by the Commission of the economic position of the Community at the beginning of 1974, rather than just an annual business report—certainly uncovers trends over and above the normal trade cycle, with all the implications of this, trends which have to do with basic structural changes in the world economy. Hence, this is a point

**Lange**

which must call for the unremitting attention of both Commission and Parliament.

Under conditions like these, on the other hand, we cannot of course overlook the need to impress upon Member States the fact that every detour is costly. If indeed we allow member-countries to behave like frightened fowl in the hen-house a fox has got into, we shall all perish together with no chance of rescue.

No matter how critical the positions we adopt towards certain statements of the American Foreign Minister, it is all quite irrelevant; what is decisive is that the Europeans should make up their own minds, if on the one hand they wish to avoid American tutelage and be treated as equal partners, and on the other hand prevent themselves being overruled by the machinery of U.S.-Soviet manoeuvring—keeping an eye, at the same time, on the position of the People's Republic of China in the background, particularly where Soviet Russian motives are concerned. To that extent it seems to me that we have good reason, on the basis of both internal and external developments, for impressing upon Member States, their national governments, and hence, the Council, the fact that in a situation such as this only Community action and Community solutions help, and that every support must be given to the Commission.

Everything else I have said as deputy rapporteur, I can underline also as spokesman for the Socialist Group; no need, then, to repeat it. I recommend once again that we take stronger Community action vis-à-vis Council and Commission, in order to prevent any drifting apart of the Community in the course of further developments, till at a certain point we have to face the fact that we have a balkanized Europe incapable of playing any significant role in politics. Both as Europeans and as Socialists we see this as something to be avoided—and I think we have the support of the other Members in this, that we want to be masters of our destiny in harmony with our well-wishers throughout the world.

(Applause)

IN THE CHAIR: MR BERSANI

*Vice-President*

**President.** — I call Sir Brandon Rhys Williams on behalf of the European Conservative Group.

**Sir Brandon Rhys Williams.** — Speaking on behalf of the Conservative Group and also as

a member of the Committee on Economic and Monetary Affairs, I should like to give a warm welcome to Mr Bousch's report. We now find that he is here in person, so that we can give him our congratulations personally as well as formally on behalf of the group.

This is an interesting report produced at a critical time. All through, it bears signs of direct relevance to the exigencies of the present situation.

I entirely join Mr Lange in his reference to the dangers of 'balkanization' of the European Community. Certainly we have recently seen some tendencies which are in the precisely opposite direction to that which led to the formation of the European Community in the first instance and to its enlargement last year. I am sure that all of us in the European Parliament would deplore any tendency to return to purely nationalist policies in the economic sphere.

There are several points in the motion for a resolution which I think deserve especial attention this afternoon, and I will try to deal with them briefly. First of all, in Paragraph 2 we see a reference to the 'serious risks of unemployment'. I know that this is a preoccupation of many experts in the Community and many national authorities. I personally am preoccupied just now with a slightly different problem, which is this. In view of the balance-of-payments situation which has arisen through the dramatic change in the terms of trade between the industrialized countries — and that of course means primarily the European Community — and the primary producing countries of the world, surely if we are going to give good value in exchange for our money we must be prepared to face a rapidly rising demand for our goods on current account.

Not only are the oil-exporting countries now in a position to finance enormously greater purchases of the things we make—and which, indeed, we like to consume ourselves; the same is also true of countries which we have hitherto regarded as our poor relations, the developing world. One can point to one example after another of countries hitherto desperately poor which now suddenly find themselves in the welcome position of having huge surpluses arising from their current-account trade with the industrial countries which they can use either to improve their standard of living or to launch ambitious investment schemes.

The talk of a recession or a decline in output in Europe—and one has heard experts in the United States and other industrial countries outside the Community talking about the danger

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of a recession, a decline in investment and the under-use of resources—is obviously echoing a genuine fear. It seems to me, however, that it would not only be a blunder to permit a recession at this time: it would be a crime against humanity, when the world is calling for our goods and is in a position to pay for them, that we should allow a situation to develop in the Community which leads to a reduction in production. That would be a defiance of economic sense and of our responsibility to the world economy as a whole.

We must, however, take this danger seriously. In spite of the accumulation of purchasing-power in the hands of people who want to buy from us, we are in danger of talking ourselves into unemployment, under-investment and industrial decline.

The particular danger which one has to point to is that of competitive devaluation and the pursuit of national policies which defy the general interest. In paragraph 5 of the motion, Mr Bousch refers to the need 'to avoid competitive depreciation of currencies and restrictive trade practices'. How warmly we must endorse that sentiment this afternoon! The tendency to use monetary devices to gain temporary economic advantage is a destabilizing factor, and instability is the greatest enemy of all in 1974. Competitive devaluation is not a remedy: it is simply a drug. Instability will lead, no doubt, to a flight of funds from the European capital market, and that in its turn will bring about a crisis in investment and in the balances of payments of our various economies.

On a general point, one might perhaps say that not quite enough reference is made in Mr Bousch's report to the continuing problem of inflation. Perhaps it is almost superfluous now to stress yet again the intense and mounting anxiety that we all feel over the problem of the decline of confidence in paper currencies. To say again that the decline in value of our currencies must be halted is almost a platitude, and yet it is something we must never forget even for a day.

The sensational increases in the price of gold during recent weeks are giving us a stiff lesson. I am one of those who feel that this movement has by no means exhausted itself.

It will not come to a halt until we can do something which will restore not only our own confidence in our paper currencies but the confidence of the world.

In paragraph 10 and in other resolutions also there are references to 'a redistribution of

powers between the Community institutions and the national authorities'. That, I think, is something which may cause alarm to people who cling to the concept of national sovereignty. To them I would say that the redistribution of powers between Community institutions and national authorities is a process which is continuing possibly in spite of any actions which might be taken by parliaments, central banks or monetary authorities in Community countries.

No major world economy is now an island. With the reduction in tariffs, a process is inevitably continuing all the time which is leading to the integration of our economies. We may feel that it is painfully slow, but it is continuing, and as it goes ahead so it becomes increasingly inevitable that the relations between our national economic and monetary policies and those of the Community as a whole should become closer all the time.

An orderly system of world trade and inter-European trade depends on institutional advance. But then we come to the question: if we hand over powers from national authorities to some central institution of the Community, to whom in fact could we hand these powers at this moment?

This morning I mentioned, and this afternoon I must stress again, the deplorable failure to make progress on the institutional front. We talk so much about setting up institutions to operate in the European Communities' interest in the monetary sphere, but we do not act. The Council of Ministers is to blame, the Commission is to blame, and no doubt our national political and monetary authorities are also to blame. I personally have some reservations about handing over too much power to the Commission.

There was an interesting debate some months ago as to whether Brussels or Luxembourg should be the headquarters of the European Fund for Monetary Cooperation. Luxembourg won, at any rate on a temporary basis.

There was, in my view, wisdom in the point made at that time by Pierre Werner, that of all the capitals in the Community Luxembourg was the least political: Luxembourg was the capital where, if our monetary institution were established there, it would be least susceptible to direct political lobbying and pressure. I thought that was an excellent point and the winning stroke in the debate as to whether Luxembourg or some other capital should be the site for the European Fund.

We recall the way in which the Federal Reserve system in the United States has been influenced

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since its headquarters was sited in Washington and not in New York, the natural capital market of the United States.

One can also draw an interesting parallel with the course of events in Britain since the end of the war when the Bank of England was nationalized. I am not saying that the total independence of the Bank of England in policy matters during the twenties and thirties was a good thing, because in retrospect it is perfectly obvious that grave mistakes were made.

I would therefore say that the monetary authorities of the Community must act in accordance with the political and social conscience of the Community but must not be subject to the alternations of policy which are inevitable if they come under the direct political control of either the Commission, the Council of Ministers or even, shall we say, the European Parliament—if that were to be possible in due course.

I hope that we shall give to our new European monetary authorities a degree of independence and continuity, so that they can act in accordance with their expert views in order to implement the social and political wishes of the Community in the economic and monetary sphere, but should not be directly subject to day-to-day or hour-to-hour control by politicians.

Paragraphs 12 and 14 of the motion are among those which refer to surrender of policy freedoms. Paragraph No 12 considers that 'economic, budgetary and taxation policies, together with monetary and credit policies, should be the subject of binding Community decisions'. That is a big mouthful. It is not too alarming for Members of this Parliament, where considerations of this kind are commonplace and widely accepted; but it will seem an audacious resolution to many people. It is possible to say to doubters that a good-neighbour policy is essential in any civilized system of world trade, certainly in terms of inter-Community trade. One might think in terms of a sort of Geneva convention for interest rates and economic policy management. In the last year, interest-rate policies in a prominent financial centre have been governed entirely by national interests and have neglected the wider European responsibility. I shall not be drawn into saying which centre I am referring to, but students of the subject will know which I mean. One might also consider the loose analogy of Greenwich Mean Time, which is accepted throughout the world: it does not mean that our watches are all exactly the same but that we have a single reference point. In respect of economic and monetary union we should perhaps, keep to our own time but observe the same rules.

I know that the President will wish me to draw my remarks to a close and I shall now do so. I congratulate Mr Bousch on his report because it is our first survey of prospects for economic and monetary union following the virtual break-up of the snake. In terms of economic and monetary union we are now living in a new world and we must study the considerations afresh. In particular we must study the problem of the enormous surpluses arising in the hands of the oil-exporting countries; how to ensure that they are returned to Europe in sufficient volume to restore equilibrium to the overall EEC balance of payments; and how to direct them into stable and fruitful investments in the general interest. On all these matters Mr Bousch's report gives us interesting and positive directions, and I warmly endorse the motion for a resolution which he has put before us.

(Applause)

**President.** — I call Mr Kaspereit on behalf of the Group of European Progressive Democrats.

**Mr Kaspereit.** — (F) Mr President, I should first of all like to join with my colleagues in congratulating Mr Bousch on the excellent work which he has done for our benefit. I should also like to dwell on certain points in the matter which we are discussing.

I know that it is becoming a truism to say that the great economic balances have been upset by the energy crisis; nonetheless, I find that there are very few institutes, national or Community bodies which dare to make forecasts at present even in the very short term.

The Commission has described the economic situation of the Community at the beginning of 1974 and has drawn up a succinct report on the present repercussions of the energy situation on the various economic sectors. This is a praiseworthy effort but I must say I consider it incomplete. There should be new medium-term guidelines, thus revising the medium-term policy programme established previously for the period 1970-1975 and which indisputably is now out of date.

The nature of the new situations which are developing seem to me to be of great concern for the Community. Various economic paths are now possible and the choices to be made are manifestly political ones. For the cohesion of the Community it is important for these options to be debated democratically within this Parliament on the basis of concrete technical proposals by the Commission.

In the context of the energy crisis, it seems that it is possible to find certain medium-term con-

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stant factors and thus to envisage the possibility of making reliable forecasts. We should not forget that there is a one-to-one correspondence between the rate of growth of the gross national product and energy consumption in our large western countries and that nothing can affect this situation even if there are substantial changes now taking place in energy production. In the medium term, restructuring of production can take place quite smoothly. The costs of restructuring diminish if the period of restructuring is matched to the life of the plant consuming one or another energy product. Under these conditions, the problem of finding alternatives in the medium-term in the consumption and processing of energy products is mainly one of capital investment.

More generally, however, the problem is knowing the point to which energy consumption could be reduced without substantially affecting growth and employment. Short-term measures have brought about a reduction in the level of consumption but have not slowed down the rise in consumption in the medium term. In fact, reduction in energy consumption by economy measures nevertheless remains of limited importance when compared with the problem of the external balance.

As regards external balances, there are first of all primary effects on our trade balances due to the rise in the price of crude oil. We can scarcely avoid these of course; they can be measured by the deterioration in the terms of trade and are reflected in a loss of income or assets.

Compensatory factors, however, more or less rapidly modify the extent of these primary effects on our balances. There are first of all the induced effects on export and import prices: our industrial prices increase but a substantial increase in these prices would impair the terms of trade of the oil countries, which would undoubtedly incite the latter to make further increases in the price of oil to offset this.

The second compensatory effect is the increase in imports by the oil countries depending on their absorption capacity, but the very unequal distribution of the supplementary revenue between countries in the oil zone obviously imposes limits on the development of imports.

It is probable that the new expenditure of these countries will continue to diminish with respect to their supplementary revenue, if only because of the low starting level for imports of goods in this area. We therefore consider that the Commission must analyse in detail the medium-term absorption capacity of the countries of the oil zone.

Another compensatory effect consists in the reduction of the capacity of the developing countries to import our industrial products, since they would be forced to use a considerable part of the development aid to pay for their oil imports. This effect could be reduced, of course, by these developing countries exporting more to the oil countries. At the political level these consequences, which are reflected by a reduction in the real value of the development aid, should be avoided at any price, in particular by routine transfers which the oil countries could make in favour of the consumer developing countries.

Along the same lines, more or less long-term credits could be granted to the consumer industrial countries: they would have an induced effect on our balance of payments.

Finally, the last unpredictable compensatory effect on which the Community ought to have something to say; the variations in the exchange rates which will probably occur between the industrialized countries.

Mr President, everything leads us to believe that other structures will change profoundly in the medium-term. Our countries, which are in a situation of mutual competition, will undoubtedly try to turn them to their advantage, perhaps by parity changes, but also, for example, by financial measures encouraging the oil countries to grant them credits. Within this framework, global agreements ought to be worked out between the oil countries, the developing countries and our industrialized countries.

The monetary and commercial policy of the Community will, therefore, have an important part to play in safeguarding the common interest, and we must ensure that the competition between industrialized countries does not result in degradation of the monetary and commercial relations in the world and also within the Community.

It is precisely within the Community that the primary factors will be compensated by further exports or will be reflected in growing debts, synonymous with a loss of assets in our industrialized zones. It is certain that, depending on one or the other option, there will be totally different repercussions on the structure of the uses of the gross national product.

The rise in the price of oil is reflected, it has been said, by a deterioration in the external balance of about 2.5% per annum.

The preparation of other uses in the total GNP will increase at the same rate as the external balance decreases, and there is no doubt that

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effect in the Community will be more marked at the consumer level than at the capital investment level.

The main problem, however, will be financing the with respect to the outside world by attracting new liquidity into the internal financing machinery, since no development can be expected in the rate of saving.

We can also assume that efforts will be made to bring the medium-term trade balance into a better position. It would involve increasing the external balance by accelerating exports. Therefore, the internal categories of the GNP would diminish, to the benefit the external balance. The internal demand would develop at a lower rate; but, insofar as the restructuring of the energy sector and the economic sector requires a substantial volume of additional capital investment, this relative reduction could only take place to the detriment of private consumption. This development, if it is the one we chose, contains—and we must be aware of this—the potential seed of important social tensions and medium-term inflation. That is to say that we are, in fact, engaging in a process of permanent adjustment of economic policy.

Facing this new situation, the short- and medium-term Community policies must undoubtedly undergo considerable adjustments and the guidelines previously laid down by the Council can no longer be respected. All the Community institutions should, it seems to me, take on their responsibilities in defining new options.

(Applause)

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission of European Communities.** — (D) Mr President, honourable Members, Allow me first of all to thank the Committee, the rapporteur and, indeed, all who took such an active part in the debate. This resolution, which reviews the present position so brilliantly and makes so many stimulating and challenging demands, is, as I see it, addressed not only to the Commission, but offers in addition a vital lead and political exhortation to all who have parts to play in working out solutions to such essential European problems, i.e. the Council, the individual Governments and the economic and social groups.

I would indeed venture the opinion that this resolution contains far more than a statement on the business report which was handed in here by the Commission in February. I therefore wish to underline the special significance

of this resolution. I think the chairman of the committee, Mr Lange, has placed this resolution in the larger political context of the general European situation, i.e. within the context of political, economic and institutional necessities.

What is coming up for discussion now is more than a statement on the present position. In my view the greatest emphasis needs to be given to it, because we are dealing with more than the economic difficulties which we must and do acknowledge. This morning we discussed the way in which the economic crisis of the last few months has suddenly revealed the political weakness which still prevails in the new Europe.

However exacting the tasks which we face in the purely economic sphere, they are, in my view, nonetheless a reason for giving very much more thought than we have done hitherto to the search for solutions to all the problems of the Community situation and to the inadequate impact of the Community on the international relations of the last few months.

Mr President, a great deal could be said under the many individual headings which have to be considered in the present situation. I will, however, refrain from doing this, since we shall have the opportunity to deal with one question or another at any session over the next few months.

In considering the economic situation and the measures which need to be taken to overcome the difficulties, we cannot overlook the position in which the Community is placed vis-à-vis the outside world, whether in the sphere of trade policy, international monetary policy or energy policy; all this affects the constellation of economic factors and the scope we have for dealing with problems of economic policy as such. We cannot afford to overlook the significance of these various groupings we have within the Community, both from the angle of conjunctural development and from that of monetary prospects.

These various groupings originated as a result of the French Government's decision of the 19th January to end intervention in favour of the French franc, and of the decision which followed, by the five Governments, to maintain the broader monetary union or the monetary union with narrower margins; so that leaves us with the group of five in the 'snake' alongside the four 'free floaters'. A state of affairs, surely, which calls for our closest attention, not on account, this, of the decision just alluded to, or from considerations arising out of established conditions, but rather, because of the economic situation prevailing within the two spheres defined above. Let me formulate this in a general way.

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It will be noted that the five member-States which opted to remain within the European monetary union register a mutual trade figure of over 30%, whereas the four 'free floaters' have only 17%. The weight of economic interest which these figures reflect speaks for itself.

Allow me to draw attention, now, to a second set of factors. Attention has been repeatedly drawn to the effects of the rise in oil prices on the external contributions and on the balance of payments. We now have a situation in which the grouping of five will together be registering a surplus of 4.3 to 4.5 billion for this year, whereas the deficit position of the four 'free floaters' will run to over 20 billion.

These facts also carry their weight, and attention has been drawn to the need—a number of measures are already under way—to ease this deficit position by borrowing. If, postulating a deficit in the region of 20 billion we consider for the sake of argument that this must be covered by loans, we must reckon, at present interest rates, with an annual bill for interest and extra debts of 2 billion. I have brought this up merely in order to show that we are in the presence of two groupings which in the situation we are in have quite distinct degrees of difficulty to contend with.

Let's take a last look at another economic fact: as far as consumer prices are concerned, the grouping of five presents the following picture: on the average we may expect consumer prices to increase by about 13% in 1974; within the grouping of five, these price rises will be partly below this figure, whereas among the four 'free floaters' they will anyhow be above that average. Please, however, do not regard this estimate of 13% as authoritative; if it is only 12%, so much the better, but in one grouping it will be partly less than this, in the other, it will exceed it.

Make no mistake about it, these are relevant economic data which can exercise a substantial pressure on the coherence of the Community, and not only in this economic sphere: their repercussions may extend to other fields. It must also be considered that in the grouping of five, precisely owing to the situation I have just outlined, the economic pressures are not very severe, economic coherence is at a relatively high level, and any intervention which might prove necessary is not likely to be excessively involved, so that everything is fairly straightforward, but a certain danger lurks in this very fact of things being simple in one grouping and complicated in the other. If I am drawing your attention to this state of affairs,

it is not only because, considered in the economic perspective it gives me cause for concern, but also on account of the possible political consequences which could involve the entire Community.

One of our key-assignments in the economic policy of the near future must be to prevent the economic factors just alluded to—namely, the fact that we have these different groupings—from causing the groupings in question to drift apart any further, despite the best will they may have to hold together. We must strive to maintain the links forged at institutional level, in permanent consultation, etc., but apart from this it is essential that we endeavour to find ways and means of checking this trend towards diverging levels. This adjustment can be achieved not only by means of Community measures; a lot will depend on these groupings pursuing policies which favour this reintegration. It will not be smooth going.

In the near future there will have to be a readjustment in trade cycle policy, taking into account the real differences between these groupings, that is to say, the differences in important fields which will vary from one grouping to another.

This means, that in the grouping of five what will matter, in the first place, is that the quickening of growth we are entitled to expect does in fact materialize, so that we can reckon with a 3 to 4% growth rate towards the end of the year, and that, wherever it proved to be necessary, we could at the appropriate time consider certain boosting measures. The emphasis would have to be put on growth. In this grouping the anticipated drop in balance-of-payments surpluses would have to be accepted. This would make a contribution to the effort at narrowing the gap between the two groupings.

In the grouping of the four 'free floaters' the balance of payments and the steeper gradient of price increases will of necessity call for a restructuring of demand in favour of the export trade. The growth of demand on the home markets would have to be checked and held well within the expansion of productive capacity if the deficit-gap is to be closed. It may come to this, that in this grouping increased taxation might have to be resorted to for the purpose. A severely restrictive monetary and credit policy is quite clearly on the cards.

So we see that we cannot at this stage work out a policy which could apply in the same way to

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all the Nine. Even in past experience this already proved an awkward assignment. Unavoidably, we shall have to look into the basic structural differences between these two groupings. It must, of course, be our concern to bring these groupings together if we do not wish to have to live with a constant hazard to the Community. I should really like to put this consideration in the centre of our preoccupations for the near future, which does not, of course, mean that there is nothing we can do about the other questions related to general monetary policy. It is quite obvious that a task of the first importance awaits us there.

If we must resign ourselves to the prospect of a virtual prevalence of free-floating exchange rates for the foreseeable future, the greatest attention will have to be given to the working out of orderly rules for such floating, in the first place, of course, among us Nine, and then, if possible, also vis-à-vis any third parties. Because this international monetary reform over which so much ink has already been spilt will not be there with the morning milk. We just cannot afford to go on waiting till the Group of Ten, or of Twenty, or the Plenary Session of One Hundred and Thirty agrees on a ruling. We have to start by putting our own house in order, we must put on our thinking caps in order to check this drifting apart by floating currencies and find some law we can all abide by. We might even manage to provide a good example for others.

As I see it, our first duty, then, is to prevent this drifting apart at all costs and put ourselves out in the cause of unity. We can make a significant contribution to this by mobilizing Community resources for the elaboration of economic policy, through the provision of the financial aid, partially discussed this morning, wherever social and structural difficulties have to be overcome. The possible channels for this include the Regional Fund, of special importance in this context, or the Social Fund, whose importance is enhanced where it comes to dealing with problems of employment, i.e. where unemployment has to be faced, and more particularly perhaps, where difficulties in employment arise as a result of structural changes, changes between sectors, etc.

Here we have scope for using the instruments of Community action, and this, I think, is our common task, to see that we not only muster this coherence at Community level, but give it every support by measures at national level through the various national parliaments and Governments.

(*Applause*)

**President.** — I thank the Commission's representative for the contribution he has made to our joint labours; as always, it has been a most positive and useful one.

Mr Bousch has asked to speak.

I call Mr Bousch.

**Mr Bousch.** — (*F*) First I must ask this Assembly to forgive me for not having been able to introduce the report of the Committee on Economic and Monetary Affairs. Urgent obligations prevented me from attending early this afternoon.

I thank all honourable members who spoke in the debate, including Mr Burgbacher, Sir Brandon Rhys Williams and Mr Kaspereit who, after giving their comments on the current situation, approved in principle the resolution submitted by the Committee on Economic and Monetary Affairs.

I also thank Mr Haferkamp who explained the action of the Five and of the Four who seem at present in danger of going in different directions and whom we must attempt to bring closer together.

Mr Haferkamp was right in appealing to them, in wanting the Community of Nine to become as closely united as it should always have been. In fact it never really split, it simply diverged on economic questions and above all on matters of monetary policy.

Finally I wish to thank Mr Lange for deputizing for his rapporteur and for doing so in a spirit of devotion to duty and most competently —for which the Committee on Economic and Monetary Affairs and the Assembly are very grateful. Once again I thank him.

In conclusion, I would ask the members of Parliament to adopt unanimously the motion for a resolution submitted to them.

(*Applause*)

**President.** — I thank you, Mr Bousch, and associate myself with the many compliments which have been paid to you for your work.

Does anyone else wish to speak?

We shall now consider the motion for a resolution.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The motion for a resolution is unanimously adopted.<sup>1</sup>

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<sup>1</sup> OJ C of 8. 4. 74.

*15. Tabling of a motion for a resolution and reference to committee*

**President.** — I have received from Mr Gerlach, Mr Mitterdorfer and Mr Wieldraaijer a motion for a resolution on the Community's regional policy as regards the regions at the Community's internal frontiers (Doc. 5/74).

This motion for a resolution has been referred to the Committee on Regional Policy and Transport under Rule 25 of the Rules of Procedure.

*16. Sixth directive on the harmonization of turnover taxes*

**President.** — The next item is the presentation of the report drawn up by Mr Notenboom on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a sixth directive on the harmonization of the legislations of the Member States concerning turnover taxes—common system of value added tax: uniform basis of assessment (Doc. 360/73).

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, ladies and gentlemen, at a time when there is much talk of the disintegration and retrograde movement of the Community, the Council has consulted us on an important proposal from the Commission, namely the proposal for a directive to harmonize the structure or rather the basis of the most important instrument of taxation in the Community, the value-added tax. This objective was incorporated explicitly in the programme for Economic and Monetary Union by the resolution of 21 March 1971. It is not necessary for me to stress any further the immense significance which the harmonization of the most important instrument of indirect taxation has to conditions of competition and the removal of fiscal frontiers in the Community.

The systematic dismantling of differences in legislation, insofar as these act as an obstacle is no less important than summit conferences for the coordination of national efforts to create a strong Europe, for which frequently sacrifices have to be made, having regard to the situations which have developed within the national framework. In the customs field, spectacular work has been accomplished in this respect, but at the frontiers between Member States something else is taking place, namely, the removal of differences in VAT and excise rates. The directive in question is intended as a major

step towards the abolition of these differences too. I consider it a privilege to have been able to contribute to this.

A second important aspect for the Community concerns the financial autonomy of the Communities which is to become a reality on 1 January 1975. The system of financial levies will then be replaced by the system of entirely autonomous resources of the Community.

One source of these Community-owned resources will, in accordance with the Council decision of 21 April 1970, be the value-added tax, which will go to the Community and account for a maximum of 1% of the Community basis.

It is clear that for the sake of an even distribution and fair collection of the tax to the benefit of the Community, which is concentrated on one single tax, the same point of departure must exist in the Member States. This then is the background to the Commission's proposal.

The Commission and also the Communities as such have been reproached for undertaking marginal harmonization without striking through to the heart of things. Unfortunately, I must concede that this has frequently been the case in taxation harmonization so far. There never was and there still is no overall conception worthy of the name. Nor has there been any progress worth noting in the separate taxes. On the other hand, the ominous term "harmonization fetishism" is used in the literature!

How does the proposal for a sixth directive on the harmonization of VAT tie in with these considerations?

In order to be able to judge this, I must go somewhat more deeply into the background of this directive. The question is indeed asked of whether the EEC could not have evolved a more satisfactory instrument that this sixth directive to obtain the revenue 'accruing from the value added tax and obtained by applying a rate not exceeding 1% to an assessment basis which is determined in a uniform manner for Member States according to Community rules'.

That question can be answered in the affirmative. A uniform basis could be envisaged which does not itself coincide completely with the bases of the nine national VAT's. That uniform basis would then by approximation have to agree with final consumption by retail consumers, possibly corrected, for example, by consumption by the authorities. The value of such a basis would have to be calculated statistically and that in my opinion would not need to be in conflict with the Council decision

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of April 1970. This in fact, along with other Council decisions and resolutions on this subject, does not specify either the precise nature of the uniform basis or the method of collection. This has to a large extent to do with the detailed nature of the uniform basis.

Harmonization on these lines could have been considered at this stage in the months preceding 1 January 1975, the date on which the Community's own resources must be created. Then in a subsequent phase it would have been possible to investigate how within the framework of establishing Economic and Monetary Union the operation was to evolve further, in order to do away with the freeing of exports and the taxing of imports at internal frontiers.

In strict terms of wholly-owned resources, the concept of a sort of Federal Tax—of which this project has many features after all—is not necessary!

The Commission however wanted to kill two birds with one stone. It clearly and explicitly wanted to seize this opportunity in order to advance the harmonization of turnover taxation one step further with Economic and Monetary Union in mind. It has not chosen the easiest way. It has brought many difficulties upon itself, but it has made a considerable effort in the interest of harmonization. From this point of view there is indeed a place for more detailed rulings and I should not like to speak about fetishism. The project has developed into an impressive piece of work, for which we should have a lot of respect. It has for this very reason also demanded a great deal of time, which in turn has unfortunately brought about a situation of working against the clock. There is now of course no question of the directive coming into force in the Member States on 1 January 1975, even if all concerned give their fullest cooperation. The Committee on Budgets, on whose behalf I have the honour to speak, Mr President, wishes to follow the Commission along this difficult road, but wishes to warn against getting unnecessarily bogged down in details and pleads for a little room for manoeuvre nationally, to the extent that it will not harm the European cause.

To be honest, I myself have been in something of a dilemma, certainly when I asked myself, not only from an idealistic and theoretical point of view, but also with an eye to hard reality and what can be accomplished politically, how we could best serve our European cause in these times.

My hesitation was even greater when I learned on reading paragraph 26 of the Seventh General Report on Activities of the European Community

that there is still uncertainty as to the wording of the proposal on the harmonization of methods of levying and collection of the Community resources which the Commission has to present to the Council in the second half of 1974, this more than one year after the presentation of the proposal in question. How can a precise uniform basis be worked out if it is not first known how the levying and collection methods are to be harmonized? Can Mr Simonet now give some information on this?

You will doubtless remember how difficult the introduction of VAT proved to be in many of our Member States and how critical public opinion still is in places towards this tax.

We must therefore spare no effort to make it clear to our populations that the incorporation of VAT income into the Community's own resources as such will not lead to an increase in the taxation burden of the population. What is taking place is merely the switch from financial contributions, as plaid hitherto, to own resources. It is therefore unjustified to claim that the Community share of VAT will lead to an increase in the VAT rates.

In one or two Member States, however, in certain areas and certain sectors, far-reaching changes must be expected if the Council is to adopt the proposal in its present form.

I should just like to recall the question which has been controversial both for our committee and for the political groups of the incorporation of immovable property, especially land, into the VAT system.

With regard to land, our proposal contains one or two amendments, and the Committee on Budgets unanimously recommends that where a VAT rate is levied, it should not be possible at the same time to exact a registration duty on the same transaction.

I should, moreover, like to point out now that this directive leaves the Member States entirely free with regard to the scaling of rates. It is a directive which says not a single word on the classification of goods and services in certain rate groups. The Member States retain complete freedom in this respect. This point is to be the subject of a future harmonization measure.

Something which has also extensively pre-directive should not place upon the firms and occupied our committee is the concern that the national administrations liable for taxation a heavier additional administrative burden than is absolutely necessary. Possible extra yield must be offset against this.

While the basic scope of this directive might give the feeling of a direct link between

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Europe and the consumers in the nine Member States, of a sort of Federal Tax, of a Community "Steuerhoheit", an autonomous Community fiscal authority, the Commission still does not want this European tax to appear on the accounts and periodic statements of the taxpayers. That is a source of great satisfaction to our committee, but I am still not entirely sure that the administrative obligations arising in particular from the terms of Article 23 are not more extensive in scope than is absolutely necessary. Paragraphs 9 and 10 of the draft resolution indicate once more the general feelings of the Committee on Budgets on this point.

A question which preoccupies our British colleagues—but all of us too, really—considerably is that of the zero ratings which have been applied to a wide range of consumer goods. Opinions differ greatly on this. Some argue that a zero rate is not a taxation rate and that such a rate is a kind of subsidy and must be considered to be in conflict with the system. Others on the other hand are of the opinion that it is one of the many possibilities—such as the 4.5%, the 5% or the 20% rate—of giving relief without the disadvantages associated with exemption, since in the case of exemption there is no processing of returns and cumulation can occur, which is precisely what the VAT system aims to avoid. This aim is a fair one. The zero rate, whatever may be said, is more in conformity with the system than exemption without reimbursement.

The Commission proposes that the zero rates should be finally abolished after a certain transition period. A majority of our Committee also came out in favour of this. Doubtless this question will continue to preoccupy us at this time, not to mention the amendments.

There are amendments calling for the abolition of zero rates earlier and others wishing to make them permanent, but there are also those pleading in favour of intermediate solutions.

With regard to the flat-rate system for farmers, the Committee on Budgets has after much discussion associated itself with the point of view of the Committee on Agriculture and proposed an amendment of the directive to prevent pressure being exerted on the farmers to switch to the normal system. Future developments in farming operations will bring about the changeover to the normal system in time of their own accord. We support the draft with the reservation that the flat-rate system taken as a whole should not offer either advantages or disadvantages in respect of the normal ruling.

No doubt our co-rapporteur, Mr Héger, will go into this in more detail.

The special rules for small firms should, in my opinion, be left to the Member States and should not only apply during a transition period. Apart from this the whole Committee considers that the threshold of 4,000 units of account per year, below which there is no tax liability, is much too low and does not correspond to realities in the Member States. It is precisely the small firms which proportionally speaking will have to bear the heaviest burden in the application of this—fairly involved—system of value-added taxation. This fact should be taken into account.

The Committee did not concur with the rapporteur regarding the criterion of 'taxability' rather than 'turnover'. A fixed amount of turnover in my opinion has an entirely different effect in sectors with high added value (hairdressing, for example) than in sectors with low added value (grocery, for example). Amendments have also been submitted in this instance. When the draft is dealt with article by article we can go into this in more detail.

The procedure of the committee in accordance with Articles 29 to 31 inclusive, under which the Commission is given extensive powers on all points—where it is necessary in order to harmonize or render uniform all the implementing rules—has on one or two occasions been the subject of our deliberations.

In the draft resolution it is merely pointed out that the committee procedure (although not in so many words) is only to play a part in the interpretation and application of the directive, but not in the legislation itself. But we all know that the dividing line between interpretation and legislation is rather vague. As co-legislators in our Member States we have all had plenty of experience of this.

Personally I still wonder whether this procedure does not go rather too far in a taxation system which, with regard to its scope, still remains a national taxation system. The amount coming to the Community is only a small proportion of the total yield.

Personally, I should like to ask Mr Simonet once more how he sees the connection between the committee procedure and the third paragraph of Article 189 of the Treaty of Rome, which states that a directive is binding with regard to the accomplishment of the result intended on each Member State to which it is directed, but that the national bodies should retain authority as to the choice of form and means. The Committee on Budgets also considers it interesting that the Commission proposes reimbursement of VAT to firms established abroad in the same

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cases as those in which this right is allowed to firms at home.

This is proposed both for operators from Member States and for operators from third countries. There is an amendment for the scrapping of this last provision. We shall have an opportunity when the amendments are dealt with to go into this in more detail.

I shall not and cannot in this general introduction draw attention to all the important points. The directive is too complicated for this. The half an hour which I have been given by the President to speak, and for which I am very grateful, is too short for that. I hope therefore that I shall still have the chance to do this when the subsections of the proposal are dealt with.

I should add that because of a procedure which was hurried after all not every subsection of the draft directive was studied down to the last jot.

There are certainly subsections with regard to which silence on our part does not mean that we consider the wording to be as good as it should be to the letter.

Finally, it is a pleasant duty for me to express my thanks to all those with whom I have been able to work over the past few months in dealing with this draft. I should like to thank my colleagues from the Committee on Budgets, under its chairman Mr Spénale, and especially the members of the Subcommittee on Tax Harmonization under its chairman Mr Artzinger for the patience they have shown in more than a dozen meetings on this draft, which often took place under difficult conditions.

Also the worthwhile suggestions from the advisory committees involved and the opinions of Mr Héger and Mr Leenhardt have their place in the report and the draft resolution of the Committee on Budgets.

The farmers of Europe have found an excellent advocate in Mr Héger, while the ideas of Mr Leenhardt and of the Committee on Economic and Monetary Affairs entirely agree in broad outline with the views of the Committee on Budgets. I thank both of these colleagues warmly for their positive cooperation.

I also wish to thank Mr Simonet and his staff for their cooperation to date, which I hope will continue, and in connection with which I should like to single out Mr Guien and Mr Bonnafons for special mention. They showed great patience when, under their direction, we had to dig into some very solid and unyielding material, and

they gave us valuable advice and important information.

Let me also thank friends who are not here today for the many consultations I was able to have with them. They were necessary in order to master the by no means easy working of the VAT system and the various systems operating in the nine Member States. Last but not least, I should like to thank the Secretariat of our Committee. Mr Reister still remained loyal to VAT and to me, long after he went over to another job in our Parliament.

In dealing with this draft directive we are embarking on a technical development which will provide building materials for European legislation. The concept applied in the harmonization procedure cannot however be seen in isolation from our vision of the Europe of the future. How the results of this directive will turn out will depend on this vision of Europe. If we envisage a political union or a federation, our ideas on the force of the legislation and on the precision with which Europe must apply this project will be different to the ideas we should have if we were, for example, thinking of a looser association for the Europe of the future.

I realize that I am touching here an unusually important and very difficult project.

I will say no more about it, but I would not like to have left this unmentioned, because many think that this directive is merely a question of technique or of a taxation law. It is much more. It is a component part of a design for the future, about which our ideas may differ. These dark days for the building of Europe through which we are passing will not, I hope, discourage Parliament today and tomorrow from taking a major step forward toward the harmonization of VAT.

(Applause)

**President.** — I thank Mr Notenboom for presenting his report so clearly and efficiently. I thank him also for the painstaking work done by him in drawing up his report.

I call Mr Leenhardt, draftsman of the opinion of the Committee on Economic and Monetary Affairs.

**Mr Leenhardt.** — (F) Mr President, colleagues, the temptation facing every rapporteur is to stress the paramount importance of the subject he is dealing with, and to varying degrees they are all quite right. However, in the particular matter before us now, it is largely the complexity of the problem which is noteworthy. One

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must congratulate Chairman Spenale's committee, which has examined the problem in depth, Mr Artzinger's sub-committee which devoted no less than twelve sittings to this study and finally the rapporteur, Mr Notenboom, who has excelled himself as a specialist in his first report.

As you know, the first directives have achieved the generalised introduction of VAT in the nine Member States. That was the first stage.

The second stage is the creation of a uniform basis of assessment, and that is what is now proposed.

The third stage remains, that is, the harmonization of rates, and this will raise the delicate problem of striking a balance between direct and indirect taxation.

There is a tendency to put the Commission on trial for its lack of perfection. But it would be unfair not to take into account the fact that the Commission was given a mandate by the Council, in the resolution of 22 March 1971, which indicated that the Community rules laying down the uniform basis of assessment for VAT, within the meaning of the Council decision of 21 April 1970, should be inserted in the action to be taken during the first stage of Economic and Monetary Union. Our own Assembly insisted more than once on the need to achieve the harmonization of taxes, particularly during the May 1973 part-session.

The first directives had laid down the goal to be achieved, indicated the essential features of Community VAT, fixed the structures and the more important means of applying the system. Seven years later, though, the fact is that there are nine very different national VAT systems.

If one is to avoid distortion of competition and distortion in collecting own resources, the uniform application of VAT is evidently necessary. In order to render the basis of assessment uniform it will be necessary to establish an identical field of application for VAT in each national legislation.

In this respect, the VAT Committee provided for in Articles 29 following has an important part to play in eliminating disharmony in the application of Community VAT. Above all it represents a forum. It provides the Member States with a guarantee of equitable application of the directive. It is the Member States who will wish to consult the Committee; end every two years the Commission, after consultation by the Member States will present a report to the Council on the functioning of the common system of value added taxes in the Member States.

It is only natural that one should regret a reduction in the flexibility which was the hallmark of the earlier directives, but at this stage it seems inevitable that there should be a conflict between the wish for neutrality and the wish for flexibility. Surely we must choose between flexibility and the definition of a uniform basis of assessment for the creation of the Communities' own resources.

In his report, Mr Notenboom has analysed admirably the special problems to which the Commission gave its attention, so I shall only mention them very briefly.

In Article 4, the Commission stipulates the application of VAT to building land, that is to say land which is prepared for construction, or land on which an incomplete building or a building for demolition stands.

The Commission pointed out to the Economic and Social Committee that the inclusion of the value of land in the value of immovable property permitted greater neutrality. If the land were exempted, the cost of the VAT which would have affected the building would be incorporated in the price of the immovable property, giving rise to an accumulation of taxes.

Should a Member State wish, for political reasons, to have accumulation between specific duties and VAT, the imposition of VAT on building land would not present an obstacle, however, if the Member States were left free to choose whether or not to include land in the basis of assessment of VAT, this would create imbalance between the Member States regarding Community tax.

One could say a great deal about the zero rate, Article 28 does not stipulate its elimination immediately. This system could be maintained until a date fixed by the Council. We are told that this extension is not desirable in other States, but nevertheless it certainly has its supporters.

Mr Notenboom is right to emphasise in his report that the zero rate, as opposed to exemptions—which do not carry with them the right of deduction—does not upset the VAT system as such. The report makes it clear that the zero rate implies the maintenance of the right of deduction, which eliminates the cumulative effect occurring in the case of exemption.

A word on the exemptions. We all agree that it is necessary to have the smallest number of exemptions possible in a general system of taxation. As Mr Charles Camper, Honorary Director at the Commission, wrote recently, 'every exemption leads in fact to a hidden surtax on

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the product or service which is supposedly exempted. This is because exemption breaks the chain of deduction which is one of the features of VAT, so that at the exemption stage the product or service is liable to VAT imposed further up the chain, without any possibility of reclaiming such amounts from VAT since this is not imposed further down the chain'.

Perhaps the exemptions already existing in the Member States have been taken too widely into account.

There is provision for a special system for small undertakings which could not be subjected to VAT without considerable difficulties arising. The inclusion of the retail trade in the scope of the tax corresponds with the wish for neutrality, so taking into account the fact that compulsory taxation is in contradiction with the nature of VAT it would have been possible to see things differently.

We underline the fact that the thresholds fixed by Article 25 are quite low in relation to those in force in several Member States. We think it desirable that they be raised.

As to the system stipulated for small farmers, which aims to provide them with compensation for the deductible tax affecting their purchases and services received, the object is to avoid unequal treatment and distortion of competition between the Member States. The Commission does not hide the fact that its aim is gradually to impel the majority of European farmers towards the application of the normal system of VAT. It is believed that the progressive modernization of farms will help this through. This is probably an optimistic view of developments: your Economic and Monetary Affairs Committee had not received the opinion of the Committee on Agriculture at the time of its deliberation; but there is no doubt that it would like the timetable to be reviewed and new proposals from the Commission.

In conclusion, Mr President, colleagues, I wish to stress that at this time, when Europe is going through a crisis of doubt and uncertainty, the adoption by Parliament of the sixth directive would represent a positive step and would kindle hope. This directive has been called a European VAT Bill. It will accelerate measures for the free movement of persons, goods, services and capital. It will bring us closer to the elimination of tax frontiers.

In recommending its adoption we feel we are contributing to the achievement of Economic and Monetary Union.

(Applause)

**President.** — Thank you, Mr Leenhardt, for stating your opinion so clearly.

I call Mr Héger, draftsman of the opinion of the Committee on Agriculture.

**Mr Héger.** — (F) Mr President, I shall discuss the opinion of the Committee on Agriculture briefly. I should like to compliment the rapporteur, Mr Notenboom, on the way in which he has presented and explained this opinion. A long speech would add nothing to what the rapporteur has said.

Before commenting on the flat-rate VAT scheme offered to farmers in most Member States, I shall make a more general observation.

Recently, as a result of the revaluation of certain currencies, farmers in the countries whose currencies had been precisely revalued suffered a loss on the sale of agricultural products paid in national currency, so that they had to be compensated.

Various types of compensation have been offered when monetary changes occur, but the most recent has been a 3% increase in the VAT rate—I take this example from an area with which we are all familiar—so that the loss is covered by the collection of this extra 3%: the cost is borne by consumers in the country concerned or by the State—there is a free choice. This arrangement was made by agreement with the Commission.

I therefore find it hard to understand that the Commission should approve increases in the VAT rate in the agricultural sector in countries which have revalued their currencies, and even encourage them while Article 27 of the proposal submitted to us does not provide for the full repayment of input charges in respect of farmers opting for a flat-rate system but fixes compensation note exceeding 90% of these charges.

I am sure that Mr Simonet, with his sense of fair play and social justice, will have appreciated that this measure cannot be upheld, and the Committee on Agriculture was right in delivering the following opinion, with which the rapporteur concurs, and which I shall express here in question form: if, in a specific country, the Commission or the authorities have calculated the charge exactly, how can one say, in all fairness, that this charge, estimated at 100%, should receive compensation not exceeding 90%?

Does not this constitute a threat if not a penalization of the farmer who has opted for the fixed-rate system rather than the normal system?

This fixed-rate system, which exists in most Member States, has been introduced by the

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governments of these States precisely because they appreciate the position of many of the owners of small and medium-scale farms. We are all aware that they have to work hard and for long hours, that they have to work twelve or fourteen hours a day and that their training is still limited, at least in the regions of the Community.

With the imposition of a 10% burden on them in the first year, then 20%, and subsequently 30%, the work they are required to do is beyond their capabilities and they are forced to employ another person unless they themselves try to do the calculations required by the Government.

I am not implying that there is any difference of opinion between the members of the Commission. They have the same views and undoubtedly approve the same proposals, with the aid of joint consultation.

But what are the main aims of the memorandum by Mr Lardinois? To simplify and to promote savings.

Is it not complicating matters rather than simplifying them to try and abolish the fixed-rate system by penalizing those who have opted for it, and in an inadequate and socially unjust manner? People who are ill-qualified for this type of work are required to keep detailed accounts and additional expenditure is entailed by the need for national and Community checks.

Administration, both at national and Community level, is becoming increasingly intrusive and burdensome. To abolish a fixed-rate system which was introduced for reasons of economy and social justice is in direct contradiction with the objectives defined in the memorandum which Parliament has examined and approved.

Obviously one hopes that things will so far develop that at some future date vocational training in all sectors—the agricultural sector included—will be such that everyone will keep perfect accounts, and as soon as this becomes effective a uniform system can be introduced with no further need for flat rates; and I think I can speak on behalf of the Committee on Agriculture in saying that it does not wish to take advantage of the situation which arises when the fixed-rate system is applicable.

It is for this reason that it supports the resolution proposed by the rapporteur, stating that it is a question of achieving the same overall financial result, and not allowing farmers to retain part of the supposed profit; on the contrary they should make an overall contribution to the Community's own resources as prov-

ided, but fairly and according to a procedure which takes the human situation into account.

For the reasons I have just mentioned, the Committee on Agriculture has almost unanimously voted to amend Article 27 of the proposal. It has been supported in this by the Committee on Budgets. I would therefore ask you to agree to this request.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) Mr President, ladies and gentlemen, after the excellent statements by Mr Notenboom, Mr Leenhardt and Mr Héger, I shall speak very briefly. I must thank Mr Notenboom for the quality of his report, which will enable me merely to paraphrase what he has said; he has emphasized the importance, from the economic and political points of view, of the draft directive submitted to you, although this importance is likely to be rather eclipsed by the complexity of the regulations before you today. He has also pointed out—quite rightly—that there are still certain problems, but that the basic objective—the harmonization of legislations, the creation of a wide market no longer handicapped by fiscal distortions—was achieved to a large extent in the sixth directive.

Of course he has stressed that there may be a contradiction between the submission of today's directive which, although extremely detailed, merely defined principles, and the fact that a further directive, defining the terms of collection, will not be submitted until a later date.

This is only an apparent contradiction because the subjects of these directives are different. In the one we are concerned with, the principle of the uniform basis of assessment is defined, enabling the Community to be provided with its own resources, and its method of application is determined. In the directive to be submitted at a later date, the practical details are to be laid down. The text is ready and can therefore be submitted in the near future, subject to the adoption of the present directive. In other words, we are unable to submit the directive on terms of collection until we have heard your opinion and know what is the final position of the Council of Ministers.

I can therefore reply to Mr Notenboom that this apparent contradiction is in no way incompatible with the sixth directive and will not prevent the Community from receiving the own resources due to it at a given moment.

Like the other speakers, I have emphasized the basic political nature of this directive. We are

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all aware that in the history of democratic institutions, the rules of tax law and these institutions have developed along parallel lines. As soon as the own resources system is implemented, there is the germ of a political development moving—as we all hope—towards the development of a political power democratically controlled from within. Looking beyond the technical details of this directive, I feel that this is the political aspect which should be stressed.

I should also like to thank Mr Leenhardt for his valuable contribution, and that of the committee he represents, to discussion of the present directive.

Apart from this, I shall do no more than raise an important point to which Mr Notenboom has already referred, and which appears to present problems, at least to some members of this Assembly—namely the zero rate. Mr Notenboom pointed out that, while stressing a number of principles which seemed essential for the achievement of the economic, fiscal and political objectives implied by this directive, the Commission had endeavoured to maintain a certain flexibility to allow Member States, in view of the differences in their administrative procedures, and economic and political situations, to retain a certain freedom of action in regard to the principles laid down in the directive. The zero rate is the answer to this endeavour. Its provisional nature—it is to be reconsidered when tax barriers are abolished—and the conditions accompanying it in the second directive, in particular in Article 16, last paragraph—it can only be used on social grounds, when its application is restricted to the final consumption stage and if the amount of exemption thus gained does not exceed the benefits resulting from application of the previous system—should, I think, reassure those who still have reservations about the zero rate.

As to Mr Héger's speech, it reflects the ability of which he has always shown evidence in the Parliament he represents and in the Assemblies of which he has been a member.

I shall make only two comments on the points he has raised. There is undoubtedly a correct procedure where VAT is concerned, I feel that in the case mentioned by Mr Héger the appearance of VAT may have been to some extent altered to permit a direct allocation to German farmers. In fact, the actual VAT machinery has not been questioned. The object was to solve a monetary problem, or more precisely its financial implications, by a supplementary and nominal deduction granted to the Germans. I am not saying that this was the ideal formula but in view of all the constraints

on the Commission and the Council of Ministers particularly in regard to the common agricultural policy, it seemed to us the safest way.

Mr Héger has also—and I think this is the essential point both of his speech and of the opinion adopted by his committee—explained the reasons justifying continuance of the flat-rate system. I quite appreciate that this system is advantageous to certain social groups, but I find it difficult to judge whether at certain times this advantage is not fictitious and if those who benefit or think they are benefiting from it would not in fact be better off with a stricter system more in keeping with actual conditions.

In any case, we shall probably have the opportunity to discuss this further at tomorrow's debate. I think it is difficult for the Commission not to move towards gradually introducing a system establishing equality between the different socio-professional groups and therefore based on an objective verification of both buying and selling, in order to comply more closely with tax conditions and to achieve the basic objective of all fiscal policy, fairness in the collection of taxes and in the establishment of the rate of assessment.

Mr President, as you see, my speech has been very short. At this stage in the discussion I basically wanted to express my gratitude to the departments of the Commission, all those who worked on drawing up the directive and the documents before your today—the report and resolution—and those who have prepared supplementary opinions.

I feel that these documents are a fine achievement from the technical and legal points of view, which augur well for the final debate and will lead to the decisive, or at least extremely important stage, for the abolition of distortions of competition and the implementation of independent fiscal power in the Community.

(Applause)

**President.** — I thank Mr Simonet for his speech.

The motion for a resolution will be considered and voted on to-morrow.

The general debate is therefore closed.

*17. Tabling of a motion for a resolution and adoption of urgent procedure*

**President.** — I have received from Mr Lücker on behalf of the Christian-Democratic Group, Mr Vals on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies

**President**

Group, Mr Kirk on behalf of the European Conservative Group and Mr Amendola on behalf of the Communist and Allies Group a motion for a resolution on the execution of Salvador Puig Antich (Doc. 4/74), with a request that it be dealt with by urgent procedure, pursuant to Rule 14 of the Rules of Procedure.

I consult the Assembly on the adoption of urgent procedure.

Are there any objection?

The adoption of urgent procedure is agreed.

I propose to the Assembly that this motion for a resolution be placed on the agenda for Thursday, 14 March 1974.

Are there any objections?

That is agreed.

#### *18. Community regional policy*

**President.** — The next item is a debate on the motion for a resolution tabled by the Committee on Regional Policy and Transport on Community regional policy (Doc. 403/73).

I would remind the House that Parliament has already decided to adopt urgent procedure in respect of this motion for a resolution.

I call Mr James Hill.

**Mr James Hill, chairman of the Committee on Regional Policy and Transport.** — Once again we are debating the unending saga of the regional policy fund for Europe. The main reason for this motion for a resolution lies in the inadequate reply given to Oral Question 194/73 on 13 February. We have today received the official report of that debate, including the translations, and anybody who cares to read it will be concerned at the inadequacy of Mr Apel's reply. Indeed, in my own Parliament in the United Kingdom no Minister could get away unchallenged with so vague an answer to such a specific set of questions. This debate—a debate which some Members may consider to be unnecessary—is a clear result of the inadequacy of that answer.

The present motion was unanimously adopted by the Regional Policy and Transport Committee at its last meeting, but it is fair to add that there was a long discussion on whether a debate on this matter would be useful. I was therefore somewhat reluctant to put forward the present motion for a resolution, because we face difficult times and the United Kingdom Government must make their own decision on

whether they attend the Council of Ministers on 1 and 2 April.

We in the Regional Policy and Transport Committee felt that, after all the detailed work and examination in our committee and in this Parliament, the creation of a regional development fund had been unnecessarily delayed. The stopping of the clock, which at the time seemed nothing more than an irritation, became almost ludicrous when given as an explanation after so much delay—and this view has been taken by some who of necessity are not pro-Marketeers. I therefore hope that this motion can be more fully answered today. I am afraid that the onus will now fall on Commissioner Thomson to fill in the gaps left by the President of the Council.

The Council has a duty not only to hear our views in the European Parliament, but also to pay attention to them and to say why they disagree with them.

I also believe that the European Parliament has a positive duty to keep reminding the Council of our views. It may be that we are asking them once too often and that this debate will fall flat through lack of enthusiasm, but a most important point has arisen. I refer to the change of attitude by the Commission when faced with the Council's apparent decision on a much smaller sum for the regional development fund than the minimum of 2,250 million units of account considered essential by Parliament. I believe the new sum is 1,450 million units of account. The Commission now proposes that this sum of money be applied in a more concentrated manner so that the most economically-backward areas should receive the greater part of the available aid and should receive sums not significantly smaller than those envisaged when a larger fund was under consideration. Even if the Commission's acceptance of the idea of priority concentration of aid has to some extent been forced upon them by the Council's attitude, we should welcome the fact, because this idea is one that this Parliament has always accepted—notably when it unanimously approved Mr Delmotte's report on the lists of regions and areas here on 13 December last. Paragraphs 3 and 4 therefore serve to welcome the attitude taken by the President of the Council and by the Commission, and I very much hope they will adhere to this principle.

Paragraph 5 of the motion refers not only to underdevelopment but also to the need to overcome problems of redevelopment. I hope that this will serve as a reminder that the problems of areas that were fully developed a hundred years ago but are now in decline because of changes in technology, may be every bit as acute as

**James Hill**

those of areas still underdeveloped and may, indeed, present greater problems in terms of human suffering and the quality of life of those who live there.

Indeed, in the debate in February I noted that Mr Apel in his final explanation, which was much broader and gave far more indication of his views, said: 'Now no one can persuade me that 52 per cent of the Community's territories consist of development regions.' He went on to quote the case of a small town in the Federal Republic of Germany lying right in the heart of the Ruhr.

The whole essence of the regional policy fund is something which, I think, Mr Apel and his Council of Ministers may have missed. The idea is that the fund is used as a back-up service. It will not be used to finance vast projects on its own. It will be up to the Member States to put forward their own regional programmes, and the Committee on Regional Policy and Transport and the Commission in Brussels will decide whether each regional programme fits in with the way they see the Community developing. They in their wisdom may decide that it does fit in.

Certainly we made the point on an official delegation to Sicily, that there must be a regional programme so that the Commissioner and the new Regional Policy Committee could subscribe a percentage of the fund to this programme. So the fund is not meant solely to help isolated towns in the heart of the Ruhr. We must consider the regional picture, and this regional picture may well include towns which are prosperous, because quite often there are depressed areas sitting cheek-to-jowl with more prosperous zones. In the whole context of transport infrastructure and the viability of a regional programme it is always possible to incorporate the more prosperous areas in the land-mass of a regional development programme.

As to the concept of this regional development fund, I think that some Member States—indeed, we had a group of 50 councillors here from England yesterday discussing this very matter—take the view that the fund is going to be used as some sort of great benefit on specific projects and that if they want an airfield or a city built they come to the Commission and they get the full amount. We must make it absolutely clear that the airfield, the city, the motorway, the infrastructure that is needed, the redevelopment of the area, must be part of one overall programme and that this programme will be examined by the Commission; then the decision may be made to advance—sometimes in advance

of the scheme itself—a small percentage of the cost of the regional programme.

I think, therefore, that here Mr Apel is quite wrong. A small city in the Ruhr may be just as important in a regional policy programme as a depressed area in, say, Sicily.

With those few words, Mr President, may I say that I personally feel that the debate has to be highlighted once again. There are members of my committee who have worked long and indeed arduous hours to bring the documents forward. This 'stopping of the clock' has become almost a music-hall joke. I think that it is no way for the Community to enhance its prestige. Indeed, we are dealing really with the life and the soul of the depressed regions, and I am sure that anyone who has seen some of the very depressed areas of the Community will not want these people to wait much longer before receiving at least a hope of getting help from the regional policy fund.

Thank you, Mr President.

(Applause)

**President.** — Thank you, Mr James Hill, for having presented this motion for a resolution on a matter which has always been of vital concern to our Assembly.

I call Mr Pounder.

**Mr Pounder.** — I am very happy indeed to follow not only the speech of my colleague and chairman, Mr James Hill, but also the content of his speech and the sentiments he has expressed. It is by no means impossible that this will be the last opportunity I shall have of making a contribution to any discussion in plenary session on regional policy.

From my first days in this Parliament, and indeed during the time when I was in my own national Parliament, I was an unashamed regionalist, and this I remain. I find it deeply distressing that the regional policy is still no nearer finalization than it was at the end of last year. Mr Hill referred to the farce of 'stopping the clock'. I do not believe that it reflects any credit on the Community as a whole that we are now in about the tenth or eleventh week of this nonsensical procedure of clock-stopping, and there is little or no indication that the clock is likely to be restarted in the immediate future.

If one reads through the statement made by Mr Apel this morning and the reference to regional policy contained therein, one does not find it very encouraging. I know it can be argued that the motion before the House tonight

### Pounder

states nothing new, but it is a fundamental and vitally important function of Parliament to keep knocking at the door until that door is opened. Even though there may be nothing new to say on the subject, it is absolutely right that our attention should be focused and should remain focused until such time as a realistic and reasonable decision is made.

We are all familiar with the disagreements which have occurred in the Council of Ministers on the subject of the establishment of a regional development fund. The number of disagreements and crises which seem to engulf the Community at the present time is profoundly regrettable. One lives in hope, however, and I have said more than once that as regards the area from which I come—Northern Ireland—it is almost a question of the credibility of the Community being at stake so far as the regional fund is concerned. Certainly Northern Ireland is an area which would hope to benefit substantially from it. We have been waiting for some time—it is fourteen or fifteen months since the United Kingdom joined the Community—for something to come out in the regional field, and the position remains manifestly unsatisfactory. The importance of a quick and sensible decision in regional policy cannot be over-emphasized.

I know that many delegates come from areas which will not be materially affected by the fund when it is established, but I ask them to accept that those who hope to benefit and who are in need of benefit in this regard are crying out for a proper decision to be made.

One must pay tribute to the work of Commissioner Thomson and his team in their endeavours to get the regional policy and the regional fund off the ground. No words of mine can speak too highly of their endeavours in this regard. I conclude, however, by begging, if that is not an unreasonable word to use, the Council of Ministers to make a decision very quickly on this issue, because it is not placing it too high to say that with every day and every week that elapses the credibility of the Community is, I believe, put at risk.

(Applause)

**President.** — I call Mr Thomson.

**Mr Thomson, member of the Commission of the European Communities.** — Mr President, it is not for me to reply formally to this debate. The resolution, if it is passed by Parliament, is a resolution directed to the Council. Nevertheless, I think it would be discourteous if no reply came from the Commission to the points that particularly concern the Commission's position. We in the Commission are grateful to

Parliament and to the Regional Policy and Transport Committee of Parliament, whose chairman introduced the debate, for the efforts they have made to bring this matter to a decision. I may confine myself at this stage, I think, to informing Parliament on what has happened over the last week or two.

In preparation for the meeting of the Council on 4 March, the Commission reconsidered the proposals that had been the subject of such intense debate in Parliament over recent months. We amended these proposals with a view to producing a draft which would be acceptable to all the members of the Community. I ought perhaps to explain that it was an amended proposal which sought to take very careful account of the views expressed both by the member governments in Council and by the debates in Parliament. It was an amended proposal which asked a modest concession from every member government that was entirely within the realm of the politically possible.

It was, therefore, the kind of proposition which I think ought to have been the basis of a decision for the setting up of a regional development fund if the members of the Council had at that point felt ready to take the political decision.

I was instructed by the Commission to put this proposal forward only if there was a readiness to take a decision. I have to report to Parliament that for reasons of which I think Parliament is well aware that readiness did not exist at that time. It is therefore not for me to go into details about the amended proposal at this stage, except for one point which in my view Parliament would like to know about.

In our amendments we took particular account of the proposition that had been pressed on to us, I think consistently, by Parliament through our debates. That was that there should be a greater degree of concentration of the regional development fund on those countries containing the regions where the most serious problems existed.

I wish therefore to assure Parliament, and particularly the chairman of the committee, who has been so assiduous in the pursuit of this matter, that in putting forward what we believed was, and what we believe remains, a satisfactory basis for a compromise, we took very full account of the views of Parliament on that key point regarding the concentration of the resources of the regional fund.

I hope it will be possible for the Council before long to come to a positive decision on this matter. There was a very clear mandate with a very clear timetable laid down. I agree with the chairman of the Regional Policy Committee

**Thomson**

that stopping the calendar becomes rather ludicrous if it goes on too long. I can only say that on my desk there stands a calendar which is still firmly fixed at Monday, 31 December 1973, a date which has been reiterated not by one but by two successive Summit meetings as the date on which the regional development fund should be set up. The second of the Summit meetings took place only a few weeks before the deadline.

I hope the Community as a whole will be mindful of the very deep hopes that lie in the setting up of this fund in many different regions of our Community.

Some of the people who have most to hope from the existence of the Community feel most deeply about the setting up of this fund. More than that, I think the setting up of the fund may in the present state of *malaise* in the Community, as I heard it described by the President-in-Office of the Council today, be a very significant, positive step in restoring the faith of the people throughout the Community in the will of the Community to develop in a way that is meaningful to its ordinary citizens.

For these reasons I personally welcome the action taken by the Regional Policy Committee in somewhat dispiriting circumstances to press this matter. For my part, I hope the resolution, if passed by Parliament, will be given very close attention by the Council of Ministers.

(Applause)

**President.** — I call Mr Seefeld.

**Mr Seefeld, on behalf of the Socialist Group.** — (D) Just a word or two, honourable Members! My Group has no objection to the proposed resolution. We support it in full and propose no amendments.

On the issue itself we have nothing to add to the very detailed comment which has been given on previous occasions by so many members of this House. I shall be content to thank my Socialist colleague, Mr Delmotte, once again, not merely for having—together with the Committee on Regional Policy and Transport—put the whole problem to us once more with such conscientious thoroughness, but also for preparing the motion for resolution and delivering it to our Committee, so that we are able to submit it to the House today.

And finally also this, Mr President, ladies and gentlemen: I fervently hope that the President of the Council, Mr Apel, was right in saying that we shall presently have a settlement. Anyhow I hope that the decision will be on the lines of

the resolution under consideration and will reflect the view of this House as to what constitutes a meaningful solution for the regions of our Community.

**President.** — I call Mr Scholten.

**Mr Scholten, on behalf of the Christian-Democratic Group.** — (NL) Mr President, I should also like to be especially brief. There is also a great deal of sympathy in our circles for this resolution. We shall willingly give our support to it.

I learn with satisfaction from Mr Thomson's choice of words that he is at present perhaps more hopeful than two months ago when he spoke on these problems and even a month ago when we had an exchange of views with him on the subject.

Mr President, I have reread what I said last month at this Assembly on this matter. Mr Thomson has said that he has a good clock in his office, a clock which however has stopped. The clock always reminds him of what is in hand. I hope, however, that he also has a very good clock which does keep time. A clock which keeps time and reminds not only Mr Thomson—I know how he is preoccupied with this matter—but also the Council, the whole Council, constantly of the fact that we are daily moving further away from the point we should have reached on 1 January 1974, a delay which has rendered the problems increasingly urgent. I hope that Mr Thomson, with his eye on both clocks, will succeed in finding those solutions, which we all so fervently desire to see reached, as rapidly as possible. I wish him much success in this endeavour.

**President.** — I call Mr Johnston.

**Mr Johnston, on behalf of the Liberal and Allies Group.** — I wish to register, on behalf of the Liberal Group, our support for the motion, and I echo the remarks which have been made in appreciation of the work of Commissioner Thomson. I hope that his clock will soon be started again. When a clock stops for too long, there is a danger that it gets rusty and is difficult to start again.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

<sup>1</sup> OJ C of 8. 4. 74.

*19. Trade Agreement between the EEC  
and India*

**President.** — The next item is a debate on the report drawn up by Mr Cousté on behalf of the Committee on External Economic Relations on the Commercial Cooperation Agreement between the European Economic Community and the Republic of India (Doc. 402/73).

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

**Mr Cousté, rapporteur.** — (F) Mr President, honourable Members, our Parliament has concerned itself with trade relations between the EEC and India since 1965. Now we are again consulted on this cooperation agreement which, in its new form, demonstrates in political terms the importance the Community attaches to India's development policy; this policy is an exemplary one which constantly seeks embodiment in democratic institutions and decisions.

This Agreement is also important to a country far distant from our Community which has maintained long-standing and important ties with the United Kingdom. It shows that the third world as a whole may look upon the efforts of the European Economic Community as exemplary.

The trade cooperation Agreement between the EEC and India was signed on 17 December 1973 and today our Parliament is giving its opinion—which shows that we did not waste any time.

The Committee on External Economic Relations, on whose behalf I am now speaking, and the Committee on Development and Cooperation, were consulted on the draft report and held a joint meeting on 12 December 1973 in the presence of the President-in-Office of the Council of Ministers.

To tell the truth, the Agreement is timely, since it is quite clear that India's position in external relations has weakened ; what I mean is that there has been a major reduction in imports rather than an increase in exports and yet India's balance of payments shows a deficit.

That is a very worrying problem if one remembers that India enjoys generalized preferences and that it has been traditionally linked to the United Kingdom, and that enlargement of the Community raised difficulties for both sides whose importance and scope must not be underestimated.

This Agreement mainly aims to reverse the tendency of falling trade between the EEC and

India and to correct the growing deficit in India's trade balance with the Community. It also aims to increase and diversify trade between the two partners and to encourage trade cooperation between them, while at the same time promoting India's fifth five-year plan covering the period 1974-1979, to which we wish all success.

The text of the Agreement therefore begins by affirming the resolve of both parties to develop their trade, to help improve the trade balance at the highest possible level. Moreover, both parties agree to grant one another most-favoured nation treatment, pursuant to GATT. Finally and most important, they agree in general terms to diversify trade and on economic cooperation.

Yet the Agreement refers not so much to general provisions as to the creation of a Joint Committee of an trade cooperation, which is of great importance. This committee will have a major task, namely, to ensure the sound administration of sectoral agreements and of the Agreement of 17 December 1973.

The sectoral agreements cover jute and coconut products; further agreements, on cotton fabrics and products of craftsmanship, are being negotiated.

An exchange of letters annexed to the Agreement concerns tea, which is an important product. This whole complex of products is a very suitable object for the tariff suspensions which have already been applied autonomously but are hereby consolidated.

Let us say immediately, and this will be my penultimate remark, that this Joint Committee will have a lot of work, for its economic trend is a matter of great concern to India. Like the developing countries, India is faced with an energy crisis whose effects could be disastrous for it, as for very many of the third world countries. Oil is the basis of manure and feeds the pump motors of wells, i.e. serves all modernized agriculture, and three quarters of the foreign exchange yielded by agricultural exports will be absorbed by the rising costs of oil products.

Finally, India is faced wih rising inflation, which reaches the very high annual rate of 18-20% and with the fact that real per capita income has fallen to about £44 sterling.

There is, therefore, little need to stress India's need for cooperation with the EEC and its need for large-scale investment and intelligent economic aid.

That is why I hope the Joint Committee will interpret its mandate—deliberately formulated

**Cousté**

in very generous terms—in such a way as to give hope to India. On our side we must give evidence of boldness and solidarity.

In this spirit the Bureau of Parliament, at its meeting of 7 February 1974, gave a favourable reception to the idea of a meeting between Indian and Community parliamentarians. It has been demonstrated that in every area where such relations have been established—I am thinking of the United States, and of Canada and Latin America in the future—the outcome was extremely satisfactory.

We can but support the idea of a visit by Indian members of parliament to the European Parliament, a visit which some of us may be called upon to return one day.

For all these reasons the Committee on External Economic Relations unanimously approved the report which I have the honour to submit and which I ask you too to adopt.

(Applause)

**President.** — I call Mr Boano on behalf of the Christian-Democratic Group.

**Mr Boano.** — (I) Mr President, I should merely like to add a few brief comments to what has already been stated in writing in Mr Cousté's report and repeated by him today with that sense of commitment and competence which distinguish him in this Parliament.

I should like to refer to his last observation but one when he emphasized the depressive effects on the economies of a large number of developing countries of the sharp rise in the price of oil. He has stated that the increases have been so high as to absorb almost all India's hard currency reserves. In support of his statement, I should like to remind him that a recent report by the International Monetary Fund has defined the situation as giving even more cause for concern than expressed by him now. The International Monetary Fund report emphasized that, in the case of India, the increase in oil prices combined with the rise in the prices of capital goods and of fertilizers in particular has drained the whole of India's precious reserves, with the serious risk of dashing the hopes that India had pinned on its "green revolution" by means of which it aimed to improve its economy, starting with agriculture.

I believe that this statement should lead to a more general comment: the EEC should review all its relationship with emerging nations. We must not merely view all our relationship with the oil-producing states in a new light—as was recently emphasized by the Copenhagen summit

—but we must also review our relationship with the oil-consuming states, making a distinction between rich and poor consumers. I believe that this agreement, whose importance has so rightly been underlined by Mr Cousté, could become an instrument for the gradual restoration of equilibrium in this large country, poor compared with the Community. It could be an instrument—as Mr Cousté has pointed out—capable of development from a trade agreement to a cooperation agreement. Obviously, however, before such a change can take place there must be the political will to bring it about.

The Joint Committee is to hold a meeting in Europe in April and its second meeting is to be held in India in October. I trust that the interval between these two dates will be spent on concrete organization of the work and that this Joint Committee will not become a debating chamber but a working body. With Mr Cousté, I also hope that ever closer links will be forged with the elected representatives of this great people's democracy, with its population of 580 million representing the largest democracy in the world, the largest parliamentary democracy (these are numbers, but numbers are of the greatest significance when they represent men and women). In addition, I approve of the intention, which I know is shared by Mr Berkhouwer, of inviting an Indian parliamentary delegation to visit our Parliament and I subscribe to the wish expressed by Mr Cousté that there should be a return visit to this noble land by a delegation from us perhaps on the occasion (a splendid occasion) of the great international exhibition due to take place at New Delhi, for I know that the Indian Government hopes that the Community will take part by establishing a pavilion as a Community. I trust that Mr Cousté will be asked to continue to follow up these relationships to provide our Indian friends with a firm point of reference in our shared desire for closer mutual relations.

I cannot but remind you that this great and noble country was the first of the developing nations to appoint an accredited representative to the Community in 1961, the first in absolute terms. In approving this motion for a resolution today we are fulfilling expectations that have existed now for ten years, to our mutual satisfaction. I have always found that Parliament is aware of Europe's need and duty to be open to new realities. India is a great and long suffering human and democratic reality which, however far from us in geographical terms, is very close in its institutions and the political climate of democracy in which those institutions have grown up. This is the reason why we Christian Democrats give our whole-hearted consent to this motion for a resolution.

**President.** — I call Sir Tufton Beamish on behalf of the European Conservative Group.

**Sir Tufton Beamish.** — Mr President, I should like to congratulate Mr Cousté on the way in which he has presented this report and assure him that it has the full support of the European Conservative Group. We regard this agreement as being one of exceptional importance from both the political and the commercial point of view. India, as Mr Boano reminded us, is the world's most populous democracy. (The translation came through wrong there, because India is a country of some 580 million souls; it came over in the translation as 50 million.)

Without doubt India has a key role to play in the world balance of power at a time when international political and economic relations are strained and in a state of flux. The Community would be wrong to underestimate the powerful political influence that arises from its external relations and the commercial agreements into which it enters. This is something which Sir Christopher has never underestimated. The Joint Declaration of Intent covers, as Parliament knows, a very large and important part of the Asian continent—India, Pakistan, Bangladesh, Sri Lanka, Malaysia and Singapore. The agreements that the Community makes with these countries will inevitably have a considerable influence on peace and stability in these parts of the world and give badly-needed help to raise the standard of living of the people of those countries, with whom the United Kingdom, as Mr Cousté reminded us, has enjoyed good relations and close understanding for a very long time indeed.

Mr President, we congratulate Sir Christopher and his extremely hard-working staff on the first instalment of the Commercial Cooperation Agreement with the Republic of India, and we look forward to the next instalment. It seems, Mr President, that this set of proposals covers amongst other things, tobacco and marine products, both fresh and canned. But there is some disappointment on the part of the Indian Government that the proposals with regard to cashew nuts have not yet been implemented. I hope that Sir Christopher may have some good news to tell us about progress where these are concerned. They matter a lot to the Indian Government.

The Indian Government now naturally looks forward to the next set of proposals covering a large number of Indian specialities, among which some of the more important are mangoes and mango derivatives, cashew shell oil, pepper and other spices, and unfinished leathers. None

of these products competes with Community products and none, therefore, should present any great problem. I hope that some progress is being made with this second package. Agreement on it would be of immediate benefit to India, but it would also be a great encouragement, I think, to the other JDI countries which export these products.

Next, I should like to draw attention to the importance that the Indian Government attaches to paragraph 6 of the motion for a resolution that we are discussing. Further reference is made to this in the last two paragraphs—that is, paragraphs 14 and 15—of the explanatory statement. The joint agreement is indeed, as Mr Boano and Mr Cousté have both said, the heart of the matter. Paragraph 6, I think, opens up wide and exciting possibilities of cooperation in the field of science and technology—for instance, in the development of nuclear energy for peaceful purposes and other forms of energy, too. It may not be generally known that India has the largest trained scientific and technical manpower in the world after the United States and the Soviet Union. It goes without saying, therefore, that close cooperation with the Community can produce great benefits for both parties to the agreement, in particular by providing the knowhow of which so many skilled people are anxious to take advantage.

The sectoral agreements on jute and coir products are, of course, greatly to be welcomed—mention is made of them in the explanatory statement—but I want to draw Parliament's attention to paragraph 10 of the motion about cotton textiles, since they are by far India's most important industry, accounting, I believe, for not far short of 25 per cent of that country's industrial effort. I hope it may be possible for Sir Christopher to tell us how long it is likely to be before the negotiations for a sectoral agreement on cotton textiles can be completed. I realize that this is a complicated issue, but I hope that the negotiations will not be too protracted.

There are many other aspects of this most important agreement to which I should have liked to draw attention had time permitted, but I have promised to be brief. I conclude, therefore, with two brief points, one of which has already been mentioned. A delegation from the European Parliament went to India in, I think, 1963. That led obviously to the resolution mentioned in the first preamble of the present motion. I was very glad indeed to hear that there is a real likelihood of a return visit by Indian parliamentarians to the European Community, and I am sure that this will be warmly welcomed by the whole Parliament.

**Beamish**

Lastly, I should like to say that it was as long ago as 1962 that the Indian Government first approached the European Community seeking a commercial cooperation agreement, but the Community's horizon was somewhat limited at the time—apart, of course, from its obligations under the Yaoundé Agreement.

The broadening of the Community's horizon is, therefore, something that we in the European Conservative Group welcome very much indeed, and we have noted with strong approval that tomorrow the Committee on External Economic Relations will be hearing a report from Sir Christopher about the opening of negotiations with another JDI country, Bangladesh. I do not know whether Sir Christopher is in a position to give us more information about any other negotiations that are contemplated under the Joint Declaration of Intent. I am certainly not looking for any dramatic announcement, but it would be encouraging to know that steady progress is anticipated.

I feel sure that Parliament will give its blessing to Mr Cousté's excellent and encouraging report.  
(*Applause*)

**President.** — I call Mrs Iotti, on behalf of the Communist and Allies Group.

**Mrs Iotti.** — (*I*) Mr President, very briefly I should like to express my group's opinion on the trade agreement between the Community and India that we are now discussing.

First of all, we should say that the group of which I am a member gives its full and wholehearted consent to this agreement for essentially political reasons, which I should like to emphasize.

One reason has also been mentioned by the rapporteur and by Mr Boano who spoke before me.

India is a great country inhabited by a great mass of humanity, a free and a democratic country, a fact that in itself shows that there is a very special political significance in this trade agreement.

Nevertheless, I should like to add a further comment which, in our view, is no less important, on the nature of the political system which governs India. It is that this country, located as it is in an extremely difficult continent and in a highly delicate position, has been able to conduct a policy of friendship and peace in the name of its own independence and with a steadfast love of that independence, which, undoubtedly, is an example not only to Asia but to the whole of the world.

For these two reasons, therefore, for the reasons that India is a free and democratic country holding on steadfastly to its independence in the world whilst evolving a policy of peace, we look very favourably on this trade agreement.

I should like to emphasize another factor, however briefly. This trade agreement with India paves the way to a relationship between the European Community and a major Asiatic country and this is undoubtedly a fairly new and significant step. This agreement opens the door to Community activities, to Community trade, with a continent with which we have as yet few dealings.

I believe that this is an important fact both in that it extends the Community's trade relationships and in that this treaty is of great political significance. The continent of Asia, and India in particular, have seen only one face of Europe in past decades, in past centuries: the colonial face of oppression.

The history of those countries is indelibly marked by that oppression. Now that we are about to develop trading activities which will lead (and for our part we trust that this agreement will result in further developments) to further contacts between our peoples and to a meeting of our cultures, a fresh step has undoubtedly been taken and we welcome and wholeheartedly support that step.

(*Applause*)

**President.** — I call Mr Patijn on behalf of the Socialist Group.

**Mr Patijn.** — (*NL*) Mr President, through a misunderstanding it has not been made clear that I am to speak in the name of my Group. After everything which has been said on this report, I should like to express the happiness of my Group that the agreement has now been concluded, considering the great difficulties which have arisen for India since the entry of Great Britain into the European Community. I thank Mr Cousté for his report and we are pleased to be able to wind up this business today. We do not need to repeat all the arguments which have been advanced by the various speakers. We concur entirely, since this agreement is necessary and important. We are particularly happy that a joint Commission for commercial cooperation is to be set up. We hope that its meetings will contribute to the extension and amplification of the agreement.

We are deeply concerned over the current position with regard to the negotiations on the cotton agreement. Can we expect that they will be brought to a conclusion in the near future?

**Patijn**

This agreement is only a beginning. We hope that it will soon be possible to develop and strengthen the relations between India and the European Community further.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — As my friend, Mr Cousté, pointed out in his valuable report and in his speech today—and I am most grateful for the report, its conciseness and the way he has explained it to us today—the manner in which India and the Community are to order and develop our economic relations has been a matter of discussion and at times negotiation for over a decade now.

Last year, the enlargement of the Community added a new element to that relationship and also a new problem in that until Britain joined the Community India benefited from free entry for most of her products into the British market. Here perhaps the honourable lady who spoke from the Communist benches with some rather disparaging phrases will not, I am sure, forget the advantages which that free entry among, I believe, other things provided for India.

When Britain came to move towards the common external tariff, moving 40 per cent of the way on 1 January this year, many of these goods from India were liable to be hit by a tariff on imports into what is still one of India's largest markets. At the same time, the Commonwealth countries in Africa and the Caribbean retained their right to duty-free entry into the United Kingdom, and our present associates will get those same rights on conclusion of the new arrangements for association. Thus, India faced the risk of being at a disadvantage compared with a wide range of other developing countries on the market of the enlarged Community.

But, of course, India's problems go deeper than this. When Mr Boano spoke, he gave us some figures to remind us of this fact. Let me give you one figure only to illustrate the dimensions of India's problems. With her rising population and in spite of her shortage of capital for industrial investment, India has over the next 5 years to find additional employment for 90 million people. Ninety million people is more than all the wage and salary earners in the whole enlarged Community today—90 million Indians for whom new employment has to be found in the next 5 years.

India's capacity to increase the volume of her exports is therefore of critical importance to her. Yet her exports to the Community, both

to the Six and to Britain, have if anything been falling.

To do something to remedy this is a moral and political no less than an economic duty for the enlarged Community. It is a duty we recognized at the time of the enlargement in the Joint Declaration of Intent that forms an integral part of the instruments of accession.

What, then, has the Community done for India to discharge that duty?

The report before us deals with the Commercial Cooperation Agreement. But Mr Cousté rightly points out that the Agreement must not be seen in isolation in as much as we have taken steps to help India in a number of other ways under other dispositions, so that the Agreement falls into place as one of our responses but by no means our only response to India's concerns.

There was also, as Sir Tufton Beamish reminded us, our agreement on jute and coir, and our autonomous tariff suspensions and improvements to the generalized preference scheme.

The jute and coir agreement is of major significance to India in that the livelihood of some 20 million of her people is based on jute and coir production.

The Community has agreed progressively to reduce its tariffs on these products by 50 per cent on carpetbacking and 60 per cent on other jute products and coir by 1975. In the meantime, no tariffs on these goods will be levied this year in the United Kingdom and Denmark.

Sir Tufton Beamish asked what we had in mind about textiles apart from jute and coir, particularly cotton textiles, which are of great interest to India. Here I would say that once the new multi-fibre agreement has been ratified, we stand ready to negotiate a new bilateral agreement with India.

This is the right way to approach the matter, but we must wait until the new multi-fibre agreement has been ratified.

As for the Generalized Preference scheme, in preparing our proposals for 1974 we sought to bring within the scope of the scheme as many of the products of interest to India as we could. We wanted to give India fresh opportunities in the Community of the Six and at the same time to prevent dislocation of her traditional trading links with the United Kingdom. Outstanding among these products were textiles—not included within the British generalized preference scheme—tea, and a type of tobacco of particular interest to India. Sir Tufton mentioned other commodities of interest to India, and I emphasize that this is not intended to cover

**Soames**

the whole field. We were intent this year on overcoming the problems which would arise by virtue of Britain's beginning to take on the common external tariff. I do not regard this in any way—and I know that both the House and the Commission will agree with me—as the end of our obligation under the Declaration of Intent. This is a matter with which we shall always have to live. What we have done this year has been necessary for the immediate future. We shall certainly look at the commodities mentioned by Sir Tufton.

As for the Commercial Co-operation Agreement now before the House, that is of rather more general significance than any of these measures taken product by product. It seeks to provide a new framework for a much wider and more intensive effort of co-operation than was envisaged in the Community's earlier trade agreements. I should like to pay tribute to the Indian negotiators, to Professor Chattopadhyaya, the Minister of Commerce, and to Ambassador K.B. Lall and his predecessor Mr B.R. Patel. The Agreement owes much to those negotiators and to their constant urging that we should seek to develop our co-operation across a much wider spectrum than was envisaged in earlier Community agreements.

Mr Cousté and Mr Jahn rightly emphasized how important will be the work of the Joint Commission set up by the Agreement. Its main task will be to study how India and the Community can co-operate in the future and to devise ways and means to overcome tariff barriers, improve marketing structures, rectify imbalances, avoid maladjustments and facilitate the exchange of information to open up new ways for India and the Community to work together. It will thus be up to the Joint Commission to ensure that life and substance are put into this agreement and to make the most of the opportunities it offers.

Mr Cousté is right to call for flexibility and boldness in its work. It will also be up to the Council to do what is needed to implement constructive practical measures proposed by the Joint Commission. I trust that such concrete measures will find the support of this Parliament and of its Members within their own parliaments at home.

This is the first commercial co-operation agreement concluded by the Community with any developing country. India, with its huge population and highly diversified economy, is undoubtedly a most appropriate country with which to embark on this work. Only time and experience will tell whether this is the right approach. We hope and believe that it will prove so. We were glad to see that the Pre-

sident of India explicitly welcomed this agreement when he said in the Indian Parliament last month:

'The conclusion of the Commercial Co-operation Agreement with the European Economic Community is a significant step, and with this our relations with the enlarged Community have started well. We are confident that trade and economic co-operation between the Community and India will grow fast in the coming years.'

The Commission, in thanking Mr Cousté for his report, echoes that hope and confidence.

(Applause)

**President.** — Thank you, Sir Christopher Soames, for your statement.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

On behalf of Parliament as a whole, I should like to stress the political and historical significance of this vote, the first through which Parliament has made its contribution to overtures towards this great country, which forms part of such an important continent. It is a first step, as all the speakers in the debate have stressed, and it is our lively hope that it will pave the way for rapid developments on a scale appropriate to the extent of the vast problems we have been discussing.

#### 20. *Trade Agreement between the EEC and Brazil*

**President.** — The next item is a debate on the report drawn up by Mr Klepsch on behalf of the Committee on External Economic Relations on the Trade Agreement concluded between the European Economic Community and the Federative Republic of Brazil (Doc. 381/73).

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

**Mr Klepsch, rapporteur.** — (D) Mr President ladies and gentlemen, I also am happy to be able to report on a Trade Agreement with an extremely large and important country. The trade pact with Brazil lines up with a series of commercial agreements which we have been concluding on a bilateral level with Latin American countries ever since 1971; after Argentina and Uruguay, Brazil. May I recall

<sup>1</sup> OJ C of 8. 4. 74.

### Klepsch

in this connection how, in his report on the relations between the EEC and the Latin American countries, Mr Boano underlined—particularly in paragraph 4 of his report—how desirable it was for the EEC to conclude bilateral agreements with the more important countries of Latin America; this pact, then, forms part of that programme.

We were happy to find that the fairly tricky problems which the commercial treaty involved could be smoothed out within such a short time. I would merely like to refer to my report and say that the economic dynamism of Brazil, her growing importance to the business world, should be treated by us with the respect it deserves. It will illustrate my point that during 1973 Brazil registered a growth rate of 11.4%, and that her commercial dynamism has become very apparent; during that year Brazil's exports rose by 53%.

My report makes no secret of the fact that there are a number of problems in, and in connection with, Brazil: that country has a rate of inflation amounting to something between 15 and 20%; then there are the problems which arise out of an increasingly unequal distribution of the country's wealth, and the tensions which no doubt exist, in connection with the authoritarian political regime.

However this may be, an overwhelming majority in the Committee on External Economic Relations supported the view that, despite these disquieting circumstances we must look to this growing economic importance and to the enormous task which cooperation between Latin America and Europe, involving an appreciation of Brazil's position, impose upon us. Seen in this perspective, the Trade Agreement is a first step.

This trade pact partners those alluded to above with the other two Latin American countries, and is a non-preferential commercial agreement coming within the GATT framework. However, this Agreement with Brazil includes a whole series of concessions and counter-concessions, important which a view to the future developments which it is the business of the Joint Committee, responsible for expanding cooperation, to promote.

I should like to allude very briefly to the main points. Certainly, the main concessions which the European Community has made have to do with the marketing of cocoa butter and Brazilian powdered coffee. These concessions have proved a hard nut to crack, and a decisive one, also during the deliberations which took place within the Community. There are, in addition, a number of minor concessions in the

field of agricultural marketing; then there are certain prospective moves in the field of textiles.

On the other hand, the Brazilians have assured us that investment from the Community contributing to the growth of the Brazilian economy will be intensified. They have granted us counter-concessions in the matter of information on beef exports, the possibility of taking into account the desire to import breeding calves, and assessments for duty, particularly for products for which Brazil may fix minimum or preferential prices. Finally, Brazil has also undertaken, in connection with the concessions granted by us, to watch that our internal stability is not thereby imperilled.

Seen from these various viewpoints, the Agreement constitutes a well-balanced outcome of the deliberations; consequently, the Committee on External Economic Relations had no hesitation in endorsing it.

If, in summarizing this group of problems, I may be allowed one more observation, it is this: the three Trade Agreements we now have with Latin American countries represent the initial steps in our endeavour to place our relationships with the Latin American market within an orderly framework. That leaves us with a long journey ahead, before the desired volume of business and the results we hope for have been achieved.

It is however my conviction that this pact with Brazil launches us into a well-ordered cooperative venture with the economic mammoth of Latin America.

Reference has been made to the Joint Committee, which as a board of experts will keep a close watch over the impact of Brazil's price policy on the Community market, and examine any difficulties which may arise out of the provisions. Its main duty will, however, be to promote a further development of cooperation and—on the basis of this Agreement—to enlarge the scope for reducing obstacles to trade such as tariffs, etc.

It seems to me that, if we are to value this Agreement to the full, we need to bring to bear a comprehensive view matching the importance of this great trading partner. With this in mind, let me congratulate the Community on the Agreement which has been reached, and express the hope that it will indeed bring us all we expect from it.

(*Applause*)

**President.** — I call Mr Sandri on behalf of the Communist and Allies Group.

**Mr Sandri.** — (I) Mr President, colleagues, our attitude towards this trade agreement concluded between the Federative Republic of Brazil and the Community is so radically opposed to the attitude adopted towards the preceding agreement for which there was a unanimous vote as to oblige us to start by making the statement, to avoid any misunderstanding, that our party is convinced that the European Economic Community, like any state, must not make the introduction of relations with any given country conditional upon views as to the political and social system prevailing in that country.

It is true that we have greeted the agreement signed with India with special warmth and that we, like all our colleagues, hope to see this agreement leading to many more increasingly close ties between the Community and that great country. We are aware, however, that we cannot always hope to have as our partner a country with the same greatness, history, traditions and democratic way of life as those which characterize India and its regime. When the Community turns to countries of what is known as the 'Third World', we know that many of the prevailing regimes there, however distasteful to the liberal-democratic palate, are the almost inevitable consequence of historical factors, for some of which Europe has been responsible in the past.

This is far from being the case with Brazil, however, and Mr Klepsch's report sets out all or a good many of the reasons why, in our opinion, the European Parliament should vote against the motion.

The report underlines the economic dynamism of Brazil. The Japanese-style growth rate which has given rise to talk of a Brazilian miracle has been 11 per cent over the past three years. The figure is correct, but we must try to see the reasons for this 'economic miracle'. Two indisputable facts at once emerge: the first is the growing denationalization of the Brazilian economy which has become increasingly dependent upon and dominated by unsupervised investment by large groups and large foreign companies in the country in the past and present. The Brazilian Government has opened its doors wide and has negotiated and provided all manner of incentives for the penetration of foreign capital, which now accounts for no less than 78.3 per cent of the production of consumer durables in Brazil.

When a company such as the Rockefeller group is predominant in sectors ranging from petrochemicals to stockbreeding, not to mention the other sectors, when a company such as Fiat is investing 140,000 million lire at Belo Horizonte to produce cars that will be re-exported to

Europe because they will sell at less than the price that would have to be charged were they to be manufactured in our own continent, can we really call the Brazilian economy 'dynamic', or should we not say, as has been said by the Brazilian episcopate, that what is happening in Brazil is a 'perverse miracle'?

It is perverse because it has been engineered by a party that has totally subjected the country to the capital cities of high finance; it is perverse because payment has been made in the form of the grinding conditions in which the mass of its people has been forced to live, the purpose being not to develop its native land but to swell the fortunes and profits of foreign companies.

We must admit that the rapporteur mentioned, however cautiously and tactfully, the growing disparities in the distribution of income in Brazil.

Perhaps, however, I should remind you that it was Mr MacNamara himself at UNCTAD Three who emphasized that 40 per cent of the population of Brazil received 11.2 per cent of the national income in 1960, and that the same 40% were receiving only 9 per cent by 1970, whereas the share of national income going to 5 per cent of the population, in other words an oligarchic minority, increased from 27 to 38 per cent over the same ten years. Do I need to remind you here of the words of the President of the World Bank when he said that Brazil could not be a model for development?

This, we believe, is the truth underlying the Brazilian miracle, and it also explains two specific references. One of these references I found in the verbal report, but they are both included in Mr Klepsch's written report in which he speaks of the authoritarianism of the regime and its tendency towards hegemony. It is not a matter of authoritarianism, however, for if we look around us we would find very few countries with which we could establish relationships were this to be the criterion. It is a regime that has gone so far as to torture and kill the secretary to a Bishop in Brazil. It is a regime that, for the first time in history, has gone so far as to torture children before their mothers to force them to reveal the hiding places of their fathers.

This is not mere emotionalism: these are known facts, declared and accepted world-wide. This unrestrained violence is not a manifestation of folklore, it is not a 'tropical' aspect of a nation's special characteristics: this violence is an essential part of a regime which cannot open the country to foreign capital, which cannot achieve maximum profits, unless it forces its workers to silence, inertia and absolute submission.

### Sandri

This, therefore, is the meaning of its aspirations to hegemony. An economy may move forward and expand like the Brazilian economy, but the Brazilian economy does not have its own internal market of a hundred million consumers; its population, on the contrary, is forced to live in poverty while in a few isolated sectors ultra-rapid industrial and technological progress is being made. So distorted an economy inevitably has to seek its markets outside its borders and to express its economic and political expansionism by such blatant and irrefutable acts as those of Brazil in neighbouring countries such as Uruguay, Bolivia and Chile, by which we have been so moved.

Mr President, just ten years ago on 31 March 1964, a military coup d'état shattered and swept away Brazil's admittedly shaky attempt at democracy. Chile today is the Brazil of yesterday, for that Brazilian tragedy triggered off a process that has circumvented and quashed any move towards sovereignty and independence, a process that has disrupted the Latin American continent. On this tenth anniversary, I do not believe that we can confer our approval on those who have dug the graves of Brazilian democracy.

May I make one final remark to Mr Klepsch, who stated in his report that Brazil is trying to release itself from the domination of American technology and capital? Whatever does all this mean? Even if it were true, our view would not change, for our standards of judgement should not be determined by the attitude adopted towards the United States. We dispute the truth of the statement, however. Every even in the economic field, every political policy that has been adopted, the very philosophy proclaimed by the ruling junta in Brazil, is inspired by a criterion already declared by the man who is to become the prime minister, the man who advises the new president, Goulberry do Couto y Silva, the man who, Mr Klepsch, wrote: "Brazil must become the privileged ally of the United States in Latin America. Brazil must become the trustee power of attorney from the United States for the whole of the sub-continent".

This is the philosophy, but even were the philosophy to be different we believe that the Brazilian regime is harbouring and nurturing the monster of fascism that caused such great suffering here in Europe. In appealing to Parliament as a whole, we shall not only vote against the motion but we shall also ask that this resolution be referred to committee for further discussion, in view of the fact that many colleagues, not only from my own political party, voted against it in committee. Mr President, by voting for this resolution we

would be voting not only against the Brazilian Left, which in practice no longer exists, but also against the Liberals, the Conservatives, the Bishops, the Nationalists, who have been persecuted and tortured and even killed by an evil regime that deserves no relationship with the European Economic Community, in the name of those principles that the European Economic Community would like to prevail in the world.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — I should like first to thank Mr Klepsch for his clear and succinct report and the manner in which he introduced it.

Nearly three years ago, just as we were finishing our negotiations with Argentina and starting those with Uruguay, Brazil asked that she, too, should have a trade agreement with the Community. So we were very glad, at the end of last year, to be able to satisfy that wish of the Brazilians. They are, after all, our chief trading partner in Latin America, and the fact that we now have three such trade agreements is an earnest of our intentions to develop our relations with Latin America to our mutual advantage.

The burden of Mr Sandri's speech seemed to me to be that he did not think we should make this trade agreement with Brazil because he did not like the political system in Brazil. Whatever views honourable Members may take of the political conditions in that or in other countries at the moment, however, they will be aware that the Community has never taken the view that to promote trade with a country implies approval of its domestic political system. If we fostered trade only with those countries that had the same sort of democratic system as our own, where there is no persecution as we understand the word 'persecution' and where the freedoms and human rights are as we know them in Europe, our ability to trade would, alas, be, severely circumscribed, as I am sure Mr Sandri would be the first to agree.

As to the content of the agreement, I should like to emphasize, as Mr Klepsch has done in his report, that this is a non-preferential trade agreement on a most-favoured-nation basis. Moreover, by setting up a joint committee to meet once a year and examine any problems arising in the implementation of the agreement on either side, we have sought ways to further economic cooperation between Brazil and the EEC that will, I hope, be flexible enough to take account of any particular difficulties that may arise.

**Soames**

In fact, measured against the Community's total trade with Brazil, there are few products on which there are any new concessions. In essence it is a question of cocoa butter, soluble coffee and beef. Under the agreement, cocoa butter and soluble coffee have now been included in the Generalized Preference Scheme. The cocoa butter tariff has been lowered from 12 to 8 per cent on a tariff quota of 21,600 tons, and the tariff on soluble coffee has been lowered from 18 to 9 per cent on a quota of 18,750 tons. As Mr Klepsch pointed out, Brazil has undertaken to take any steps necessary to prevent her price and marketing policy for coffee from disrupting our internal market or traditional trade patterns. Secondly, there are the concessions on beef. Those on frozen beef for processing are modelled on the provisions already agreed with Argentina and Uruguay; and since these were already non-discriminatory, there is not really any innovation here.

We have made one new concession on refrigerated beef. Provided that they put down a deposit, exporters of refrigerated beef can get the levy that they will pay at the Community frontier fixed thirty days in advance.

On cotton textiles, the Brazilians are keen to be included among the beneficiaries of the system of generalized preferences in the context of the multi-national multi-fibre agreement. We have declared our readiness to consult Brazil on this and we shall, of course, do so. It remains to hope that the joint committee will indeed play the kind of part which Mr Klepsch in the final paragraph of his report sketches as our goal and that the whole agreement will thus serve to knit more closely our relations with Latin America. On that last point, I should like to say how much the Commission appreciated the opportunity to participate in the conference organized last week in Ponta del Este by the Italo-Latin American Institute. My colleague, Mr Scarascia Mugnozza, attended that conference with a number of officials from the Commission, and in the weeks to come we shall be studying and putting to constructive use the interesting material and suggestions which arose there.

This has been a most useful contribution to the definition of the Community's emerging relationship with Latin America, of which this agreement and this report form a most important part.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, may I make a very brief remark on the proposal that the report be referred back to the Committee? I would not advise that this proposal be followed

up, because, the aspects just discussed by Mr Sandri have already been put to the Committee by their—and his—friends. This leaves hardly any scope for modifying the view which has already crystallized round this Agreement.

I emphatically endorse what Sir Christopher Soames has said, namely, that the conclusion of Trade Agreements should not be made in any way dependent on whatever internal problems may exist in the partner-country. Given the very high standards obtaining in democratic Europe, we could do very little business in the world were we to adopt such a criterion. At the same time I must underline that in drawing up this report I was concerned to deliver a balanced judgment. It is clear to me from Mr Sandri's remarks that he also acknowledges this.

May I then urge you to give your endorsement to this treaty with Brazil as outlined in the resolution? The Agreement represents a great step forward in the development of our business relations.

**President.** — I call Mr Giraudo.

**Mr Giraudo,** on behalf of the Christian-Democratic Group. — (I) Mr President, in announcing, on behalf of the Democratic Group, our vote for this trade agreement, I should like to emphasize that in this case we see it as a trade agreement with a great country, a country that is great in its economic importance and the vastness of its territory, as well as the size of its population. While Parliament has expressed its enthusiastic approval of the agreement with India—which is purely a trade agreement—and has placed special emphasis on the political significance that the agreement might assume over the longer term, as you yourself, Mr President, have stated, at this point we should like to state clearly that the agreement with Brazil is purely commercial.

It is true, Mr Sandri, that there are certain issues which undoubtedly force us, in all conscience, to express considerable reservations as to the Brazilian regime, as the rapporteur has also stated.

Nevertheless, we do not despair of the future. We believe that this 'perverse miracle' may at some juncture become less perverse or even cease to be so altogether. In other words, we believe that sinners can be converted and we want to live with this belief.

**Mr Sandri.** — (I) If they take the right path, not otherwise!

**Mr Giraudo.** — (I) Even though this agreement is purely commercial in its scope, we nonetheless

**Giraudo**

believe that it is a link which will enable us to make some representations on other matters.

**President.** — Thank you, Mr Giraudo.

I call Mr Cousté.

**Mr Cousté,** on behalf of the Group of European Progressive Democrats. — (F) Mr President, on behalf of my Group I should like to express our approval of the report which has just been presented by our colleague, Mr Klepsch, and our support for what has been said by the Vice-President of the Commission of the European Communities, Sir Christopher Soames.

In fact, it is in the same spirit in which the rapporteur has spoken and in which the Commissioner has interpreted the Trade Agreement for us that we signify our support for this step, which denotes a continuing presence on our part in the South American continent. This continent needs solidarity with Europe and will benefit just as much as us, and indeed, let us hope, even more than us, from this exchange of agreements and from the resulting prosperity.

**President.** — I should like to ask Mr Sandri if he wants a formal vote on his proposal that this motion for a resolution be referred back to committee.

**Mr Sandri.** — Yes, Mr President.

**President.** — I put Mr Sandri's proposal that the motion for a resolution be referred back to committee to the vote.

The proposal is rejected.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

## 21. *Agreement between the EEC and Lebanon*

**President.** — The next item is a debate on the report drawn up by Mr Cousté on behalf of the Committee on External Economic Relations on the Agreement between the European Economic Community and the Lebanese Republic (Doc. 380/73).

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

**Mr Cousté.** — (F) Mr President, it is after 8.30 p.m. so I shall have to speak very briefly,

although I would have wished my report to be as substantial as the written report on this Agreement between the EEC and the Lebanese Republic, signed on 18 December 1972, and supplemented by the Protocol signed on 6 November 1973.

The Committee on External Economic Relations adopted our motion for a resolution unanimously with one abstention. Why? Because we pointed out the importance of the political aspect of this Agreement which in fact represents for the Lebanese Republic the implementation of the global Mediterranean policy the Community is formulating.

Moreover, we consider this Agreement a balanced one; thanks to the Protocol signed in November 1973, it is commercially realistic since it takes account of the enlargement of the Community. That explains why the Agreement to be ratified could not be implemented earlier.

Lebanon is an important country, not in terms of population—some two million six hundred thousand inhabitants—nor of size—some ten thousand square kilometers—but because of its geographic and strategic position and because it is the outlet for the major oil pipelines from Saudi Arabia and Iraq. Nor must one forget that Beirut is a dynamic financial centre.

For all these reasons the Trade Agreement is very welcome, especially since it too contains a clause providing for the setting up of a Joint Committee. The Lebanese economy is in fact fragile, because it is vulnerable to any upheavals in the area around it and also because it is not yet sufficiently diversified. By introducing tariff reductions on industrial exports and agricultural products, which are of major importance to the Lebanese economy, the EEC is showing an attitude of solidarity and economic cooperation. This is very important, especially since the Lebanon, inspite of its economic fragility, which is most evident in industry, grants the EEC zero tariff for 60% of Community exports. In passing, we should recall that the EEC still remains and will for long remain Lebanon's main client.

That is why, Mr President, I am sure my colleagues will be satisfied with this brief statement and will approve its positive objectives.

(Applause)

**President.** — Thank you, Mr Cousté, for this report, the second you have presented today.

I call Sir Christopher Soames on behalf of the Commission of the European Communities.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** —

<sup>1</sup> OJ C of 8. 4. 74.

**Soames**

Mr President, in view of the change of timing of the debate from tomorrow to this evening, my colleague, Mr Cheysson, has found it impossible to be here to reply. He has asked me to apologize to you, to Parliament and particularly to Mr Cousté on his behalf.

The Commission welcomes Mr Cousté's report on the Agreement between the Community and the Lebanese Republic. I think I need add no more details to what Mr Cousté has said, reminding us quite rightly of the importance of the Lebanon's relations with the Community.

This agreement with the Lebanon must be seen in the wider context of the Community's global Mediterranean policy, to which we have been committed for several years.

As the House knows, the Council has had some difficulty, to put it mildly, in agreeing on just how to implement a global concept for our relations with the countries of the Mediterranean area.

The Commission cannot help feeling somewhat apprehensive at all this delay. The Community has raised expectations in the area, and it is up to the Community now to fulfil them. Over the past weeks, there has been some progress by the Council of Ministers, but that progress is still not sufficient. I am sure the House will share my concern that the Council should now assume its responsibility and give the Commission the necessary mandates to implement a global Mediterranean policy. If Member States and the Community are willing and ready to will the end, they must be equally willing and ready to will the means for us to be able to negotiate a satisfactory agreement.

There has been an unconscionable amount of delay which, I believe, does the Community harm, not only with regard to its relations with these specific countries—these countries who have been waiting for this agreement for so long: many of them experience great difficulties and embarrassments flowing from the fact that these agreements were not reached on time by the end of 1973.

It is not only a question of the Community's relations with these particular countries; it is a question of its image in the whole world. It says it is going to do a certain thing. These countries are ready and willing to negotiate with us, and we appear incapable of making up our minds and taking decisions in Council. This does the Community a good deal of damage, and I hope that it will be rectified very soon indeed. I am grateful to Mr Cousté for his report and for making this debate possible.

(*Applause*)

**President.** — Thank you.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

## 22. Agenda for next sitting

**President.** — The next sitting will be held tomorrow, Thursday, 14 March 1974 at 10 a.m., 3 p.m. and possibly 9 p.m., with the following agenda:

- Debate and vote on the motion for a resolution in the report by Mr Notenboom on value added tax;
- Motion for a resolution from Mr Springorum on energy supplies in the Community;
- Joint debate on:
  - Oral Question No 204/73: activities of oil companies;
  - Oral Question No 205/73: abuse by oil companies of their dominant positions;
- Motion for a resolution on the execution of Salvador Puig Antich;
- Interim report by Sir Douglas Dodds-Parker on the sugar policy of the Community.

The sitting is closed.

(*The sitting was closed at 8.40 p.m.*)

<sup>1</sup> OJ C of 8. 4. 74.

## ANNEX

### STATEMENT

by the President in Office of the Council  
Mr APEL

Parliamentary Under-Secretary of State for Foreign Affairs  
of the Federal Republic of Germany

to the European Parliament  
on the activities of the Council

(Strasbourg, Wednesday 13 March 1974)

#### A. Introduction

In accordance with the procedure adopted by the Council for improving its relations with the European Parliament, a procedure about which my predecessor informed you at the meeting on 17 October 1973, I shall confine myself to a short statement on the Council's activities. A more detailed written summary of its activities will be circulated to you immediately following my statement. I shall, of course, be glad, at the end of the debate, to answer any questions which you may care to ask me.

1973 has been, first and foremost, the year of the enlargement of the Community. Its increased size has brought with it a period of adjustment as a whole new series of mechanisms had to be introduced in order to enable the Community to operate with nine Members instead of six.

I must acknowledge that, thanks largely to the goodwill and adaptability shown by our new partners, the transition was carried out smoothly within each of the Institutions and in the relations between the Institutions themselves. The latter were thus able to co-ordinate their working methods within a short time and adapt their structures to an enlarged Community.

In our respective Institutions we have all had occasion to realize that this change has truly enriched the Community.

As President of the Council, I cannot but pay hommage to the activities of my predecessors in 1973: to those of Mr Van Elslande and the Belgian delegation whose experience of Community matters and whose political will for the Community were particularly beneficial during the first Presidency of the Council of the Nine; to those of Mr Nørgaard who has now joined your ranks after representing the Council so devotedly at the European Parliament, and to those of the entire Danish delegation, which, so shortly after Denmark's entry into the Community, was called upon to bear the heavy burden of the Presidency of the Council, a burden which it shouldered with both vigour and wisdom.

In 1973, the Community was faced with the important and difficult mission of implementing the guidelines laid down by the Conference of Heads of State or of Government held in Paris in October 1972. These guidelines constituted a real challenge, since, together with the existing Treaties, they are our charter for the building of Europe in the future. Their purpose was to bring about in-depth changes in the Community, adding so to speak, a new 'qualitative' dimension. The Community was to embark on new far-reaching common policies—or where these already existed, progress to the next important stage—explore new areas, strengthen its institutional structures and prepare itself for the great objective of European Union.

Immediately following this Summit Conference, all the Community institutions began detailed surveys with a view to implementing the decisions taken by

the Heads of State or of Government. The results obtained are set out in the written part of my statement.

As examples I should simply like to mention the common position adopted by the Community at the GATT negotiations, the adoption of a social programme—and I sincerely hope that the Community will achieve tangible results in this field—the decisions taken on industrial and technological policy, scientific research and environmental policy.

The Council has also made efforts to improve its relations with the European Parliament and to this end has adopted a number of practical measures which you have been kind enough to view favourably.

Furthermore, the Council has paid particular attention to strengthening your budgetary powers. The discussions held on the subject within the Secretariat have been very lengthy and extensive and the Council was hoping at last week's meeting, to be able to evolve guidelines which should have been communicated to you with a view to establishing the planned contact between our Institutions. Unfortunately, the political situation in certain Member States has prevented some Governments from taking a decision on a problem of such political importance at that meeting. The Council will therefore re-examine this question at its next meeting and I remain confident that positive results will be obtained on that occasion.

During the last few months, Parliament, the Commission and the Council have been tackling the preliminary work connected with drafting the report on European Union which the Heads of State or of Government have asked the Community Institutions to produce. For its part, the Court of Justice is shortly to examine the questions affecting it which have arisen during preparation of the report.

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Nobody can conceal from himself the fact that, during 1973 and the first few months of this year, the Community has been confronted with major problems which are perhaps the most difficult which it has experienced since it was set up.

Last year a variety of events, the original cause of which cannot be laid at the door of the Community, profoundly upset the world economic situation and threatened in our various countries such basic objectives as the steady expansion of a stable economy, the competitive strength of our undertakings, employment and the standard of living of our people. These events, as we all know, were the monetary crisis—which has made it so very difficult for us to pursue our goal of Economic and Monetary Union—the rise, at time staggering, in the cost of raw materials and, finally, the oil crisis, a direct result of the situation in the Middle East. This is the first time in a quarter of a century that Europe and the Western world as a whole have had to face up to so many uncertainties and disruptions.

It is not surprising, in these circumstances, that the Community has been unable to arrive as quickly as had been hoped at decisions which, if the economic situation had been favourable, it would probably have been able to take much earlier. We may even ask ourselves whether it is not in the nature of things that a situation such as the present one can cause certain internal tensions.

On several occasions already, the Council has devoted its attention to these problems. While aware of the seriousness of the events, it felt that there was no need to dramatize them. The difficulties are there and I am sure that no one underestimates them. It is now up to each of our Institutions, in as far as it is able, to take up the challenge. It is not a matter of whether we are optimistic or pessimistic but rather of seeking together in what way we can

overcome as soon as possible the obstacles which recent events have brought upon us.

It is true that, in order to accomplish this, our decision-making processes can be improved. However, I should like to warn you against the illusion that mere procedural adjustments are enough to enable us to find genuine solutions to the problems confronting us. What is needed is that the collective awareness of the Member States, which has shown itself in each one of our Institutions, should result in a bold effort of political will which will measure up to the gravity of the problems before us.

I believe that I speak for the Council as a whole when I express our conviction that the only way in which we can take up the challenge of present events is to continue to do what we have been doing for more than twenty years, that is to constantly seek to reconcile legitimate national interests with the interests of the Community as a whole—in other words the way of European solidarity.

When we in the Council examined the situation last month, all the Member States reaffirmed their loyalty to the Community and their intention to continue to strengthen the work of building up a united Europe in which they believe. We are resolved to work towards this end in order to achieve the objective assigned to us which is now more than ever necessary: European Union.

In the coming months these intentions must be translated into practical acts and decisions which are both bold and realistic. This is not merely an earnest wish but a vital necessity if we are to continue to play our part in world history and not become mere spectators.

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## B. Development of common policies within the Communities

### 1. Economic and monetary policy

During the period concerned the Council has been confronted with many problems which are of interest to the international Community in general and to the European Community in particular.

Unfortunately, it is not yet possible to note any major progress in the monetary field towards a new and stable international monetary system. Studies are being carried out within the international organizations which have been assigned the task of reforming the system; some progress has been made in aligning the various points of view, but new elements of uncertainty and imbalance have compounded those which already existed. The Community is therefore embarking on a very complex process of transformation which raises an increasing number of economic and political problems.

Following the monetary crisis in February/March 1973—during which the US dollar was devalued for the second time, the currencies of three member States were floated, the exchange markets were closed for a record period of 18 days, and the main countries involved undertook jointly to set up an organized exchange system—the monetary situation within the Community has witnessed the existence of two distinct exchange systems. The currencies of the six Member States have remained interlinked, in accordance with the Basle Agreements of April 1972 on the narrowing of fluctuation margins, whereas the other currencies have floated independently. This situation has been maintained without major difficulties until now although the central rates of the Deutsche Mark and the Dutch guilder had to be readjusted on 29 June and 17 September 1973 respectively.

Since 19 January 1974, following the decision of one Member State to suspend the implementation of the intra-Community Agreement on the narrowing of

exchange rates for 6 months, the well-known 'snake' now applies in only 5 Community countries.

On the other hand, the economic situation has experienced increasing inflationary pressures in spite of the restrictive policies which have been followed to a greater or lesser extent by all the Member States. The Member States appreciate the universal nature of inflation and are aware of its interaction; they have therefore applied Community procedures to co-ordinate their policies. To this end, the Council has adopted three specific programmes to combat inflation.

The first programme was adopted on 5 December 1972 and its implementation was examined on 22 March 1973. On 28 June the Council agreed to a second series of additional measures to combat inflation; these measures were formally adopted in the form of a Resolution on 14 September 1973. This series of measures was aimed at strengthening and defining more clearly the programme adopted in 1972. The measures envisaged related to monetary policy (considerable slowing down of the rate of expansion of the money supply as well as the selective control of credit expansion), structural policies, budgetary policy (strict control of public finance both at central and local level), and other measures such as administrative control of price formation, the elimination of trade barriers, the liberalization of certain markets, public control over restrictive practices in respect of competition, etc. Lastly it was acknowledged that the attitude of those responsible for the economy and of both sides of industry in respect of prices and incomes remained the corner-stone of any policy intended to slow down the increase in prices.

However, the economic difficulties which arose during that period were not to disappear during the following months. The new Middle East crisis in October 1973 gave rise to new and more complex problems. The quantitative restrictions decided on by oil-producing countries and the subsequent increase in the price of oil accentuated the inflationary pressures already existing and placed a heavy burden on the balance of payments.

In the Resolution on the measures against rising prices and the maintenance of a high level of employment the Community decided on 3 and 4 December and formally adopted on 17 December 1973, the Council drew up a third series of measures to be applied swiftly and concurrently by the Member States during the first months of 1974. The purpose of these measures is to offset the current inflationary pressures while safeguarding the level of economic growth attained.

As in the case of monetary policy, economic policy requires that increasing efforts be made towards co-ordination, in order to overcome existing and new pressures and to correct imbalances.

The international and Community context accounts, at least in part, for the difficulties which hampered progress towards Economic and Monetary Union as projected a year ago. The situation has arisen from developments within the Community and events beyond its control. Certain problems were not studied sufficiently while others could not have been foreseen. But this situation in no way controverts the final objectives which were laid down for Economic and Monetary Union, and we hope that conditions in the area of structural policies will soon be such that the Resolution on transition to the second stage of this Union can be adopted.

With this in mind, the Council decided on 18 February 1974 to adopt the four acts on which agreement had been reached on 17 December 1973, namely:

- a Directive concerning stability, growth and full employment in the Community,
- a Decision on the attainment of a high degree of convergence of the economic policies of Member States,

- a Resolution concerning short-term monetary support,
- a Decision setting up an Economic Policy Committee.

## 2. Energy policy

With regard to energy in general, the Council agreed in May 1973 to the guidelines and priority actions proposed by the Commission for the purpose of drawing up a Community energy policy. The Council thought that essentially these guidelines were a useful basis for discussion of the Community measures to be taken to ensure the security of the Community's supplies.

In January 1974 the Council was called upon to take two measures intended to give effect to decisions regarding energy taken in Copenhagen.

The first concerns the creation of a high-level Energy Committee responsible for ensuring the efficient and co-ordinated implementation in the Member States of the measures taken or to be taken in this field by the Community.

The second is intended to enable the Commission to gather the necessary information for it to be able periodically to draw up comprehensive energy balance sheets for the Community.

On that occasion the Council also noted the schedule drawn up by the Commission for submitting to the Council the proposals it is to make in accordance with the decisions taken by the Heads of State or of Government in Copenhagen on 14 and 15 December 1973, with a view to resolving jointly the problems raised by the current energy crisis.

On a sectoral level, the consequences of the oil crisis remained central to the Council's thinking during the closing months of 1973. Some twelve measures proposed by the Commission with a view to ensuring that the common market in this field functions smoothly are under examination at present and will soon be considered by the Council.

It should also be noted that in July 1973 the Council adopted a Directive on the measures to be taken to attenuate the effects which difficulties in the supply of crude oil and petroleum products would have in the event of a crisis, and in October 1973 it enacted a Regulation introducing support measures for certain Community projects in the crude oil and natural gas sector.

In January 1974 the Council agreed to instruct the Presidents of the Council and of the Commission to represent the Community at the Washington energy conference and enacted the mandate which was given them for this purpose. The conference agreed on various measures for international co-operation on energy matters. However, some of these measures did not meet with the approval of all the Member States of the Community and consequently they cannot apply to the Community.

As regards coal, in July 1973 the Council was called upon to decide on the new system of Community aid for coking coal and coke to be used by the Community iron and steel industry. This new system of aid entered into force retroactively on 1 January 1973 on the basis of a Commission Decision and will remain in force for six years.

Finally, as regards nuclear energy, the Council adopted last May a resolution emphasizing the necessity for the Community to develop its own uranium enrichment capacity and decided to set up a standing committee on uranium enrichment whose task it would be to keep abreast of all the problems arising in this field.

On the basis of this committee's first report, the Commission submitted to the Council in January 1974 proposals intended to enable the Community to acquire such a capacity under economically acceptable conditions. These proposals are at present being examined by the Council.

In the nuclear field, the Council also adopted, in March 1973, the inspection agreement to be concluded between the Community, the seven Member States without nuclear weapons, and the International Atomic Energy Agency, in accordance with Article III of the Treaty on the nonproliferation of nuclear weapons. This agreement, which is of great political importance, was signed on 5 April 1973.

### *3. Science and technology policy*

In January 1974 the Council adopted four resolutions marking an important step in the development of a common policy for science and technology.

The first sets up a Committee for Scientific and Technical Research (CREST) to assist the Council and the Commission in the co-ordination of national policies and the identification of programmes of Community interest. The second concerns the Communities participation in the European Science Foundation. The third lays down the basis of a first Community action programme in science and technology. The fourth approves the implementation of an action programme lasting a year and covering forecasting, evaluation and methodology in this field.

As regards research programmes, at its meetings on 14 May and 18 June 1973 the Council approved a series of multi-annual research programmes, on the basis of the agreement in principle reached in February 1973 on the Communities future multi-annual research programme. These programmes make provision for a total endowment of 167.5 million UA and a work force of more than 1 400 for the nuclear field, and an endowment of 34 million UA and a work force of nearly 300 for the non-nuclear field.

Furthermore, at its meeting on 17 and 18 December 1973, the Council adopted a new amendment to the fusion and plasma physics programme, increasing this programme's endowment by 14.9 million UA.

The budgetary evaluation of these programme decisions was made in September and December 1973.

### *4. The common agricultural policy*

During the period under consideration the cardinal measures laid down in the Accession Treaty had to be implemented in order to enable the acceding States to adapt to arrangements currently in force under the common agricultural policy. On the whole this adjustment was carried out satisfactorily.

1973 was also the year when agricultural prices were first fixed for and by the Nine.

Owing to the different conditions prevailing in the Member States the difficulties encountered were many. The discussions did, however, meet with success, even though the beginning of the marketing year in the milk and beef and veal sectors had to be put back a few weeks.

On the basis of the information supplied by the Commission, greater attention was paid to two important factors in preparing the negotiations on the prices for the 1974/1975 marketing year, namely: the economic rationals of the price proposals and the budgetary implications of the price increases. Owing to the political situation in some Member States the Council meeting at which the agricultural prices were to have been fixed, originally scheduled for 11 and 12 March, has been postponed for a few days.

The Council, as indeed the European Parliament, would like to avoid problems of the kind which occurred in 1973, when it proved necessary to resort to supplementary budgets to cover unforeseen expenditure in agriculture. In view of the importance of the EAGGF in the overall Community Budget, this aspect is of some consequence, as it is indicative of the general problem of greater budgetary control.

Moreover, developments in the monetary situation widened the gap between prices expressed in units of account and those expressed in the currencies of certain Member States.

The system of compensatory monetary amounts, which had initially been designed purely as a short-term economic measure, had therefore to be maintained. Nevertheless, during 1973, although the compensatory amounts did raise practical problems in some countries, the following positive results could be ascribed to this complex mechanism for safeguarding the principle of a unified agricultural market: compensatory monetary amounts were entirely incorporated in the Community financing system and arrangements were simplified for currencies fluctuating within the Community 'snake'; finally, with regard to the guilder and the lira, a move was made towards effective price uniformity.

The de facto revaluation of the guilder brought about a corresponding fall in prices expressed in that currency, whereas a reverse trend taking place in various stages was induced for the lira.

The common agricultural policy has also been affected by the world economic situation. While up to 1973 this situation was on the whole one of high Community prices as compared with those obtaining on the world market, the trend was reversed for certain key products and could have brought about price rises on the Community market had the Community not reacted immediately by implementing 'shortfall' controls consisting essentially of export levies.

This situation also affords food for thought, for instance on the various ways and means of making the Community less dependent on the outside world for certain products in which it is not self-sufficient, such as proteins.

In the current unsettled world economic situation the common agricultural policy has been instrumental in stabilizing prices in the Community, thereby fulfilling the objectives of the Treaty of Rome. Improvements are, of course, desirable and the Council, in collaboration with the Commission, is currently working to that end. In the main, an objective assessment of the medium- and long-term situation will have to be made on the basis of realistic extrapolations of agricultural production and food requirements both at Community and world level.

##### *5. Regional policy*

In 1973 the Council carried out a detailed examination of the proposals on regional policy submitted by the Commission. The Council paid particular attention to the proposals for the establishment of a Regional Development Fund and for the financing by the EAGGF of projects falling within development programmes in priority agricultural regions. It discussed in particular the problems of the amount, duration and distribution of the Fund.

Although differences of opinion in the Council have been substantially eradicated, it was not possible to arrive at any general agreement before 1 January 1974 owing to the magnitude of the interests at stake and the extreme complexity of the matter.

The Council therefore still has to discuss the problem as a whole, and I trust that it will be able to do so in the near future.

##### *6. Social policy*

The Council's activity in the social field has been particularly centred, in recent months, on drawing up the Resolution on the Social Action Programme.

This Resolution was finally adopted by the Council on 21 January 1974. It establishes the objectives and lists the priorities to be observed for Community action in the social field over the coming years.

This action is to be implemented progressively and will hinge upon three fundamental objectives: the achievement of full and better employment, the improvement of living and working conditions, and the increasing involvement of labour and management in the economic and social decisions of the Community and of workers in the activities of firms. The Council Resolution assigns a distinct function to the Community's social policy: it should make an essential contribution to attaining the aforementioned objectives by means of Community measures or by determining at Community level objectives for national policies, without, however, seeking uniform solutions to all the social problems.

Now that the social action programme has been drawn up, the Council is beginning the implementation phase.—The Council has already received proposals for the initial measures based on the programme from the Commission, and has promptly consulted the Parliament and the Economic and Social Committee. The European Parliament will deliver its opinion on a number of these proposals during this part-session.

Thus, in the coming months, the Council will be in a position to discuss the initial measures to be taken pursuant to the Resolution on the Social Action Programme.

The Commission has also announced that it will submit a second series of proposals by 1 April 1974, including a draft on the establishment of an initial action programme for migrant workers.

The Council knows that the Parliament will make its constructive contribution to this new phase in Community social policy.

It is convinced that all social progress, including that stemming from Community action, will make a valuable contribution to the construction of Europe as a whole.

#### *7. Industrial policy*

On 17 December 1973, after examining the communications received from the Commission in May and October 1973, the Council adopted a Resolution on industrial policy, which lays down a precise timetable for implementing an initial part of the programme of action provided for by the Paris Summit Conference.

This timetable covers the period up to the end of 1977 and may be modified to take account of any changes in priorities which might prove necessary in the course of its implementation. Primarily, it concerns the elimination of technical barriers to trade. It also covers the progressive opening up of public sector transactions and the elimination of the fiscal and legal barriers which hinder closer relations between firms. As regards this last chapter, I might mention the particularly important problem of the European company statute, on which the Council is awaiting with the greatest interest the opinion which the Parliament is called upon to deliver.

The promotion on a European scale of firms in the field of advanced technology is also one of the objectives which the Council set itself in its Resolution. In particular, it plans to study the state of the aeronautical and data processing sectors in the very near future.

Also in the very near future, the Council plans to examine the state of the shipbuilding and paper sectors, since these are branches of industry which are in the process of changing or being redeveloped.

As regards competition, the Council plans to decide by the end of the year on the proposal for a Regulation on the control of mergers, on which the Parliament has just delivered its opinion, and to hold a debate soon on the problem of the development of multinational companies on the basis of a communication from the Commission which has also been laid before the Parliament.

These, in broad outline, are the main features of the programme of action which the Council now intends to implement.

As regards the elimination of technical barriers, during recent months, the Council finally adopted twelve directives on which it had previously agreed, thus making a big step towards the attainment of the Common Market. Together, the sectors concerned represent a turnover of more than 10 000 MUA. Last December, the Council also adopted two directives in the motor vehicles sector.

Finally, in the customs field, the recent adoption of several directives and regulations demonstrates the Council's will to continue its policy of harmonization in this sector.

#### *Patents*

The Diplomatic Conference on the granting of European Patents was held in Munich from 10 September to 5 October 1973; this represented the outcome of the work undertaken at the initiative and invitation of the Council in 1969. Since the close of this Conference, in which 21 European countries and the international organizations representing the European circles concerned with patent law participated, the Munich Convention on the Grant of European Patents was signed by 15 States including the Member States of the European Communities. This Convention sets up a European Patent Office, planned to open in 1976, which will grant European patents valid for any designated Contracting State following a unitary examination procedure.

Additionally, work relating to the Community Patent Convention was completed in March 1973 by the 'Community Patent' Working Party. The draft of this Convention, which was published in the summer of 1973, will be submitted for conclusion to a Conference of the Member States and the Commission of the European Communities, to be held in Luxembourg in May 1974.

#### *8. The common transport policy*

At its meeting on 22 November 1973, the Council held an initial discussion concerning the future development of the common transport policy, on the basis of a communication from the Commission. When it has received the opinions of the European Parliament and the Economic and Social Committee, the Council will continue its work to determine common guidelines to enable significant progress to be made in this policy.

The Council has adopted a Directive liberalizing certain forms of road transport and has made preparations for the adoption of a Regulation increasing the Community quota.

It continued its examination of the proposal for a Directive on the difficult and complex problem of the weight and dimensions of commercial road vehicles and certain additional conditions.

Furthermore, the Council agreed that certain measures should be enacted to ensure a more satisfactory application of Regulation (EEC) No 543/69 on the harmonization of certain social legislation relating to road transport.

Finally, with regard to the ECSC, the representatives of the Governments of the Member States meeting within the Council approved the accession of the new Member States to two agreements concluded with Switzerland and Austria respectively concerning rail tariffs.

#### *9. Environment policy*

The year 1973 saw in the European launching of a genuine environment policy in the European Communities. The Parliament gave its opinion on two basic texts which were issued on this subject: the 'Community Environmental Programme' and 'the Information Agreement on the Environment'.

On 19 July 1973, a 'Statement by the Council of the European Communities and the Representatives of the Governments of the Member States meeting within the Council on a Community Environmental Programme' was drawn up. After finalization in the official Community languages, this programme was finally adopted by the Council on 22 November 1973.

This programme first of all defines the objectives and principles of a Community environment policy. The second part commits both the Community Institutions and the Member States to implementing within specified periods of time certain projects relating to the reduction of pollution and nuisances and the improvement of the environment. It furthermore provides for active and energetic co-operation between the Community and most of the international bodies dealing with environmental problems.

On 5 March 1973, the Representatives of the Governments of the Member States meeting within the Council concluded an 'Agreement on information for the Commission and for the Member States with a view to possible harmonization throughout the Communities of urgent measures concerning the protection of the environment'.

This Agreement set up between the Member States and the Commission a system for the exchange of information on any measures drafted at national level relating to the protection of the environment which might be of interest to the Communities and the Member States. It also provided for a standstill procedure, suspending the adoption of national measures in the event of the Community's intending to take measures in the same field. Finally it provided for international co-ordination of Community action on the environment. This has enabled the Member States to adopt a common position at a large number of international meetings.

#### *Right of establishment*

As regards establishment and services, on 28 June 1973 the Council adopted a Directive on the abolition of restrictions on freedom of establishment and freedom to provide services in respect of self-employed activities of banks and other financial institutions, which is, in itself, of significant value.

Moreover, on 24 July 1973 the Council took a further important step towards attaining the Common Market by adopting two Directives abolishing restrictions on freedom of establishment and co-ordinating laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance. In order to achieve this, it set up a system of financial guarantees based on objective criteria.

#### *Economic and Social Committee*

The Council approved a series of measures for improving the relations between the Council and the Economic and Social Committee, in particular on permanent co-operation in the preparation of the Committee's opinions.

In line with the decisions taken by the Conference of the Heads of State or of Government in Paris, the Council formally recognized the right of the Committee to give opinions on its own initiative on all questions dealing with Community work.

### **C. External relations**

#### *1. Relations with the Associated and potential associated countries of Africa south of the Sahara, the Caribbean and the Pacific*

Last year's most important event as regards relations with the Associated and potential associated countries of Africa south of the Sahara, the Caribbean and the Pacific, was the opening of negotiations between the Community and

these countries, in accordance with Protocol No 22 to the Treaty of Accession, on the renewal and the enlargement of the Association. The Community was pleased to note that its invitation to the negotiations and to the two preliminary ministerial conferences held in July and October 1973 was favourably received. 44 States have taken a common stand and are at present in the process of negotiating an overall agreement on commercial and economic co-operation with the Community.

The importance which such an agreement could assume for the 53 States concerned, in a world plagued by uncertainty due to the recent rises in the price of petroleum products, cereals and other raw materials, has been recognized by all parties as well as by the Parliamentary Conference of the EEC-AAMS Association which met in Rome from 30 January to 1 February 1974.

At the last meeting of the EEC-AAMS Association Committee, great consideration was given to the procedure for information and consultation between the Community and the Associated States. As a result of this meeting the Commission of the Communities was asked to submit proposals for the improvement of these consultation procedures.

As regards financial and technical co-operation between the Community and the AAMS, the transactions of the 3rd EDF have progressed to such an extent that at the end of 1973 commitments reached approximately 650 million units of account. There was another important development in this connection last year—in which the European Parliament played an important role—the decision to include an additional appropriation of 35 million units of account in the Community's 1974 budget for the implementation of structural projects and an additional 5 million units of account for supplementary food aid projects in the Sahel countries affected by drought and in Ethiopia.

The salient feature of the implementation of the Arusha Agreement was that a meeting of the EEC-East Africa Association Committee was held in Nairobi in June 1973.

1973 also marked the entry into force of the Association Agreement concerning the accession of Mauritius to the Yaoundé Convention and of the Internal Agreement relating thereto, whereby, *inter alia*, the Member States increased the European Development Fund by 5 million units of account.

## *2. Relations with the Mediterranean countries*

With regard to the Community's relations with the Mediterranean countries, the existing agreements have been satisfactorily administered throughout 1973.

The Community has set about concluding new agreements with Israel, Spain, Algeria, Morocco, Tunisia and Malta designed to soften the impact on these countries of the enlargement of the Communities and to enable overall agreements to be concluded, i.e. agreements comprising, in addition to provisions on trade, arrangements for co-operation in various sectors, having regard to the particular situation in each country.

In the light of progress made in the last few weeks—and despite the difficulties still to be overcome, in particular as regards Algerian wine and certain financial and labour aspects of co-operation with the Maghreb countries—the Council intends, with the help of the Commission and of all the delegations, shortly to adopt the directives necessary for the purpose of concluding the negotiations with these countries under way since last summer.

## *3. Community activity vis-à-vis the developing countries*

The Council has actively pursued its work on preparing a comprehensive and coherent development aid policy on a world scale. Efforts have been focused on three main subjects: the measures to be taken to encourage an increase in

developing countries' exports, the problem of the financial resources to be made available to these countries and, finally, the provisions to be adopted for harmonizing and co-ordinating Member States' policies with a view to achieving effective co-ordination of the Community's and Member States' policies in this area.

Agreement in principle has already been reached on two of these subjects, viz. increase in exports and co-ordination of policies, but final decisions remain to be taken on the third subject, which ranks as one of the most important, viz., the financial resources to be allocated to development aid on a world scale. The main questions here are two-fold: the increase in the volume of official aid granted by the Member States and the possibility of allocating financial aid from Community resources to non-associated countries. If agreement could be reached on these two questions, the foundations would be laid for more systematic and comprehensive Community activity on the world scale; hitherto such activity has been mainly concentrated on generalized preferences and food aid.

In this connection the Council took decisions at the end of 1973 of real importance with respect to the new Community generalized preference scheme which was introduced on 1 January 1974. The main characteristics of this scheme are two-fold. In the first place, the three new Member States have for the first time become integrated in the Community scheme. Secondly, the scheme comprises substantially improved possibilities for preferential exports by developing countries to the Community. This gives an increase, in the case of industrial products, of approximately 40% on the overall volume which would have resulted from the application in 1973 of the scheme in force for the Six during that year. To this figure should be added the major improvements which have been achieved for processed agricultural products. Some of these improvements are in keeping with the implementation of the Joint Declaration of Intent, annexed to the Treaty of Accession on the developing countries in Asia. Finally, the Council has responded favourably to Romania's request for generalized preferences, with special rules being adopted in this particular case.

In 1973 the Community also vigorously pursued major projects on food aid, amounting to 221 MUA and directed towards 34 countries and 6 international organizations, the bulk of the aid going to Asia and, in particular Bangladesh.

#### 4. Relations with the EFTA countries

Turning our attention northwards, we now come to the question of relations with those EFTA member and associated countries which did not accede to the Community. Here, the past year has seen the completion of work begun with the enlargement of the Communities: the Free Trade agreements with Iceland, Norway and Finland have now entered into force.

Thus the Council has been able to find contractual solutions to the problems posed by the enlargement of the Communities for all the EFTA countries. The various agreements have moreover been administered to the satisfaction of all concerned.

#### 5. GATT Negotiations

##### (a) Multilateral tariff negotiations

The Community, after defining its overall concept, played a constructive part in the ministerial meeting in Tokyo which marked the start of the GATT multilateral tariff negotiations.

The Community's objective at these negotiations is to continue the process of liberalizing world trade, in which it has been engaged since the outset, acting in the general interest and, as regards industrialized countries, on a

basis of reciprocity. The Community's intention as regards the developing countries, and in particular the least favoured among them is that they should obtain additional international trading advantages from such action.

Since the adoption of the Tokyo Declaration—containing as it does the essence of basic Community thinking—innumerable events have taken place on the world scene. These have notably altered the international economic situation leading, in particular, to even more difficult conditions for the poorest of the developing countries. This development will no doubt necessitate consideration of a number of new factors. It must not, however, divert us from the target which we have set ourselves, as nothing could be more dangerous in the sensitive economic circumstances facing the world today than to relax efforts towards liberalizing trade.

This explains why the Community is pursuing an active role in current work in Geneva with a view to the effective opening of negotiations.

*(b) Renegotiations under Article XXIV/6 of the GATT*

Following its enlargement, the Community broached with the GATT Contracting Parties concerned the renegotiations provided for in such an eventuality under Article XXIV/6. The Community's initial view was that an offer to consolidate in the tariff of the Nine those concessions which had been consolidated by the Six was in itself compensation enough. Detailed analysis revealed, however, that this was not the case with certain partners. That is why, in December 1973, the Council agreed to finalize a supplementary offer containing further concessions in both the industrial and agricultural sectors. In the Council's view, these further concessions offer adequate compensation enabling renegotiations under Article XXIV/6 to be wound up in respect of all the non-member countries and all the products concerned.

*(c) International Agreement on trade in textiles*

At the end of 1973 fifty or so countries signified their agreement to a 'multi-fibres' Agreement negotiated within the GATT. This Agreement aims at the gradual elimination of barriers to trade without detriment to the organization of the market. A nexus of coherent provisions was laid down based on ways of dealing with existing quantitative restrictions and stipulating precisely the conditions to be met if a Contracting Party was to restrict imports of textiles into its market. It is worth noting that, unlike the existing situation brought about by the former long-term Agreement on cotton textiles, the new Agreement covers virtually the entire textile sector, including woven fabrics of sheep's or lambs' wool and woven fabrics of man-made or artificial fibres.

*6. Relations with the main industrialized countries*

With regard to its dialogue with the main industrialized countries, the Council's attention has mainly been focused on the declaration of principle between the United States and the European Community and its Member States. This declaration, which extends beyond the field of Community activities, is dealt with in the context of political co-operation. However, the closest collaboration has been maintained with the Community authorities on the Community aspects.

*7. Relations with the countries of Eastern Europe*

In the context of relations with the countries of Eastern Europe the Paris Summit Conference stressed the determination of the Community to follow a common commercial policy with effect from 1 January 1973, and that of the Member States to promote a policy of co-operation with these countries

which would be closely linked with the work of the Conference on Security and Co-operation in Europe, to which the Community and the Member States would make a concerted and constructive contribution.

In this spirit, the representatives of the Commission are taking part in the work of the second commission of this Conference, which deals with economic questions. Insofar as Community powers and procedures so require, they are putting the Community's point of view in accordance with the guidelines determined by the Council.

The problem of implementing a common commercial policy towards the East European countries has several aspects, in particular: liberalization list, expiry of bilateral trade agreements—as a general rule on 31 December 1974, which poses the problem of a Community follow up—, and finally the question of the co-operation agreements for which the Commission has proposed setting up an information and consultation procedure.

The Council considered that relations with State-trading countries ought to be considered in the light of all these aspects which it would therefore be preferable to examine in the context of a general discussion which it proposes to hold very shortly.

#### *8. Bilateral relations*

In the field of bilateral relations, the Community concluded a trade co-operation agreement with India in December 1973. This is of particular importance for the Community and is the first agreement of its kind to be concluded with an Asian country. It demonstrates the will to translate the Declaration of Intent annexed to the Accession Treaty into reality, and should enable the Community to embark on a new phase of economic and commercial co-operation with this country.

Other trade agreements were also signed by the Community in 1973—with Uruguay on 2 April, and Brazil on 19 December. These two agreements are similar in content to that concluded earlier with Argentina. They provide practical solutions to problems existing on either side in specific sectors and create a suitable framework for the development of economic and trade relations between the two Parties.

These agreements show in concrete terms the importance the Community attaches to its relationship with Latin America—a relationship which, as you know, in addition to its bilateral aspect, is also developing on a multilateral level under the procedure for mutual consultation set up in 1971 with all Latin American countries which are members of CECLA.

In this respect, a fourth meeting was held at Ambassador level on 28 November 1973 in Brussels, during which it was agreed in particular to examine in more depth the promotion of exports from the Latin American countries to the EEC and also the question of Community exports to these countries.

Still in the field of trade agreements, a new agreement has been concluded between the Community and Yugoslavia for a period of five years. This agreement includes tangible improvements to certain specific provisions and strengthens the role of the Joint Committee.

#### **D. Relations with the European Parliament**

The Council has continued to strengthen its links with the European Parliament, links which every year become closer. A series of measures have been adopted, of which the European Parliament was informed immediately and which not only improve the Council's relations with the Parliament but also revive the spirit in which these relations are conducted.

The Council has replied to all written and oral questions falling within its field of competence which have been put to it by members of the European Parliament as well as to those put during Question Time. Internally, it has attempted to minimise the delays in drawing up its replies to written questions and some improvement has been recorded.

The Council has also succeeded in speeding up the process of consultation of the European Parliament.

The President and sometimes other Members, have represented the Council in the plenary sessions, in various meetings of the European Parliament's committees, in the Parliamentary Conference of the EEC-AAMS Association and in various joint meetings within the framework of Associations.

Finally, as was said in the oral introduction to this speech, the Council has paid particular attention to the fundamental problem of improving the budgetary powers of the European Parliament, on the basis of the amended Commission proposal and in the light of the Resolution adopted on this subject by the Parliament. Since, circumstances prevented it from obtaining the positive result which it could reasonably have expected on 4 March, the Council hopes to do so at its next meeting.

#### **E. Improvements in the decision-making procedure of the Council and the cohesion of Community action**

As regards improvements in its decision-making procedures and the cohesion of Community action, the Council has taken two initial series of measures, the content of which has been communicated to the European Parliament. It intends to continue its work on this subject at one of its forthcoming meetings.

#### **F. European Union**

Further to the decisions taken at the Paris and Copenhagen Conferences of Heads of State or Government, the Council, on the initiative of its President, invited the Permanent Representatives Committee to draw up an interim report on European Union. The Council should have received this report by the beginning of May 1974 so as to be able to submit an interim report at the next Summit Conference of Presidents.

In addition, the President of the Council is maintaining close contact with the Presidents of the other Community Institutions in order to facilitate the harmonization of work in this field.

## SITTING OF THURSDAY, 14 MARCH 1974

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IN THE CHAIR: MR BERKHOUWER

*President*

*(The sitting was opened at 10.05 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. Authorization of report*

**President.** — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on External Economic Relations, at its request, to draw up a report on the advisability of extending the Community's competence to cover all the external economic relations of the Member States.

*3. Documents received*

**President.** — I have received from the Council of the European Communities requests for an opinion on the following proposals from the Commission to the Council:

**President**

— Proposal for a directive concerning forestry measures (Doc. 6/74).

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

— Proposal for a transfer of funds from one Chapter to another within the estimates of the Commission for the financial year 1974 'thermonuclear fusion and plasma physics' (Doc. 7/74).

This document had been referred to the Committee on Budgets.

*4. Sixth directive on harmonization of turnover taxes (continued)*

**President.** — The next item is a debate and vote on the motion for a resolution contained in the report drawn up by Mr Notenboom on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a sixth directive on the harmonization of the legislations of the Member States concerning turnover taxes—common system of value added tax: uniform basis of assessment (Doc. 360/73).

The report was presented in yesterday's sitting, 13 March.

We shall therefore now proceed to the general debate.

I would also remind Members that speaking time has been limited to 15 minutes for those speaking on behalf of the political groups and to 10 minutes for other Members.

I call Mr Artzinger on behalf of the Christian-Democratic Group.

**Mr Artzinger.** — (D) Mr President, ladies and gentlemen, as spokesman for the Christian-Democratic Group I should first and above all like to express my thanks—to Mr Notenboom, the rapporteur, for devoting his great expert knowledge and a great deal of hard work to this matter, to the members of the sub-committee of the Committee on Budgets, who have also devoted much diligence and expertise to the subject and to the members of the Commission whom we have been able to consult.

The rapporteur stated yesterday that the reproach that the Commission was attempting to establish a perfect ruling could not be ignored. And rightly so, since the question is whether a report on so dry a subject should stretch to 63

pages. But I have the impression that we cannot do without perfectionism in this case. During the last part-session of this Parliament the question was somewhat mockingly asked in this House whether we really ought to be talking about exempting supplies and services by undertakers. It is true that we of the Sub-committee on Tax Harmonization have had to discuss tax exemption of undertakers. But I feel that the mocking remark made by the honourable Member concerned was out of place. If we intend to make a great deal of progress by abolishing tax frontiers, we cannot avoid dealing with minor matters. We were not able to discuss the zero-rating that is part of the British value added tax system; in the sub-committee we had to deal with the whole range of what is to be harmonized. I therefore consider it a sensible division of labour for a small group from this House to discuss even the minor details and then to present its conclusions to the House as a whole.

We should reach a decision today. I admit that in view of the large number of amendments there is a case for postponing the decision. But I would regret it if this were done. We would not gain anything. On the contrary, we would merely lose time. The problems have been discussed, and a political decision must now be taken. And this can only be done during a plenary sitting.

We—the rapporteur least of all—did not suffer from the illusion that we can offer a satisfactory answer to each and every question. It is self-evident from the subject under discussion that the decisions that have to be taken cannot satisfy everyone to the same extent.

Let me give an example, which the rapporteur also mentioned yesterday: the treatment of immovable property and buildings. The Commission's proposal excludes transactions in immovable property from the value added tax system where building land is not concerned. Opinions may differ on this point. In my country building land is not subject to value added tax but to a separate tax, with special account taken of the social aspects of each case. But we must accept the fact that there are many reasons—and not only fiscal ones—for the varying treatment given to building land and buildings in our Member States.

I would remind you, for example, that in the Federal Republic the building is considered part of the land while in France the reverse is the case: the land is considered part of the building. The result is different civil law provisions and differences in the organization of the market in immovable property.

**Artzinger**

In committee we were faced with the necessity of deciding on a solution. We felt that we should accept the system proposed by the Commission, although we were aware that there would be great deal of discussion in the Council of Ministers on the point.

I could give you several examples of cases where we have probably not succeeded in finding an arrangement that will satisfy everyone. But further discussion will do nothing to change this. We must take a political decision now.

I was somewhat impressed when yesterday on behalf of the Committee on Agriculture Mr Héger pointed out that value added tax had been used in the Federal Republic as a means of offsetting the losses suffered by farmers as a result of revaluation. He was quite right to say that this is abuse of a tax law for non-tax purposes. But he should know that this arrangement was made because it happened to be the most convenient. We will not always be able to stop politicians from taking the convenient way out if the path that conforms to the system is far more difficult. But I assure him that when we have a common system of value added tax, it is extremely unlikely that such abuses will recur.

Allow me to say, Mr President, that we are taking part in this debate with open minds. My group has discussed the amendments and decided its position on them. By far the majority of us feel that we should decide *today* so that in the difficult situation now facing the European Community a sign is given that the Community's institutions can still take decisions.

(Applause)

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

**Mr Spénale.** — (F) Mr President, thank you for giving me the floor.

We have before us the sixth directive on the establishment of a uniform basis for assessment of value added tax, and as spokesman for the Socialist Group and as chairman of the Committee on Budgets I am all too aware that this text must be one of the most important and certainly the most difficult that our committee has ever had to deal with.

In our tax system, this basic charge affects production, consumption and trade in their entirety. It affects every sector of the economy, production, consumption, services; consequently, it must have as broad a base as possible, and at the same time be adjustable, in the mode of application, rates, deductions, exemptions, to

the extremely varied requirements of different economic sectors and to certain social considerations.

The economic, social and political implications are considerable; covering as it does the entire field of taxation, VAT constitutes a more or less general tax, which will affect all forms of indirect taxation, including excise duties and others.

Thus it represents a very broad, if not complete, taxation system, comprising not only a general system but also systems for agriculture and special schemes for small undertakings, immovable property, second hand purchases, imports, exports etc.; suffice it to say that it constitutes the keystone of the indirect taxation system of the future.

On all these problems and in spite of previous Community directives, the situation in the Member States is more varied than ever and conflicting political trends cut down the number of possible solutions.

In this situation, even if such problems are more easily solved technically than politically, we must be grateful to the Commission of the European Communities for this cogent, logical and coherent document.

We must also thank the sub-committee on tax harmonization, and its chairman Mr Artzinger, without whose contribution the Committee on Budgets would have been unable to do its job properly.

Finally, our thanks to Mr Notenboom, our rapporteur, who displayed in his report all the qualities of a man of the Netherlands, a conscientiousness and a competence which I wish particularly to acknowledge.

The Socialist Group refrained from submitting numerous amendments to this text. In fact we agree with the general system proposed by the Commission and with the resolution submitted by the Committee on Budgets.

We did, however, submit three amendments in areas which seemed particularly important to us; also, we do not think that their adoption would be in any way detrimental to the system proposed which, I repeat, we fully endorse.

Considering the two aims of this directive, concerning on the one hand the abolition of tax barriers and on the other the creation of new own resources, which I shall come back to later, we felt that it would be much easier in certain fields to table amendments, to propose exemptions particularly in respect of real estate, since anything concerning the real estate sector will

**Spénale**

have no repercussions on the basic problem of removing tax barriers.

We have therefore submitted an amendment proposing the exemption of building land as such from the common system, on the understanding that in the system proposed by the Commission this land would become liable to VAT as soon as it had fulfilled its purpose, i.e. as soon as it had been built upon and sold with the construction situated on it.

Mr Schmidt will be moving this amendment which was approved by the majority, not unanimously, of the Socialist Group.

The second amendment concerns works of construction carried out by local authorities which are put at the disposal of users without charge or profit for public service activities.

I shall be moving this amendment later. At the moment I should just like to mention it as part of the general debate.

Finally, the third amendment deals with the zero rating applied in certain countries to basic foodstuffs.

The Commission proposed that this rating should be retained for the time being but abolished when the tax barriers are lifted. This paragraph was the subject of many amendments, some proposing that the zero rating should be abolished even sooner, others that it should be retained beyond the time limit envisaged by the Commission.

In our amendment we do not propose that this question be dealt with now, but request that it be decided one way or the other before the tax barriers are lifted.

Is zero rating to be retained for certain articles, or are these articles to become liable to another tax? In our opinion, this is a question which we can pass by since the main objective is to draw up a text on the harmonization of the basis of assessment for VAT in order that own resources may be obtained, our Community system of taxation be improved and tax barriers be lifted one day.

We consider it important that this problem should be overcome, and we have the feeling that if unduly categorical proposals are made in one way or the other, this might create a virtually insurmountable obstacle for the Council.

We therefore recommend that this amendment be adopted.

As you can see, we confined ourselves to the basic points. The Socialist Group is very keen

to see the adoption of this text. It requests the Commission and Council to act accordingly, since, besides the fact that such a document is extremely important for the common system of indirect taxation in the Community, there are two other basic problems to consider. One is the lifting of tax frontiers which is a precondition for the creation of a true economic union; the other is the problem of own resources, coupled with that of the financial autonomy of the Communities and the autonomy of their fiscal powers.

As Mr Simonet was saying last night, let us not forget that in history the development of tax law, that of the institutions and that of democratic control, have always run completely parallel.

This is why the Socialist Group is convinced of the importance of this text for the tax structure of the Community, for economic union, and for the development of the institutions to which it wishes to make a constructive, enthusiastic and effective contribution.

(Applause)

**President.** — I call Sir Brandon Rhys Williams on behalf of the European Conservative Group.

**Sir Brandon Rhys Williams.** — I think it will be possible for me to speak quite briefly on behalf of the European Conservative Group this morning because our rapporteur made such an excellent job of his introduction last night. I am glad he is in his place so that I can congratulate him, having been one of his colleagues in the Sub-committee on Tax Harmonization. I can say how deeply he has studied this subject. I feel that his report is a model of clarity and brevity, and by and large I am able to accept his resolution with considerable enthusiasm. That, I think, applies to all the members of our group.

Our rapporteur touched on certain points yesterday which I think are of particular relevance and, therefore, worth considering again this morning briefly. Naturally the question of taxation of foodstuffs is of particular importance in the United Kingdom, though not so much in Denmark, where the decision was taken some years ago to apply a single rate to foodstuffs, and this is, I understand, no longer a hot political issue. Taxation of foodstuffs is, however, undoubtedly a hot political issue in Britain, and it has been a subject of considerable political controversy for more than 100 years.

In last year's budget the Conservative Government ended all taxation of foodstuffs and this was a popular move. In view of rapidly

**Rhys Williams**

rising food prices it would certainly be difficult for any British government to introduce a significant levy on food, which would, of course, have an immediate impact on the cost of living at an extremely sensitive time. I feel, therefore, that the Community might not be ill-advised to consider the possibility that the British approach to this matter, even if the various countries do not want to copy it themselves, is at least a rational one in the circumstances in which we find ourselves in 1974, when every one of our governments has the fight against inflation as one of its most important priorities.

Foodstuffs are zero-rated in the United Kingdom, and this leads us immediately to one of the most controversial issues in the whole field of value-added tax. I think I was able to argue sufficiently convincingly in our sub-committee, and I hope I shall be able to make my point again this morning, that a zero rate is a rate of tax and is not a subsidy. I know that some people have a prejudice against zero-rating because they feel that if at any stage of a manufacturing process or in the course of providing services the producer or the entrepreneur is able to reclaim tax which he himself does not appear to have paid, and that has the superficial appearance of a subsidy.

But all countries, of course, apply zero-rating in exports. Thus the principle is well understood and I do not think that any country would regard zero-rating as a form of export subsidy. It is, in fact, the true tax exemption, and exemption from value-added tax at one stage or another of the process does not achieve quite the same result, nor, I submit, quite such a fair result, as zero-rating.

I have been informed also that, quite apart from the taxation of goods going to export, all countries of the Community have applied zero-rating in one way or another, albeit perhaps on relatively small items. I believe that newspapers, for instance, are generally, if not universally, zero-rated in other Member States of the Community. Therefore, the idea is not such a heresy that it cannot be adopted in any circumstances.

The United Kingdom had the advantage of being able to study the practice adopted in other Member States before its own system of value-added tax was introduced.

I believe the design which the British Treasury introduced incorporates significant advantages and that those who have taken a particular dislike to zero-rating would be well advised to reconsider whether it does not have a place in their own national fiscal policy and whether it is not an appropriate way of dealing with certain products or services which are particu-

larly sensitive from the political point of view or in the fight against inflation.

On the question of the Community's own resources, I envisage a difficulty arising if we are to make certain that the transition to the expenditure from Community funds is handled smoothly. I would not think it was necessarily unacceptable that some kind of formula should be negotiated for an interim period so that the move towards the provision of resources through the value-added tax could be handled in due time and with proper consideration.

I do not think anyone in the House would wish a postponement of the implementation of decisions which have long been taken about the move towards the provision of the Community's own resources, but there are obvious technical difficulties, as Mr Notenboom pointed out in his remarks yesterday.

I wish to make one further remark in the general debate before we start to consider the many amendments in detail. The points of detail might perhaps be made more appropriately when the amendments arise.

The question of the Commission's discretion in matters of interpretation and doubt raises in a rather sensitive form the whole subject of the degree to which national parliaments are to be left in charge of their own taxation policy. My own view is that minor variations in practice in the application of value-added tax and certain other activities are generally irrelevant to the intention to build an economic union. In the United States, which certainly must be regarded as a united economy, there are significant differences in tax policy, I believe, from state to state. I do not think that we should aim too high in hoping to introduce an absolutely streamlined universally applicable European Community tax in too much of a hurry. I believe the benefits that might be achieved in economic and monetary union by acting in this way would be much more than outweighed by the prejudices and vexations caused, particularly where parliaments are especially jealous of their own rights in taxation terms.

I believe that it would be wrong for the Commission to seek to arrogate to itself too much power to dictate over questions of detail which do not figure too largely in the total sum of transactions between Member States of the Community.

I hope that my remarks on behalf of my group may be seen as helpful and not controversial. We very much appreciate the splendid efforts of our rapporteur. They have resulted in a mag-

**Rhys Williams**

nificant report, which I believe will win very wide acceptance from Parliament today.

(Applause)

**Mr Cousté.** — (F) Mr President, we consider it quite natural and reasonable to pay tribute to the Commission's proposals and to the work of the Parliament's Committee on Budgets. We have been presented with a proposal whose scope cannot be overestimated. It is not just an isolated initial attempt to bring about genuine harmonization of tax legislation; we have before us a real plan for tax harmonization in the European Economic Community. As our rapporteur Mr Notenboom—the excellency of whose work should be mentioned—pointed out yesterday, we can see in it the first evidence of the fact that we are actually on the way to economic and monetary union.

If we accept, as we must, that the end should always determine the choice of means, then the Council's concern for this, the final objective, should prompt it, when considering our opinion and resolution, to adopt the sixth directive without delay.

It is of particular interest not only because it deals with harmonization of turnover taxes but because it is in actual fact what is required to implement the system of own resources. That is the main political point since the deadline of 1 January 1975 is well known.

I am well aware that it is possible to implement the decision of 21 April 1970 as regards own resources and as a transitional measure without such a system existing since, as we know, contributions are fixed in relation to gross national products. But it is no less true that the financial autonomy of the Community is part of its identity.

It is because we desire to establish the identity of the European Economic Community in tax matters that the Group of European Progressive Democrats endorses the efforts made and Mr Notenboom's report as well as the reports by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs and by Mr Héger on behalf of the Committee on Agriculture.

I shall therefore confine my remarks to a brief summary of the amendments we have proposed, with apologies for submitting them late. We are however pleased at the reaction of the chairman of the committee to them, and I hope that some of them can be adopted.

I should like to make three main points. The zero rate mentioned by Sir Brandon Rhys

Williams could divide us, but I think that it could in fact unite us if we adopt the amendment which was prepared in a spirit of compromise and I think aptly by the chairman of the Committee on Budgets.

We fully believe that the committee should fix a definite deadline for the abolition of zero rates. It is essential. Failure to abolish zero rates would be incompatible with the desire to harmonize VAT. I agree with Sir Brandon Rhys Williams, and it was with interest that I heard him say that zero-rating was not a subsidy. I agree, but that is not the problem. When zero-rating is applied, in the United Kingdom as in any other country, there is a risk of dangerous compensatory action and extremely high rates being applied to other products. There is therefore a very serious disparity in rates: that is what worries us and I felt I should stress the contradiction.

On the other hand, and this is my second argument, the aim of the committee is to abolish tax frontiers, as Mr Spénale speaking on behalf of the Socialist Group so skilfully pointed out; whether he is speaking on behalf of the Socialist Group or as chairman of the Committee on Budgets, his speeches are always objective and in my opinion perfectly convincing. Tax frontiers will continue to exist as long as there are various methods of applying the rates. Although it may not seem the immediate objective, we must continue to harmonize rates on the same products in addition to the uniform basis of assessment. Once the basis of assessment is the same, it is essential for harmonization of rates to succeed. From this point of view, maintenance of a zero rate complicates matters, and, as I have just said in the case of the United Kingdom, but it is true also for other countries, low rates and zero-rating encourage the creation of maximum rates which can be very far removed from the zero rate 36, 37 and even 40%.

Finally, when it comes to collecting own resources, one might well ask whether the existence of zero rates would not prevent the corresponding basis of assessment for VAT being taken directly into account. There is a danger that the effect of zero-rating would be to render any future system of own resources purely theoretical contrary to the objectives defined in 1970.

My second comment is on the flat-rate agricultural scheme. Mr Héger, the former Belgian Minister of Agriculture, long ago convinced me of the fairness of those objectives, just as he convinced the other institutions.

In these circumstances, the flat-rate scheme for agriculture is worthy of our attention and

**Couste**

should test the choice made by all the Member States of VAT. One advantage of the system proposed by the committee is that it encourages farmers to opt for it as do other existing national systems.

My last comment, Mr President, concerns the special scheme for small and medium-sized undertakings. We consider the limit proposed by the committee to be inadequate, and have proposed an amendment raising it to ten thousand u.a. I hope that this as well as the other amendments concerning the liberal professions, dealings on the art market and in works of art, very specialised letting transactions, and anything of such a nature as to facilitate Community access to major markets, will be adopted by Parliament.

And so, Mr President, it is with these words that I should like to conclude.

I bear in mind that, as Mr Spénale has so rightly pointed out, all our action, particularly on tax matters, should be aimed at achieving harmonization as quickly as possible.

But harmonization is not an end in itself. It is a means for achieving economic and monetary union which, in the long run, will bind our Community together.

(Applause)

**President.** — I call Mr Fabbrini, on behalf of the Communist and Allies Group.

**Mr Fabbrini.** — (I) Mr President, honourable Members, when the Italian Parliament discussed and adopted the introduction of VAT, we Communists voted against it. We voted against it not because we were simply against the principle of this type of tax; on the contrary, we recognized, during the course of the debate, that on a technical level it was undoubtedly superior to the old taxes it was to replace.

We voted against it (even though, during the debate, we succeeded in improving sections of the bills submitted by the government) because in the form the VAT was designed it would certainly have increased indirect taxes—already very heavy in Italy—and would have had a negative influence on prices, and that at a time when inflation had already reached worrying levels.

Today everybody in Italy recognizes what we prophesied, that the introduction of VAT has led to a far greater rise in prices than was then forecast. And a great many people recognize that the moment chosen was the least opportune, just as we had pointed out during that debate.

Today VAT is once again on the agenda. The Treaty of Luxembourg, which established the Communities' own resources composed of a maximum rate of 1 per cent of VAT, urged the harmonization of the tax assessment basis, and this is the content of the proposed directive which we are considering. We do not deny that this directive has a logic of its own: from the moment when, on 1 January 1975, the financial contributions laid down by the Treaty of Rome are replaced by the Communities' own resources, consisting of a percentage of VAT, it is only logical that this levy should be regulated as soon as possible by Community rules. It is, however, a logic which we are unable completely to accept. There are two main political reasons for this, and these, if only in outline terms, I shall try to explain.

The first fundamental reason, which we consider very important politically, is this: financial policy is one of the most important aspects of economic policy for each individual country. It can be usefully employed to expand or restrict imports, consumption and investment. That is one of the essential components of general economic policy for each country. If we now harmonize fiscal policy in the rigid manner proposed by the Commission, we shall be reducing both the importance and the choice of economic and social policy of the individual states, which, even in this delicate sector, would lose the necessary autonomy.

This view would lose much of its validity if we had a homogeneous economic situation in the Community. But no such homogeneity exists. The situations in the individual countries are so different and there are so many different internal problems to be resolved, both on the structural and on the short-term economic level, that the individual countries require freedom of action in the financial sector—something the proposal is, instead, going to restrict severely, I know I shall be told that this directive does not stipulate the rate of taxation and that the margins of autonomy for the individual states therefore remain valid.

I shall return to this argument later on. But first I should like to explain the second reason for our opposition. The Commission's proposal conflicts with a very delicate area of the economic and social life of the individual Member States: indirect taxation hits consumption and puts a burden above all on the standard of living of the working classes. Now, within each country, there is an extremely close relationship between indirect and direct taxation; and we consider that it is neither just nor fair to manipulate the former—that is, indirect taxation—without readjusting the latter as well.

**Fabbrini**

We thus consider that it is not fair to introduce new measures, however modest, in indirect taxation except as part of a general revision of financial policy, a revision whose effect would be to alter the relationship between direct and indirect taxes in favour of the latter. This relationship between direct and indirect taxes is everywhere, in every country of the Community, severely out of balance. This is a criterion of class which should be rejected and which we do reject. In Italy, for example, the revenue of the state (if one discounts social contributions, which are approximately a third—33.5%—and are equivalent to a direct tax on work) are given as 45.8% from indirect taxes and only 20.7% from direct taxes. In France the relationship is still more unbalanced: 47% against 16%.

These are the main reasons for our opposition, which were largely evaded both by the Commission when presenting its report and by the rapporteur himself; I want to repeat them here in order to justify our opposition. The rapporteur wrote, and repeated only yesterday in his explanatory statement, that VAT was received in several European countries with a great deal of reserve, I think that is understating the case. What was involved, indeed, was not merely reserve but serious and vigorous opposition, not only in Italy but also other countries, an opposition in which we are more than justified because VAT did give rise to price increases—and so helped to lower the worker's living standards—and because it was introduced, as I have already said, during a difficult economic situation, which had already seen the beginning of this dangerous inflationary process which has today reached such alarming levels. As the rapporteur also said in his report, it was essential to avoid arousing in the population the impression that the introduction of a uniform tax base would lead to an increase in the VAT rate. These words show a well-founded concern, which cannot and will not be resolved; in fact, given that this directive for the harmonization of the tax base is the prerequisite, the forerunner of the harmonization of the tax rate, to which Mr Cousté has just referred, and given furthermore that by the logic of all Community policy a harmonization of the rate is—as I have said—inevitable and that this harmonization is likely to establish itself at the highest level—given all this, I ask myself how one is to avoid giving the population of Europe the impression that prices will not rise. After all, Mr Notenboom, writing in this very report, states that it is essential that reduced tariffs are not fixed at too low a level, that it is vital to limit as far as possible the number of exemptions, that zero-ratings should not be maintained for any length of time; so how on earth can one avoid giving

the impression that the implementation of this directive will not have an adverse effect on prices? Indeed, how can this impression be avoided, an impression which will soon become reality, at a time when our own Assembly, when it discussed the resolution on the budgetary powers of the European Parliament, has already considered the possibility, or should one say the necessity—since it is the only flexible tax from this point of view—of an increase in the VAT rate, which would then be transferred to the Community as the latter's own resources?

It is said in this document that if the 1 per cent VAT rate for the Community's own resources is to be exceeded and raised to 2 per cent, for example, Parliament should have the last word. Now if we should come—as will surely happen—to increase this temporary 1 per cent VAT ceiling, if we should exceed it and go on to a 2 or 3 per cent VAT contribution to the Community's own resources, there can be no doubt that each individual country will, with a view to covering the resulting reduction in available finance, be tempted to resort to increasing the rate of VAT.

In addition to the general reasons for our opposition, which I have just given, I should like to cite some more specific ones. Take the example of Italy. If Italy were to adopt this directive, we should have significant changes to make to the laws which only recently entered into force, and they would be changes for the worse. A first adverse effect for Italy—and I think this would apply to other countries too—would be the extension of the field of applicability of the tax, above all to the service sector. But the most serious consequence would undoubtedly be that the implementation of this directive would result in a serious worsening of the conditions in Italy for small undertakings, which already operate under extremely difficult conditions as a result of the delicacy of their structure and the policy of suffocation employed by the large corporations. Indeed, where the system introduced in Italy allows tax relief for all taxable persons with a turnover of less than 21 million and grants complete exemption to those with a turnover below 5 million, Article 25 of the directive reduces the turnover level to 7 million for tax relief and to only 2.5 million for complete exemption.

I could, if time permitted, give further examples. But I shall stop here, because I do not want to give the impression of judging a Community directive merely from the point of view of national interests, although they do count and should count in the decisions which have to be taken. The discussion thus comes back to the general aspects of the problem, and in particular

**Fabbrini**

autonomy: not to a narrow and inflexible autonomy which rejects all forms of harmonization, but to an autonomy which, in our judgment, is required—at least at this stage and in this particular field—by the significant differences in economic and social situations, by the diversity of internal problems which each country must attack and resolve, a diversity which cannot be straitjacketed by the rigid harmonization which the Commission has proposed.

The wish has been expressed, both yesterday and this morning, that this directive be adopted in order to make a contribution—among other things—to overcoming the Community's present grave crisis. Well, we should recall that a great deal more is needed to get us out of this crisis, a great deal more because we are facing a grave crisis above all and in the first place because of the deep gulf which separates the Community institutions and their policy from the hopes of the great masses of the Community, from the hopes and aspirations of those who work, produce and are the driving force of economic development in the Community.

**President.** — I call Mr Scholten.

**Mr Scholten.** — (NL) Mr President, colleagues, I would like to begin my contribution to this general debate by joining in the praise and tribute which has come from almost all sides for our colleague Mr Notenboom. In a very few months he has compiled an extremely thorough report on a very difficult subject—difficult not only in technical terms but also in political terms. I would go so far as to say that with this report he has considerably advanced tax harmonization in Europe. And when all is said and done Mr Notenboom has succeeded in making clear to us that we cannot and should not mark time in the development of turnover tax but that we with the Commission must work along the lines proposed by the Commission towards further harmonization and a standardization of the turnover taxes imposed in our countries.

This will provide a contribution to the solution of the problem of the relationship, for example, between direct and indirect taxation in our countries.

Mr President, the amendments I have tabled should not be seen as a form of criticism of the work of the Committee on Budgets or of the rapporteur. They represent rather an attempt to put the finishing touches to their work. Nor are my amendments intended to be an attempt to divert the path taken by harmonization or to delay its progress.

I would like to elucidate a few general premises underlying my amendments.

First of all I would point out that the aim of keeping our turnover tax system impartial in order to avoid distortions of competition conditions is an important aim which should be given the greatest possible support. However the impartiality of the system can and should not be taken as the only basis for the assessment of the proposals. An overall assessment should also take account of the fact that, in tax matters, the best result is not obtained by maximum realization of one principle if one thereby fails to do justice to other principles and premises. For this reason a certain proposal is not necessarily good just because it fits into the VAT system, or necessarily bad if it does not fit into that system.

Mr President, harmonization of taxes, even of turnover taxes, is not in my opinion well served by containment in a kind of fiscal strait-jacket. The freedom of Member States in respect of their tax legislation must only be restricted on such points and to such an extent as are necessary for the attainment of tax harmonization. I would greatly appreciate Mr Simonet's opinion of this premise. I hope that his officials will point this question out to him when he gives his reply.

If certain Member States, taking into account the domestic social situation, wish to resolve a certain problem in a rather different way than is generally the custom in the Community, this must not be entirely impossible. Such freedom must only be constrained if it thwarts the objectives of harmonization.

It is on the basis of this philosophy that I have tabled my amendments on, for example, zero-rating and the scheme for small undertakings. Here we must be thoroughly aware of the fact that the rates are not yet harmonized, that we have not received any proposals on this and that the levies to cover the expenditure of the Communities only represent a fraction of the total amount of turnover tax raised in the Member States.

Social aspects can only be taken into account in a general way in turnover tax; here I am thinking, for example, of a low rate or zero rate for the most essential daily requirements. Anyone trying to pursue social aims via turnover tax in anything but a general way and proposing specific deviations from the system for this purpose is in principle on the wrong path since the detriment this would cause to the system, and the consequent social implications, would be more serious than the positive objectives of the proposals in almost every case.

**Scholten**

It is our concern to restrict as far as possible the burden for citizens in general and for taxable entrepreneurs, especially in respect of this tax. They already have to comply with considerable administrative requirements—for which they receive no remuneration—in order to enable Member States to impose this tax.

Any tax authority which continually increases these requirements in order to ensure the maximum realization of a different objective will ultimately be disappointed since the counter-forces thus generated in society will mean that the objective will in fact become more remote than would have been the case with a more moderate approach.

These are the considerations on which my amendments are based.

Finally, I would like to state that I believe the work of the Committee on Budgets and particularly of the rapporteur, Mr Notenboom, to be so important that I should be glad to give my vote to the motion for a resolution.

(Applause)

**President.** — I call Mr Schmidt.

**Mr Schmidt.** — (D) Mr President, ladies and gentlemen, I should like to refer to the arguments expressed by a number of Members of this House. The tenor of almost all the speeches I have heard has been that the Commission should not be too ambitious and not tackle things which are not essential to harmonization and which would unnecessarily restrict the freedom of individual Member States and might even cause difficulties with the implementation of this directive. There are quite a number of points that could be mentioned, but I shall limit myself essentially to one.

The Commission has included immovable property in its proposal for harmonization, and has used the word 'supplies' in connection with immovable property (building land). I don't know if anyone in this House has ever witnessed the transport of immovable property; I certainly have not. I have always thought that immovable property is known as such because it is immovable. The 'immovability' of immovable property means that transfrontier trade in it is impossible. Anyone acquiring immovable property in a country is subject to the same conditions as everyone else in that country, regardless of nationality.

Now, it might be said that references to 'supplies' of immovable property can be overlooked as mere slips in translation. The political effects of a directive of this kind would, however, be

enormous, particularly in those countries which are making a serious effort to do something about land speculation, for tax law can also be used to prevent land speculation; in fact, we cannot do without tax law as an instrument to prevent speculation of this kind.

The proposal we are now discussing would result, over a wide area, in such tax law measures to combat land speculation having to be abolished and in a system being applied to that area which is really intended for excise taxation and is just not suitable in this case. It is in my view in no way necessary to strive after harmonization in this sector. There are only two countries in the Community where immovable property is subject to value added tax. I should, however, point out that I do not mean that services rendered on immovable property should be exempted. I am talking about transactions involving the transfer of immovable property itself.

I also feel that in any kind of harmonization an arrangement that two countries have should not be simply transferred to the other seven, where it would be completely unsuitable. I would emphasize once again that the effect would really be so serious as to be unacceptable, since the market in immovable property would simply be abused as a result of excessive profits, and the outcome would be that a number of countries would be forced to take countermeasures if building, particularly of houses for the socially weaker strata of society, were not to come to a standstill.

It would not therefore be a good thing to have harmonization on this point because I do not think that there is any necessity at all to restrict the freedom of individual countries in this respect. I have already said that transfrontier transactions in immovable property are out of the question. While accepting all the positive things that can be said about harmonization in other fields and acknowledging the efforts that have been made, I do feel that it is very important for transactions in immovable property to be excluded from harmonization.

This will make overall harmonization easier. It will be up to individual countries to decide which taxes they intend to levy on transactions in immovable property. Value added tax in any case is not suitable for use as an excise tax. Specific and more flexible taxes will be better able to achieve what is wanted in the individual Member States than would be the case if the possibility of applying them was excluded by harmonization in this sector.

It was my intention to draw the attention of the House to this particular aspect of harmoniz-

**Schmidt**

ation, and I should also like at this stage to point to an amendment that has been abled by the Socialist Group. This amendment aims at deleting those paragraphs of the Commission's proposal that refer to transactions in immovable property so as to remove this sector from the directive, which will in no way restrict the other harmonization efforts it includes.

(*Applause*)

**President.** — I call Mr Lemoine.

**Mr Lemoine.** — (*F*) Mr President, our discussion today of the sixth Council directive on the harmonization of legislation of Member States concerning turnover taxes and value added tax is taking place at a time when social and political crises are disrupting most of the Member States and when economy and finance are in upheaval, to say the least.

No Member State is free from accelerated price increases, waves of inflation and threats of recession with their foreseeable repercussions on employment and, more generally, on the living conditions of workers.

My time being short, I shall deal with only two aspects of the important subject under discussion.

First of all, I shall make some remarks on the tax in question, VAT, and then give our opinion of one of the Commission's alleged aims: to ensure partial financing of the Community's own resources. There is need for plain speaking at this point. In a phase of monopolist State capitalism, taxes are always heaviest on wage earners and at non-monopolist levels. Although indirect taxes which, particularly in France, constitute almost two-thirds of taxes and almost half of the State budget, are heavy on people in humble circumstances, they offer many advantages to monopolies. They are passed on to prices and therefore do not affect the share of profit in the turnover of undertakings.

The value added tax system comprises a series of tax deductions on purchases made by undertakings which transfer the charge to the selling price of the final products, in other words they pass it on to the consumers.

In other words, indirect taxation penalises the final consumer and benefits the intermediate consumer and thus encourages accumulation.

The maintenance of sometimes high rates of VAT on basic essentials such as bread, milk, and medicaments, is a heavy burden on the budgets of the poorest families. Mr Notenboom, the rapporteur, is forced to agree, and states on page 30 of the explanatory statement that

VAT was described as a means of generally boosting prices and as being socially unfair, because as a method of indirect taxation it represented a greater burden on the final consumer, the 'man in the street'. It is perhaps worth stressing this point at a time when income from VAT is growing rapidly in the Member States; this is particularly true in France, where for every 100 francs a working class family spends, 11.30 francs will go on VAT. If such a family earns between 1,500 and 2,500 francs a month, practically all its salary is used up on consumer goods. VAT is therefore levied on almost all their income. On the other hand, a shareholder in or director of a company who receives between 50,000 and 100,000 francs a month will spend from 20% to 30% of his budget on consumer goods. It is on this 20% or 30% that he pays VAT. VAT will therefore account for only 4% of his income, whereas it accounts for more than 11% of the income of workers.

We can thus testify to the fact that the system is perfectly adapted, but adapted in such a way as to favour the enrichment of one class to the detriment of workers.

On the pretext of competing and of financing the Community's own resources, the system now proposed by the Commission is to create above national parliament level a system of multi-national public financing of expenditure which, apart from the operating expenses, would be to the overall benefit and in the interests of large capitalist undertakings. By relying on VAT, it makes workers, small undertakings and small and medium-sized farms pay more. It transfers funds from local authorities to the State and the Community. By maintaining inflation it can only have an increasingly adverse effect on the living standards of workers.

As Mr Fabbrini has just said, we are in fact faced with a proposal for a system of taxation based on class distinctions. It makes indirect taxation the corner stone of the collection of the Community's own resources, whereas at the same time the system of tax assets, in other words the possibility for the shareholder to deduct from his income tax part of the sums paid by a company as company tax, is now widespread in the various Member States of the Community.

Whether one likes it or not, the Commission's proposal is in the interests of the multinational companies and the large capitalist monopolies which are scandalously favoured by tax relief and tax advantages. It is not in the interests of workers and the mass of people in humble circumstances. We cannot support it. We cannot

**Lemoine**

approve application of Community VAT when products and services are not subject to national VAT or are zero-rated. We could not agree to the levying of VAT on the work carried out and purchases made by local or regional authorities. Although the rate is low, Community VAT is becoming a means of exerting pressure on the economic sectors and the various categories of consumers and producers.

On the other hand, we do not think that the problem of taxes can be dissociated from their origin and the use made of them.

We, the progressive forces of this Parliament, should be able to draw up a proposal for tax reform aimed at greater social justice and protecting the interests of the worker who is facing greater difficulties every day in our countries.

We think the problem of own resources could be solved if we first of all tackled the problem of the large European and multinational industrial and financial groups which benefit most from the present situation, and in particular the large oil companies and the iron and steel and chemical trusts. That is what has been advocated in the French joint left-wing programme, and that is what we should like to see materialising in the democratic, peaceable Europe of workers for which we strive.

Thank you, Mr President.

**President.** — I call Mr Knud Thomsen.

**Mr Thomsen.** — (DK) Mr President, honourable Members, a number of spokesmen for the political groups have touched on the attitude of small undertakings to value-added tax. I thank them for their interest and would like to add a few words on the subject.

The fact is that administration of the value added tax system is much simpler for a large undertaking with administrative staff, but much more difficult for a small undertaking which often has only limited manpower to cope with the situation.

The problem of the administration of the value added tax system is acceptable in Denmark because we have a very simple system with a single rate. The administrative problem of having to differentiate between the various categories of goods and their different rates doesn't exist. Difficult administrative problems arise in a system with several rates, but although they can normally be solved by large undertakings, they present difficulties to small undertakings which are short of administrative manpower.

One of our aims must therefore be to find a common system of value added tax with a single rate. But it would be in direct opposition to the position on harmonization adopted by the Parliamentary groups to force such a system on other countries which have applied a system with several rates. I would remind you of the remark made by Mr Kirk, the chairman of my group, that harmonization for harmonization's sake must stop.

I therefore suggest that in its policy on value added tax the Commission should leave it up to the individual countries to decide on the number of rates, zero or other, especially as such a flexible solution can be implemented without prejudice to the normal tax system. That would make it possible for countries to adapt their system as flexibly as possible to the smaller undertakings.

For the same reasons I welcome item 25 of the proposal for a directive and Mr Scholten's proposed amendment to item 14, and recommend that they be adopted.

In conclusion I should like to say to the Commission, which has to deal with all types of situations, that it should bear in mind that what is often administratively easy for large undertakings can often be an extra burden on smaller undertakings, so that when taken in conjunction with the collection of selective employment tax and insurance and many other aspects of public administration it has often, in Denmark at least, made private businessmen give up because they were no longer willing to deal with the numerous problems forced on them by the State.

**President.** — I call Mr Notenboom, rapporteur for the Committee on Budgets, to give a brief reply.

**Mr Notenboom, rapporteur.** — (NL) Mr President, my reply will indeed have to be short but I would like to thank the draftsmen of the opinions, Mr Simonet, the spokesman of political groups and individual speakers for the close consideration which they have given to this important subject.

I would like to thank the draftsmen of the Committee on Economic and Monetary Affairs and the Committee on Agriculture for their work. Our ultimate aim was the same. This has been evident in the details of our work too.

I also thank Mr Simonet very sincerely for his reply and for his cooperation in general, including his cooperation yesterday afternoon during our busy deliberations.

### Notenboom

I must say that I, personally, am not completely satisfied with the Commission's attitude that we should first do our homework so that the Council can progress. Only when the directive has been adopted shall we proceed with the practical proposals on methods of imposing and collecting the tax as laid down in Paragraph 26 of the 1973 General Report.

I realise that I must acquiesce on this point, but I did want to point out that, as a result of this method, Parliament will be less able to assess how the basis of assessment should be calculated. It also makes it difficult for us to judge whether more than the strictly necessary amount of administrative obligations is being imposed. I have to leave it at that. We must wait and see, in the hope that ultimately everything will be all right.

I wished to remind Mr Simonet that I had asked him to give his opinion on the relationship between article 19 of the Treaty of Rome and the effect of the committee procedure. Mr Simonet presumably forgot to reply to that point. Perhaps he would be still able to give his views briefly. Several other members are also interested in this point, and to the position with regard to European legislation.

I have no special observations to make to my colleague Mr Artzinger. We have worked together very closely. I have already expressed my gratitude to him for his appreciative words. Mr Spénale, the chairman of the Committee on budgets, once again alluded to the Dutchman's obstinacy. I don't need to answer this; it is a characteristic which we share, despite the fact that we belong to different political groups. It was also a characteristic of our predecessors. I think that the term "obstinacy" was used by Mr Spénale before I became a member of this Parliament. Anyway I am proud of my affinity with my colleagues in this respect.

Mr Spénale also pointed out the various schemes for small undertakings, farmers and immovable property. I simply wish to state that these schemes only differ on the surface and ultimately they all aim at the greatest possible neutrality in VAT, whatever the form taken by the undertaking which produces the goods or services, whether it be a public authority or a private undertaking, and also regardless of whether the entrepreneur is resident within a certain country or abroad. That is the main aim of this directive, an aim to which I wish to refer once more with reference to Mr Spénale's amendment.

I also wish to remind Sir Brandon Rhys Williams, my British colleague on the sub-committee on tax harmonization, once again that I

have gone as far as I could in making allowance for the problems of our British friends. I hope that we shall be able to take a decision this afternoon on the zero rate which the Parliament will not regret and on which the Council can make further progress.

Mr Cousté once again explained things very carefully. I wish to point out to him that we also bore in mind the French problems, perhaps more than he assumed, although we are not French ourselves. With reference to his amendment on 'leasing' I am glad to be able to say that his proposal has already been incorporated in ours. As far as I have been able to study his proposal I believe it is superfluous. We had already examined the special French problems in connection with 'leasing'. This is a point on which we agree. I think that his amendment is no longer necessary.

Mr Fabbrini, who attended many of our meetings, was understandably concerned about the implications for the consumer.

However, I have to dismiss a number of reproaches, although they were couched in friendly terms, since I have in fact done my best to make allowance in my report for the consequences of the VAT system for the consumer.

In fact the emphasis in chapter III of the explanatory statement was on the need for the fairest possible distribution of the VAT burden over the various income groups—this should also answer Mr Lemoine's remarks.

It is therefore not right to say that the Committee disregarded this problem.

With respect to countries where the burden of indirect taxation is proportionately fairly high—as is the case in France, whereas exactly the opposite applies in my country—I have emphasised that the difference between the indirect and direct tax burdens will have to be reduced in future.

As far as the latter is concerned I believe that Mr Fabbrini and I will be in agreement. I simply wish to remark that we have discussed this very problem in detail in the report. I have seen that Chapter III of the explanatory statement appears to be clear to many of my colleagues and I hope that Mr Fabbrini will realize during the course of this debate that the consequences of the VAT system for the consumer will in fact be more or less the same and that we should look for a method of gaining social benefits via taxation—and this is also my opinion—in the possibility of progressive direct taxation in the form of income and wage taxes, for example.

**Notenboom**

Mr President, I would also like to thank the individual speakers. As you expressed the wish that I should be brief I shall not go into the remarks made by Mr Schmidt and Mr Thomsen.

This will be possible in my answer to Mr Schmidt's amendment and, with reference to Mr Thomsen, during our discussions on small undertakings.

I shall conclude now—I could go on for another half an hour talking about the various interesting speeches made by my colleagues for which I would like to thank them once again.

(Applause)

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (NL) Mr President, I would like to make the following observation in answer to Mr Notenboom's question.

The fact that a special committee is to be created which will be able to issue regulations in no way conflicts with the provisions of article 189 of the Treaty.

Indeed this is nothing new. We have always done this both for agricultural policy and for the customs union. I can therefore allay Mr Notenboom's fears. It is possible and permissible.

**President.** — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the proposed directive, setting aside consideration of the motion for a resolution as such until after the proposed directive has been considered.

On article 4, paragraph 3, I have two amendments which can be considered jointly.

Amendment No 4 tabled by Mr Schmidt on behalf of the Socialist Group is worded as follows:

Delete sub-paragraphs (b) and (c).

Amendment No 22 tabled by Mr Cousté and Mr Lenihan, on behalf of the Group of European Progressive Democrats is worded as follows:

In sub-paragraph (c) delete from 'Building means...' to end.

I call Mr Lenihan and would ask him to speak as briefly as possible.

**Mr Lenihan.** — Mr President, I wish to emphasize one aspect in this regard, namely that we

must be consistent and we must have a positive attitude towards the harmonization of value-added tax. That is what is important. If we are serious about our business, we must approach the matter in that way.

The amendments that have been tabled are designed to ensure this positive approach towards Community harmonization of taxation between now and 1980.

**President.** — I call Mr Scholten.

**Mr Scholten.** — (NL) Mr President, in my opinion there are three faults in the reasoning behind Mr Schmidt's amendment, tabled on behalf of the socialist group. Firstly the question is not whether any cross-frontier movements take place. The question is whether VAT is a general consumer tax. This description would be substantially belied by the adoption of this amendment. In this connection I would like to hear whether the Commission can assess how much the other rates would have to be increased for the same yield, if this amendment was adopted. This is an aspect which the honourable member has completely forgotten.

Secondly, Mr Schmidt suggests that his proposal would only affect land which is of no importance in cross-frontier traffic. The amendment does however go much further. It covers all buildings, both residential buildings and business premises. I fail to see what socialist principle underlies this amendment and why such a large investment subsidy should be given to industry.

If this is not the intention all sorts of further, non-harmonized, national taxes will be necessary, in respect of business premises. This would represent a threat to competition conditions.

Thirdly, this measure is not necessary for social reasons. Residential building can be supported by adopting a lower rate and if the matter is to be taken further, by direct subsidies. For these three reasons my group will not support this amendment.

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — The European Conservative Group feels that it cannot accept this amendment. We believe exemption to be the wrong approach when dealing with buildings and parts of buildings. For national reasons, zero-rating of buildings might possibly be an appropriate method of tackling the question. This is an echo of the earlier debate when we compared the advantages and disadvantages of

**Rhys Williams**

exemption and zero-rating. I am sure that there is a case for buildings to be zero-rated, but to make them exempt is a breach of principle, which I do not think we should accept.

There is a different situation in regard to building land, referred to in paragraph (c), because nobody has created building land; building land is not covered by 'the provision of manufactured goods' nor by 'the provision of services'. Exemption might be the appropriate treatment in that instance, but in general Mr Schmidt's proposal seems to us to be the wrong approach to a difficult problem, and we cannot accept it.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, I should like a vote to be taken on subparagraph (b) on the one hand and subparagraph (c), first and second indents, on the other.

The Committee has agreed to delete the second indent of subparagraph (c) although attitudes vary in the committee depending on which of the parts affected by the present amendment is considered.

I should also like to point out that most, if not all, of the members of the Socialist Group are in favour of these amendments.

The comments I have just made during the general debate, when I pointed out that we had proposed to exempt building land from VAT —since such building land is subject to VAT once a building is erected on it and once the land is sold for the first time together with the building—would no longer be applicable if subparagraph (b) was deleted. They would only apply if subparagraph (b) was retained.

There are also some in our midst who have a different attitude to subparagraphs (b) and (c), and it is for this reason that I have requested a vote on each subparagraph.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) Mr President, I agree with Mr Spénale's procedural motion for voting on each subparagraph separately.

As regards the substance of the amendment, the only thing which I could agree to on behalf of the Commission is deletion of subparagraph (c), second indent, in other words the part dealing with undeveloped sites.

The effect on income of adoption of Mr Schmidt's proposed amendment would be about 4% of the basis of assessment.

**Mr Notenboom, rapporteur.** — (NL) I am entirely in agreement with the procedure proposed by Mr Spénale. Technically it is perfectly possible.

I admit that there is a difference of opinion in the committee. My opinion as rapporteur is the following. I am convinced, and this is the viewpoint of the majority which I am defending, that our colleague Mr Schmidt who has given himself a great deal of trouble in order to realize his ideal namely the deletion of immovable property from the present tax legislation, is wrong. It is in conflict with our ideas both from the point of view of competition distortion and from the point of view of a fair distribution of burden and own resources. In economic terms components of factories and offices may cross frontiers. In physical terms this is impossible. The bricks stay on the ground. In economic terms writing-off and deduction of VAT are possible. If immovable property is not subject to VAT there is no right to deduct. In economic terms very important financial factors do cross frontiers. It would distort competition conditions to keep immovable property outside the VAT system. If one country subjects immovable property to VAT and another country doesn't, this will give rise to very large disparities and does not represent a fair distribution of the burden in connection with own resources. In both of these respects there will be a conflict with the objectives of the system.

Promotion of subsidized house-building is an objective which my country also regards as a priority. This can be attained in the socio-economic sector quite satisfactorily by means of other measures. Registration duty is suppressed. As the burden of previous VAT lapses, classification into certain tariff categories can even make house-building cheaper. I do not wish to go into this further now. The committee has discussed this matter at various meetings. Various speakers have already spoken on the matter. I do consider it my duty to point out that although Mr Schmidt perhaps intends to exclude immovable property, both buildings and land, from VAT he is going about this in a way which is technically unsound.

Even if I agreed with him it would not mean that the third paragraph of article 4 would have to be amended as the paragraph in question refers to occasional transactions. The deletion of the whole of paragraph 3 would not mean that immovable property would be

**Notenboom**

excluded from VAT since Articles 2 and 5 provide otherwise. This would mean that immovable property would be included in the directive. That was a technical point.

With reference to the amendment tabled by Mr Cousté and Mr Lenihan I would point out that we have already included part of their idea in our proposal.

The second indent of c has already been removed from the committee on budget's proposal. The tablers of this amendment simply wish to see the definition deleted. They wish to erase the words 'building land means'.

In their system the supply of building land would be retained. They simply wish to change the definition. I cannot imagine what advantage this would have in material terms. We would then no longer be clear about what is understood by the supply of building land.

I therefore have to urgently advise rejection of both amendments.

**President.** — Mr Spénale has asked for separate votes to be taken on subparagraph (b) and subparagraph (c) of Article 4. My own impression was that he also wanted a separate vote on the first and second indent of subparagraph (c). I call Mr Spénale.

**Mr Spénale.** — (F) The second indent of subparagraph (c) has already been deleted. An amendment would be needed to re-introduce it.

**President.** — You are right.

We shall now vote as Mr Spénale suggests.

I put to the vote the part of the amendment deleting subparagraph (b).

That part of the amendment is rejected.

Subparagraph (b) is therefore retained.

**Mr Notenboom, rapporteur.** — (NL) Mr President, I have already expressed my opinion on this point but I would be pleased to repeat it. The aim of the amendment is simply to delete the definition but not to change the substance of the text. There is therefore very little point in the amendment. The second part of paragraph 3 has already been deleted by the Committee on budgets. It would therefore only cause confusion if the definition of what must be deemed to be building land is deleted. Therefore I must advise that this amendment be rejected.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, before we vote on subparagraph (c) I should like to put a question to the Commission for the enlightenment of the Assembly.

Am I right in thinking that, if subparagraph (c) is retained, building land as defined in paragraphs 1 and 2 will be subject to VAT as a form of double taxation, since property sold to a tax-payer is governed by Article 12 of the directive and since it is permissible to levy tax on the difference between the purchase price and the selling price, except in the case of property provided for in Article 4(3) (b) and (c)?

Article 12 states that in respect of supplies of buildings and land, other than as referred to in Article 4(3) (b) and (c), purchased for the purpose of resale by a taxable person to a non-taxable person... the taxable amount may be the difference between the selling price and the purchase prices.

Must one deduce that for the buildings referred to in Article 4(3) (b) and (c) the taxable amount cannot be the difference between the selling price and the purchase price and that therefore the total price is taxed on each occasion?

I should like to know exactly what the position is here since, if I have understood correctly, subparagraph (c) must definitely be deleted.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) The normal system applies here. The express object of Article 4 is to prevent multiple taxation, and there is therefore no need to fear that there will be double taxation, Mr Spénale.

**President.** — I put to the vote that part of Amendment No 4 deleting subparagraph (c).

That part of the amendment is rejected.

Subparagraph (c) is therefore retained.

What is the rapporteur's position on Amendment No 22?

**Mr Notenboom, rapporteur.** — (NL) I believe it would be advisable to vote on that part of the report which refers to article 4.

**President.** — I call Mr Simonet.

**Mr Simonet.** — (F) Unless I have misunderstood the position, the House has just voted to retain subparagraph (c) and there is therefore no point in discussing the amendment.

**Mr Spénale** Chairman of the Committee on Budgets. — (F) I should like to be assured that the first indent of subparagraph (c) remains unchanged and that the second indent, as put to the vote in the Assembly, is deleted.

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

**Mr Notenboom, rapporteur.** — (NL) I think we should vote on the section in the proposal relating to Article 4.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) I am glad Mr Spénale has raised this question, since I share his view: my amendment is no longer applicable and I therefore withdraw it, since only paragraph 3 (c) of Article 4 has been retained and the definition is deleted.

**President.** — Amendment No 22 is withdrawn. Therefore Article 4(3) will consist of subparagraphs (a), (b) and (c), the two indents of (c) having been deleted.

On Article 4, paragraph 4, I have Amendment No 6 tabled by Mr Artzinger and worded as follows:

The second sub-paragraph of paragraph 4 should read as follows:

'Each Member State may treat as a single taxable person persons established in its national territory who are legally independent but are bound to one another by financial, economic or organizational relationships.'

I call Mr Artzinger to move the amendment.

**Mr Artzinger.** — (D) Mr President, I should like to explain briefly the purpose of my amendment.

Article 4, paragraph 4 defines the term 'independently', independence being a precondition for tax liability. A non-independent person performing supplies or services at the bidding of another is not economically accountable for them. Only a person working independently is liable to the tax. As I have said, Article 4, paragraph 4 defines the term 'independently'.

The second part of paragraph 4 says that until tax frontiers are abolished, each Member State may treat as a single taxable person persons who are legally independent but bound to one another by financial, economic or organizational ties; this may be a legal or a physical person.

It now transpires that although the quality of being a single taxable person has on the whole

become largely irrelevant as a result of the value added tax system, it continues to be important in certain cases, when, for example, a taxable person effects both tax-free and taxable transactions; in this case it may be important. The object of my amendment is therefore that Member States should continue to be able to recognize the quality of a single taxable person even when tax frontiers have been abolished. I would therefore ask the House to adopt this amendment.

In a preliminary discussion yesterday the Commission stated that it could only agree to my amendment if it also indicated that such recognition was not possible unless the Member States consulted the Commission. I have not been able to change my amendment, but I would ask the Commission to modify it to read as it feels fit, should the amendment be adopted. I would agree to that.

**President.** — I call Mr Simonet.

**Mr Simonet** Vice-President of the Commission of the European Communities. — Mr President, we can agree to Mr Artzinger's amendment, provided the words 'Subject to the consultation referred to in Article 30...' are inserted before the text of the amendment.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, the problem was not discussed explicitly in our committee. I can however say in all sincerity, now that Mr Simonet has connected this with the consultation of the VAT committee, Mr Artzinger, the tabler of the amendment, wishes to adopt this idea, that similar cases could be found in our deliberations which indicate that in fact nobody would need to object to this point.

As rapporteur I have to be neutral. However on the basis of deliberations in the Committee on budgets I think I can draw this conclusion.

**President.** — Since there are no objections to Mr Simonet's proposal, the words 'Subject to the consultation provided for in Article 30...' will be inserted before the next of Amendment No 6.

I put Amendment No 6 thus modified to the vote.

The amendment thus modified is adopted.

On Article 4, paragraph 5, I have Amendment No 23 tabled by Mr Cousté and Mr Lenihan on

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behalf of the Group of European Progressive Democrats, which is worded as follows:

In the second sub-paragraph, replace 'shall be considered to be taxable persons in respect of such transactions' by 'may choose to be liable to VAT in respect of such transactions'.

The rest unchanged.

I call Mr Cousté to move the amendment.

**Mr Cousté.** — (F) Mr President, honourable members, as you will note, we have here a provision which indicates that we are not in favour of systematic taxation of the economic activities of public authorities. In response to the wishes of the public authorities we are giving them the right of option. Our amendment therefore gives them the option instead of regarding them as being obliged to pay tax.

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

**Mr Notenboom, rapporteur.** — (NL) This amendment does indeed introduce an element of option of choice. If however the Committee on budgets and this parliament wish to have a precise fiscal method, which they do, then we must conclude that the differences between member states which could arise from this, would lead to a difference in tax burdens, and a difference in contributions made to Brussels.

I am reflecting the views of the Committee on budgets when I say that I must strongly advise you against adoption of this amendment.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, this amendment is along the lines of the amendment which I submitted on Article 14 on the work of public authorities. But I do not think that we can accept it on this point. Public authorities are obliged to pay VAT for commercial, industrial and other activities. It could not be said, for example that a municipal bakery is exempt from paying VAT.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) Mr President, I recommend the House to reject this amendment because we cannot introduce differences in tax treatment in cases where public and private undertakings are in a comparable competitive position.

**President.** — I put Amendment No 23 to the vote.

Amendment No 23 is not adopted.

On Article 5, subparagraph 2(b), I have Amendment No 24 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats, proposing that subparagraph 2(b) be deleted.

Since this deletion has been proposed in the report the Amendment is superfluous.

**Mr Cousté.** — We are perfectly satisfied, Mr President.

**President.** — On Article 11, paragraph 2, I have Amendment No 25 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats, which is worded as follows:

Sub-paragraph (a) should read as follows:

'(a) the time of receipt of payment, if the supply of goods or services cannot be tied down to a specific date or has taken place over a period of time.'

I call Mr Cousté to move his amendment.

**Mr Cousté.** — Mr President, in our opinion the Commission's provision in Article 11(2) for the tax to become chargeable on receipt of payment and—as is the practice in many Member States—on the amount received should be extended to cover more cases than in the text.

By our amendment, therefore, we want to provide that the tax may not become chargeable until the time of receipt of payment in cases where 'the supply of goods or services cannot be tied down to a specific date or has taken place over a period of time'.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, I would like to make two observations on this amendment.

This provision represents a concession to small undertakings, a concession which would not be effected if this amendment were adopted. This of course cannot be the intention. In that case a new paragraph would have to be added but that is not what has been done. This is one reason why I should advise against this amendment.

A second reason is that the supply of goods in the directive and in all national legislations takes place at a certain time. It is not something which is spread over a length of time. In legal terms it is always effected at one particular moment of time. Payment, on the other hand takes place over a length of time. This amend-

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ment refers to a supply spread over a length of time. This is a false concept. I must therefore advise against adoption of this amendment for this intrinsic reason.

**President.** — I put Amendment No 25 to the vote.

Amendment No 25 is rejected.

On Article 14, section A, sub-paragraph 1(l). I have Amendment No 5/rev. tabled by Mr Spénale and worded as follows:

In sub-paragraph (l) replace the words: 'put at the disposal of users without charge' by 'put at the disposal of users without charge or profit for public service activities.'

I call Mr Spénale to move the amendment.

**Mr Spénale.** — (F) Mr President, this amendment raises the following problem: for public service activities, local authorities supply work without charge or profit to the users, for instance in the case of a municipal or provincial road network, pavements, public gardens, municipal stadiums, libraries, schools and old people's homes. Article 14 as a whole means that when work is carried out by legal persons under public law or legal persons under private law and not for profit, services and supplies of a socio-cultural, social or medical nature are exempt from VAT.

There is something paradoxical in this regulation if investments made by local authorities which are part of services excluded from VAT are subject to VAT.

As a result, such investments by local authorities are penalised and the tax is increased. The investments which are taken into account in the board and lodging charges of an old people's home, for example, increase the tax, whereas an effort is being made to exempt everything supplied to them from VAT. This is somewhat illogical, and to explain the spirit of the amendment, which is in no way intended to cover activities by local authorities of a para-economic nature, the original amendment was worded as follows:

'...works carried out by or on behalf of local authorities', in other words, works not carried out under local authority supervision but by undertakings acting on behalf of those authorities, '...which are not resold as they stand', since if they are resold as they stand they will have to pay VAT. If, for example, a district obtains a building plot and divides it into sites, when it resells the sites, VAT will be charged on the price of the investments, since there is no reason for the private developer to be placed at a dis-

advantage in comparison with the public developer. However, this applies only to works which are neither resold as they stand nor included in the price of the sites, nor let at a profit, but according to the text of the amendment, 'put at the disposal of users, without charge or profit for public service activities'.

What does 'without profit' mean? In the case of old people's homes, for example, the cost of board takes into account amortisation on the construction of the building, but without profit.

These are the restrictions which were imposed at the request of the committee during a joint meeting which we had yesterday. The rapporteur, the chairman of the Sub-Committee on Tax Harmonization and I added 'for public service activities' in order to restrict such exemption quite clearly. That is the meaning of the proposed amendment.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — I agree with Mr Spénale's amendment.

**President.** — The Commission accepts the amendment.

I call Mr Scholten.

**Mr Scholten.** — (NL) Mr President, I do not agree with this amendment.

First of all I would like to request a separate vote on the proposed amendment tabled by the Committee on Budgets for the addition of a new sub-paragraph 1). I have great misgivings about this proposed amendment. In my opinion it constitutes a serious violation of the character of VAT as we know it in the various Member States. I am rather surprised that the Vice-President of the Commission, has, without listening to further arguments put forward in this debate, agreed with Mr Spénale's amendment that this proposed amendment for the insertion of a sub-paragraph 1) should be further expanded.

In my opinion no exemption on supplies to specific persons is compatible with the VAT system. It would also lead to particular technical complications. I would like to have a very clear reply to this question from the Vice-President of the Commission.

There is no single building firm in the whole of Europe which specializes in such matters. This means that if Mr Spénale's amendment were accepted every building firm would be

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faced with an insoluble maze of administrative commitments and a split in the entitlement to deduction.

I really do not understand how the Commission can accept this and therefore I would like to have a vote on the proposed amendment concerning sub-paragraph 1) as such, to Article 14, Section A, Paragraph 1. My group will vote against this amendment.

**President.** — I call Mr Bousch.

**Mr Bousch.** — (F) Mr President, Mr Cousté has just proposed an option for local authorities. The chairman of the Committee on Budgets is now proposing an amendment exempting local authorities when they are not making a profit or when they put services at the disposal of users without charge or profit.

For a long time, all local authorities and all those who are responsible for the administration of districts have been trying to obtain exemption from the charges which are an exceptionally heavy burden on their budget and which, in some countries, are sometimes higher than the subsidies granted by the State or by regional authorities for such work.

We therefore unreservedly support Mr Spénale's amendment.

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — (D) Mr President, ladies and gentlemen, with all due respect to Mr Spénale, I do not understand this amendment in the context of the proposal, which concerns only value added and has nothing to do with profit. I would warn against the introduction of the term 'profit' anywhere into the law because the consequence would be a ceaseless flood of appeals on the grounds of non-existent profit. Then it would be better to drop the law altogether. I am astonished at Mr Simonet's attitude. I assume that his experience in local politics has coloured his remarks on this. I feel that the House cannot adopt this amendment without infringing, without committing a deadly sin against the law.

I also regard the economic view that these particular 'values' in the social field are largely '*non-valeurs*' as complete nonsense. We are of the opinion that economically social values are of just as much value for the nation as a factory because there can also be productivity in the social field.

Anyone disagreeing with this is not really able to pursue an active social policy. I would there-

fore ask the House to reject this amendment for reasons of principle.

**President.** — I call Mr Härschel.

**Mr Härschel.** — (D) Mr President, ladies and gentlemen, I, too, have a question. If, for example local authority old people's homes are to be exempt from tax how do we treat those that do not make a profit because they have been established as organizations for the public benefit? This would distort competition. Local authority homes would have preference over private organizations, which in view of their legal status are not allowed to make a profit, either. My question to the Commission concerns the general position of these non-profit-making groups, this being the example I have just quoted, although it might be equally true of other sectors. We really must find an arrangement that treats all cases equally.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, in the first place, as rapporteur, I would like to introduce the proposed amendment on sub-paragraph 1) of Article 14(A)(1) on behalf of the Committee on Budgets. This proposed amendment is referred to in the report. Personally, however, my opinion is not the one expressed in this amendment but that is something Mr Spénale understands.

The thought behind the amendment is as follows: if local public bodies, regional authorities or municipalities in countries where VAT is applied to immovable property for the first time have to construct parks, sports facilities, lighting and such like, they will be faced by a situation where money flows out of their coffers into the coffers of the state. This would distort the financial relationship between the State and the local public bodies in that country. In order to avoid such a situation the intention is to exempt such investments if they are then made available free to the public.

This amendment has also been opposed by the departments of the Commission and their senior officials.

Amendment No 5 adds a new element to this idea. What I am about to say has not been discussed in the Committee on Budgets. I wish to point out that according to the amendment the exemption would also apply in cases of investments made available to users for a certain charge but without making a profit. I would like to issue a warning about the consequences this may have. Many, perhaps not all, of our Member

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States are becoming social welfare states, whether we are in favour of this or not. This development means that more and more public authorities, central authorities and local authorities, are providing citizens with services which were previously provided by private bodies.

This is a social development in respect of which VAT must maintain neutrality. It is for this reason that I do not agree with the amendment proposed by the Committee on Budgets. Now there is even a possibility of a considerable expansion of the amendment I am even more opposed to it. I fail to see why Mr Simonet should suddenly no longer have any objections to this. Perhaps this is a case of two burgomasters or former burgomasters understanding each other's problems.

I would like to warn once again against the disturbing effect this could have, in the form of a distortion of the relationship between those services and supplies provided by private bodies and those provided by public authorities for the public.

**President.** — I call Mr Leenhardt.

**Mr Leenhardt.** — (F) Mr President, I should like to support Mr Spénale's amendment by citing an example from my own country. Local authorities in France complain bitterly of paying a rate of VAT which is usually higher than the subsidies they receive for certain work. It is this fact which is at the basis of the concern just expressed by the chairman of the Committee on Budgets. At a public meeting in September 1972 a mayor asked the Minister of Finance to consider the possibility of amending the provision and abolishing VAT on the types of work referred to in this amendment. The French Minister of Finance replied: 'I cannot do so because such a decision would have repercussions in the other Community countries which are now also applying the system of VAT'.

If we adopt the amendment, the Minister's objection would no longer be applicable, and the provision would apply throughout the Community!

(*Laughter*)

**President.** — I call Mr Spénale.

**Mr Spénale, Chairman of the Committee on Budgets.** — (F) I hope that everyone realizes that we are not discussing just any kind of services but work to improve land or construct buildings for public service use.

Reference has been made to the difficulties of undertakings. Of course there will be difficulties

from the provisions of Article 14 A and B in connection with all the exempted services.

But are we to base our decision on whether or not a particular undertaking is facing difficulties? In any case the problem is solved, since the last paragraph of Article 18 states that where for a given tax period the amount of authorized deductions exceeds the amount of tax due, the excess shall be repaid within three months.

Nevertheless, throughout the text it is stated that hospital and medical services, social assistance, social security, services for the protection and education of children and young persons, and all activities of an educational nature—sport, physical education, etc.—services of theatres, cinema-clubs, libraries, educational exhibitions, and all operations within the framework of activities in the public interest of a social, cultural or educational nature are exempt from VAT if they are supplied by bodies governed by public law, non-profit-making organizations or private charitable organizations.

Article 14 B (c) states that 'supplies of goods and services to organizations responsible for constructing, installing and maintaining cemeteries, graves and monuments commemorating war dead' are also exempt from the tax. With the text which I am proposing, such exemption becomes unnecessary since the parish sells cemetery concessions to individuals.

Let us take the case of a public garden which charges an entrance fee. Its maintenance and everything connected with this public service are exempt from VAT, but improvements to the garden, even if carried out free of charge, will be subject to VAT.

But even if entrance to the public garden is free, VAT has to be paid when the park is created. There is no logic in this system. Let me say quite clearly that if all services in connection with museums, libraries, and public parks are exempt from VAT, why must VAT be paid when such buildings are constructed? Smaller or fewer buildings would be constructed.

And then I am told that there is going to be discrimination between a private organisation and a local authority dealing with these matters, to which my answer is that if we do not want any form of discrimination then we must decide to abolish subsidies to local authorities. In fact, local authorities receive subsidies for carrying out work and then have to repay them through VAT. There is therefore no equality of treatment with private bodies.

**Spénale**

Finding ways of cooperatives is thus a matter of the relations between the public authorities and the private organizations, when the latter carry out activities of a social, educational or other nature, in other words when their activities come under the exemptions provided for in Article 14.

To sum up, Mr President, I request an item by item vote on this amendment since an initial amendment has been agreed to by the Committee on Budgets and since this amendment consists merely of adding the words 'or profit' and 'of users for public service activities'.

I therefore request that a vote be taken first on the amendment agreed to by the Committee on Budgets and then, possibly, on the amendment which I subsequently submitted.

**President.** — I should like to appeal to the House to try to enable us to complete this item before the midday break.

I call Mr Burgbacher.

**Mr Burgbacher.** — (D) Forgive me, Mr President, for speaking twice on the same subject, but we are now discussing a matter of decisive importance. I would ask all the Members of this House to ignore anything that might be immaterial, to be completely unemotional, to refrain from masterpieces of rhetorics on this problem and to regard only its essence, which is absolutely clear. The essence is that all supporters of value added tax must logically advocate the view that any value added and any services subject to value added tax in the private sector must also be subject to value added tax in the public sector.

I can well understand that some of our socialist friends are feeling hopeful because they would like to see activities by the public authorities enjoying tax privileges over the private sector. This would, however, result in irreparable distortion of competition in this field, which we otherwise treat like a holy cow, namely the field of free competition in the provision of like services. For this reason, there is only one thing to do: reject the amendment.

**President.** — I call Mr Simonet...

**Mr Vals.** — Excuse me, Mr President...

**President.** — You may speak, Mr Vals.

**Mr Vals.** — I know Mr Simonet has asked to speak, but the motives of the Socialist Group

have been questioned, so I am forced to reply—when Mr Simonet has finished speaking, of course.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) Mr President, I wish merely to point out to the Assembly that it is not, as Mr Burgbacher seems to think, actual or potential solidarity between mayors which has led me to support Mr Spénale's amendment, but the conviction that the amendment will re-introduce the tax neutrality which is threatened by another provision. It is true that if the text remains as it stands, private initiative in the social field would receive favourable treatment which would be withheld from public initiative in the same field. One obviously should not only consider one's own concept of neutrality, but also other people's.

**President.** — I call Mr Vals.

**Mr Vals.** — (F) Mr President, I cannot accept Mr Burgbacher's interpretation of the amendment.

He states that he finds it quite natural for the Socialist Group to support an amendment because it is more favourable to the public sector than the private sector.

Not at all, Mr Burgbacher! We have no intention of favouring the public sector. Our intention is rather to rectify an injustice. I don't know whether it exists in the Federal Republic of Germany, but I know it exists in France, where it is always possible for the private sector to recover value added tax and where it is the consumer who, in the final analysis, pays.

But when local authorities—big or small—build a road or a school or provide a sewerage system for the public, they cannot recover the value added tax levied on them and that, when compared with the private sector, is an injustice.

To repeat, it is because local authorities which provide public services free of charge cannot at present recover VAT that Mr Spénale has submitted this amendment which enables the public sector and the private sector to be treated on an equal footing. There is no intention of favouring the public sector.

**President.** — I would like to make an appeal to the House. Of course anyone may still ask to speak on the amendment but the House can of course decide that this amendment has been sufficiently debated and that a vote can

**President**

be taken. I would like to make a proposal to this effect.

I call Mr Scholten.

**Mr Scholten.** — (NL) Mr President I would simply like to make an observation about the procedure. Mr Spénale proposed that we should first vote on sub-paragraph (1) as such and then on his Amendment No 5. I would like to support that proposal. This seems to me the right procedure in view of what I proposed. If this is not formally acceptable. I could table an oral amendment here and now.

**President.** — (NL) Let us try to dispel rather than increase the confusion. My duty is first of all to call for a vote on Mr Spénale's amendment. If this amendment is adopted Article 14A, paragraph 1, will read as Mr Spénale wishes it to read. If the amendment is rejected, sub-paragraph (1) will read as in Mr Notenboom's report. In the latter case no further vote will be necessary on this sub-section. I repeat that sub-paragraph (1) would then remain as it is.

**Mr Laban.** — And if there are objections?

**President.** — If Members wish the text proposed by the Committee on Budgets to be rejected and the Commission's original text retained, they must table an amendment deleting the text proposed by the Committee on Budgets in Mr Notenboom's report.

If a Member wants to propose an oral amendment, I shall first have to ask the House whether it is prepared to consider it.

I put Amendment No 5/rev. to the vote.

The amendment is rejected.

The text proposed by the Committee on Budgets in Mr Notenboom's report is therefore retained.

Mr Scholten has suggested that this text be replaced by the Commission's original text.

Is the House prepared to consider this oral amendment?

Are there any objections?

It is agreed.

What is the rapporteur's position?

**Mr Notenboom, rapporteur.** — (NL) Mr President, I have not been a Member of the European Parliament for very long but I do believe it should be possible for Parliament to vote on a sub-section of a report. In my opinion it should not be necessary for a special amend-

ment to be tabled. I have stated in the Committee on Budgets that I, personally, was opposed to Amendment No 5. Our Chairmen understood this point of view. I did not table an amendment since I believe that the text could be amended in this way.

**President.** — I have had rather longer experience in this Parliament than you, Mr Notenboom, though not as President. I assure you—and my advisers here confirm it—that the rejection of Amendment No 5/rev. means that the text proposed by the Committee on Budgets for sub-paragraph 1(1) is retained.

I call Mr Lücker.

**Mr Lücker.** — (D) Mr President, I think that there is some misunderstanding here as regards procedure. We do not need an amendment if we are going to take a separate vote on each individual part—as has been requested—since those against this paragraph will then be able to vote against it. If the majority vote against this paragraph, it will be dropped and the original text will stand. We do not need an amendment for that; and I would ask that allowance be made for those Members who have not tabled amendments because they were previously told that separate votes could be taken. And an amendment need not be tabled to request a separate vote.

**President.** — Looking at the texts again I see that Mr Lücker is right. A decision has to be taken on the text proposed by the committee and not that proposed by the Commission.

I can give the floor to only one speaker 'for' and one 'against' this procedural motion.

Therefore, I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, since I drew up the amendment I should like to say that I hope Parliament will make a definite decision. I would find it very unpleasant if the text were maintained without the Assembly's choice being known.

**President.** — Having heard the views of Mr Spénale, Mr Scholten and Mr Notenboom, I ask the House if it is prepared to consider Mr Scholten's oral amendment proposing that the Commission's original text be retained.

Are there any objections?

That is agreed.

I put Mr Scholten's proposal to the vote.

His proposal is rejected.

**President**

The text proposed by the Committee on Budgets is therefore retained.

On Article 14, section B, paragraph (d), I have Amendment No 26 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats and worded as follows:

Add a sub-paragraph (4) worded as follows: (4) rentals on which the landlord charges VAT;

What is the rapporteur's position?

**Mr Notenboom, rapporteur.** — (NL) Mr President, Amendment No 26 proposes something very odd. It is proposed that everything entitled to exemption could possibly be voluntarily submitted to VAT. I do not see what the intention of the tablers of the amendment could be. I can only think that they are concerned with peoples freedom to submit exempted goods or exempted services to VAT if they so wish. That is very illogical. Such a facility would be detrimental to the uniform basis of assessment. With the best will in the world I can only request that this amendment should be rejected.

**President.** — I put Amendment No. 26 to the vote.

Amendment No 26 is rejected.

On Article 14, section B, sub-section (f) and Article 14, section B, sub-section (h), I have Amendments Nos 7 and 8, which can be considered jointly.

Amendment No 7 is worded as follows:

In sub-section (f), insert the following text after the word 'dealings':

'..., but not services relating to them, ...'

Amendment No 8 is worded as follows:

In sub-section (h), insert the following text after the word 'dealings':

'..., but not services relating to them, ...'

I call Mr Scholten to move both amendments.

**Mr Scholten.** — (NL) Mr President, in my general introduction I said that turnover tax was a general consumer tax, exceptions to which must be restricted. In my opinion the proposal goes somewhat too far in respect of services supplied by banks, as far as exemptions are concerned. I believe that it is certainly not necessary to exempt services as expressed by the amount of commission they charge, in view of all the other everyday services which are taxed.

In order to avoid misunderstandings I would like to make it quite clear that my amendment is not intended to include all gold transactions in the VAT scheme. It will be clear to the Commission from the text of the amendment that this is not the case. I am only concerned about preventing exemption of commission on the purchase and sale of bills of change and securities—services which I consider to be, generally speaking, equivalent to other services. The actual transfer of securities and debentures, i.e. movements of money as such, shall continue to be taxed.

The same applies to the amendment to subparagraph (h).

The ultimate result of this amendment—and this is perhaps the paradoxical thing about this tax—is that it could bring about a reduction in costs of all banking services which will benefit the consumers.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, we have not yet discussed this point as such. But we have discussed its effect. This would in fact make the number of exemptions, which, as the committee also agrees, are basically causes of distortion, smaller. The system would then indeed become more straightforward. It would bring the banks partially under the VAT system so that the banks would provide some taxed and some exempted services—as they do at the moment. This means that they would have to apply a distribution coefficient to the entitlement to deduction but that is also the case at present time in connection with a certain services such as travel services and certain other services which they provide which are subject to tax.

As rapporteur I have some reservations about this, but personally I am in favour of it. I could think of two reasons why it would fit in with the committee's views although I cannot claim to be speaking for the committee. Firstly, Paragraph 12 of our motion for a resolution states that the number of exemptions should be restricted as far as possible. This proposal conforms with that. Secondly, the European Parliament has meanwhile accepted the proposal for the deletion of a number of exemptions, i.e. telecommunications and postal services.

The present amendment goes along with this policy. So with a certain degree of reservation since I have not been given explicit instructions on this point, I must say that it does indeed comply with what the Committee has proposed so far.

**President.** — I think I am right in saying that both the Commission and the Committee on Budgets agree with these amendments.

I put Amendments Nos 7 and 8 to the vote.

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

Amendments Nos 7 and 8 are adopted.

On Article 14, section B, I have Amendment No 10 tabled by Mr Scholten and worded as follows:

Article 14, section B; Delete sub-section (n).

I call Mr Scholten to move his amendment.

**Mr Scholten.** — (NL) Mr President, in my opinion this amendment proposed by the committee is based on understandable social intentions but at the same time a false link is assumed with social policy. I fully support the idea that all lower-income groups should have unrestricted access to the processes of law. But this is something which should be promoted not by tax legislation but by direct measures such as already exist in various countries. The committee's amendment is not the right way of doing this and would again lead to an insoluble maze in the sphere of tax legislation. No lawyer, tax consultant or legal adviser only supplies services to private persons. All kinds of services are concerned and this proposal is, in my opinion, not feasible in practice, both for these reasons and with regard to deduction of previously paid VAT.

This is the reason why I tabled my amendment even though I may give the impression of being antisocial.

I would like to propose to the Assembly that the committee's amended text should not be adopted.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, weighing-up of factors. It does indeed introduce exemption, whereas paragraph 12 of the Resolution states that the number of exemptions should be kept as small as possible. There is an element of contradiction as is frequently the case in tax legislation. We have had to weigh up the clarity of the system against the fact that in recent years recourse to the law has become expensive and difficult, especially for the man-in-the-street. This is the reason for

the committee's proposal which may to some extent be inconsistent but which does represent a step towards greater social justice.

These somewhat neutral observations in favour of the committee's proposed text are all I have to say on this point.

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

**President.** — I put Amendment No. 10 to the vote.

The amendment is adopted.

I put Article 14, section B, thus amended, to the vote.

Article 14, section B, is adopted.

It is now one o'clock. I had hoped that the voting on Mr Notenboom's report could have been completed by now, but this has been impossible.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

*(The sitting was suspended at 1.00 p.m. and resumed at 3.10 p.m.)*

IN THE CHAIR: MR BERKHOUWER

*President*

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

We shall continue with the vote on the motion for a resolution contained in the report drawn up by Mr Notenboom (Doc. 360/73).

On Article 14, section B, I have two amendments Nos 1 and 27, which can be considered jointly. Since they have different objects, the adoption or rejection of one does not affect the other.

Amendment No 1, tabled by Mr Armengaud and Mr Hougardy, is worded as follows:

Article 14, section B:

After subparagraph (n), insert a new subparagraph worded as follows:

'(o) Supplies of movable tangible property effected through sale by public auction, if this sale is subject to a proportional registration charge under national law.'

Amendment No 27, tabled by Mr Cousté and Mr Lenihan, is worded as follows:

**President**

Add a new subparagraph (o) worded as follows:

'(o) Supplies of services effected within the framework of public duties by professional people and the like.'

I call Mr Premoli to move Amendment No 1 on behalf of Mr Hougardy.

**Mr Premoli.** — (I) Mr President, I should like to hear the views of the rapporteur on our proposed amendment.

**President.** — What is the rapporteur's position on Amendment No 1?

**Mr Notenboom, rapporteur.** — (NL) Mr President, this is unfortunately negative, for the following reasons. It concerns exemption of supplies of movable tangible property affected through sale by public auction if the sale is subject to a proportional registration charge under national laws. If the goods are new then there is no reason for excluding them from the VAT system. Why should the fact that they are purchased by way of public auction make this any different from a normal purchase. Used goods are often sold by public auction. However, there is already a special system for these provided for in Article 26. The provisions there are intended entirely to cover the sale of used goods. This is the first argument against such distortion.

Secondly, I would like to point out that, as proposed by the entire Committee on Budgets with reference to immovable property, if in any country VAT and registration charges are both payable the Member State concerned is then obliged to abolish the registration charge in order to avoid double taxation on one and the same transaction. Community law must have precedence over national law. So if in any country registration charges are due for a certain transaction then this should not be seen as a reason for exempting that transaction under European law.

These are both very strong arguments. They represent reason enough for the rejection concepts expressed in this amendment. I hope that the Parliament and the tabler of this amendment, who expressly asked for my opinion are convinced by these arguments.

**President.** — I call Mr Premoli.

**Mr Premoli.** — I withdraw the amendment.

**President.** — Amendment No 1 is withdrawn.

The next item is Amendment No 27 tabled by Mr Cousté and Mr Lenihan.

Neither is present and no-one has been nominated to move the amendment.

What is the rapporteur's position?

**Mr Notenboom, rapporteur.** — (NL) Mr President, it is a pity that no explanation of this amendment is forthcoming since it would have been very useful.

I have to express a certain reservation on this point since this problem has not been debated in precisely this form by the Committee on Budgets. I shall do my best to consider it in the spirit of the Committee on Budgets.

**President.** — I call Mr Kirk.

**Mr Kirk.** — On a point of order. I have raised this matter before: if a Member is not present to move his amendment, we cannot discuss it. It automatically falls.

**President.** — Mr Kirk has proposed, according to precedent, that if the proposer of an amendment is not present and no one else has been nominated to move it, it automatically falls.

I put this motion to the vote.

The motion is adopted.

This decision becomes immediately applicable to all the amendments being discussed.

We shall now continue with the voting.

I put the whole of Article 14, thus amended, to the vote.

Article 14 is adopted.

On Article 15 I have Amendment No 2/Corr. tabled by Mr Armengaud and Mr Hougardy and worded as follows:

After paragraph 11 of this Article, insert a new paragraph worded as follows:

'11a. Importation of movable tangible property for sale by public auction subject to a charge under national law as referred to above (Art. 14, B o).'

I take it Mr Kirk you agree that this amendment may be considered, since the authors have nominated a deputy to move it.

**Mr Kirk.** — Of course, Mr President, but if there is nobody to move it then it falls.

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

**Mr Premoli.** — Mr President, the withdrawal of Amendment No 1 has made Amendment No 2 superfluous. I therefore withdraw it.

**President.** — Amendment No 2 is withdrawn. On Article 15, I have Amendment No 28 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats and worded as follows:

Add a new paragraph 12

'12. Importation of movable, tangible properties for sale by public auction subject to a charge under national law as referred to above (Art. 14 B o).'

Since neither Mr Cousté nor Mr Lenihan is here to move the amendment, not a deputy, this amendment falls.

I put Article 15 to the vote.

Article 15 is adopted.

On Article 17, I have two amendments tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats.

Amendment No 29 is worded as follows:

Article 17, paragraph 3 (b)

Add the following to this paragraph:

'In this case, Member States may exempt transactions in respect of which deductions or refunds are granted under this paragraph.'

Amendment No 30 is worded as follows:

Article 17, paragraph 4

Re-word the beginning of this paragraph to read as follows:

'Each Member State shall refund to any taxable person in another Member State who supplies...'

Since there is no one present to move these amendments, they fall.

On Article 19 I have Amendment No 9 tabled by Mr Scholten and worded as follows:

Paragraph 2 of this article should read as follows:

'2. By way of derogation from paragraph 1, there shall be excluded from the calculation of the deductible proportion amounts of turnover attributable to the sale of capital goods used by the taxable person for the purposes of his business, to incidental real estate or financial transactions, except where these operations form part of the regular business activity of the taxable person, and amounts attributable to transactions specified in Article 14 - B, sub f) and sub h).'

I call Mr Scholten to move his amendment.

**Mr Scholten.** — Mr President, this amendment follows from Amendments Nos 7 and 8 which

Parliament has adopted. I think, therefore, it can be adopted without further discussion.

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

**Mr Notenboom, rapporteur.** — Mr President, in view of the adoption of the preceding amendments, I agree with Mr Scholten.

There is certainly a close connection.

**President.** — I put Amendment No 9 to the vote.

Amendment No 9 is adopted.

I put Article 19 thus amended to the vote.

Article 19 is adopted.

On Article 25, paragraph 1, I have two amendments, No 11/corr. and No 31, which can be considered jointly.

Amendment No 31 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats is worded as follows:

Subparagraph 1 (a) (aa)

Replace '4,000 units of account' by '10,000 units of account'.

Since neither Member is present to move their amendment it falls.

Amendment No 11/corr. tabled by Mr Scholten is worded as follows:

Paragraph 1, sub paragraphs (a) (aa) of this article should read as follows:

'(aa) exemption from tax for taxable persons whose annual turnover or whose annual tax liability does not exceed an amount fixed by that Member State, provided that the total costs of such exemption do not exceed an amount or percentage, to be fixed annually by the Council for each Member State, of the annual yield;

(bb) if appropriate, and taking into account the conditions laid down in sub (aa), graduated tax relief for taxable persons whose annual turnover or whose annual tax liability does not exceed a limit to be fixed by that Member State.'

Amendment No 31 is tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats. Since neither of them is present to move the amendment, it falls.

I call Mr Scholten to move Amendment No 11/corr.

**Mr Scholten.** — (NL) Mr President I should like to speak at somewhat greater length on this amendment. The objections which my Group has to the committee's proposal in connection with the special scheme for small undertakings can be resumed in three main points.

**Scholten**

Firstly, we believe that the committee is in fact deviating on this point from the general position which I expounded in the general debate, i.e. that we should not deprive national states of freedom for the sake of harmonization more than is necessary in order to realise the objectives of harmonization. We are of the opinion that on this point the Commission is depriving Member States of too much of their freedom.

Our second objection is that the criterion operated by the Commission, namely the linking of the special scheme to turnover and not to deductible tax, is not right in economic terms. Turnover gives no indication of the nature of firms which may come under this scheme in the various Member States. There is, for example, a great difference between the turnover of a supermarket or a grocer's shop and the turnover in a trade, such as a hairdresser's shop, where the added value is much greater. Therefore we are of the opinion that a criterion which we consider to be wrong and which would moreover distort competition conditions cannot be made compulsory—my amendment leaves the choice to the Member States.

My third observation reflects the views already expressed by the Committee in its resolution. We consider that this special scheme for small undertakings should not be temporary in nature.

I wish to emphasise that my amendment certainly does not affect efforts towards harmonization, in fact it leaves the objectives of harmonization entirely intact. The aim of my amendment is to leave each Member State the full measure of freedom which it is entitled to retain in these respects.

**President.** — I call Mr Simonet, Vice-President of the Commission of the European Communities.

**Mr Simonet.** — (F) Mr Scholten has stated a objectives. fair principle whereby the autonomy of the Member States should be reduced only by what is necessary for the attainment of Community objectives. But, starting from this principle, he reaches a conclusion which in my opinion is exaggerated; adoption of his amendment would in fact mean that there would no longer be any Community criterium and that the economic impact would vary from State to State.

From that point forward, I cannot support his amendment.

**President.** — I call Mr Scholten.

**Mr Scholten.** — (NL) Mr President, I believe that Mr Simonet has not given enough time to

the study of my amendment. This is clearly a Community criterion. The total costs of this special scheme are to be fixed at Community level. The economic effect of this special scheme is fully harmonized and in the hands of the Commission and the Council. Mr Simonet's argument therefore does not hold water.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, as rapporteur for the Committee on Budgets, I have to reject this amendment out of hand. The committee objects to taking the amount of tax as the criterion. In fact various goods and services may be subject to different rates of taxation for a time in the different Member States and this may lead to distortion at the frontiers. This is the reason why similar suggestions have already been rejected earlier by the Committee on Budgets.

Personally I have been gratified at the results of another criterion in my own country. But as rapporteur I would repeat that the Committee on Budgets rejects this idea.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — May I ask you, Mr President, if we could have two separate votes on this amendment—one on (aa), one on (bb)—as a separate principle is being introduced in the second part of this amendment, namely, that of graduated tax relief, which is different from the first part, which I support. So I would be grateful if the House would agree to having two votes.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, I do not think that it is necessary, since the two ideas are linked in the Commission's proposal, i.e. exemption below a certain turnover and graduated exemption, which is inextricably linked to it, up to another turnover. Mr Scholten wishes to maintain this link but to have a different criterion for both. A split would even be dangerous. In the Commission's proposal and in Mr Scholten's amendment both these matters are taken together. In my opinion therefore there is no need to have two separate votes.

**President.** — Mr Simonet agrees with you, irrespective of his own position with regard to the two parts.

I call Mr Scholten.

**Mr Scholten.** — (NL) Mr President, I agree entirely. However I must put something right, a fault has slipped into the amendment. In (bb) I have 'belastingverandering' (change of tax) instead for 'belastingvermindering' (tax relief).

**President.** — In my Dutch copy the word has already been corrected to 'belastingvermindering'.

Miss Lulling, do you wish to speak on Mr Scott-Hopkin's suggestion or on the amendment?

**Miss Lulling.** — (F) On both, Mr President. I agree to two votes being taken, but I am sorry that Mr Cousté and Mr Lenihan are not present, since I am very much in favour of Mr Scholten's amendment because I do not think an upper limit of 4 000 units of account is enough. That is equivalent to 200 000 Belgian francs. There is no undertaking with a turnover of 200 000 Belgian francs, since that is barely twice the minimum salary in my country. It is ridiculous. I would rather accept Mr Cousté's amendment which fixes the upper limit at 10 000 units of account. That is more reasonable and corresponds to what we have fixed in my country. I don't therefore want to take a step backward as regards the limit for small and medium-sized undertakings. I am well aware of the difficulties inherent in the system and in Mr Scholten's amendment, but if we leave the Member States the option because there are difficulties, I think the solution would be to retain the amendment. That is what I would like to do. But also agree to having two votes as Mr Scott-Hopkins has suggested.

**President.** — Mr Spénale, do you wish to speak on Mr Scholten's amendment?

**Mr Spénale.** — I do not need to speak, Mr President: I agree with the rapporteur.

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

**Mr Notenboom, rapporteur.** — Mr President, what is the meaning of Amendment No 31 tabled by Mr Cousté and Mr Lenihan, which Miss Lulling is supporting?

**President.** — I am sorry but it can no longer be considered.

I call Mr Notenboom.

**Mr Notenboom, rapporteur.** — (NL) I should like to reassure Miss Lulling in her anxiety.

The whole Committee on Budgets shares her view and the view of the Committee on Econo-

mic and Monetary Affairs. The figure is too low. We have refrained from fixing a new figure, preferring to leave that to the Council. The Committee on Budgets will shortly propose that the limit be declared too low. Miss Lulling is not alone in her concern.

**President.** — Thank you, Mr Notenboom, for these words of consolation to Miss Lulling.

Mr Scott-Hopkins, do you still want separate votes on Amendment No 11?

**Mr Scott-Hopkins.** — Yes.

**President.** — I put sub-paragraph (aa) in Amendment No 11 to the vote.

Sub-paragraph (aa) is adopted.

I put sub-paragraph (bb) in Amendment No 11 to the vote.

Sub-paragraph (bb) in Amendment No 11 is rejected.

I put Article 25 to the vote.

Article 25 is adopted.

On Article 26 I have two identical amendments, Nos 3 and 32. Amendment No 32 tabled by Mr Cousté and Mr Lenihan falls, since neither Member is here to move it.

Amendment No 3 is tabled by Mr Armengaud and Mr Hougardy and worded as follows:

Amend paragraph 1 of this Article to read as follows:

'1. 'Second-hand goods' means used movable property which can be re-used as it is or after repair, including original works of art created by the hand of the artist, antiques, collectors' items and stamps and coins being collectors' items.'

I call Mr Premoli to move this amendment on behalf of Mr Hougardy.

**Mr Premoli.** — (I) Mr President, a few minutes ago I decided against defending our group's amendment, both because the rapporteur convinced me with his arguments and because I took account of the lack of support in the Assembly for these amendments. I should like to recall that one of the authors of the amendment was Mr Armengaud, who recently died and to whose memory I should like to pay my respects; he was a man with the gift of anticipating the future, and he gave warning of the limits inherent in developing societies and of the concessions which should be made to the third and fourth worlds if we were to avoid the disasters which subsequently took place.

**Premoli**

To return to the text of the amendment, I should like to ask the rapporteur to return the courtesy and the flexibility which we showed in respect of our previous amendment by giving this amendment, No 3, his authoritative support. On the other hand, I recall the rapporteur, a few minutes ago, stating that the amendment would be more comprehensive if it were to include second-hand objects; and I should like to put the same request to Mr Simonet. If the discriminatory text of Article 26 of the sixth directive were in fact to be adopted, the art market would be seriously damaged and an unknown, but certainly considerable, number of establishments, above all small antique shops, would be forced to close.

I thus call for a wider perspective and ask support for this amendment, particularly since second-hand items include original hand-made works of art, antiques and collectors' items, collectors' postage stamps and antique coins. I should add that I am moving this amendment with such urgency because—if I may say so—it will affect one of the most vital aspects of my own city of Venice, the extremely active art market. Moreover, if we consider a piece of second-hand furniture to be at a certain time in a different category, we are making a discrimination which has absolutely no scientific foundation. When one talks of used furniture for restoration, one is implicitly speaking of antiques; and I do now know what criteria could be employed to differentiate a piece of furniture which is to be subject to VAT and another piece exempt from the tax. In view of all this, earnestly entreat the understanding of the rapporteur and of Commissioner Simone.

**President.** — The Commission of the European Communities has no objection to the amendment.

What is the rapporteur's position?

**Mr Notenboom, rapporteur.** — (NL) Mr President, I would have preferred you not to have asked me that question; now you have done I cannot refrain from answering.

I would like to help Mr Premoli. He comes from Venice. If I were to help him, which is something I wish to do, I would say; replace the word 'alsook' by 'met inbegrip van': in French 'y compris' (in English) 'including' then original works of art created by the hand of the artist, antiques, collectors items and stamps and coins being collector's items would not be excluded.

I do however know that other specialists in this Parliament and the Commission are in favour of a different solution. We could possibly hear

their viewpoint. If I had to help Mr Premoli, however, I would do it in this way.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, during the working meeting which we had yesterday evening and to which the rapporteur has just referred, another solution was in fact reached whereby the Venus de Milo, for example, would be exempt from VAT.

(*Laughter*)

We slept on it and this morning we are in unanimous agreement that the amendment enables the objective to be achieved. I should like to ask the rapporteur to indicate that he is in agreement.

**President.** — The rapporteur suggests that the word 'alsook' (in the Dutch version) of Amendment No. 3 should be replaced by the phrase 'met inbegrip van' ('including').

Are there any objections?

That is agreed.

I put Amendment No. 3 thus amended to the vote.

Amendment No. 3 is adopted.

I put the whole of Article 26 thus amended to the vote.

Article 26 is adopted.

On Article 28 I have Amendments Nos. 33 and 34 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats.

Amendment No. 33 is worded as follows:

Article 28, paragraph 1. Delete this paragraph.

Amendment No. 34 is worded as follows :

Article 28, paragraph 2

In the second sub-paragraph of this paragraph, replace

'until such date as shall be fixed by the Council... trade between the Member States are abolished.'

by

'until a date which may not be subsequent to the implementation of the first provisions possibly laid down by the Council with a view to approximating VAT rates in the Community.'

Since neither the authors, nor a deputy is present to move these amendments, they fall.

We shall now consider the motion for a resolution.

**President**

On the preamble and paragraphs 1 to 7 I have no amendments listed.

Does anyone wish to speak?

I put these texts to the vote.

They are adopted.

On paragraph 8 I have Amendment No. 17 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats and worded as follows:

At the end of this paragraph, replace  
 'the method of establishing criteria for collecting the tax'  
 by  
 'the methods of determining the basis of assessment for taxation and the special schemes;'.  
 Since there is no one to move this amendment, it falls.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

On paragraphs 9 to 11, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these paragraphs to the vote.

Paragraphs 9 to 11 are adopted.

On paragraph 12 I have Amendment No. 18 tabled by Mr Cousté and Mr Lenihan on behalf of the Group of European Progressive Democrats and worded as follows:

At the end of this paragraph, replace  
 'of exemptions to be provided for in the directive must remain limited'  
 by  
 'of exemptions which Member States could allow should be as low as possible;'.  
 Since there is no one to move this amendment, it falls.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

On paragraph 13 I have three amendments tabled and we shall examine them in turn.

Amendment No. 19, tabled by Mr Cousté and Mr Lenihan on behalf of their Group is worded as follows:

At the beginning of this paragraph, replace  
 'Shares the Commission's views concerning the temporary application of the zero rate' by 'Considers that the application of zero rates to large sectors of the economy runs counter to the aim of standardizing VAT and of harmonizing thereby

conditions of competition, and hopes that the directive will lay down as short a time limit as possible for the temporary application of zero rates; feels, however, that as long as...' Rest unchanged.

Since no one is here to move this amendment it falls.

Amendment No. 12/rev. is tabled by Mr Scholten and Sir Brandon Rhys Williams on behalf of the European Conservative Group and is worded as follows:

This paragraph should read as follows:

'13. Considers that zero rates do not vitiate the system of taxation and feels therefore that, provided the number of rates is restricted in principle to two, each Member State should be free to apply zero rates instead of a reduced rate; is of the opinion, however, that the percentage due as own resources should in any event still be levied on the basis of the turnover of goods and services to which the zero rate is applied.'

Amendment No. 16 is tabled by Mr Spénale on behalf of the Socialist Group and is worded as follows:

This paragraph should read as follows:

'13. Approves the Commission's proposal that the zero rating system be retained where it exists; however, the VAT arrangements applicable to supplies of goods or services benefiting under this system shall be harmonized in all States at a date determined by the Council on a proposal from the Commission which shall not be subsequent to the abolition of import duties and export rebates in trade between Member States.

As long as this rate is applied, the percentage due as own resources will in any event still be levied on the basis of the turnover of goods and services to which the zero rate is applied.'

Amendments Nos. 12/rev. and 16 can be considered jointly.

I call Mr Scholten to move Amendment No. 12/rev.

**Mr Scholten.** — (NL) Mr President, esteemed colleagues, here we have come to very important point in our deliberations, the question whether a zero rate should be maintained and for how long. The commission has stated that the question of tax rates is not under discussion at the moment. That is correct. Unfortunately the Commission has not been consistent in its policy on this. In its directive the Commission states that zero rates can only be maintained for a certain length of time. This is a fundamental statement and therefore I am not introducing the question of rates, but the Commission

**Scholten**

In my opinion here is no basic difference in the VAT system between a very low rate and a zero rate. There is however a difference between exemption and a zero rate.

Mr President, I now come once again to the view point which I expounded in my general observations. I repeat that I am fully in favour of attempts at harmonization. We must however not deprive the Member States of more freedom than is necessary. It is quite possible when rates are discussed that we shall have to speak about the extent to which low rates should apply and the articles which should be subject to them and we shall have to come to some agreement about these points. However I believe that it is going too far to say at the present moment that the zero rate does fit in with the system especially in view of the position of a number of Member States, although not of my own country, I have tabled my amendment so that Parliament can express its opinions on this point.

**President.** — Do you agree with this, Mr Simonet?

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) I personally prefer the text of the original resolution; to lay down the principle of the permanent nature of zero-rating appears extremely dangerous to me.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, I, like Mr Scholten, feel that abolition, whether at present or in the future, of the principle of zero-rating could create almost insurmountable difficulties in some of the Member States.

I also think that the idea of stating now that zero-rating will be maintained would create insurmountable difficulties for other States. It is for this reason that the amendment which I am defending states, we are pleased to say, that zero-rating is maintained for the time being. Goods and services benefitting from this system of zero-rating will have to be harmonized in the future but without deciding beforehand whether this will be done on the basis of a zero rate or of a reduced rate. We can thus keep the question pending and leave it up to the Council, acting on a proposal from the Commission, to solve the problem of the system to be applied to basic foodstuffs which are at present subject to zero-rating in some countries.

I think that if we adopt such an amendment

which holds the question in abeyance and gives some extra time, the national delegations which cannot accept abolition of zero-rating and those which cannot agree to acceptance sine die of zero-rating will be able to overcome the difficulty. We could in this way have at our disposal a text on the common basis of assessing VAT in 1975, which is our immediate objective.

I will not conceal the fact that as a socialist I am in favour of maintaining zero-rating, but that is not the problem which we have to settle today. It is preferable not to settle the problem at present; we are content to maintain the zero-rating for the time-being, but the matter must be settled before tax frontiers are abolished.

That is the purpose of my amendment. Let me just digress a little on the procedure which we are following. I agree to a large extent with Mr Kirk's proposal that when Members who have submitted amendments are absent, their amendments should fall. But if any of the Members present wanted to defend an amendment submitted by a Member who is absent during the discussion, he should be allowed to defend it. It would be unfortunate if ideas for improving the text were abandoned because this or that Member was not there to support them.

I should also like to mention that, before leaving, Mr Cousté assured me that if his amendment was rejected he could support the amendment which I have presented and defended before the Assembly.

**President.** — I ask the House to take note of this last remark by Mr Spénale.

What is the rapporteur's position on Amendments Nos 12/rev. and 16?

**Mr Notenboom, rapporteur.** — (NL) Mr President, I would like to sum up once again the points that have been made. In the Committee on Budgets we have tried to adopt a flexible position on the question of the zero rate which has been discussed at almost every meeting. We have considered whether it could be acceptable and even whether we were obliged to adopt it. I believe that on this point we have submitted a well-balanced resolution. We are not quite one hundred per cent behind the Commission in this. In the explanatory statement I have tried to give the advantages and disadvantages of exemption, i.e. the zero rate which in my eyes is a rate just like any other. The result is that other rates will have to be correspondingly higher in order to ensure a certain yield.

Tribute has been paid by Mr Pounder. I believe that I could now scarcely adopt a position dif-

**Notenboom**

ferent from that of the Committee on Budgets. I have every understanding and much respect for the tabled amendments. Mr Spénale wishes to please everybody by leaving the question of whether zero rates should ever be abolished even more open. He wishes to leave the solution open. His amendment is very constructive.

Mr Scholten now wishes to lay down provisions stating that Member States may in future retain the zero rates as long as this does not give rise to a new rate or that the number of rates should be increased, hoping that this will make the scheme more feasible.

Both amendments represent contributions to a well-considered viewpoint. Much thought has gone into both of them and for this we should be grateful. However, as rapporteur for the Committee on Budgets I see no other course than to abide by the views laid down by the committee in Article 13.

**President.** — I call Mr Leenhardt.

**Mr Leenhardt.** — (F) Mr President, we are faced with two conflicting opinions: that of Mr Scholten who is in favour of zero-rating and hopes that it can be extended to other countries, and that of the rapporteur who gave a value judgement in his explanatory memorandum by stating that it was not advisable to maintain zero-rating.

Faced with these two conflicting opinions, I feel that Mr Spénale's amendment proposing that the debate be adjourned and that we concentrate on harmonization is the most reasonable.

**President.** — The rapporteur no doubt agrees that, since Amendment No 19 is invalid, Amendment No 12 rev. has priority.

**Mr Notenboom, rapporteur.** — Yes, Mr President.

**President.** — I call Mr Spénale.

**Mr Spénale.** — Mr President, a few moments ago you asked Mr Simonet what he thought about Mr Scholten's amendment. I should be glad if he could tell us what he thinks about mine.

**President.** — Mr Simonet, would you tell us your opinion about Mr Spénale's amendment?

**Mr Simonet, Vice-President of the Commission of the European Communities.** — I thought I

had made myself clear. I said I support the original text of the resolution, which means I cannot accept Mr Spénale's amendment.

**President.** — I put Amendment No. 12 rev. to the vote.

Amendment No 12/rev. is adopted.

Amendment No 16 thus becomes superfluous. Paragraph 13 now reads according to the text of Amendment No 12/rev. and is so adopted.

On paragraph 14 I have Amendment No 13 tabled by Mr Scholten and worded as follows:

This paragraph should read as follows:

'14. Recognizes the need for a special scheme for small undertakings which should not be limited to a transitional period only, and feels that Member States should be free to apply this scheme on the basis of turnover or the amount of tax due, provided the total cost of such a scheme does not exceed an amount or percentage, to be fixed annually by the Council, of the yield;'

I call Mr Scholten to move his amendment.

**Mr Scholten.** — (NL) Mr President, now my amendment on Article 25 (1) has been accepted I can be extremely brief. I would ask Parliament, in accordance to Paragraph 14 of the motion for a resolution.

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

**Mr Notenboom, rapporteur.** — (NL) Mr President, it would indeed be strange for the directive itself and the resolution to reflect different views.

As rapporteur I had given another opinion, but my opinion was not followed and this is indeed the consequence. Mr Scholten is right.

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

Amendment No 13 is adopted.

On paragraph 14 I also have Amendment No 14 tabled by Mr Scholten and worded as follows:

Add the following text to this paragraph:

'...; considers further that the threshold levels fixed should be adjusted periodically to the increase in the cost of living (correction of inflation);'

I call Mr Scholten to move his amendment.

**Mr Scholten.** — Mr President, since Amendment No 13 has been adopted, Amendment No 14 becomes superfluous. I withdraw it.

**President.** — Amendment No 14 is withdrawn. I put paragraph 14 modified according to Amendment No 13 to the vote.

Paragraph 14, thus amended, is adopted.

On paragraphs 15 to 17 I have no amendments or speakers listed.

I put these paragraphs to the vote.

Paragraphs 15 to 17 are adopted.

On paragraph 18 I have Amendment No 20 tabled by Mr Cousté and Mr Lenihan to delete this paragraph.

Since there is no one to move this amendment, it falls.

I put paragraph 18 to the vote.

Paragraph 18 is adopted.

I put paragraph 19 to the vote.

Paragraph 19 is adopted.

On paragraph 20 I have Amendment No 15 tabled by Mr Notenboom and worded as follows:

This paragraph should read as follows:

'20. Notes that the Value Addex Tax Committee to be created under Article 29 has no legislative powers whatever and that the role of committee procedure will be restricted... (rest unchanged);'

I call Mr Notenboom to move his amendment.

**Mr Notenboom, rapporteur.** — Mr President, the Members of this Parliament will indeed find it strange that I, as rapporteur, have submitted an amendment myself.

My amendment is in the nature of a correction. What is intended was the committee procedure, namely cooperation between the Committee of the European Communities and the Committee for Valued Added Tax. My amendment is therefore a correction of something which was never intended to be anything different.

**President.** — I put Amendment No 15 to the vote.

Amendment No 15 is adopted.

I put paragraph 20 thus amended to the vote.

Paragraph 20 is adopted.

On paragraph 21 I have Amendment No 21 tabled by Mr Cousté and Mr Lenihan, on behalf of the Group of European Progressive Democrats, and worded as follows:

At the beginning of this paragraph, replace 'Expects the Commission to submit proposals in the near future'

by

'Reminds the Commission that it must submit proposals in good time...'

Rest unchanged.

Since there is no one to move this amendment, it falls.

I put paragraph 21 to the vote.

Paragraph 21 is adopted.

On paragraphs 22 and 23 I have no amendments or speakers listed.

Does anyone wish to speak?

I put these paragraphs to the vote.

They are adopted.

I put the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution is adopted.

In conclusion, I should like to thank Mr Notenboom on behalf of the whole House for his work.

(Applause)

#### 5. Membership of committees

**President.** — I have received from the Communist and Allies Group a request for the appointment of Mrs Goutmann as member of

- the Committee on Social Affairs and Employment to replace Mr Lemoine
- the Committee on Development and Cooperation to replace Mr Ansart
- the Parliamentary Conference of the EEC-AASM Association to replace Mr Bordu.

Are there any objections?

The appointment is ratified.

#### 6. Receipt of a petition and reference to committee

**President.** — I have received from Mr Pisoni, Mr Girardin, Mr Gardano, Mr Moser and 42 other signatories a petition on proposals for a European Charter for migrants workers. This petition has been entered under No 1/74 in the register provided for in Rule 48 of the Rules of Procedure and referred to the Committee on

**President**

Social Affairs and Employment as the committee responsible and to the Legal Affairs Committee for its opinion.

*7. Energy supplies in the Community*

**President.** — The next item is the motion for a resolution submitted by Mr Springorum, on behalf of the Committee on Energy, Research and Technology, on appropriate medium and long-term measures for the further alleviation of the energy supply crisis in the European Community (Doc. 344/73/rev.).

I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, ladies and gentlemen, the Committee on Energy, Research and Technology is laying before you today a motion for a resolution which follows on the short-term measures you have already approved as it deals with possible medium and long-term measures to ensure alleviation of the energy supply crisis. This very long list of measures neither claims to be complete, nor to solve the basic question of priorities. We deliberately refrained from putting the measures into priority or other order, and from arranging them by category, as there were far too many possible ways of doing this. Nor was it our intention to submit a proposal worked out to the very last detail, but one which shows quite clearly, if only by way of example, that this Community is able to provide an answer to the grave challenge of the oil-exporting countries; an answer which not only reduces our dependence on them, but also our vulnerability to blackmail, and allows everyone in the European Member States to breathe more freely again.

Our biggest need at this stage is a willingness to roll up our sleeves and finally get down to work. Instead, we seem to have re-entered that phase of playing down events which is so typical of our countries. For example, on minister responsible for energy policy says that all the repeated demands for action are only shock reactions to purely temporary shortages and price movements. Or the oil companies are said to have exaggerated the crisis, even if they didn't create it; they have full stocks, prices are falling again and everything will be all right in a few weeks. No, ladies and gentlemen, nothing is all right and nothing will be put right unless we find the energy to act. We have only been granted a breathing space, a breathing space of unknown duration. The owners of the oilfields—and I don't mean only the Arab coun-

tries, this is true of Russia, Nigeria and Venezuela—have become aware of their power and certainly do no intend to relinquish it. Only a few days ago, the Shah of Persia said in an interview that if the consumer countries gave the slightest indication of wanting a showdown with the oil-producing countries, they would bitterly regret it. We have had a wave of trips by politicians of every Member State to the Middle East in the last few weeks and months. I do not consider these pilgrimages a substitute for a common energy policy. To my mind, this type of sickness on the part of many of our leading politicians—I call it the 'Arab curvature of the spine syndrome'—is now almost unbearable in its lack of dignity. I do not intend to comment on the results of these journeys, some of them thoroughly negative. One sometimes gets the impression that zeal in its blindness has done more harm than good.

If you bear in mind that bonuses are being paid to keep the boycott going—to put it rather strongly—it is obvious that the Community as a whole has suffered from these clumsy solo efforts.

What is the true situation facing the Community countries? The oil-exporting countries of the Middle East have decided on a ruthless and clearly monopolistic marketing policy. The OPEC has assumed the rôle of a producers' cartel dominating the market. The political crisis engendered by the last Arab-Israeli war gave this group a unique opportunity to carry out a large-scale exercise in cartel politics. This was so successful that even the Arab countries were surprised. We know from economics that in face of a monopolistic producers' cartel, a consumers' cartel must be formed with all speed if the consumers are not to become completely dependent on the producers. But in this instance, worry, panic, fear and a certain amount of cowardice on the part of the consumers prevented them from adopting a common front despite the warnings from the Commission, for which I should like to express my own personal thanks.

However, we also know from economics that the only effective weapon the consumer possesses in this situation is to cut down, in an organised fashion, consumption of goods which are kept scarce or sold dear. If consumers succeed in cutting back their requirements to approximately the same extent as producers are able to lower their production, there could be a return to market prices. However, this is only true if there are no outsiders trying to profit from the situation. This applies to the producers as well as to the consumers. The Community can thus achieve real success only if it acts on a com-

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mon front. The purpose of the list of measures being presented today is thus to put forward numerous ways in which the consumption of petroleum can be reduced without imposing too great a hardship on the population while maintaining industrial growth. I will not go into the large number of proposals in this introduction. I should like to stress once again that they are only intended as examples. I would thus also ask you not to spend too much time on amendments to the various items as they are only significant when taken as a whole.

I would now like to give you two examples which point up the importance of a united front. One of our proposals is that the possibility of introducing summer time be examined. If, however, only one Member State introduced summer time, the disadvantages due to difficulties in intra-State traffic, train and air connections, etc., might outweigh the advantages. If the entire Community introduced summer time, these disadvantages would not exist and the amount of energy saved in the summer would be approximately equivalent to that produced by two power stations.

Another example is a kind of price guarantee as described in paragraph 6. Again, while this example is only a proposal to introduce flexible tariff rates on imported sources of energy, it is intended to protect our own sources should it occur to outside producers one day to destroy the European market with competitive prices in order to regain control of it. To give one example: there are many oil companies which are planning to build converter plants in order to hydrogenate heavy fuel oil and convert it to light products such as gasoline, naphtha, kerosene, etc.—a profitable undertaking at today's prices. But if the posted price were to be raised by only slightly more than one third, these investments would be as good as useless. The readiness to incur capital expenditure, which definitely exists, thus requires a certain degree of protection as nobody can foresee the attitude of the oil producers over the next few years.

However, if a common market is to be retained, this essential protection can only be given by the Community as a whole, just as only the Community as a whole can master the crisis. This concept is unfortunately still not shared by all. Several Member States are still under the illusion that they can wangle their own way out of the crisis. These countries should not console themselves with the thought that if their neighbours die of pneumonia, they will only catch severe 'flu. Everyone will fall ill unless action is taken jointly.

I must issue a warning at this stage, not directed at the institutions of our Community but rather

at many of the citizens in our Community. The oil crisis will lead to an unexpected fundamental imbalance in our current accounts. In our terminology, a fundamental imbalance is one which can no longer be corrected by the free interplay of forces. The imbalance could only be corrected if, for example, we could increase the import requirements of several of the petroleum-exporting countries tenfold. But I hardly think we could bring about a boom of this order no matter how great the consumption capacity of all the children in the Arab countries.

There is then at the moment no real possibility of making anywhere near full payment for the current oil supplies from these countries with prices as they are. An honest man, though one who would not fit in the modern world, would say: I shall only buy what I can pay for. But our Governments do not dare to be as honest as this. They choose the easier path and float loans. The Italians, the French and the British rushed to place loans on the Euro-dollar market. The other countries will follow suit. Some of the terms of these loans are as favourable as in the late Roman era. That is why they are immediately oversubscribed.

I must warn against subscribing to such loans issued by any country—I repeat, any country—that disregards the list of measures we are presenting today and thinks that everything will right itself in the future. Those States not resolved to act will one day have such a trade deficit that they will hardly be able to raise the interest on their Eurodollar loans.

What a blessing economic and monetary union would be for Europe is now brought home to us, a union which is so important in the field of energy policy but which now unfortunately belongs to the dim and distant future. Instead of heeding the warning of the Washington Conference, the offer of cooperation with the petroleum-exporting countries, which was not sufficiently coordinated with either the Americans or the Japanese, showed that madness has, indeed, almost become our method, and that the necessity of one united consumer front is simply not understood.

We now hope that the Arab front will break down owing to the divergent interests of the Arab States; we ought rather to fear that we will divide our own ranks even more than we have so far. We are not even prepared to admit that the less unity we present, the more vulnerable we are to blackmail.

The fact is, however, that Europe does not need to tap other energy sources and develop alternative products in sufficient quantities before it

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can become less vulnerable; it will become so if we are determined to take concrete steps to overcome the energy supply crisis.

Those who cannot and do not defend themselves in this world will always be belittled and blackmailed. This energy supply crisis has not brought about Europe's great weakness, but revealed the political inertia of all of us. Our governments not only appear to have lost faith in Europe, but also the courage to take energetic action.

And I agree with Jean Rey who ended his article 'Le Soir' a few days ago with the words: 'The time of anger has come for every European.'

We ask you to view this motion for a resolution in this light. Your Committee on Energy has tried to convey quite clearly that there are concrete ways of alleviating the crisis; it is now up to governments, and the Council, to prove that they have the strength and courage to act.

In the name of the Committee on Energy, Research and Technology, I ask you to adopt this motion for a resolution.

(Applause)

IN THE CHAIR: MR WALTER BEHRENDT

*Vice-President*

**President.** — We shall now proceed to the general debate.

I ask speakers to keep to their allotted time.

I call Mr Noè on behalf of the Christian-Democratic Group.

**Mr Noè.** — (I) Mr President, ladies and gentlemen, I shall be adding only a few remarks to what has already been said by the Chairman of our Committee, Mr Springorum, whom I should like to thank for having managed to condense to some extent the overall picture of what must be done in the medium and long term—a much more difficult task than describing the short-term prospects. In the short term, we are more or less at the mercy of the situation, whereas what happens in the Community in the medium and long term will depend largely on our actions, so that our responsibility in this field is greater.

I shall be brief, since we shall shortly be hearing questions from Members on this subject, and to avoid repeating myself, Mr President, I shall ask to speak again later in order to present some ideas.

Paragraph 24 of the motion for a resolution proposes that, in future, the Community should

use mathematical models which allow decisions to be taken after a large number of alternatives have been studied. This is a subject on which I have spoken on various occasions and in which I am extremely interested, since there is no doubt that the real improvement in quality would be to move from a list which, no matter how good, is still somewhat primitive, to a modern system of computerised analysis which provides more precise guidelines. Just to emphasise this point—not because I want to be awkward, but because I believe that it is always essential to base assessments on precise facts—I was surprised to learn that the Institut Batelle in Geneva, where a mathematical model dealing with this field is being studied for the Community, could already have achieved its aims if the resources of a multinational concern had been used. However, because the resources of a Community establishment were used, these data may not be available until 1975. In other words, the Community research into this subject would have produced much better results if it had made use of the greater resources of a multinational concern.

These remarks may be unpopular, but I feel that it is essential to use the most modern means available to study this field which is becoming more and more complex and difficult, and in which it is no easy matter to find the right track.

In paragraph 2 of the motion for a resolution, Mr Springorum draws our attention to the fact that the latest difficulties in the supply of hydrocarbons to the Community pressage a structural change. I should like to dwell upon this point because I consider it important, and also because an amendment on this subject has been introduced. I should be very glad if, as a result of my modest contribution, the honourable Members who introduced the amendment would withdraw it, as we are dealing here with a crucial problem. We may disagree on certain specific measures, but we cannot afford to be mistaken about the nature of the problem itself.

There is no doubt that we are at present in a period of change, for the simple reason that reserves of the commonest fuel, oil, are limited. I do not think anyone can say exactly how long stocks of oil will last, as this depends on various factors, of which the following are three: the new finds made in the years to come as a result of prospecting now in progress; the consumption curve, which is not easy to forecast, particularly as measures to reduce consumption and increase output may affect it; the methods and the speed (this is one of the main factors to be taken into account) with which alternative sources are introduced to satisfy the demand.

**Noë**

Since we cannot state with certainty how long oil stocks will last, it is this alternative aspect which we must consider in detail if we wish to avoid a more serious repetition of the kind of dismay which seized many responsible people a few months ago when it appeared that there might be a shortage of fuel, particularly in industry in our country, and hence less work.

Let me give another example, Mr President. My country is unfortunately often hit by floods. Of the Member States of the Community, Italy is the one country in which all regions record extremely high rainfalls, sometimes as much as 600 millimetres over a 24-hour period. This means that floods are a frequent topic in Italy, but a year later they have been forgotten by everyone. When the next flood comes, there is general alarm and a stream of letters to the newspapers, but a little while later this flood is also forgotten. Fortunately, we can also trust in luck. A few years ago, for instance, there was a downpour of no less than 1 000 millimetres in the course of a day, a figure which had never been recorded before in Italy or elsewhere in Europe. However, most of this rain fell over the sea, and only a part of the city of Genoa was affected by it. If the rainfall zone had shifted slightly northwards, it would have had disastrous results. Fortunately, this did not happen.

I was saying that, as far as floods are concerned, we can trust in luck. In the field with which we are concerned, however, this is impossible, since we are faced with an inexorable situation—a fact which we must never forget. Besides (and I think I have already said this), at the Conference held in Vienna in July 1973, the Canadian representative, Barratt, stated that we were on the verge of a crisis, not because of a lack of resources, but as regards developing means of meeting the energy requirements. And he illustrated this. In the context of paragraph 2, I think we should bear this in mind, since it can serve as a spur to action. I have no intention of dealing with each paragraph in detail, but I should like to say something about nuclear power stations, a much-discussed topic at the present time (and on which some amendments have been introduced). Of the alternatives available, there is no doubt that during the next few decades, nuclear power stations will make an indispensable contribution, because the time required for the development of other technologies and other sources means that they will bear fruit only in thirty or forty years from now. It is thus essential to build nuclear power stations.

The safety measures are being studied with a degree of caution never before applied in fields of this type. One of the obvious problems to be solved is the disposal of waste material from the treatment of the fuel.

Unfortunately, however, I feel that we have no alternative, otherwise development would stop. We must realise that, for some decades, nuclear power stations will have an important part to play.

In my opinion, however, work should be concentrated on research in the fields which may open up new possibilities after nuclear power stations. Next week, for instance, an important conference is being held in Miami on hydrogen; in May, there will be an international congress in Rome on geothermal springs, a field in which there are already some new ideas. Up to three years ago, for example, only the hot water emerging from the interior of the earth was used. One new idea is to use the dry rock, and I should like to describe this briefly: if we can bore two tunnels into rock zones where the temperature is at least 300°C, water can be passed through them and the resultant steam used to drive steam turbines to generate energy for about 30 years. This great heat could be utilised for 30 years, with the temperature gradually falling, and then the power station could be moved elsewhere. I must, however, repeat that the overall effort within the Community should be directed towards the creation of the aforementioned mathematical model, towards introducing all these possibilities and all the latest developments, so that we can then progress from this point-by-point methods to a more continuous system which will provide a solution to this problem.

I shall conclude by relating something which made a deep impression on me and which was told to me a few days ago by Cesare Marchetti, previously with Euratom, now with the IASA and the first man to have had the idea of obtaining hydrogen by thermo-chemical dissociation of water. To a certain extent, Cesare Marchetti's comment reveals the philosophical dimension of the problem we are facing. What he said was: the industrial use of coal covered a period of about one century, oil will have lasted about another century from beginning to end, and nuclear energy—unless we find other alternatives in the meantime—will also last for about a century in all its applications.

This should make us think. In Italy, a few years ago, there was controversy about the construction of nuclear power stations. Faced with phenomena which last only one century—in other words, an extremely limited period of time—any decision becomes transient.

Marchetti said something else which impressed me. In general, man has always used fuel to obtain heat—wood, coal, oil. Now, under the pressure of the scarcity of raw materials, there is a reversal of this process; the thermo-chemical

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method of dissociating hydrogen from water is based on the heat from a reactor which, in turn, generates energy. Man's ingenuity has succeeded in reversing the process; with the heat from a nuclear reactor, he will try to produce hydrogen to be used as fuel. This reversal does not lack significance, in that it shows there are still considerable resources in technology and thought which make it possible to develop new processes. It also illustrates the size of the tasks facing us and the effort we must put into solving this problem.

**President.** — I call Mr Flämig on behalf of the Socialist Group.

**Mr Flämig.** — (D) Mr President, ladies and gentlemen, the Socialist Group regrets that this motion for a resolution could not be considered before today for reasons connected with the overloaded agenda for previous plenary part-sessions. When the Committee drew up this motion, it was absolutely up to date. Its purpose at that time, after the oil boycott had been imposed, and after the regrettably weak and non-Community reaction of the European States, was to enable Parliament to propose short, medium and long-term measures as soon as possible to overcome the energy supply crisis.

Better late than never. This subject will continue to feature on the agenda if we Europeans do not wish to repeat the unhappy experience of last autumn. I feel bound to add that nothing surprised us. For it was our Committee and this Parliament that have pointed out during debates on energy policy over many years the cardinal error of becoming dependent on sources of energy over which we Europeans have limited or absolutely no control.

The Socialist Group has fully discussed this motion for a resolution. It sees the motion in the light of the last two debates on energy policy in this Parliament last year, which even after the decisions taken at the Washington conference and the most recent actions of the Arab states which we have just heard about today, are as up to date as ever.

The Socialist Group appreciates the efforts of the Committee on Energy. This Committee has advocated a uniform European energy policy for many years. It was all in vain, and now it is too late. After death the doctor. We agree with Mr Springorum when he warns against assuming that the crisis is as good as over. The crisis will not be over until we have succeeded in opening up the oil and natural gas fields in the Community's own geographical area, particularly in the North Sea. More particularly, the

crisis will not be over until new sources of energy can be utilised on a large scale.

The Socialist Group can see the efforts that have gone into this list of concrete examples of what can and must be done in the foreseeable future. However, our Group does not consider the present form of this motion particularly successful. One can sense that it was produced by many hands at the expense of an ordered layout. Statements and requirements concerned with energy policy in general are mixed up with statements and requirements in the field of technical research and development, interspersed with proposals to save energy and with anti-pollution measures. The passion for perfectionism characteristic of our Parliament was presumably responsible for yet another new paragraph being introduced here, another important idea being added there. Very well. Examples can never be complete. This applies to new forms of energy, too, as the previous speaker has just told us, right down to flywheel drives and all the other things that have appeared in the press recently. Owing to the conflicting interests that arise in the Committee now and then, unambiguous statements—this is our impression—have been watered down in places. Some of the criticisms and recommendations are thus only given in a rather cryptic form.

What was needed was the kind of comprehensive explanatory statement of the kind we normally give in our Parliamentary reports, to make it quite clear to even the impartial reader what each point is about. Take paragraph 2, for example, which the previous speaker has just talked about, and which speaks of structural change. The expert knows what the Committee means, but the layman is going to ask, what's the point of this here, surely our world is constantly changing, and couldn't this be left out as just so much claptrap?

Or take paragraph 3. The way it is phrased in the motion, it sounds as if adequate and secure supplies, and cheapest possible supplies, were mutually exclusive. The paragraph actually means something quite different. I am thinking of the remarks made by Mr Burgbacher in our Committee. What is really meant is surely that the Community imported more and more cheap crude oil in the last 15 to 20 years and criminally neglected coal as a secure source of energy in the process. 'Safety first' is now the motto again. Of course, we would really like safety and cheapness at the same time. But this is not always possible.

Our colleague Van der Hekwill hence propose an amendment and speak in support of it later.

**Flämig**

As I have said, Mr President, the motion was not intended to be a complete list of all the conceivable measures, as Mr Springorum has already explained, nor could it ever be this. The reason the Socialist benches have proposed some additions and amendments notwithstanding, is our desire to stress some extremely important points, or points which seem extremely important to us. These include the recycling of waste products, and the necessity of clearing up the question of the fuel cycle and the safe disposal of nuclear waste before beginning to build nuclear reactors, particularly fast breeders.

The view of the Socialist Group is that some conclusions need to be drawn; the motion for a resolution only touches on a problem which is of basic importance here. This is: how can we prevent the inevitable consequences of the crisis from hitting the economically weaker groups hardest?

This applies to households as well as to the Member States of the Community.

How can we prevent certain national and international concerns getting rich from the crisis in unscrupulous fashion or stirring up the crisis for selfish reasons? How can we ensure that capital expenditure on alternative energy sources running into several thousand millions will continue to be justified if certain supplying countries decide to manipulate their prices and lower them to such an extent that they are below the production costs for the alternative sources developed in the interim? The rapporteur broached this question in his introduction, and it worries us too.

My colleague Mr Kater will comment later on this subject, and especially on the connection between oil policy and balance of payments, as well as on the danger of certain supplying countries amassing huge quantities of hard currencies.

On behalf of the Socialist Group, I should like to say in conclusion that we support the demand that the Community not only talk together, but finally act together. We also wish to warn against reversion to complete lethargy with regard to energy policy. We approve of the measures for research and development, and we approve of effective steps to save energy as advocated in the motion for a resolution in the form of examples.

Our amendments are not intended to tone down the draft motion, but to clarify and improve it. We can agree with the motion for a resolution in improved form, particularly as a resolute, effective, far-sighted and above all Community

energy policy is the common concern of all Europeans.

(Applause)

**President.** — I call Mr Normanton, on behalf of the European Conservative Group.

**Mr Normanton.** — On behalf of the European Conservative Group I wish to extend a very warm welcome and pledge support to Mr Springorum in his presentation of the report today. As a colleague of his on the Committee on Energy, Research and Technology I know, as indeed we all know, of the great enthusiasm and persistence which he has constantly displayed in drawing the attention of Parliament—indeed, the whole of the people of Europe—to the great dangers which face us. I regret, however, that during the drafting and discussion of the motion for a resolution in committee I was, so to speak, otherwise engaged, expending great energy on electoral campaigning.

During the 14 months of membership of the Committee on Energy, Research and Technology, the European Conservative Group has been constantly aware of the committee's attempts to impress upon the European Parliament, the Commission and the Council of Ministers the growing threats which lie before Europe and the need for a comprehensive Community policy on energy in general.

With the benefit of hindsight and with an acute, painful awareness of that fact, we have seen the appropriateness of the committee's many proposals confirmed by the course of world events. This, we believe, should therefore be viewed as a realistic and sober attempt to bring together into one comprehensive document both the salient points for a Community energy policy and what I might be allowed to describe as a shopping list of detailed proposals for alleviating or resolving in the medium and the long term some—but only a few—of the grave problems we are facing in the light of the recent changes in the availability of oil and the cost of oil to us as industrialized nations of the world.

I should like to draw particular attention to paragraph 3 and stress that we of the European Conservative Group feel that we should keep constantly in the forefront of our minds one single object: the creation of an indigenous source of power and energy within the Community confines, completely independent of sourcing or replenishment from the rest of the world.

Never let us forget the basis upon which European industrial and commercial growth was

**Normanton**

founded and developed namely, the fact that Europe had entirely under her own control the first prerequisite for industrial production: energy. It was based on its own indigenous supply of coal and a cheap source of that commodity. The keynote was, however, that it lay entirely within our own province and under our own control.

During the last 30 to 40 years Europe has, however, become increasingly dependent upon imported energy in the form of oil, attracted to that particular source solely by the factor of low price. Recent events and the prospects which now face us starkly will show that the low price of oil was a snare and a delusion which will cost the peoples of Europe dearly in the future.

In the short term I believe we must recognize that there is little or no scope for effective and enduring action to bring about a complete or significant reversal of a policy which has brought us after 30 to 40 years to this dependence upon imported energy.

However, the fact must be recognized that all our energies must be directed to that reversal. The scope of action therefore lies in the medium and long term, and the report presented by Mr Springorum offers constructive and realistic proposals for submission to Parliament and to the Commission.

They fall generally into three broad categories. I will describe them as production of energy, distribution of energy and consumption or conservation of energy.

As to production, my honourable friend Lord Bessborough will, I understand, be making observations regarding the sourcing of energy through coal and nuclear power. I shall comment briefly on just two aspects of production and draw the attention of Parliament to a point which we should keep in mind.

Firstly, we recognize that the growth in the production and use of natural gas has been rapid and is still progressing at a phenomenally high rate. It is converted into electrical power, fed directly into combustion processes and used for heating in industry and the home.

Secondly, dual firing is referred to in the report. I do not think it inappropriate to mention that in the United Kingdom we have at this stage only two stations which come under the category of dual-fired—that is, fired with either gas or oil. The cost of these conversions in capital terms and their effectiveness and thermal efficiency is not, however, of the highest order when both of these systems are in operation. But conversions are continuing, and, I believe,



must continue progressively throughout Europe wherever natural gas is available to enable dual firing and wherever both form of fuel are readily and economically available.

We therefore welcome the fact that the report draws attention to this as one of the many ways in which the problems facing Europe in the medium term can be resolved.

However, we could enter one firm caveat: the application of this principle should be as flexible as possible and not rigidly stereotyped and standardized throughout the whole of Europe.

We take note of the recommendations regarding dual firing in the case of oil, but we feel that the effectiveness of such a policy is dependent in practice upon the availability throughout Europe of a truly comprehensive and integrated system of supply pipelines, whether for gas or for oil.

Without in any way wishing to criticize the content of the report, perhaps the importance of a truly comprehensive and integrated system of pipelines might have been stressed just a little more—comprehensive, that is, in the sense that it must cover the whole of Europe; it must be linked with generation and it must be planned on a Community basis. Above all, its main object must be to ensure constant flow and availability of the fuel, whether that be gas or oil, to any particular part of the Community in the event of break-down or interruption through forces over which the Community has no control.

It is essential that the system should be Community-orientated and Community-based. Equally we wish to stress the need for a comprehensive and integrated system of distribution of power—power in this connection being electricity. We welcome reference in the report to the need for this, but we do not feel that Europe or the Community has by any means gone far enough in this direction to ensure a truly comprehensive, integrated system for the distribution of electric power under the coordinating influence of the Community. Whether it be under the Commission or an agency sponsored by it, the security of power supply should at all times be dominant in our planning and thinking. Therefore, we strongly endorse the proposals referred to in paragraphs 4 and 5 of Mr Springorum's motion for a resolution.

As a British member of the European Conservative Group, I am bound to comment on the point made briefly in the report on the application of summer time on a broader and wider basis in Europe, particularly in the light of the introductory comments on this point made by

### Normanton

Mr Springorum. Britain has for many years changed from a system of summer time to winter time. Three years ago we tried to operate a single time system throughout the year. Therefore, in terms of electrical energy consumption we can speak, though briefly and modestly, with first-hand experience of the lessons to be learnt. One is that the economies in the consumption of electricity are but marginal and, speaking as an elected Member of Parliament, I would warn my friends and colleagues in this House of the dangers to elected representatives when long-standing customs are disturbed by changes.

As for hydro-electric projects, there is no doubt that Europe still has a long way to go. In that respect we are clearly limited by geographical considerations, but even here the report highlights the need in the long term to develop the indigenous sources of power that still lie untapped in Europe.

Perhaps I should briefly, in the British Parliamentary manner, declare an interest. The evidence is there for everyone with eyes to see that in the transport sector diesel fuel is disgracefully wasted, and there are many methods available to those with the wisdom and economic foresight to use them of effecting considerable economies in diesel fuel consumption, whether in public road or rail transport.

Finally, we should lay much greater stress on the need to promote the conservation and saving of power, whether by technical devices to reduce wastage, particularly of electrical power in distribution systems, or by insulation in industrial or domestic premises. This lies entirely within our own power. The fact that we waste fuel is a lamentable indictment of our sluggishness. The need for economy in the consumption of energy, particularly of heat, must be impressed on the peoples of Europe by every device available to governments and politicians. We should put forward incentives to enable the various systems to become efficient, and since progress in this direction has been so lamentably slow we must find the courage to impose penalties—that is to say, higher prices—on those who flagrantly, if not wilfully, fail to respond to incentives. Our power is far too cheap, and it is wrong to seek to subsidize its consumption. We all know that proposals are now being considered in the United Kingdom to do just this. Such a course would go against the interests of the United Kingdom and certainly against the interests of Europe.

Europe for far too long has been fed on cheap, imported fuel. We have grown profligate in its use. We have become oblivious to our vulnerability. The report highlights once again the

urgent need for change, and the European Conservative Group recommends the adoption of this report to the House.

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

**Mr Bousch.** — (F) Mr President, ladies and gentlemen, my Group is generally in agreement with the wording of the motion for a resolution tabled by Mr Springorum on behalf of the Committee on Energy, Research and Technology, which recommends a certain number of measures to overcome the energy supply difficulties facing the Community.

This is a laudable attempt to draw up short, medium and long-term measures to achieve this aim

In view of the recent attitude of the supplying countries, with which we are all familiar, it was necessary to revise a certain number of principles, to take into account the structural changes caused by the crisis and consider the shifts in the monetary sector and in the balance of payments due to the rise in prices and the enormous outflow of currency to States which did not have immediate use of it.

We agree in saying that the Commission must be allowed to follow and coordinate more effectively Community actions to ensure supplies. Three years ago in this House, I demanded that oil supplies not be left solely to the discretion of the oil companies, and I think I was one of the first to say that the Commission would be well advised, on behalf of all of us, to follow the negotiations of the oil companies with the Middle East countries in order to support, correct or supplement their actions.

Today, everyone shares this view. The Member States have to try and safeguard their energy supplies with all the means at their disposal, but this cannot be done without negotiations and without the Commission being informed, and being able to follow and possibly to assist in the action taken.

I agree with the ideas advanced, particularly as regards security and continuity of supply. We have been led astray too long in Europe by the principle of supply at the lowest possible price. Of course, we should always look for the low price, but this must also be a safe and a long-term price.

The short-term measures proposed regarding wastage of energy can only meet with our approval. It is time to put an end to some of this wastage; the problems of insulating and

**Bousch**

heating buildings, and the senseless waste of heat, must be re-examined. To do this, we have to seek the consent of the people; I am not yet convinced that consumers realise the absolute necessity of abandoning certain convenient habits.

Paragraph 10 proposes that natural-gas-fired power stations should be converted so that they can be run on natural gas and coal alternately. We have had coal-fired power stations converted to natural gas, but it is now time for these stations to be converted, wherever this is possible and the economics of it acceptable, to run on coal for part of the year.

Urban heating must be developed. Financial aid may have to be given to local authorities which are trying to implement urban heating in new residential areas and reduce the amount of heat used.

As regards the productivity of coal mines, we find the suggestions equally satisfactory. Production must be increased and the future of the coal mines assured. As Mr Springorum has pointed out in paragraph 26, the coal-mining industry must be guaranteed a long-term production plan, and given the assurance that its investments will be carried out and financed and that its employees have a secure future. The number of workers must be increased, and hence the prestige of the miner's profession restored; without this, all our plans for production and all our declarations will be useless.

Of course, reactors have to be developed, as you have said, particularly breeder reactors, and it is high time there was some coordination on the European level in this field. Great efforts must be made to construct power stations, but we also have to know where we are heading. This all requires a certain amount of planning and coordination; environmental and safety factors must be taken into account without this leading to hold-ups in development.

Isotope separation plants will have to be built rapidly, too, so that Europe has its own enriched uranium; it will not be possible to develop nuclear power stations without it.

Transport policy needs to be reviewed. The efficiency of public transport services over short and long distances must be improved. In my position in local government, I see public transport earnings drop year by year because it does not operate economically. At the same time, cars and traffic jams increase the waste of energy. The only hope is surely to develop public road and rail transport which uses energy economically.

The motion thus contains a number of excellent recommendations.

While our adopting it will not give it the obligatory character it deserves to have, I hope that it may at least inspire the Commission in its efforts to get the Council to take certain decisions. Let us hope that the Council finally establishes a Community energy policy which overcomes the difficulties we have known over the years. As for our Group, we have always argued for a Community energy policy, which is so vital to our economic and social development.

With these reservations, we shall vote for Mr Springorum's motion for a resolution.

**President.** — I call Mr Kater on behalf of the Socialist Group.

**Mr Kater.** — (D) Mr President, ladies and gentlemen. The motion for a resolution presented by the Committee on Energy, on which my colleague Mr Flämig has commented as regards energy policy, refers in its preamble—also on the initiative of our Group in the Committee—to the possible consequences of the oil boycott, the inflation rate and balance of payments. We and the other members of the Committee made these points not only to show what measures the oil cutback of the last few months makes essential, but also to stress the economic and financial problems the situation entails—problems which have been mentioned in this House on a number of occasions, and again yesterday and today. Solving these problems has become one of the most critical tasks facing our Community and others.

I would like to put the Socialist contribution in the form of a few questions. The first is the question of economic consequences, i.e. the effects of the explosion of oil prices on inflation. What can be said on this subject here in this House today? Firstly, we can say that easing the quantity restrictions on oil imports from the Arab States allowed the Western industrialised countries to breathe more freely again. It is not likely that our economic development will stagnate owing to shortage of energy and hence of goods, as many had feared. However, we still have to worry about the effects of higher oil prices on inflation. These higher prices affect the overall inflation rate in two ways: firstly, they are reflected in the costs of fuel oil and gasoline, and hence in the consumer price index. This is the direct effect.

Then there is an indirect effect. After a certain delay, the rising costs of energy and raw materials make production of other goods, on which the consumer price index is also based, more expensive and so lead to a second oil-led twist to the inflationary spiral.

**Kater**

Of these two effects, the first, the direct influence of increased fuel oil and gasoline prices, is fairly easy to measure. The direct influence on the inflation rate of these two products alone is very considerable. In Germany for example, they accounted for a quarter of the overall price advance in 1973. Without these two products, the index would not have risen by 7.8% over the previous year, but only by 5.9%. This is noteworthy, since fuel oil and gasoline currently account for not more than 3% of our market basket. To put it more fully another way, the Frankfurter Allgemeine Zeitung stated on 5th March of this year that consumers in the German Länder North Rhine-Westphalia, Hessen, Baden-Württemberg and Bavaria had to pay between 115% and 142% more for light fuel oil in February than a year previously. And since the unusually severe rise in price of petroleum products is only now reflected in the cost-of-living index, the cost of gasoline has also gone up even more than in January. Fuel was generally 30% more expensive than in February 1973.

There is an obvious conclusion to be drawn: even if the prices of imported oil steady to some extent, we can expect no change in the general fall-off in the value of money. This is mainly due to the indirect effects of higher oil and gasoline prices which do not make themselves felt for some time, and have so far been felt only slightly or not at all.

Furthermore, we consider that special attention must be paid to the effect of this development on the jobs, income and standard of living of the workers and the older citizens in our Community.

The second question we would like to ask concerns monetary policy, i.e. the effect of higher oil prices on balance of payments.

What is the true state of affairs? It is surely that the price policy of the oil countries interfered with world economy so abruptly and to such a massive extent, and is still so doing, that severe disturbances must be expected in trade relations and monetary systems.

Even if the estimates of international institutes which put the annual surplus of the OPEC countries between 40 and 70 thousand million dollars are too pessimistic—and if I understood the Commission's statements in the Energy Committee correctly, its estimates are between 50 and 100 thousand million dollars—or even if we could bring about a more moderate price policy, the oil-consuming countries, and this means both the industrialised and the underdeveloped countries, will have to completely rethink their balance of payments policy. For

the first time, all the industrialised countries are confronted with the same problem of having to finance large deficits in their balance of payments. The financing problems can be beyond the means of the underdeveloped countries, particularly if you consider that the increased cost of importing oil is greater than the entire amount of international investment aid. And the political problems inherent in the oil crisis are intensified by the danger of one or other country seeking its salvation in an 'I'm all right, Jack' policy.

There is another thing that we consider must be clearly recognised; it has been touched on both yesterday and today. This oil crisis has shown us, if we did not realise it before, that the situation we are in presents not only an economic problem, but is the visible part—like the tip of an iceberg—of structural changes which are spreading worldwide.

The oil policy of the supplying countries has brought home to us our high degree of dependence on imports, not only of petroleum but also of other raw materials. This means that our competitive position on the world market will change.

The worldwide inflationary process I have referred to is currently covering up many other economic discrepancies, but we must expect far-reaching medium and above all long-term structural changes and prepare ourselves to adapt to these in good time. We must say goodbye to the continuous dizzy growth of our economy. We shall cease to glorify growth rates, and enter a worldwide phase of consideration.

But from not insignificant digression back to the effect of soaring oil prices on the balances of payments. At the beginning of this month, it was reported that the monetary reserves of the oil-supplying countries had risen in December by no less than 12.4%.

The international financial statistics published by the International Monetary Fund in March state that the official monetary reserves of 10 of the 12 OPEC countries rose from 12.8 thousand million dollars in November 1973 to 14.4 thousand million dollars in December 1973. And a report in today's Neue Zürcher Zeitung says that the oil-supplying countries had probably invested four fifths of these reserves on the Euro-dollar market by the end of 1973, since this market guarantees liquidity as well as anonymity. In addition, when we hear from OPEC circles that a powerful bloc has formed within that organisation to oppose Saudi Arabia's planned lowering of oil prices, and even if these circles show no great interest in increasing prices further in view of the measures the con-

**Kater**

sumer countries are beginning to take to save energy, find alternative energy sources and conduct research into energy, as exemplified in our motion for a resolution, it is realistic to expect current prices to be at least maintained—unless, of course, the international oil companies lower prices for world market reasons, particularly as the OPEC countries accuse them of selling a barrel which cost them 7 dollars for an average of 11.65 dollars.

Ladies and gentlemen. This brings me to the third and last of my questions, namely the nebulous role the international oil companies have played in the last few months in face of this flood of oil millions, and which they could presumably continue to play. This is a question which will concern us all in this House this week, and which must surely continue to concern us.

We Socialists think that the current oil crisis and its consequences, which are still so difficult to assess, have shown up the economically nebulous and politically almost unlimited power of the international oil companies as no other event has before. It was and remains an international scandal that hardly any government knew or knows how secure its energy supplies were or are now, simply because the oil companies were able to exercise their power without outside control, and are possibly continuing to do so.

**President.** — Mr Kater, you have one minute left.

**Mr Kater.** — May I say a few more words?

**President.** — No, Mr Kater, I am afraid not. You can ask to speak again later.

**Mr Kater.** — (D) Mr President, I should like to conclude by simply stating that, in our opinion, the Commission and Council of the European Communities should continue on the course adopted in Washington, and pursue it with the utmost vigour by developing their own initiatives and taking joint action. We thus welcome the talks which began in Brussels yesterday.

Let me add one final sentence—I crave your indulgence—and say that we as Socialists do not think Europe and our Community can or should afford itself the luxury of nationalistic individualism in energy policy any longer in view of the political challenge facing us today.

(*Applause*)

**President.** — I call Lord Bessborough.

**Lord Bessborough.** — Mr President, I should like to join others in thanking Mr Springorum for having tabled his very impressive motion for a resolution. I believe that all Member States in the Community will find his many suggestions to be useful. I shall confine myself to making a few remarks on those paragraphs of the resolution which have not already been covered by my honourable friend Mr Normanton—that is to say, consider one or two of the principal alternatives to oil.

I shall not deal with political aspects on this occasion. In our last debate and in our debate on the Seventh Annual Report we dealt with these in some detail; but of course I have not changed my view, and I can see that Mr Springorum has not changed his view either, namely, that unity is most desirable in this situation and that the Community should speak with one voice as far as it possibly can.

First of all, to go into the actual motion for a resolution, in regard to paragraph 12, on working hours in the coalmining industry I am glad to be able to say that the British coalmining industry is back on a 5-day week and would point out that in my country the working week is governed by the 5-day agreement concluded between the National Coal Board and the National Union of Mineworkers. There was for a short time—it is sad to recollect this—an experimental agreement on continuous working at a very modern colliery at Bevercotes, but this has now unfortunately been suspended. I only hope that further consideration may be given to the possibility of such continuously operating pits being used full time, wherever they may be in the Community, especially in view of the fact that such plants have in fact been installed for continuous operation.

With regard to paragraph 13 and coal liquefaction, I would point out that some work in Britain is already in hand. The National Coal Board's work is on solvent extraction of coal. Although the original object was to evolve a new source of feedstocks for a variety of chemical processes, this work also shows promise as the starting-point for deriving liquid fuels from coal. Both gaseous and liquid solvent extraction are being investigated, gaseous extraction still being in the laboratory stage but liquid extraction already in operation in a small pilot plant. I must admit that as far as I can judge at the moment coal liquefaction *in situ* is very speculative indeed, but it certainly has to be considered.

Most of the work on coal gasification in Britain is contract work for the manufacture of a substitute for natural gas. This is being undertaken

**Lord Bessborough**

through the British Gas Corporation and the British Coal Utilization Research Association. I think that a thorough review of the current state of the art in both these fields, which is what I believe the Commission wishes to undertake, would be well worth while. But I do not think that the Commission should be encouraged to go beyond this before the review is completed. The National Coal Board in Britain has prepared a £25 million development programme embracing work in both these fields, and this programme is being presented to the British Government with a request for financial support.

With regard to electricity, it has been widely suggested that the number of coal-fired plants should be increased as far as possible. In Britain the Central Electricity Generating Board has a statutory duty to develop and maintain an efficient and economical system of electricity supply. Thus, when building a new station it must have regard to the cost of competing fuels as well as the capital and running costs of the stations in which they are burnt. However, it seems certain that the Central Electricity Generating Board's coal-burning capacity at existing stations as well as stations under construction will appreciably exceed available supplies of indigenous coal in the 1980's.

There is a great deal of discussion going on in my country on the scope in the long term for stepping up output from long-life pits and sinking new pits, on the level of production which might be achieved by 1985 and on questions of investment and manpower. When these discussions are complete, I know that announcements will be made; and on these matters, which are non-party-political, I imagine that the new government in Britain will follow the line of the previous one.

I should also like to say one word about nuclear-powered ships, referred to in paragraph 14 of the motion for a resolution. There is no doubt that in the light of the rise in oil prices very serious consideration must again be given to the building of nuclear-powered ships, which may well now become competitive with conventionally-powered vessels. Previous studies are now being updated, and these, I understand, are in an advanced state.

I am not certain whether the Commission has any specific role in this field, except perhaps one of encouragement. Broadly, I think there is a need in a very general sense for international economic management of one kind or another. I think that the need is greater today than ever it has been and that it would now be irresponsible for any Member State within the Community to try to withdraw into its own shell in any specific industrial sector.

On the other hand, I do not see a nuclear ship being built by nine Member States in cooperation. This simply would not work, but there might well be a case for cooperation between, perhaps, two or three—especially, say, between a British shipbuilder and a German shipbuilder.

Speaking personally, I recommend the use of the type of reactor installed in the German ship the 'Otto Hahn', on whose maiden cruise I had the privilege of sailing, if that is not an inappropriate word. I doubt whether that reactor can be improved upon. Certainly I think that the United Kingdom Atomic Energy Authority and British shipbuilders should be encouraged to cooperate with German shipbuilders in building another such ship. France, as we know, is working on nuclear ships under her defence programme, in the same way as Britain has built her own nuclear submarines.

For commercial ships there is, in my view, room for limited international cooperation. Whether Community funds should be used for this purpose, I am not certain. If it was agreed to provide such funds, then I consider that the shipbuilders themselves should be told to get on with the work without interference from the Commission itself.

Nuclear-powered ships would, in my view, be particularly appropriate as long-range container vessels, but of course we must bear in mind that such ships might prove less necessary if the Suez Canal were to be reopened.

I look forward to updated reviews from national governments, and also perhaps from the Commission, on this whole question of the possibility of building another nuclear-powered ship.

One word, too, on fast reactors and then I shall have nearly finished, Mr President. I was glad to see that Dr Michael Davies, the Director for nuclear power in the Commission, is reported as saying that fast-breeder power stations must be ordered as soon as they are reliable, and I know that that, too, is the view of our own Atomic Energy Authority.

I am glad to see that there has been a meeting between those concerned with the fast-breeder reactor at Dounreay and that at Phénix in France very recently and that they have had meetings with Soviet, American and Japanese experts. I am glad that this cooperation is going forward.

I will not go into the question of oil and gas. Every Member in the House knows that the United Kingdom is now doing everything possible to speed up exploration and development on our part of the continental shelf.

**Lord Bessborough**

I conclude by once more thanking Mr Springorum for his report. No doubt we shall be able to make one or two points when the amendments come forward.

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

**Mr Burgbacher.** — (D) Mr President, ladies and gentlemen, the energy crisis is not yet over, indeed it has not even passed its peak. Let me explain. We are evidently still only considering how we can maintain our energy supplies at the level to which we have been accustomed until now, not realising that the growth of our gross national products and our mass incomes depends entirely on whether our energy supplies can be increased or have to be curtailed.

I should like to begin with an example. Early in 1972, statistics appeared in the 'Baseler Nationalzeitung' under the heading 'Energy Crisis Ahead'. Figures for the 'United States Energy Requirements and Reserves in 2000' indicated that by the year 2000, 87% of petroleum reserves, 73% of natural gas reserves and 2% of coal reserves would have been used up.

Anyone who reads such tables carefully and thinks about them at all must recognise them as a warning signal. But we know that the warning will go unheeded, just as the attendance in the House at the moment shows the extent to which Members appreciate the seriousness of the energy situation.

I should like to point out that energy requirements per capita have increased 20 to 30-fold since the beginnings of the Industrial Revolution and that the availability of energy supplies was one of the main reasons for our development, and the increase in the gross national product.

If you compare the three curves 'gross national product', 'energy supply' and 'mass income', you will see that they run almost exactly parallel. This means that one of the vital sources of our gross national product and its continued growth, and of possible increases in mass incomes, is the supply of external energy, which is an extension of man's arm, so to speak. I like to call this 'slave energy' and to divide it up into units of one tenth of one horse-power. The more such energy slaves a man has working for him, the greater is his productivity, and the easier it is to pay him, since external energy has hitherto been much cheaper than human energy and has multiplied it many times. So everybody, especially the working masses, but also the economy as a whole, has substantially benefited from increased energy supplies. Our economic development would not have been pos-

sible without this growth in supply. An this means, I repeat: if energy supplies stagnate, so do many other things. But a lot of people are going to find this extremely difficult to accept.

I have been keeping statistics on these 'energy slaves' for 20 years. Don't worry, I won't read them all out to you, if only because my time is limited. I will only quote to you some figures from the comparison I have made of the years between 1960 and 1970. In the Community of the Six, the energy supply per capita increased during these ten years by 38%. If you compare this figure with the growth of the gross national product, you will see what I mean. In the Community of the Nine—unfortunately, I do not have any figures for 1960, because at that time I did not dare hope for a Community of the Nine—the average is almost as high as for the original Six countries.

During these ten years, the USA's energy supply increased by 40%, and there was a 60% increase in the USSR, although it was not so noticeable in this latter case, since the USSR invests its energy mainly in basic industries, space travel and defence, in the broadest sense of the word, and thus the ordinary people do not benefit in the same way. The absolute figures for the USA are: 258 energy slaves per capita in 1970 as compared with 93 in the Community of the Six and 96 in the Community of the Nine, and 100 for the Soviet Union. The USA is way ahead when it comes to energy consumption and is, perhaps, the world's major power for that very reason. If the energy supply per capita is two and a half times as great as ours, it stands to reason that the mass income can be substantially better and productivity substantially greater than ours.

Anyone who wishes to delete paragraph 2 of the motion for a resolution submitter by my friend Mr Springorum, namely the reference to the fact that this is not a cyclical problem, but much more a structural crisis—I am sorry, I do not wish to offend anyone—has not read the signs of the times correctly. He has totally misunderstood them. The crisis is a structural one. The lesson that the oil-producing countries have learned—and I must call it that because I am not in a position to deliver moral judgments on the petroleum-producing countries, since I would probably not have acted much differently if I myself had had the pleasure or the misfortune to be a sheikh—is this: anyone who owns something valuable wants to live off it, and wants his people to live off it, as well and for as long as possible; he is not content to see only his customers enjoying the standard of living he would wish for himself. If we realise that at present-day oil prices taxes are levied in the oil-consuming countries at the rate of 50 to

**Burgbacher**

60%, whilst the supplying countries receive only 7 to 9% for their oil, we wonder how anyone can believe that this will last for long.

I cannot agree with the interesting comments made by my colleague Mr Kater on the multinational companies. They are no angels, I know, and they are no doubt out for profit. But there is also not doubt that they have hitherto invested that profit in building up the world's oil economy. I believe that profit invested for the common good is not only not amoral but is a prerequisite of further growth. If, as we know, the oil industry is going to need 200 to 300 thousand million dollars during the next ten years, I should like to know where they are going to come from if the multinationals, whom it has become fashionable to call names, stop earning profits.

I would support my assertion that this is a structural crisis as follows: all the countries in the world which have a monopoly in any particular product which the industrial nations cannot do without, will now be considering how they can imitate the oil-producing countries.

We have most probably already seen the first example of this. While we are meeting here, the International Conference of all the bauxite-producing countries (bauxite is the raw material for the aluminium industry) is taking place in Conakry. The avowed aim of this conference is to increase bauxite prices fourteen-fold. And the possibilities for structural changes are by no means exhausted yet, believe me!

The outcome of the Energy Conference in Washington was scarcely satisfactory, thanks to one of the Community countries. As the USA sees it, the US government will have to make available 200 thousand million dollars and US industry 300 thousand million dollars to alleviate the energy crisis, i.e. a total of 500 thousand million dollars. And what have we done, what are we doing, in Europe? We are protesting loudly that everything suggested in Mr Springorum's report as a practical solution, and the new processes discussed by Lord Bessborough will cost too much; if 10 or 20 thousand million dollars are needed, there is a terrible outcry. At the same time, the Western countries are paying 40 to 50 thousand million dollars annually for their present oil supplies—without all this commotion, because they know they have to pay anyway—and this is an annual figure, I repeat, not including the increase rates. It is a matter of economic necessity that we should invest half the amount we pay annually for this dear oil in an attempt to become partly—there can be no question of anything more—Independent of crude oil imports.

My time is now up. I can only say this: if Europe, the Community and the Western world will not see that they must take action now, and prefer to pay these vast millions for their oil, only to see them—if you will excuse the vulgar expression—thrown back in their faces till they choke on them, and the idea of a currency or economic union becomes nothing but an illusion, then there is no hope left for them.

I appeal to you therefore: let's have more than talk and new ideas for after the year 2000, let's have some action in the sense meant by the resolution before you, concrete action, with pick and shovel in hand, let's have no more of this parliamentary chit-chat. I'm sick and tired of it!

(Applause)

**President.** — I call Mr Simonet.

**Mr Simonet** Vice-President of the Commission of the European Communities. — (F) Mr President, I should like first of all, both on behalf of the Commission and personally, to commend Mr Springorum on the work carried out by him and the Committee of which he is Chairman, and to thank him for the unstinting support he has always given to the Commission of the European Communities in its difficult task.

The motion for a resolution which has been submitted to you and which, I may say, with the exception of a few very minor points, agrees almost entirely with the Commission's views, was also evidence of his desire to assist and cooperate with us.

I am not, therefore, going to make any suggestions for restricting or amplifying the text of this resolution. I would have no hesitation in endorsing it in its entirety, and my present task is thus made very much simpler.

In the interests of this debate, therefore, rather than repeating what other people have already said when they approved the text of the resolution or its contents, it would perhaps be better for me to sum up the situation as it has developed during the last few weeks, and in particular since the Washington Conference. As you know, I was at that meeting in February and was therefore unable—once again, my apologies—to be present in this House, with the result that the discussion of this motion for a resolution had to be postponed.

But before I go on to discuss the outcome of this conference, perhaps it would be better for me to give some factual indications, in reply, among otherthings, to the questions raised by Mr Kater.

**Simonet**

I will deal with the quantities first of all, since for several weeks these have been the object of increasing anxiety among the Community States, certain forecasts being decidedly pessimistic about the way in which the economic situation was likely to develop. There has in fact been a definite improvement, especially as compared with some of the rather catastrophic predictions. But there has still been a big drop in comparison with the production and consumption level normal for this time of the year.

According to the information we have obtained from the various Member States, the drop *vis-à-vis* the normal consumption level for this time of year, as forecast before the embargo, is put at an average of 10 per cent for the Community as a whole. Of course, as always happens in such circumstances, this deficit is not evenly spread over the Member States. The 10 per cent is an average figure, but it can be seen that the current supply level is definitely inadequate, although the reduction is tolerable provided, of course, that some basic precautions are taken to conserve energy.

Since the embargo was relaxed, the main problem has been rising prices and the effects on international monetary equilibrium, the internal economic equilibrium of the Member States and the overall economic equilibrium of the Community, insofar as disparities might arise in the growth and inflation rates of the Member States, and one or the other of them might attempt to solve its resulting economic and social problems by acting independently of a concerted Community action programme.

It is difficult to foresee in detail all the consequences I have just mentioned, and in any case I would not wish to take up your time by going into details here. I will limit myself to two or three basic observations.

As far as figures are concerned—and I would ask you to treat them with a certain amount of caution—a surplus, or additional net receipts, for the producing countries of about 60 thousand million dollars are being quoted at the moment. A considerable proportion, probably two-thirds, of this amount will find its way by more or less complex routes to those financial centres which can accept them and will, perhaps, at certain times, provide funds for possible speculations.

It is worth mentioning that the organized and controlled system of floating currencies which we have at present will probably make speculation more difficult and less automatic. This is perhaps a minor point, but a positive one.

One thing, however, is clear: the accumulation of these large foreign-currency surpluses and receipts by producing countries means that all

attempts to reform the international monetary system must be postponed to a later date, which, however, is impossible to forecast. It is doubtful whether, in the present situation, we can still talk of an international monetary system; it would probably be better to speak of a 'non-system', since a system implies a rational structure, an assembly of integrated and coherent parts, which we do not seem to have at the moment.

As far as the Community is concerned, it is estimated that its 1974 deficit will be 17 000 million dollars. Again, the load is not evenly spread. One country may be able to cope with a fairly sizeable reduction in its balance-of-payments surplus, whereas another country will find that its already worrying deficit has become even bigger.

It seems to me that our main concern must be lest Member States introduce half-baked measures concerned too exclusively with their own poorly-understood and narrowly-conceived national interests, and thus seek their own salvation by attempting to pass on to their neighbours the cost of the measures which they feel necessary. This would be, I repeat, a too narrow conception of national interests, because, from now on, the overlapping of interests within the Community means that any steps of this kind will sooner or later rebound against the country or countries which took such steps in the first place.

This being so, it is obvious that there will be different opinions on the Washington Conference, called under conditions with which you are all familiar, and one of the aims of which—if not a vital, at least an important one—was to attempt to arrive at a common attitude on the part of the consumers and more particularly the industrialized consumers, towards the producing countries. One's views as to the success of this conference depend on whether it is looked at from the point of view of Atlantic cooperation or of European solidarity.

I must emphasize that we should be wary of opposing the two views, and that any temptation within the Community to present Atlantic solidarity and European integration as alternatives is likely to cause serious damage to the Community, without necessarily strengthening the Atlantic alliance. However, for convenience, I will deal with these two topics separately, and attempt to show you how they have been strengthened by the Washington Conference and what joint conclusions can be drawn.

In the days immediately following the conference, most of the observers concluded that the conference had been a success from the point

**Simonet**

of view of Atlantic solidarity, but that it had represented a definite set-back for European integration, or, at any rate, meant a standstill for the time being.

I used the past tense on purpose, because, as I shall show you, the situation has recently improved noticeably in this respect. However, that was the more or less unanimous feeling immediately after the conference.

It is true that agreement was reached on some points between eight of the Member States of the Community and the United States, and especially on one point, apparently purely procedural, but which went essentially further than the subject of energy policy, since it changed the character of the Atlantic alliance—namely, the setting-up of a special "Coordinating Group" for an indefinite period. This group, which has met yesterday and today in Brussels, has the primary task of translating the guidelines drawn up at the Washington Conference into a series of precise agreements on specific points.

It is clear that the differing attitudes of the Nine at the end of the Washington Conference, together with the rather depressing climate in which talks were held among the Member States, made the outcome of this conference appear prejudicial to European integration: this is why our main preoccupation has been, must be and will be—without in any way judging the validity of the arguments of those who have agreed to work within this Coordinating Group, which I think is now an established fact: it is not up to us to make judgements any more, except in a historical sense—to make sure that nothing is done within this Group which would hinder or even prevent the difficult and progressive formulation of a Community energy policy.

In other words, the object we have set ourselves in the Community, among the Nine and more especially within the Energy Committee, which it was decided in principle to create at the Copenhagen Summit and which was set up in effect by a decision of the Council of Ministers a few weeks ago, is to develop and clarify certain questions and more especially to attempt whenever possible to establish a common attitude on certain points.

This task is made easier by the fact that the Coordinating Group, at its first meeting, decided that three of the topics on the agenda would be handed over to the OECD. A few days ago, therefore, an OECD working party, which had been instructed to study the problems of sharing oil supplies in case of shortage, was also instructed, and accordingly reorganized, to study problems of energy conservation and the diversification of traditional energy sources.

Moreover, the Nine agreed that there should be a common approach to problems connected with the search for and development of other sources of energy, and with the role and the position of the petroleum industry in providing energy supplies to the industrialized world.

Today, therefore, I can state, if not with complete confidence—it has already been our lot several times to see unforeseen circumstances intervene to hold up the formulation of a common energy policy—at least with cautious optimism, that the chances of our not seeing our common energy policy made impossible by transatlantic agreements have greatly improved. From this point of view, the Nine have pulled themselves together, and there is now a chance that we can go ahead to establish a common energy policy.

By the end of March, the Commission will lay before the Energy Committee a general document establishing its action priorities, and some of the points in your motion for a resolution will be expressly mentioned in this document.

Very shortly, we shall try to call a meeting of the Council of Ministers and hope that this meeting will yield some definite decisions.

I should like to mention another encouraging feature, which is that the economic proposals submitted to the Council of Ministers some time ago have been thoroughly examined by the Committee of Permanent Representatives. In the main, there has been a consensus which promises well for progress in this field also.

Briefly, then, and to conclude this part of my statement, I feel that your motion for a resolution has appeared at just the right time to reinforce the policy which the Commission considers it must follow today.

Finally, I should like to say that we have by no means lost sight of the important problem of the oil companies, and in general, the question of how oil supplies to the Community should be organized.

I will not return to the excellent discussions we have heard on other energy sources. I will deal only with petroleum, and concentrate on the problem which seems most pressing for the immediate future.

It does not seem to me possible to separate the role of the petroleum companies from other ways and means of assuring energy and petroleum supplies, especially in the Community. I am thinking especially of bilateral agreements and general cooperation agreements which the Community hopes to negotiate, or at least to begin studying, with the producing companies.

**Simonet**

This, by the way, has, of course, done little to relax the already rather strained atmosphere between the Community and the United States. It does show, however, a new positive aspect of the desire of the Nine to work together.

We must not, of course, pretend that the principle — although perhaps less the principle than the practice — of systematic cooperation between the Communities and the Arab countries will not create problems in our relations with the United States. The American Secretary of State has made no secret of his views on this point. But we believe that such cooperation is necessary; otherwise there will be a haphazard signing of bilateral agreements, with all the risks of escalating bids and soaring prices that this would entail.

We are thoroughly in favour of the development of bilateral agreements. This is vital, if only because the producing states will in future demand an increasing share of the proceeds from the petroleum produced.

We must, therefore, have a clear policy on bilateral agreements, and, inasmuch as this depends on the technology required to guarantee our supplies, we must also clarify our views on the role of multinational companies.

We are working on this too. We believe, in fact, that for a long time to come their technical know-how will remain essential to ensure balanced supplies to the industrialized countries of the Community.

We also feel that we must determine more clearly the rights of the national governments and the Community authorities and, in particular, clarify the role and function of the multinational companies and arrange for regular co-operation between them and the public authorities. It seems to me that countries can no longer rely on these companies, virtually without lifting a finger themselves, to ensure their supplies and deal with all the many problems — technical, economic and financial — which go hand-in-hand with this important task.

The framework may be changing, but I believe that, from the technical point of view, it would be to our advantage not only to define the role of these companies more clearly, but also to enable them to continue their task.

That, Mr President, is all I wish to say at this point.

Once again, I am delighted that this resolution has been presented at this time. I repeat that I attach the greatest importance to it, since it is essential for the conduct of the activities

of the Commission of the European Communities.

(Applause)

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — (F) Mr President, ladies and gentlemen, as a result of a misunderstanding or an oversight, I was not down to speak in the general debate. I thus have the formidable honour of following Mr Simonet. I ask him, and the Assembly, to forgive this imposition on my part and should like to thank the President for departing from custom and the rules of procedure on my behalf.

It is estimated that by the year 2000 the world will be consuming four times as much energy from all sources as it does today.

The problem of energy supplies is therefore, together with the problem of pollution — the two are linked, of course — the most serious which the human race will have to face during the next few years.

People seem to forget that this problem was already a matter of concern well before the present crisis brought it to the fore. I will quote just one example. In 1957, in France, a so-called "Committee of Wise Men", presided over by Mr Louis Armand, concluded its study on future energy supplies in France with the following recommendations: diversification of energy resources, the necessity of maintaining coal as an energy source, caution and flexibility in the provision of petroleum supplies.

These recommendations were, I repeat, made seventeen years ago!

Now, exactly the opposite happened. All existing sources of energy, such as coal, or sources which could have been developed, such as nuclear energy, were sacrificed for the sake of petroleum alone, which could be bought cheaply, and, in the case of the European countries, mainly from the Arab states. Mr Springorum has quite correctly identified as the reasons for the present crisis the principle of providing supplies as cheaply as possible and the basic attitude of some of these supplying countries. This analysis is no doubt correct, but in my view it is incomplete.

The pursuance of this policy of cheap energy based on petroleum alone in the 1960's and the fact that the Arab states have adopted this new attitude towards the Western nations, for which the war of Yom Kippur was a convenient justification, are surely traceable mainly to the big oil companies, who are noticeably absent,

### Lagorce

I am sorry to say, from the text under discussion here.

It was the petroleum companies who persuaded us to accept oil as the main source of energy. It was they who, by reaping excess profits at the expense of the Arab countries, made these countries realize that they were being subjected to a new kind of colonization, and thus drove them to throw off their yoke and raise the price of their product. And, more recently, it was these companies again who caused prices to rise by their speculative stockpiling, discriminatory distribution and threats of rationing.

This is why I propose an amendment to impose a true and more effective measure of control over the activities of these big companies. We agree, on the whole, with the sector-based measures proposed by Mr Springorum, especially those aimed specifically at correcting past mistakes.

He is quite right to propose that we return to energy sources which we abandoned and, for instance, increase output from coal mines by new capital investment and increased manpower. This would at the same time help to solve the employment problem, which has been aggravated by the present crisis.

The use of techniques such as gasification and liquefaction which he advocates cannot but make coal more competitive.

As for the construction of new hydroelectric power stations, I would remind you that a site such as the French Massif Central, for example, has enormous possibilities for storing hydroelectricity, with heads of water capable of stocking electrical energy in potential form at off-peak hours.

Mr Springorum also proposes, quite correctly, that we should turn our efforts to the production of nuclear energy and the construction of uranium enrichment plants. It is a pity that the countries of the Community are not more unified on this subject. I am grateful to Mr Springorum for mentioning, *à propos* of nuclear energy, that it should be produced 'without harm to the environment'. Whether we like it or not, the population has been made aware of this aspect of pollution, and believes, rightly or wrongly, that it is caused by the proximity of nuclear plants. But I won't say any more at the moment, since I spoke on this subject last Tuesday.

Finally, Mr Springorum asks that we should speed up exploration for new energy sources. Everyone agrees on this point. In some cases, these new sources are almost unknown and their

possibilities are still in the realm of the hypothetical — for instance geothermal energy, tidal energy, the use of liquid hydrogen, which is considered by many people to be the ideal fuel of the future, and many others. And many experts consider that solar energy has the greatest potential of all, especially for domestic heating.

What we know is that scientists, inventors and research workers of all kinds, spurred on by the present crisis, are working at this moment to perfect systems, one could almost say gadgets, which are intended to solve the problem of substitute energies. The least that can be said is that these researches are just as controversial as they are numerous and varied.

The second set of measures proposed in the motion for a resolution is concerned with combatting waste and ways of economizing on energy. Savings may be made, for instance, in the production, transport and utilization of energy.

One can imagine, of course, numerous ways of economizing merely in the use of energy. Some of them, such as imposing speed limits for motor vehicles, restricting public and private lighting, introducing summer time, etc, have been or are going to be enforced more or less strictly in the various Community countries.

Mr Springorum mentioned the problem of lighting, and especially heating, when he recommenced changing building standards in order to reduce heating requirements. According to a recent article in the journal *L'Expansion*, French Ministry of Industry have calculated that reducing thermal losses to a minimum in new buildings in France alone would mean a saving of 1.4 million tonnes of petroleum-equivalent in the first year, i.e., 55 per cent of consumption, 21 million over 5 years and 77 million over 10 years. Energy can be saved in other ways too, especially in transport: the development of public transport, car pools, etc., in towns where there are too many cars with only one person in them would be one way of achieving this aim. The rationalization of air transport, which uses vast quantities of fuel, is another way, and water transport could also be used wherever possible. Waterways are, in my opinion, too much neglected at the moment.

But the important thing in our so-called consumer society is, I believe, to change people's outlook, to instill in them, once again, the idea of economy, which has become very out-moded especially among young people. In the same vein, it would perhaps be appropriate to prolong the useful life of manufactured objects, to repair

**Lagorce**

them instead of throwing them away at the first signs of a fault, and to recycle them for further use.

Mr Springorum's motion for a resolution touches on this subject when it mentions the "recovery of used energy". We do not feel that this goes far enough. But, having put an oral question on this subject, which, I hope, will be discussed at the April part-session, I shall not dwell any further on this topic today. I am, however, proposing an amendment recommending the re-employment, recycling and re-utilization of waste of all kinds.

Anyway, it seems that we Europeans come necessarily to the same conclusion every time this problem of the energy crisis is considered — and Mr Springorum indicated this in his report: 'The Community must speak with one voice'.

There has been a Community coal policy, and there should be a Community policy on energy in general. Does this mean the Treaties would have to be modified? No doubt, but we must also re-think our whole attitude towards the petroleum companies — I must stress this point, and it will be discussed again later when we debate our colleague's questions — towards the producing countries, towards all of the third world and towards what François Mitterrand calls 'the fourth world', i.e., the countries which have neither industry nor raw materials.

One thing which this crisis has helped us to realize is the necessity for international negotiations aimed at working out and implementing a gigantic development plan for the whole planet, mobilizing all its resources in the way of technology, raw materials and finance, for the benefit of the whole human race.

Europe has a major role to play in this respect, but if it is to do so—and I must repeat what so many others have said—the Community countries must realize that they must be solidly united, and that this ideal precludes both bilateral agreements on the principle of 'devil take the hindmost' and complete and unconditional alignment along the lines laid down by the Washington Conference.

As Mr Claude Cheysson said a few weeks ago in Rome, at the parliamentary EEC-AAMS Conference, the Community countries which now find themselves in a tunnel must take each other by the hand, since all are walking in the dark together.

Let us hope that the European partners who are holding each other's hands will not continue to act like naughty children, as they have done more or less up till now, and will not take

advantage of the darkness to trip each other up or hit each other below the belt. Let us hope that it will not be too painful for us to walk along side by side in the darkness, and that the walk will not take too long, so that in the near future the nations of Europe may reach the end of the tunnel relatively unscathed, and emerge finally into the light.

(Applause)

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, time is getting on, but I hope you will allow me a word of thanks to those who have spoken in this discussion, and a special word of thanks to Mr Simonet, both for his kind words and the information he gave us, which, I believe, all of us found extremely valuable.

Please understand, ladies and gentlemen, that although this motion for a resolution has been submitted in my name, it has been put forward by the Energy Committee as a whole, and worked out over several meetings. This means that, although it may not appear as an entirely coherent picture, the quality has, in my opinion, benefited from the fact that it was a joint effort. I should like to remind all those speakers who considered that prices were the only difficulty of what Mr Simonet said—there is also the question of quantities. And if European consumers had not shown how thrifty they could be, if the European economy had not made good use of the possible alternatives, if economic activity had not slowed down somewhat anyway, we should no doubt have encountered a great many problems. And I am not sure—the oil boycott against the Americans has been lifted today—whether such enormous volumes are not being siphoned off in the process that this problem will perhaps again become more important than the problem of prices. We should not fool ourselves. As Mr Normanton said, quite rightly, there is an urgent need for change, and for us Europeans it is perhaps not such a great calamity that we are now forced to change our position. It is still possible to adapt; if we had persisted in this oil euphoria for another ten or fifteen months our dependence would have increased and this crisis would perhaps have been insoluble. But it is not yet too late, and we must get to work on the solution as soon as possible.

Once again, my sincere thanks for all your contributions.

**President.** — Does anyone else wish to speak? The general debate is closed.

**President**

We shall now consider the motion for a resolution.

On the preamble, I have Amendment No 3 tabled by Mr Van der Hek on behalf of the Socialist Group and worded as follows:

"The preamble should read as follows:

"having regard to the present heavy dependence of the European Community for its energy on suppliers outside Western Europe, and having regard to the recent price increases for energy sources, in particular petroleum, and the consequences of this for economic growth, maintenance of the purchasing power of wages, employment and the balance of payments".

I call Mr Van der Hek to move this amendment on behalf of the Socialist Group.

**Mr Van der Hek.** — (NL) Mr President, the Socialist Group felt it had to put forward this amendment for the following reasons: in the preamble as now worded in the report, there is a passage which is completely unclear, namely: 'having regard to the basic position adopted by certain producer countries with regard to Community energy supplies'. We do not know precisely to what basic position this refers, nor to whom, nor do we know what the consequences of it are, particularly when there is talk of various economic consequences of this basic position. Therefore it seems to us preferable to reinforce the preamble leading to the operative paragraphs by giving a precise summary of a number of facts which justify the recommended measures. This is the reason for the amendment.

**President.** — I call Mr Springorum.

**Mr Springorum.** — (D) I should just like once more to make it very clear that there was not the least doubt in the committee as to the basic position of certain producer countries. I am now astonished that there appear to be certain doubts in the House as to this position. I object to the inclusion in the amendment of the words 'having regard to the present heavy dependence of the European Community'; the dependence is not, in fact, 'present', it is certainly a longer term situation. We should make that abundantly clear. I would earnestly ask you to reject this amendment, as it does not on the whole fit into the motion for a resolution.

**President.** — I put Amendment No 3 to the vote.

Amendment No 3 is rejected.

I put the preamble as drafted by the committee to the vote.

The preamble in the original version is adopted.

On paragraph 1 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2 I have Amendment No 2 tabled by Mr Van der Hek on behalf of the Socialist Group proposing that paragraph 2 be deleted.

I call Mr Van der Hek to move his amendment.

**Mr Van der Hek.** — (NL) Mr President, I have listened to the debate with interest. I feel that things have been made difficult for me as regards Paragraph 2. It is now very clear to me what the intention was of those who drew up the report and presented this resolution. I find what is written here is obscure. The text reads: 'Feels that the latest difficulties in the supply of the Community with hydrocarbons must lead to structural change'.

I ask myself: changes in what and to what extent structural? This is not sufficiently clear from the text.

I now understand Mr Burgbacher's remarks that it must be emphasized that the present difficulties are not of a cyclical but a structural nature. If the rapporteur is willing to express this in the text by changing it to: 'Feels that the latest difficulties in the supply of the Community with hydrocarbons are of a structural nature', then the text becomes clear, at least to me.

**President.** — I call Mr Springorum.

**Mr Springorum.** — (D) Mr President, whether I write 'are of a structural nature' or 'must lead to structural change' is neither here nor there, if you will pardon the expression. We shall certainly support this amendment insofar as it relates to the words 'structural nature'. We are, however, not in favour of deletion, because otherwise the whole list of measures would be pointless, since a change requiring such measures is indeed structural.

So I ask you to retain the paragraph and to insert the words 'are of a structural nature' in accordance with Mr Van der Hek's proposal.

**President.** — Mr Van der Hek do you agree that the phrase 'must lead to structural change' should be replaced by the phrase 'are of a structural nature'?

**Mr Van der Hek.** — Mr President, I withdraw my amendment. I agree with Mr Springorum.

**President.** — The amendment is withdrawn.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3 I have Amendment No 4 tabled by Mr Van der Hek.

On behalf of the Socialist Group and worded as follows:

This paragraph should read as follows:

'3. Considers it necessary for the energy policy of the Community and of its Member States to be guided both by the principle of ensuring adequate supplies on the most permanent basis possible and by the principle of ensuring the cheapest supplies possible.'

I call Mr Van der Hek to move his amendment.

**Mr Van der Hek.** — (NL) Mr President, it is clear from this debate, too, that the aim is to correct the previous error of concentrating too much on the prices of the energy sources and neglecting the aspect of security of supply. But if we now go to the other extreme by attaching importance only to safeguards instead of to price, I think that this will cause a new imbalance.

Why should we not simply mention both aspects? Safeguards and price in one formula will in the present situation lead to optimum continuity and optimum price with regard to supplies, which seems to me more acceptable than the present version.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) I ask you to reject the amendment. Even the spokesman for the Socialist Group said quite openly: Safety first! In so doing he expressed the idea that, contrary to the view held hitherto that the main consideration is cheapness, safety must now become the main consideration if we want to guarantee energy supplies. The Summit conference also expressed it like that. We really would be introducing a change here that would make the sense of the whole resolution less clear.

**President.** — I put Amendment No 4 to the vote.

Amendment No 4 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraphs 4 and 5 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

On paragraph 6 I have Amendment No 5 tabled by Mr Van der Hek on behalf of the Socialist Group and worded as follows:

This paragraph should be worded as follows:

'6. A common trade policy is necessary as a prerequisite for the success of a common energy policy. Such a trade policy should be:

- characterized by a liberal import system in conformity with the General Agreement on Tariffs and Trade (GATT),
- also based on agreements between the oil-producing and oil-consuming countries, the latter to include the European Community, these agreements being aimed at promoting stability in prices, production and sales, adapted to world energy needs, and the necessary development of other energy sources;

I call Mr Van der Hek to move his amendment.

**Mr Van der Hek.** — (NL) Mr President, I have, to be honest, far greater problems with Paragraph 6 as now formulated in the motion for a resolution than with the previous paragraphs on which my group has submitted amendments. What we have here is an aspect of trade policy, relating in fact to customs tariffs. What is being proposed is simply not feasible. According to the terms of the General Agreement on Tariffs and Trade, which is also binding on the Community, it is not permitted to juggle with customs tariffs in the manner proposed in Paragraph 6, quite apart from the fact that nobody has yet been able to determine what tariffs can bring about optimum production and sales conditions. This problem has not even been solved in theory, so it can hardly serve as a basis for a policy.

If we feel—I think rightly—that a paragraph on trade policy should be included in this motion, let us do it in the manner proposed by the Commission, namely, by taking two basic elements, firstly, a specific import regulation, in accordance, of course, with the stipulations of GATT—I do not imagine anyone will object to that—and secondly, arrangements made or procedures agreed, on the basis of international agreements, on prices, production and sales.

**President.** — I call Mr Springorum.

**Mr Springorum.** — (D) Forgive me, Mr President, if I have to say a little more on this subject. The purpose of this paragraph is to protect investors from price-cutting, which

**Springorum**

might arise again at any time to destroy our own energy production plants. I should like to quote as an example the oil-shale plants being set up now or in the future in America. In this case the United States, too, will ensure, by means of certain customs barriers, that this oil is not swept aside one day by the very much cheaper Middle East oil. If we expect European investors, for example, to build hydrogenation plants for heavy fuel oil, they must be certain that they will continue to receive a return on these investments even in a price war. The proposal we are making here is already being incorporated in a bill currently before the American Congress. To meet Mr Van der Hek's objections, we could perhaps incorporate the phrase 'in accordance with the stipulations of GATT'. But this would not mean, as in Mr Van der Hek's proposal, separate internal and external political measures. Our list of measures is, as it were, internal energy policy, whereas what Mr Van der Hek is proposing is external energy policy. We have already put it to the House as a motion for a resolution, and it has already been adopted.

Here we are concerned with internal energy policy that ought not to be diluted. This is why I ask you to reject the amendment.

**President.** — Mr Van der Hek, are you prepared to withdraw your amendment if, as Mr Springorum has proposed, the words 'in accordance with the stipulations of GATT' are inserted?

**Mr Van der Hek.** — (NL) Mr President, I have two comments to make. Here we are clearly dealing with the use of trade policy as an instrument. Trade policy is, of course, always used for the internal purposes of a state or a community, such as the European Community. States do not do this for fun. In this respect the honourable Member's arguments are completely beside the point.

Secondly, the problem is not solved by including the phrase 'in accordance with the stipulations of the General Agreement on Tariffs and Trade', because this gives rise to an inconsistency in the paragraph, as tariffs simply cannot be used as an instrument of competition.

With respect to the rapporteur's reference to American practice, I should like to point out that the Americans have worked with quantitative restrictions, which, strictly speaking, are not really acceptable either. The previous speaker referred to the recently—adopted trade law, but this law is intended to authorize the President of the United States to take part in the GATT negotiations. Thus, the new enlarged GATT agreement will determine what is or is

not permissible in the world in this matter. So this gesture does not really solve my problem. I think we should stick to what the Community envisages, namely, the opening up of the market for a scarce product for which a seller's market has developed instead of the traditional buyer's market. Therefore we need a trade policy such as I have indicated in my amendment. Secondly, this matter of prices and supplies cannot be divorced from the machinery of the trade policy, which should also be included in the motion, otherwise there will be little in the way of balanced political significance in this paragraph!

**President.** — I now put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put paragraph 6 to the vote.

Parargaph 6 is adopted.

On paragraphs 7 to 14 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 7 to 14 to the vote.

Paragraphs 7 to 14 are adopted.

On paragraph 15 I have amendment No 1/rev. tabled by Mr Eisma on behalf of the Socialist group and worded as follows.

Add the following text to this paragraph:

'..., once the problem of storing and transporting radioactive substances has been solved.'

I call Mr Eisma to move his amendment.

**Mr Van der Hek.** — (NL) Mr President, Mr Eisma is no longer present and I ask your permission to speak on his behalf on this amendment. Mr Eisma has made an attempt to supplement Paragraph 15 by the insertion of a passage about the problem of radioactive waste. In doing this he has acted in complete accordance with Mrs Walz's report, which has already been adopted by Parliament. It seems to me advisable to bring the present resolution into line with a resolution which we already adopted earlier this week.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) One wonders what this insertion is supposed to mean, as the same problem arises with light water reactors, which are not included here. The amendment simply states the obvious. In the whole fuel cycle, transport and storage must, of course, be taken into account. We have been fully aware of this for a long time, so that, in my view, if we are already building light water reactors

**Springorum**

in which this problem has been solved, it stands to reason that it must be solved in the case of fast breeder reactors, too. For this reason I ask you to reject the amendment.

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I greatly regret that the rapporteur is not prepared to accept this amendment. One may consider that it is not such an important matter, but if so it seems strange that we discussed the same problem earlier this week, and that Parliament on that occasion adopted a resolution which was put forward by Mrs Walz on behalf of the Committee on Public Health and the Environment.

So what is the real significance of the work we are doing in this Parliament? I should like to ask Mrs Walz whether she, too, does not find it odd that two days ago adopted a report in which Mr Eisma's ideas are accepted and that two days later we simply forget what has happened and say that these matters are self-evident. If it were all so self-evident, then we should not have adopted Mrs Walz's report.

**President.** — I call Mrs Walz.

**Mrs Walz.** — (D) Mr Broeksz, precisely because we adopted my resolution two days ago, there is no need to repeat this now. The expression 'self-evident' was, perhaps, rather unfortunate. But the very fact that we adopted this point means that it no longer needs to be included in this resolution, too.

**President.** — I call Mr Flämig.

**Mr Flämig.** — (D) Mr President, I do not understand the rapporteur's rather inflexible attitude. The situation is this: the fast breeder reactor is in the course of being developed. In the case of the high temperature reactor, the problems of recycling have not yet been solved. Our amendment states nothing more than that these problems must naturally be solved the reactors are built. The reference is to the 'development and construction of these reactors'. Of course, the rapporteur is right in saying that the fuel cycle is self-evidently part of the development. Let me put it this way. If I am developing a coal-fired locomotive, I have to think about what to do with the ashes. That is clear. It does no harm to mention it here. It really is an important current question.

I therefore ask you to adopt the Socialist Group's amendment.

(*Applause*)

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — (D) Mr President, ladies and gentlemen, even at the risk of being misunderstood, I wish to state that I agree with the rapporteur, and my reasons are the following: all the governments of the Community, not only the German, have adopted certain necessary construction programmes for reactors in order to avoid an enormous electricity crisis in the 1980's. On the other hand, we have—and I must be permitted to say this—an environmental euphoria that is bearing strange fruit and is making it virtually impossible to find new sites for thermal or nuclear power stations.

(*Cries*)

Everyone should think carefully about what that means. It would mean that in the years between 1980 and 1985 there would be an energy crisis in the electricity sector which would make the present crisis look like a birthday party, because our personal lives, economic life and production are dependent to a far greater extent and far more specifically on electricity than on all other sources of energy put together. No sensible person can be opposed to this being given especial attention, and no sensible government will be so stupid as to disregard it. But we as a Parliament should not give any semblance of encouragement to the forces which, with the best intentions and the clearest of consciences, are standing in the way of progress. And that is why it is superfluous to mention this here, because it is obvious from the very nature of the subject. I do not know what other Members think about it; but it seems to me, as an objective observer, that in this world the do-gooders do more harm than the do-badders.

(*Laughter and applause*)

**President.** — I call Mr Van der Hek.

**Mr Van der Hek.** — (NL) Mr President, the last speaker has clearly demonstrated the need to adopt this amendment.

**President.** — I put Amendment No 1/rev. to the vote.

Amendment No 1/rev. is rejected.

I put Paragraph 15 to the vote.

Paragraph 15 is adopted.

On Paragraph 16, I have no amendments or speakers listed.

Does anyone wish to speak?

I put Paragraph 16 to the vote.

**President**

Paragraph 16 is adopted.

On Paragraph 17, I have Amendment No 9 tabled by Mr Van der Hek on behalf of the Socialist Group and worded as follows:

'This paragraph should read as follows:

"17. The search for new sources of energy will be stepped up with a view to reducing the Community's dependence in this field".

I call Mr Van der Hek to move this amendment.

**Mr Van der Hek.** — (NL) Mr President, in our opinion the wording of Paragraph 17 is in one specific respect also not entirely clear. The Socialist Group was somewhat astonished at the expression 'areas that appear politically safe'. What areas these are is not clear to us. But this paragraph suggests what we can allow ourselves the luxury as far as our oil supplies are concerned of sitting in judgment on the political systems of all sorts of countries. If we were to do this in all our external relations, especially with regard to the agreements we have approved in this Parliament, we should not get very far as a Community.

The point here is that we must tap the right sources of energy in order to reduce the Community's dependence. This is the core of the problem. That is why we should prefer to see a more neutral wording in which our intentions are clearly expressed and not obscured by undiplomatic statements of this kind.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, this paragraph is intended to make it clear that we do want to diversify energy supplies, since we have to rely on imports, but that we want to direct this diversification particularly towards politically safe countries. We have just seen how our oil supplies were cut off by some countries of which we would never have expected it. And we feel that exploration should be stepped up chiefly in those countries on whose deliveries we can rely. For this reason I ask you to reject this amendment.

**President.** — I call on Mr Van der Hek once

**Mr Van der Hek.** — (NL) Mr President, will the rapporteur do two things for me? Firstly, can he give a few examples of politically stable countries? And secondly, would he explain to me what cutting off supplies or not cutting off supplies has to do with political stability?

**President.** — Mr Springorum, do you wish to speak again?

**Mr Springorum, rapporteur.** — I shall be glad to give an example if you think it necessary, Mr President.

**President.** — I asked you whether you wanted to speak.

**Mr Springorum, rapporteur.** — No, Mr President.

**President.** — I put Amendment No 9 to the vote.

Amendment No 9 is rejected.

I put paragraph 17 to the vote.

Paragraph 17 is adopted.

I have no amendments or speakers listed for paragraphs 18 to 27.

Does anyone wish to speak?

I put these paragraphs to the vote.

Paragraphs 18 to 27 are adopted.

On Paragraph 28, I have Amendment No 6 tabled by Mr Lagorce on behalf of the Socialist Group and worded as follows:

'After the words "over long distances by rail". insert the following:

"Air transport should be rationalized and co-ordinated as far as possible and water transport should be increased."

I call Mr Lagorce to move this amendment.

**Mr Lagorce.** — (F) Mr President, I will not dwell very long on this amendment, since it speaks for itself. Considerable energy savings can be made by generally coordinating and rationalizing air transport. For example, inland services with a low load factor could be cancelled without loss to anyone. In the same way, certain routes are often covered by two planes belonging to different companies, one flying shortly after the other, and both of them half empty. It would be more rational to have one plane only, fully loaded. This is a matter for agreement, or perhaps even mergers, between companies. As Rudyard Kipling said, however, that's another story.

It would also be more rational, as the Commission itself has recommended, to replace certain direct connections by round trips which would make more stops possible.

Water transport, which is the subject of the second part of this amendment, is particularly economical but has been neglected in certain regions, as has rail transport, in favour of road transport. But certain heavy or non-perishable

**Lagorce**

goods could well be transported by canals and navigable waterways if delivery is not urgent. Incidentally, water transport is by far the least polluting of all forms of transport.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, I am sure that Mr Lagorce, who moved the amendment, will not take it amiss if I ask him to add his proposed text at the end of the paragraph, since, with the best will in the world, it does not fit after the words: 'over long distances by rail'. Both before and after these words, in fact, we are discussing road transport. Therefore we must put the words: 'air transport should be rationalized and co-ordinated as far as possible and water transport should be increased' at the end.

If the mover of this amendment agrees to this, I will have no hesitation in accepting it.

**President.** — Does Mr Lagorce agree?

**Mr Lagorce.** — Yes, I agree, Mr President.

**President.** — I therefore put Amendment No 6 to the vote, modified to the effect that the new sentence is to be inserted at the end of paragraph 28.

Amendment No 6 is adopted.

I put paragraph 28 thus amended to the vote.

Paragraph 28 thus amended is adopted.

On paragraph 28 I have Amendment No 7 tabled by Mr Lagorce on behalf of the Socialist Group and worded as follows:

After paragraphs 28, insert a new paragraph worded as follows:

'28(a). Longer use and re-employment of manufactured products, recycling and re-utilization of waste following processing would make it possible to economize on raw materials, while at the same time furthering the campaign against pollution and deterioration of the environment;'

I call Mr Lagorce to move his amendment.

**Mr Lagorce.** — (F) Mr President, I have already explained this amendment in my speech. The text does not seem to need further justification.

It is just as necessary to economize on raw materials—which are not inexhaustible—as it is to economize directly on energy. The two ideas are, moreover, complementary, since most often—not always, I agree, but more often than not—less energy will be required to obtain these

raw materials from waste than from the ore itself.

One could also quote techniques for treating waste, for example, incineration of household refuse, which make it possible to produce substitute energy relatively cheaply.

I would add that recovery and recycling, if they are complete, rapid and efficient, will reduce the deterioration of the environment.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) I find it very difficult, Mr President, to plead for a rejection of this amendment, because I entirely agree with its contents. Unfortunately, however, we know that waste disposal requires considerable quantities of energy. It has been calculated that the burning of rubbish does not create energy, but consumes it. It is simply not appropriate to include it here. Therefore I ask the mover of this amendment to understand that I must plead for the amendment to be rejected, even though I would agree with its contents in another context. I ask, therefore, that the amendment be rejected.

**President.** — I call Mr Flämig.

**Mr Flämig.** — (D) Mr President, it seems to me there is a misunderstanding. We are talking here about the re-employment of products, recycling and re-utilization following processing, that is, a rational use of materials in a way that will conserve energy. We are not talking about burning refuse.

**Mr Springorum.** — (D) But that's called recycling!

**Mr Flämig.** — (D) Yes, but the burning of refuse is something quite different. Recycling, in general, conserves energy. That is what this amendment is all about.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — Very well, if that is what is meant, I support the amendment.

**President.** — I put Amendment No 7 to the vote. Amendment No 7 is adopted.

On paragraph 28 I also have Amendment No 8 tabled by Mr Lagorce on behalf of the Socialist Group and worded as follows:

**President**

After paragraph 28, insert new paragraph worded as follows:

'28(b). Effective control at both Community and national levels of the activities of multi-national oil companies would make it possible to contain the rise in prices and ensure a regular supply of oil products and fair distribution of these products to all consumers.'

I call Mr Lagorce to move his amendment.

**Mr Lagorce.** — (F) Mr President, ladies and gentlemen, you will understand that this amendment has much greater political significance than the two previous amendments which it was my privilege to put to you.

Perhaps it will be objected that this amendment is rather out of place in this motion for a resolution.

However, I attempted in my speech to show to what extent the big petroleum companies, the Seven Sisters, are responsible for this energy crisis whose effects we are trying to alleviate.

It seems to me therefore to be the sensible and logical thing to control them more than has been done hitherto, so that they cannot have all their own way as far as prices, supplies and distribution are concerned.

As for prices, we are told—and people believe it—that it is the producing countries who have increased them. This is no doubt true. But the actual price increase could have been absorbed by the petroleum companies' profit margins, at least partly, instead of being passed on to the buyers. This is what the producing countries had proposed.

I recall that Mr Amouzegar, the Iranian Finance Minister, said recently, 'We lowered prices last December. Did any of you realize this? Did the consumers profit from this lowering of prices?'

And Mr Amouzegar added: 'The petroleum companies are answerable to the national governments. If these governments were willing to control them, perhaps price rises could be limited.'

In his view, the American Government's plan to tax the petroleum companies' excessive profits is the type of anti-inflationary measure which is needed.

And let us not try to justify these companies' excess profits by saying that it is necessary for them—or was necessary—to maintain the earning capacity of their investments. It is my view that there is plenty of scope for reducing their profit margins, especially when we read in the press, as we did recently, that the world's

largest oil company, Exxon (formerly Esso) reported a 60 per cent jump in profits in 1973. Anyway, I have put a written question on this subject.

Concerning supplies, I will remind you of certain incidents which happened in the spring of 1973, and which turned out to be significant, such as the fact that certain service station networks in the United States ran out of supplies, just at the time when conflict broke out between Libya and the American petroleum companies. For a moment, America was confronted by the spectre of rationing. And this was before the war in the Middle East.

Since the crisis, the companies have had another large windfall: four months of sales of petroleum products at higher prices, without any increase in the purchase price to them. And there have been stories of oil tankers waiting off the coast for prices to increase before discharging their cargoes.

As for distribution, I have already had occasion to mention the discrimination practised against retailers who were not under contract with the big companies. This is threatening their disappearance, in the same way as numerous small independent companies have disappeared, killed off by the large companies.

In short, I am only foreshadowing the conclusions of the debate which will be held on the oral questions put by our colleague Mr Amendola, and which cannot but be expressed in the same form.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, much could be said at this juncture, but I will make my point quite briefly. There is no guarantee that controls would halt price increases, neither is there any guarantee that controls would ensure regular supplies nor that controls would mean a fair distribution, so the conclusions of this paragraph are, quite simply, false. When the large state-controlled petroleum firms in France, such as CFP and Elfarab, charge higher prices than the multinationals, it is obvious that controls do not produce all the advantages that Mr Lagorce mentioned. I therefore request that this amendment be rejected.

**President.** — I put Amendment No 8 to the vote. Amendment No 8 is rejected.

On paragraphs 29 and 30 I have no amendments or speakers listed.

Does anyone wish to speak?

**President**

I put paragraphs 29 and 30 to the vote.

Paragraphs 29 and 30 are adopted.

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

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

**Mr Van der Hek.** — Mr President is it possible to give an explanation of vote?

**President.** — No, Mr Van der Hek. We have already voted on the motion for a resolution. I am sorry, but you should have asked to speak before.

Ladies and gentlemen, there is still a great deal left on today's agenda. I therefore propose that we suspend the sitting now and resume at 9 p.m.

The House will rise.

IN THE CHAIR: MR BERKHOUWER

President

(*The sitting was suspended at 7 p.m. and resumed at 9.05 p.m.*)

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

8. *Oral Question No 204/73, with debate: control of the activities of oil companies—Oral Question No 205/73, with debate: abuse by oil companies of their dominant position*

**President.** — The next item is the joint debate on the following questions:

Oral Question No 204/73

with debate by Messrs. Amendola, Ansart and Bordu on behalf of the Communist and Allies Group to the Commission of the European Communities

Subject: Control of the activities of oil companies  
Given that the big oil companies, which are mostly American, have recently, by coordinated direct price-fixing, limiting outlets, partitioning markets and unfairly exploiting their trading partners, been increasing their monopolistic practices;

Given the effects of the economic and political domination which the big oil companies, supported by the American Government, exercise on the various Community Member States and the weakness of the reactions of both national governments and Community bodies;

We are concerned at the social, economic and political consequences of such a situation and accordingly ask the Commission of the European Communities:

1. what conclusions it draws from this situation and whether, faced by repeated violations of the provisions of the Treaty of Rome, it intends imposing sanctions and, if so, which?
2. whether it intends to present the Council with a proposal for the immediate establishment of a public committee of inquiry and investigation including both workers and elected representatives in order to prevent these oil companies from abusing their position and ensure adequate permanent control of their activities?

Oral Question No 205/73,

with debate by Messrs. Amendola, D'Angelosante and Bordu on behalf of the Communist and Allies Group to the Commission of the European Communities

Subject: Abuse by oil companies of their dominant positions

Having regard to legal proceedings pending in Italy against directors and representatives of oil companies for suspected offences such as price-fixing; having regard to similar proceedings instituted by the judicial authorities of the United States; having regard to reports of similar offences in other Member States of the Community both in the press and by politicians and members of government:

1. Does the Commission regard this behaviour on the part of oil companies as an abuse of their dominant positions seriously infringing fair competition (Art. 86 of the Treaty)?
2. Does the Commission intend to take action against the offending parties with a view to applying the sanctions provided in current Community legislation?

I would remind the House that it has been decided to limit each questioner to 10 minutes to speak to the question.

In other respects, Rule 47 of the Rules of Procedure will apply.

I call Mr Bordu.

**Mr Bordu.** — (F) Mr President, ladies and gentlemen, this question more or less follows up that up what our friend Mr Lagorce began to say at the end of the last debate.

I would remind you, on behalf of my Group, that these oral questions are motivated by the manoeuvres of the oil companies during the so-called 'oil crisis'.

We would point out in passing that generally speaking this is an energy problem, and a very serious matter arising not only from lack of foresight but, above all, from the political system of capitalism in which the profit motive is supreme. Thus, the problems of energy supply have sprung up against a backdrop of a rivalry

<sup>1</sup> OJ C of 8. 4. 74.

**Bordu**

and anarchy that are damaging to the economies, national independence and the development of the producing countries.

One of the built-in effects of the capitalist system is that the burden created by this situation, so desired by international concerns and actually encouraged by governments, is passed on to the consumers, the workers' families.

From the economic point of view, this phenomenon has led to the abandonment of other sources of energy, to waste, and to the sterilisation of research.

These results, which could have been foreseen, have been denounced for years by the Communists in particular, but also by many scientists, experts and research workers.

Another ideological consequence has been a concerted campaign aimed at gaining public support for a considerable reduction of economic growth. Actually this theory, inspired by the deeper crisis eroding the foundations of the capitalist system, conceals the desire of big capital to win over popular consent for the austerity policy prescribed by the Member States of the Community.

The first outcome of the increasing difficulties of the workers' families, the middle classes, town and country, small and medium-sized businesses and intelligentsia of all ranks, can be seen in the increasingly bitter fights between the Nine culminating in some cases in political crises.

Note that these troubles are bound to get worse since the regulations which will cause a general rise in prices are still to be fully implemented.

We may therefore end up in a state of political bankruptcy which urgently calls for fresh solutions taking into account economic and national interests, the interests of the workers (in the widest sense of the term) and those of the producing countries.

Now, we believe that these changes cannot take place within the framework of the present European political set-up, which is too obviously concerned with placating the international concerns. The forces of progress and democracy must therefore consider, more urgently than ever, the tasks before them and what joint action they must take themselves to create conditions enabling us to advance along the road leading to a workers' Europe.

This aim can surely be achieved. It is a lawful aim of those whose duty it is to work for a society created by man for the service of man and it must be pursued in each country concerned and in Europe as a whole.

It was such basic considerations that led our Group to put these oral questions to the Commission and to propose ways and means of checking the oil companies' manoeuvres.

This brings up two problems I raised at the last session of Parliament.

The first question has a legal basis—it is the question put down by our friend Mr d'Angelo-sante—seeing that the oil companies have contravened Community rules and in particular the provisions of Article 86 of the Treaty. As a matter of fact, these companies have in one way and another taken unfair advantage of their dominant position and interfered with fair competition. The question is: 'Does the Commission intend to take action against the offending parties, with a view to applying the sanctions provided for in the current Community legislation?'

The second question is whether the Commission intends to present the Council with a proposal for the immediate establishment of a public committee of inquiry and investigation, including both workers and elected representatives, in order to prevent these oil companies from abusing their position and to ensure adequate permanent control of their activities?

Realising the importance of this problem and bearing in mind the political difficulties it may create, we also propose to set up a committee of inquiry consisting of Parliament members and representing all political groups, so as to ensure a more effective outcome.

We want to submit these proposals in such a way as to create further prospects. Indeed, if the Commission accepts these proposals and the Council approves them, we shall be a step nearer towards setting up an anti-speculation code.

The permanent check on the oil companies, together with a search for new sources of energy, and the use of existing sources such as coal, hydro-electric and tidal power, would give us the essential diversity under the conditions obtaining in each country. International concerns should not be allowed to monopolize the nuclear sector while neglecting the other sources of energy.

This danger exists. The big oil and other companies are building up vast capital reserves at the expense of the consumers, and using this capital to grab the nuclear market. And let us face it, such a situation means that for many years to come, the countries would be in servitude to the nuclear fuel manufacturers, and the United States in particular, without any guarantee about the price or supply of these fuels.

**Bordu**

Our solution is either to nationalise the oil companies or to give the governments majority shareholdings. We are all in favour of a national energy policy, which, if it had already existed, would not have put up with racketeering, corruption or price-fixing and would have facilitated true cooperation.

(Applause from the left)

**President.** — I call Mr Borschette to answer the two questions.

**Mr Borschette, Member of the Commission.** — (F) Mr President, the Commission, like the questioners, is concerned about the behaviour of the oil companies, whether they are European, American or international. It is for this very reason that the Commission wishes to examine two aspects of their activities, first, their price policy in the Common Market and secondly, their relations with their trading partners and especially with the Community refiners, that is to say, the independent companies.

On this topic, I must point out that the Commission began a survey as early as last December, and I stress the fact that it did this before any action was taken by the Member States. This survey is still in progress and will be extended to all the Member States. I admit that it will be long and difficult, considering the complexity of the petroleum market. The route taken by oil products from the refinery to the consumer often includes middlemen, and the market's stability or instability is the result of company or government action.

As a matter of fact, most governments do intervene in the oil-products market, for example by fixing the maximum prices to the consumer, by determining middlemen's and distributors' profit margins, by making more or less restrictive arrangements to safeguard the independent trader, and by organising or recommending co-operation between the big companies, in order to achieve government aims.

In this complex situation, this mass of dissimilar regulations, it is most important to determine the respective roles of governments and oil companies. We must find out if certain activities are due to the companies alone or whether the companies and the governments share the responsibility.

So you will realise that I cannot say here and now as the questioners do, that 'the big oil companies practise co-ordinated direct price-fixing, limit the outlets, partition the markets and unfairly exploit their trading partners'. The Commission could only make a statement of this kind on completion of the present survey.

In this connection, it may be worthwhile to mention what instruments the Commission is provided with; firstly Articles 85 and 86, and then Council Regulation No 17, which provides for a procedure which I admit is sometimes long-drawn-out. This procedure terminates with the Commission taking decisions which are submitted to the jurisdiction of the Court of Justice at Luxembourg.

Before it can act, the Commission has therefore to establish, beyond all doubt, either that the oil companies have concluded agreements between themselves, or have engaged in concerted practices tending to prevent, restrict or distort competition or that they have, either individually or collectively, misused their dominant position to profit from present conditions.

In both cases, the companies would be infringing the Treaty's rules on competition and the Commission would be obliged to take the necessary steps and decisions.

The question also refers to the legal proceedings which are pending in Italy or in the United States, as well as to the many articles which have appeared in the press about the manoeuvres of the international companies. I must say that newspaper articles—even the best-documented ones—cannot be accepted as evidence in a survey like ours. The Commission must obtain its information by itself and by conducting its own survey.

Moreover, in certain countries, legal actions are brought against certain persons on the basis of the penal code, not on the basis of Articles 85 and 86 of the Treaty.

However, the Commission has already asked the governments concerned to examine the documents submitted to them not only from the penal point of view but from that of a possible contravention of Articles 85 and 86 of the Treaty.

I would add that Regulation 17 sets out the conditions under which the Commission must exercise its powers of investigation and inquiry, as regards trade combines and dominant positions.

The results obtained in other cases show that the Commission has the powers necessary to ensure compliance with Articles 85 and 86. And there are several reasons why the Commission also considers that it does not need to ask the Council for authority to organize public hearings. In the first place, a proposal to the Council would take a great deal of time, whereas the inquiry must be conducted rapidly. Then such a proposal would risk upsetting the institutional balance established in this matter in the Treaty.

**Borschette**

between the Commission and the Council. Lastly, up till now, the Commission has proved the seriousness of its intentions; it has always shown itself prepared to apply Articles 85 and 86 of the Treaty by having recourse to Regulation 17.

I declare that we shall carry out an objective and serious survey and that no pressure can prevent us from taking action and from applying strictly all the provisions of Articles 85 and 86 of the Treaty if these articles have been infringed.

(Applause)

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

**Mr Noè.** — (I) Mr President, I am glad that Mr Borschette has spoken of a lengthy analysis which will take some time, and that he will not be expressing an opinion until this has been completed. In fact, so far as I know, although my information is no doubt incomplete and I have tried to bring it up to date over the past few days in particular, this question is unrealistic, just like some of the statements made by the honourable Member putting the question, and which leave me extremely puzzled, as I shall shortly explain.

As regards prices, I refer to the written communication sent last January by a Vice-President of the Commission, Mr Simonet, to the Energy Committee: 'For a time, prices were low and stable, and the factors causing variations—in any case limited—were known; now, prices are high and unstable, and—what is worse—we have no way of forecasting the variations'.

This was the general picture given to us. It is clear that the expression 'For a time' refers to the decades during which the companies accused were operating. It is obvious that, in this new climate the companies' methods have changed, but it is a big step to the adoption of such a drastic position. After all, we used to have low prices of about two dollars, and now we have high prices of about ten dollars. Mr President, the increase from two to ten dollars was the result of external factors which forced the companies to take this step, even though it may have meant increased profits for some of them.

However, the 'first-order differential' as the mathematical expression goes, is a different matter, but even here, I find it hard to believe that the companies are entirely to blame.

When this survey has been completed I should be very grateful to the Commission if it could give us (as I am sure it will) lists of the prices

currently being charged in one and the same month by the companies and by the State undertakings, as well as the prices for crude oil from other countries, since only then will it be possible to make a comparison. I myself have taken some trouble to find out these prices, and this is the reason for my surprise. In the Persian Gulf, for instance, the fob price—in other words, the starting price—charged per barrel by the oil-producing countries is 10 dollars. The price charged by the oil companies is from 7—7.70 dollars. It must be pointed out however, that 25% of the oil produced is controlled by the producing country and thus costs 10 dollars per barrel. This 25% is sure to increase to 60%, and this will mean that 60% (and not 25%) of the total production will cost 10 dollars a barrel, while the rest will tail off to 7—7.70 dollars.

I also went to the trouble of finding out the price of oil obtained through direct contacts. Crude oil from Algeria, for instance, costs 14 dollars. Oil from the Soviet Union costs 16—17 dollars upon arrival in Italy, at the cif price. The oil companies charge 10—10.50 dollars in Italy. 13—15 dollars is the price for oil from the state-controlled company which has bought from more or less everywhere—including Iran, where, for obvious reasons, the prices have to be higher.

At present, therefore, it is difficult to maintain that the oil companies charge the highest prices. For decades, they kept their price at 2 dollars a barrel, and in view of this it is difficult now to adopt a different attitude.

According to a Reuter dispatch from Vienna dated 13 March, the financial experts from eleven oil-producing countries are trying to show that a further price increase is economically justified. If this increase is made we certainly cannot blame the oil companies. They may be to blame for other things but certainly not for this.

What surprised me most of all was that the honourable Member who submitted this question maintained that the companies were not engaging in research. In my opinion, for reasons which I shall now explain, it is impossible to make this kind of statement.

In the first place, if we did not have the oil-fields in Alaska, Indonesia and the North Sea, the outlook would at present be very bleak. These finds, which will ensure large supplies of crude oil during 1978-1985, were the work of the oil companies who—for instance in the North Sea—have had to pay ten times as much per metre explored as in the Middle East. Secondly, since the sixties (I stress this because

**Noë**

it is something which has never been mentioned), the oil companies have followed a policy of diversification. If their interests now extend into the fields of nuclear power and coal, this is because they included these sectors in their sphere of action round about 1965.

A few days ago, I was very much impressed by reading some scientific and technical documentation (I am sorry I did not bring it along with me today, but I did not know that we would be having this discussion) which stressed the very high percentage of scientific and particularly technological research into coal gasification and the exploitation of oil shale. This latter activity has been of much concern to naturalists at whose insistence systems have been developed which allow gasification through tunnels without disturbing the landscape.

The impressive scope of these activities must be emphasized, since in many cases people are unaware of them. They certainly refute the accusation that the oil companies have not done any research. In this context, I should like to ask the honourable Member how it is (and this is one of today's news items) that the Soviet Union has called in Atlantic Richfield—an American company—to look for oil on the island of Sakhalin in cooperation with the Japanese. If the U.S. company had not been doing any exploration the Soviet Union would not have sought its specialised services.

We can, then, accuse them of other things, but not of a lack of foresight or inactivity in the field of research and exploration.

I have already said that there will be changes in the framework within which the oil companies have to operate, but I also feel that their continued importance in the future depends not so much on the fact that they still control a lot of crude oil as well as 35% of the world's oil tanker tonnage—these statistics interest me only up to a certain point. What is more important is the initiative which the companies have shown in looking for alternative resources, since these are the key to the energy problem which will sort out the sheep from the goats in the years 1985 to 1990. The real problem to be tackled is in fact diversification of energy sources.

In view of this situation, I fail to see how we can belabour the oil companies. I agree we must keep a careful eye on things, because of the Community's presence—or its political representation—in the general agreements, but I repeat that I fail to see how we can attack the companies.

I shall not deal with the second question because the problem involved is the subject of investigation by an Italian parliamentary com-

mission and I feel that I cannot discuss the matter without having the necessary information.

**President.** — I call Mr Van der Hek to speak on behalf of the Socialist Group.

**Mr Van der Hek.** — (NL) Mr President. There is no doubt in my mind that the Communist Group has raised a number of important questions here. I am extremely gratified to hear that at the height of the oil crisis in Western Europe the Commission decided to investigate in detail the behaviour of the oil companies within the Community and carried out a survey to this end.

I should now like to ask the Commission if it is prepared to make the results of this investigation available in an appropriate form to the European Parliament once they are known. This seems to me all the more necessary in that the questions put by the honourable members of the Communist Group are based on certain assumptions of fact. It is clearly in the general interest to test these assumptions against the results of an extensive survey, and to discover what factual basis they have.

I am convinced that public opinion in the Community would welcome clarification of this matter.

I have also listened with great interest to the previous speaker, who had a lot to say about price formation by the oil companies. Nonetheless, there is a major problem here. We all know that petroleum prices vary. First, there are the prices for oil which the companies themselves extract from the ground on the basis of their concessions. Then there are the prices for participation oil produced by companies which are largely owned by the oil-producing countries. Finally, there are the prices quoted on the Rotterdam market.

It seems to me that everybody must benefit if price formation is made a transparent process. Let me give you a very up-to-date instance. The Netherlands has a prices policy for petroleum products which allows the oil companies to pass on their external cost increases in the price to the consumer. But what determines the external cost increases of the oil companies? The answer is the combination of prices which the oil companies themselves have to pay for the crude oil. In addition, there are various links in the distribution chain which affect cost increases. It is vitally important that the governments of the Member States, and the European Commission, should be thoroughly familiar with this price structure.

My question is therefore whether the European Commission's investigation will also extend to

**Van der Hek**

price formation both outside and inside the Community.

I should also like to ask what is in my view a most important question, namely what has been the effect of the oil crisis on competitive relations within the Community, especially as regards trade sectors which are not linked directly with the large oil concerns?

Are there grounds for believing that these oil concerns have taken advantage of the supply shortage to eliminate, wholly or partially, independent trading in the Member Countries of the Community?

A fourth aspect which I consider of importance—and not just with respect to competition within the Community—is the behaviour of concerns in which the state has a majority interest. Italy and France have companies of this type. In France, indeed, the market is divided up between companies which are predominantly state-owned, and independent oil companies.

What steps does the European Commission intend to take to combat distortion of or restrictions on competition between oil companies with different types of shareholding? Or to put it more bluntly, what is the Commission doing to remove barriers to competition between entirely privately owned companies, and oil companies with large state shareholdings?

What action is the European Commission taking specifically with regard to the French state oil monopoly?

If the Commission has already done anything about this I am afraid it has escaped my notice. Does the Commission in fact intend to take any particular countermeasures?

There is another question of major importance. What are the European Commission's views on the effect on intra-Community competition of the bilateral barter agreements which certain Member Countries are concluding with certain oil-producing nations? Has the European Commission any information on the prices at which the oil is being exchanged for other commodities? Can it assess the influence this has on prices which consumers have to pay for oil and oil products?

In addition to these specific questions, I should like to make a more general comment, namely that it is worthwhile taking a look at the Rotterdam market. Is the European Commission acquainted with the workings of the free market at Rotterdam, and what steps does it propose to take to make these workings more transparent? The information I have is that McGraw Hill,

the American publishers, list prices from which it is virtually impossible to make out who are the buyers and who the sellers on the Rotterdam market.

I should like to know, therefore, whether the European Commission is looking into this problem, whether it has already gained any useful information, and whether it is prepared to subject the Rotterdam market to specific rules, to make its operations more transparent. This can only be of benefit to both the producers and the consumers of petroleum, and particularly petroleum products.

It goes without saying, Mr President, that the behaviour of the oil companies has been a cause of great concern to us all. The first thing to be done to achieve effective control over these companies is to publicise their behaviour and to make more data on this available, as these must form the basis of any measures to be adopted by the Member Countries and the Community.

(Applause from the Left)

**President.** — I call Mr Scelba.

**Mr Scelba.** — (I) Mr President, my colleague Mr Noë, who spoke on behalf of the Christian Democratic Group, has made a number of extremely interesting statements which deserve serious attention.

Nonetheless, in such a short speech he had no time to amplify some of his comments in the way they deserve by pointing out that the oil companies' activities do not invariably pass muster, are not entirely free from blemish. Indeed, had we been persuaded of their probity there would have been no need for the investigation which the Commissioner has just told us of, an investigation undertaken even before the energy crisis got under way.

I should therefore like to congratulate the Commission personally on its initiative in carrying out a survey aimed at giving every citizen and every consumer access to data which can reassure them as to the activities of these companies whose importance in the Community's economic life is so great.

**President.** — Perhaps Mr Borschette would like to reply briefly to Mr Van der Hek and the other speakers.

**Mr Borschette, Member of the Commission of the European Communities.** — (F) I shall endeavour to reply as briefly as possible and as carefully as possible, because we are now at the same stage as the man accused of a crime, to

**Borschette**

whom the judge said: "From now on, everything may be used in evidence against you!"

You will understand, gentlemen, that in an inquiry as difficult as this every detail I may supply and every judgement that I may make at this moment may well be made use of by the interested parties before the Court of Justice, if the Commission takes its decisions and if appeals have to be made against them.

In the interests of the survey, I shall therefore be extremely discreet and as careful as possible.

As concerns the prices, my reply to Messrs. Noë and Van der Hek is that the Commission's survey covers the whole problem, including the prices, whether it is a question of the prices of crude oil, according to the country of origin, or the prices of refined products, according to the recipients and the refineries.

I agree that the results of the survey carried out in this sector should be submitted to Parliament when the Commission has made its decision. I repeat that this survey is dealing with prices both inside and outside the Community.

In my first speech I had occasion to state specifically that we are making a particular study of the big companies' behaviour towards the independents. One of our main concerns is to safeguard the latter's fundamental rights.

As regards whether the companies are treated differently according to whether they are State corporations or private companies, I would remind you that the rules on competition are applied both to nationalized or State corporations and to private companies without distinction—as moreover the results of the survey will show.

As regards the trade agreements or barter agreements between certain third countries and Member States, it will be quite impossible to take a stand on this in the immediate future, because, if I have been correctly informed, these agreements have not yet even become operative. I am therefore quite unable to give any opinion.

With regard to Rotterdam, I can reassure Mr Van der Hek. This was the first point with which the survey was concerned, not only because Rotterdam is a Dutch port but also because it is a supply centre for most of the surrounding countries.

I hope, Mr President, that you will not require me to say anything more this evening. I hope you will understand that this is the first time that the Commission has been induced to reveal certain details while an inquiry is still in progress. I would therefore be grateful if you would not compel me to reveal any more; this could

only be detrimental to the case which I have pleaded and to the practice of competition in this sector.

**The President.** — Mr Bordu, in accordance with the Rules of Procedure, make a brief comment on the reply given by the Commissioner concerned.

**Mr Bordu.** — (F) Very well, Mr President. To begin with, I would note Mr Borschette's statement about the survey which the Commission itself has started.

At this point, I do not wish to show more impatience than is fitting, because it is often difficult to conduct a survey. I simply ask the Commission to see that it is conducted with all due dispatch with a view to settling a problem which seems to us of very great importance.

We have good reasons for raising these questions. They have been flung in the world's face. Some countries have started legal proceedings. So you ought not to be surprised at our idea of putting these questions. They are quite natural.

I also hope that the different governments will be able to give the Commission all the assistance necessary, since each of them is concerned with these problems.

Without wishing to go into detail, I will simply say that the specialist journals, which cannot be suspected of partiality, are publishing, day by day, the profits of the big oil companies, and we say that these profits are sometimes of quite scandalous proportions. We have read that in France, in one night, owing to the simple fact that tankers were loaded with oil paid for at a previous lower price but sold at the full price, the oil companies made 6 000 million old francs. This is an obvious fact, which the companies deny but which only the survey will be able to establish.

As regards the problems of research, we have not said that there was no research on energy questions. We do not say that the oil companies have not contributed to this research. They had an interest in it and therefore they did it. To take the case of France, we had what is called the graphite-gas process, which had undergone its tests but which was abandoned in favour of other foreign processes. It is evident therefore that at least publicly financed research has been abandoned, to the great distress moreover of the research workers who had worked on these projects for so long. In this case, therefore, the companies were curbing scientific research.

**Bordu**

Basically, the real problem I wished to raise by these questions was that, by giving oil a privileged position, we have sacrificed other sources of energy and consequently the research done in this domain. This was what I meant to explain a few minutes ago.

I should like to close by quoting an example. In France, on the local-authority level, tenders for the supply of oil are no longer accepted on the basis of the lowest price. There is no longer any competition. The prices are identical. The communes no longer have the benefit of price reductions on their purchases.

This is a serious problem. In speaking of the communes, I have in mind the heating of all the schools, there are a great many of these in France. Altogether a very large amount of money is involved.

That, Mr President, is what I wished to say. I note the Commission's statement. I hope I am not too impatient, but I would ask the Commission to make haste.

(Applause)

**President.** — I thank the Commission for its replies.

No resolution has been tabled.

The debate is closed.

#### 9. Execution of Salvador Puig Antich.

**President.** — The next item is the discussion of the motion for a resolution by Mr Lücker on behalf of the Christian-Democratic Group, Mr Vals, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Allies Group, Mr Kirk, on behalf of the European Conservative Group and Mr Amendola, on behalf of the Communist and Allies Group (Doc. 4/74).

Mr Lücker, Mr Vals, Mr Durieux and Mr Kirk have since withdrawn as authors of this text.

Document 4/74 is therefore presented on behalf of the Communist and Allies Group only.

I would remind the House that it was decided to deal with this resolution by urgent procedure.

I call Mr Sandri to speak in place of Mr Amendola.

**Mr Sandri.** — (I) Mr President, in this situation we must appeal first and foremost to your sense of fair play. Yesterday the House voted to adopt urgent procedure on a motion for a resolution tabled by the Chairmen of the Groups you just

mentioned. We are called on to discuss a text and to amend, modify, reject or approve it. This evening we were informed that three of the five sponsors have withdrawn their support. They are perfectly entitled to do this, but I should just like to raise a point of order. When this sitting was resumed a new amendment, No 8, was submitted, which unless we are grossly deceived cannot be called an amendment, as nothing remains of the text of the motion for a resolution except the words 'the European Parliament'; everything else has been changed; both the letter and spirit of the motion have been changed and the number of the sponsors.

However, Mr President, not to waste time on pointless procedural bickering, we should just like to say, without discussing the merits of the question, that we think this amendment is formally out of order. Our group is submitting the following proposal for your consideration: the House should be asked to vote on urgent procedure on the new text submitted to us, and the President and Bureau should then decide when to hold the discussion; we believe that an amendment in which the only relic of the original text is the words 'the European Parliament' is without precedent. We therefore ask you, Mr President, to withdraw the original text and to invite the Parliament to vote on the new text submitted for discussion by my honourable colleagues Mr Lücker, Mr Durieux and Mr Broeksz.

**President.** — With reference to Mr Sandri's remark on procedure, I quote rule 29, paragraph 3 of the 'feuilles roses' (selected texts on the Rules of Procedure) which says an 'amendment may be aimed at replacing the whole or part of a motion for a resolution'. As the motion for a resolution has been voted urgent procedure Amendment No 8 on this motion can be admitted for debate and will be considered by urgent procedure.

I therefore call for joint discussion on the original text and Amendment No 8.

I call Mr Bertrand, on behalf of the Christian-Democratic Group.

**Mr Bertrand.** — Spokesman for the Christian Democratic Group. — (NL) Mr President, I should like to thank you for explaining this point of procedure. We also looked up Rule 29, Paragraph 3, on this point. Since Mr Amendola has not withdrawn his sponsorship of yesterday's resolution, and since its discussion has been voted urgent procedure, the debate on the resolution should be given priority. Furthermore, amendments may be submitted for altera-

**Bertrand**

tions to paragraphs or to the entire resolution. This is why we advocated this procedure.

Mr President, our concern is twofold.

Recent events in Spain should compel us, as members of this Parliament, to condemn all political acts of violence, whether perpetrated by Governments or individuals. We are concerned with the sanctity of human life and the condemnation of political assassination. We equally condemn the assassination of the Spanish Prime Minister a few months ago. And we also have in mind the killing of an Irish Member of Parliament a few days ago by a certain group of extremists. As a Parliament it is our duty to protest against this in no uncertain terms, whether these acts are committed by right-wing, left-wing or any other kind of dictatorship. Any violation of human rights or human freedoms is to be condemned. The Christian-Democratic Group will raise its voice in condemnation of this kind of thing.

What concerns us is not merely the execution of some particular person in Spain but the attitude taken towards a religious hierarchy whose rights have been or are about to be curtailed for political reasons. We think this should also be remembered.

Lastly it would be wrong to admit to the Communities any country which does not fulfil the following criteria: firstly it should have sufficient economic maturity to be able to enter the Community on a competitive footing, and secondly it should be a democratic state with a freely elected Parliament based on democratic principles.

In view of the violation of human and civic rights by the Spanish Government, we cannot at present consider allowing Spain to enter the EEC.

The Christian Democratic Group submitted these amendments to enable us to take a single united stand.

**President.** — I call Mr James Hill.

**Mr James Hill.** — Mr President, I feel that these motions for resolutions are taking advantage of this Assembly and using it as a propaganda platform for those countries who have no standard of justice and whose standards the Community could not recognize or, indeed, tolerate

In my view, a stand must be made for the moderates in Parliament. The motion for a resolution may well be seen by the people looking into Europe as a sign of our inability to understand the problems of this world, which

appears to be going towards terrorism faster than we think. Indeed, we in the United Kingdom have this problem.

Amendment No 8, to my mind, does not go far enough. It is a luke-warm version of the motion, possibly by the Communist and Allies Group. Nevertheless, if it is to be discussed this evening on an emergency procedure, I should like Members to have time to make amendments to Amendment No 8.

We in the Conservative Group are faced with a certain amount of friction in that we particularly want to emphasize that our sympathies by and large are with the victims of these atrocities and not with the perpetrators, who are breaking laws which we may think are too strict and the penalty for which we would not recognize in our own countries. Nevertheless, we are dealing with sovereign states who have their own methods, which may or may not bar them from joining the Community. To sit in judgment here on these states and on these emergency courts to my mind is quite futile. We shall not help the situation; we may even exacerbate the problems.  
(*Protests from the Left*)

**Mr Coterier.** — (D) It's a disgrace!

(*Violent protests*)

**Mr James Hill.** — Terrorism is not confined to just one state. It exists throughout the world.

At no time have I ever seen a motion for a resolution in this Parliament—if my Communist friends will listen to me—for the victims of these outrages. In Northern Ireland yesterday, three soldiers were fired at when coming out of church, and one of them was killed.

These acts of terrorism are taking place throughout the world. Perhaps once in a while the House could remember that there are victims. We have moderates in Parliament and we want to put the views of our moderates.  
(*Cries: 'Shame! Shame!'*)

I cannot align myself either with the original motion or with Amendment No 8.

Mr President, if you decide to adopt an emergency procedure on Amendment No 8, I for one will want time to be able to table amendments to that Amendment.

(*Loud protests from the Left*)

**Mr Coterier.** — You should be ashamed of these words.

(*Uproar*)

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I was rather shocked by what Mr Hill just said.

(Applause from the Socialist Group)

Allow me to say that it is to the credit of the Conservative Party that some of its leading and prominent members would have reacted differently in the past. I need only mention the name of Sir Winston Churchill to convince everyone of this.

(Applause)

I sincerely hope that when it is Mr Kirk's turn to speak it will be more in the spirit of Mr Churchill than Mr Hill. I have not noticed up to now that the Conservative Group had any scruples about condemning certain States. In fact it was just a short while ago that they condemned the USSR. But as we are now told that we cannot condemn States, but should rather sympathise with their victims, may I say that we too have every sympathy for the victims. But at the same time we want to call certain States to book so far as this lies within our power, namely by a resolution, in the hope that by so doing there will be no further victims.

(Applause)

It is a good thing for these States to know what the civilised world thinks about them.

I had not intended to pass such remarks about the motion for a resolution, nor to speak in a procedural debate. But I must say that if we in this House are of a mind to condemn past or present events in the world around us, it is better to have a single straightforward resolution than a patchwork of seven or more amendments in which the original intention is practically lost sight of.

At the end of last year we commemorated the adoption of the Declaration of Human Rights by the United Nations 25 years ago. At that time we were all hoping that the Declaration would help to impress these rights on the consciousness of all men, especially in civilised countries, and that it would strengthen these human rights.

Unfortunately our hopes have not been fulfilled. We may even feel that the reverse is true. Sometimes it seems as though these rights are being increasingly denied and that the Charter has become ineffective.

We have been alarmed by recent events in Spain and were sickened to hear of the death sentences passed by emergency courts, of the manner in which they were carried out, and the method by which Puig Antich was executed in the present case.

We did not think such things were possible in this day and age.

But we are just as loud in condemning the way ethnic minorities are being maltreated in Spain.

We consider it shameful that a Bishop who speaks out for the rights of this minority should be expelled from his country.

Mr President, it might be said that the Bishop got off lightly, as it is better to be expelled than to be executed by garrotting. But it is still a shameful thing that this can happen.

We vigorously reject any attempt, in any part of the world, to deny a man's the right to live and his right to a home.

And I strongly emphasise what Mr Bertrand said on behalf of his group: that we condemn these happenings in any part of the world!

The way in which a 'medieval' religious war is being fought out in Northern Ireland, with the cold-blooded sacrifice of innocent passers-by and politicians, is equally worthy of condemnation.

Only recently this Parliament quite justifiably condemned the expulsion of a Russian author. Our censure was directed against the Russian state. To the credit of the Conservative Group, they did not then object to censuring a particular State. I hope the voting will not blow that such strictures are one-sided, and can be applied to the Communists but not to Fascist States.

(Applause)

I sincerely hope this will not be the case. Events in Spain do affect us as the European Parliament because the EEC has links with that country. We know that Spain still hopes it will one day be able to join the EEC. But we have abundant proof that the Spain of today is far removed from the ideals professed by the EEC in the preamble to the Treaty of Rome and we are glad that for this reason the motion for a resolution takes a firm stand against Spain's entry.

Mr President, the Dutch are notably plain speakers, but there are some occasions, and this is one of them, when feelings just have to be vented. We must have the courage to speak out when human beings and human values are being trampled underfoot. We will have no truck with oppression, martial law or political killings by governments or anyone else. And we condemn every violation of human rights.

We felt the need to make our position perfectly clear, which is why I put my signature to this motion for a resolution on behalf of the Socialist Group.

(Applause)

**President.** — I call Mr Kirk.

**Mr Kirk.** — I can be fairly brief because, as Mr Broeksz will know, the evidence on where the European Conservative Group stands is clear and he has only to look at it. We have supported and voted, I think, in almost every session since we have been Members of this Parliament for some kind of protest against someone—against Russia on the last occasion—so I understand, for I was busy in the United Kingdom elections at the time—against Greece on a previous occasion, against Chile on yet another occasion, and we are now being asked to protest against Spain.

My position is clear. This Parliament is in danger of turning into a protest mill.

(*Mixed reactions*)

It seems to be necessary every session for us to protest against something. I am not setting up as a moral theologian. My father was a considerable one and a bishop to boot, so I have sympathy for the Bishop of Bilbao and I am certain he is right. But we are in danger of making ourselves ridiculous if every time we meet it appears to be necessary for us to bring in a motion of this kind and for us to have this kind of debate.

I want to make the position quite plain. The European Conservative Group is against *all* tyranny, *all* dictatorship, *all* terrorism from wherever it may come, but we do not want to have this sort of debate every month.

(*Applause from the Right*)

**President.** — I call Mr Premoli.

**Mr Premoli.** — (I) Mr President, I shall be quite brief because, as one of the sponsors of this motion, I am not really entitled to make the following comments. But I am doing on the Chairman's urgent recommendation.

Quite frankly, I do not see how we can change the face of the world with documents like this. Texts in this vein never have any effect and can certainly never alter the situation—nothing was changed in Chile by Parliament's condemnation of Pinochet's government. These are attitudes that apply to individuals rather than to members of the European Parliament. On the other hand, as one of our Conservative colleagues has just said, the difference between morals and moralism is this: moralism can make a farce of morals. But in this case the matter is far too serious for us to be able to settle with a document of this kind.

Let us therefore end this debate. It is unrealistic, it does not help the victims; it does not add

to our prestige, nor does it increase Parliament's influence in the outside world. The reason why we Liberals signed the document was simply that we want to prevent any misunderstanding on the part of the public as to our unwavering belief in the ideals which guide us in our work, and have guided us throughout our existence as a Party.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) Mr President, I am extremely sorry that Mr Hill's observations oblige me to speak. I had hoped that Mr Kirk, the Chairman of the Conservative Group, would make some comment on Mr Hill's speech. I was the first person here to exclaim — I would like you to listen to this, Mr Bertrand, and Mr Kirk, too, I am quite serious about it — and what I shouted was: That's what they said in 1933! (*Cries: Hear! Hear!*)

That, Mr Hill, was the time of the trial after the burning of the Reichstag, when people were beginning to be sent to concentration camps; at that time some members of the German opposition attempted to make the British Government intervene. But the British Government replied using almost the same words, saying that it was an internal matter. When you spoke just now, Mr Kirk, you expressed yourself in a similar way, saying that this was an internal matter for the States involved and that we should not intervene. I am sorry that I have to hark back to these events forty-one years after they began, especially as this blunt refusal may well have helped to bring about the situation whose effects are still being felt by all of us today. This was why I hoped that, bearing these things in mind, Mr Kirk would make some comment to clarify the position of the Conservative Group. But I think, Mr Kirk, that your position is quite clear—after all, you did support the original motion for a resolution tabled by the five Groups, which is—to use your own word—no more than a protest. This is why I cannot understand why you are now trying to retreat, as this can only detract from the credibility of your real position.

(*Applause from the Socialist Group*)

I should be grateful, Gentlemen, for a little clarification on this point, and hope that in the future we will discuss matters of inhumanity rather more seriously than from the standpoint merely of intergovernmental relations. For here humanity and human rights are at stake and we should indeed protest against any regime—as Mr Broeksz so rightly pointed out—which practises this kind of oppression.

(*Applause from various quarters*)

**President.** — I call Lord St. Oswald.

**Lord St. Oswald.** — Mr President, I rise to speak far more briefly than I had intended. I gather that we are dealing with Amendment No 8, which eclipses the whole of the original resolution. Therefore, the thoughtful amendments which some of my friends and myself had prepared cannot in fact be moved to the present wording.

I rise simply to echo the words of my friend and leader, Mr Peter Kirk, who said that we are all naturally against all forms of tyranny, wherever they occur, wherever they are carried out. I also echo the words of my friend Mr James Hill, who said that it was also worth drawing attention to the fate of the victims. It was noticeable to me that, whereas names were mentioned in both the main resolution and the massive amendment which has taken its place, there was in fact no mention of the name of the Spanish Prime Minister Carrero Blanco, who was assassinated on 20 December by the most elaborate and sophisticated methods, which must cause alarm to the world at large.

(Cries from the Left)

**Mr Coterier.** — (D) Incredible! This is beyond belief!

**Lord St. Oswald.** — I should merely like to speak, certainly not to raise the temperature of this meeting, but to bring to bear a little factual assistance. The fact is that I know Spain particularly well, not through any merit on my part, but because I have had the good fortune to stay there, to live there, to pay visits there a great deal during most of my life. There are, I observe, very considerable misapprehensions in the views put forward to express what I accept and admire as the approach of anxious, conscientious, men and women in the resolution and in the massive amendment to the resolution.

I think that it is worthwhile expressing anxieties wherever these anxieties are felt. If anxieties are bottled up and concealed, they do harm. It is therefore right that an opportunity such as this should be taken to air them.

However, having said that, I think that with the best will in the world these misapprehensions can to some extent be allayed as regards what is happening in Spain.

There has been a reference to the special courts trying the man who was executed lately—Salvador Puig. I am not trying to say that this represents total justification, but this kind of military court has existed, in Spain, with a

competence to try civilians charged with crimes of violence, since the sixteenth century. This type of court exists in other countries. Spain, as we all know, is a nation of magnificent but somewhat turbulent people, and I do not think that its people would take that as an insult. In recent years, from 1920 to 1930, the number of assassinations meant that these courts sat continuously...

(*Interruption*)

**Mr Coterier.** — (D) This is blatant! I cannot believe my ears!

**Lord St. Oswald.** — I am afraid I am not taking in that interruption.

During most of the short life of the Spanish Republic of our own times, military courts were introduced to cope with outbursts of violence. Uprisings in Catalonia, Asturias and Sevilla were put down with great vehemence and were then followed by military trials.

**Mr Coterier.** — (D) This is shocking. Absolutely shocking!

**Lord St. Oswald.** — I should point out that the present military courts do not exist, as is commonly supposed and as has been expressed, to try political criminals and political figures. They exist to deal with crimes of violence.

(*Protests*)

The point has been made, and will no doubt be made again, that it is not right to have special courts to deal with political offences. I am making the point, or providing the correction, that these courts are not meant to deal solely with political offences. They are meant to deal with crimes of violence against law and order in which firearms or explosives are used. My friends on the other side of the Chamber may regard this as a pedantic point, but it is a point of which they make a great deal. Salvador Puig...

(*Protests*)

This is a point which has been considered as important by those behind the amendments and behind these persons. Salvador Puig was not regarded as a political offender. He was a thug. He was put on trial for seven armed hold-ups, in one of which a bank employee was blinded while in another a policeman was murdered, shot by a revolver at point-blank range. I think that we could, in the sense of my friend Mr James Hill, have expressed some sympathy for the policeman and his family.

Salvador Puig was tried in two separate courts, the military tribunal and the supreme court in

**Lord St. Oswald**

which his appeal was heard. In both trials he had civil lawyers of his own choice, and in both courts the Press, including the foreign Press, were present who reported fully the evidence of both prosecution and defence. This was not, therefore, a closed, secret trial in any sense.

Very rightly and properly, the tribulations of the Bishop of Bilbao have obtained sympathy in this Assembly. It was said this evening that the Bishop was expelled from his country. That, I think, was a slip of the tongue, because it is known that he was not expelled. It is widely believed that there was an intention, a threat, to expel the Bishop of Bilbao from his country.

That intention, in fact, never existed.

(Cries)

I should like briefly to explain to the Assembly the facts of what happened to the Bishop. On the night of Sunday, 3 March, a senior official of the Ministry of the Interior telephoned the Bishop to tell him that, on instructions of the government, an aeroplane was being placed at his disposal to fly him to Rome, the government supposing that he might wish to consult his superiors there. That was not expulsion from his country.

The Bishop's first reaction was to accept, while asking for time to pack. He then telephoned the Papal Nuncio in Madrid to ask his advice. As a result, he telephoned the official of the Ministry to say that he did not desire to go to Rome unless called upon to do so by his superiors.

He then went...

(Continued protests)

**The President.** — Lord St. Oswald, you have had your ten minutes. Please say your final sentence now.

**Lord St. Oswald.** — He then went freely to Madrid and has since returned equally freely to his palace in Bilbao. At no time was there any suggestion that he would be expelled or that he would not return from the journey to Rome which was offered to him.

(Loud cries)

**President.** — I call Mr Scelba. I hope Mr Scelba can keep to his allotted time.

**Mr Laban.** — You should have said that to Lord St. Oswald.

**President.** — I did. I kept him to his time.

**Mr Scelba.** — (I) Mr President, I submitted two amendments to the motion and I should like

to explain why I did this and also why I intend to withdraw them and support Amendment No 8. The amendments I submitted are in fact embodied in full in Amendment No 8 and I therefore have no reason to insist that a vote be held on them.

The meaning and motives behind this last amendment have already been explained by my honourable colleague Mr Bertrand. But I should like to add a few more points.

Members will recall that when we discussed the case of the Russian writer Solzhenitsyn at the last session and presented a resolution protesting against his exile from Russia, the Communist Party representative not only refused to associate himself with our protest and resolution, but actually defended the steps taken by the Soviet authorities and tried to justify their action by various arguments. Among other things he said that the writer Solzhenitsyn had been sentenced to exile under the laws of his country which made the action perfectly legitimate.

But I should like to ask, Mr President, how it is that the representative of the Communist Party can support the resolution submitted here today, protesting against the threatened expulsion of the Bishop of Bilbao. This might cause a great deal of confusion among the public, as it might be thought that the European Parliament agrees with the Communists when they protest against expulsion by a Fascist regime, but approve of expulsioin when decreed by States under Communist regimes.

(Applause from the Centre)

I merely wish to prevent any confusion of public opinion.

(Applause from the Centre)

This is the reason for my amendments. We wished to affirm solemnly our wholehearted condemnation of the use by dictatorial governments (no matter whether Fascist or Communist) of expulsion or exile for political reasons, in violation of the Charter of Human Rights which states that no citizen may be deprived of his citizenship for poliitcal reasons.

And now, Mr President, there is a second question—the death sentence passed on a Spanish citizen.

The fact is that a Spanish citizen was sentenced to death for killing a policeman; whether the killing was done for political reasons, or for other reasons, I do not know, but this is beside the point.

Why, then, are we protesting? We know that the death penalty exists in a number of demo-

**Scelba**

cratic countries, in France and in the United States for example, and we know that in Great Britain, the killing of a policeman was, until recently, a capital offence.

The reason why we are protesting is that in this case the sentence was passed by a special court, and we know only too well that special courts are no guarantee of fair defence for the accused.

We cannot really judge the merits of this particular case, but as democrats we must condemn the use of special courts which deny the fundamental right to a fair defence, in order to protect the State from its political enemies.

This is why it was somewhat strange, Mr President, for this motion to be supported by a representative of the Communist Party. In Amendment No 8 we wanted to make it absolutely clear that we condemn all dictatorships and their undemocratic methods.

I should therefore like to ask our Conservative colleagues to vote for the amendment. You voted for, and indeed sponsored, the resolution condemning the Soviet Union for exiling Solzhenitsyn; if, today, you do not support the censure of the Spanish Government, it will be grist to the mill of the Communist opposition. They will say that you condemn only the undemocratic doings of Communist regimes and not those of Fascist regimes.

Our vote here aims to censure the attitude of those political powers which approve of persecution by some regimes but are extremely lenient towards other regimes which are ideologically closer to their own. I am withdrawing my two amendments and supporting Amendment No 8 and would ask my Conservative colleagues to join us and support our condemnation of the Spanish Government's actions, just as they supported the censure of the Soviet Union.

(*Loud applause*)

**President.** — I call Mr Lücker.

**Mr Lücker.** — (D) Mr President, the resolution has been most ably defended by my colleagues Mr Bertrand, and now by Mr Scelba. I did not in fact intend to speak again at this point, but there are one or two points which rather surprised me, as one of the sponsors of Amendment No 8. There are good reasons, Mr Premoli, why we submitted Amendment No 8 as more than just a stylistic improvement on the original motion for a resolution, tabled yesterday for discussion as urgent procedure.

Mr President, I am one of the few people in this House who have belonged to the European Parliament from the outset. I remember well

that throughout its existence, Parliament has always sprung to the defence of human rights wherever they are endangered and that, time and again, it has spoken out against dictatorship of any sort, Communist or otherwise. Parliament has always been an advocate of the Human Rights Charter, although we did not always refer to it by name. It does this House great credit that it has always valued human rights more highly than any claims that national sovereignty was sacrosanct, which would formally forbid an appeal of this kind (a point which has come up once again in our discussion of the past) because this would violate national sovereignty.

(*Applause*)

Mr President, my political allies and I will always value the defence of human rights more highly than such a formal argument for national sovereignty.

One third point, Mr President. I have been trying at least to consider whether the view that Parliament is being reduced to a monthly protest mill might possibly be justified. I should also like to ask my friend Peter Kirk to consider this carefully. But if anything happens, Mr President, that moves us and the citizens of our Member States very deeply, and if this House still claims to be the political mouthpiece of the citizens of the Community, then surely we must at least consider whether it is our duty to speak out or to remain silent.

Mr President, I really do not want to see the House turning into a routine protest mill, but so far there seems to be only one alternative—we in the European Parliament cannot let events of such moment pass us by without giving the impression that they do not concern us. The very fact that the House is still relatively full so late at night, and that a vehement discussion is being held here, would seem to me at least to prove that this is indeed one of those cases which concern us all deeply and thus call for comment.

In conclusion, Mr President, I should like to say that to solve the problem we will either have to carry on with the same system as before,—and I should like to add this in reply to Mr Premoli who spoke for the Liberal Group—for I am torn between conflicting emotions and cannot pretend the argument does not affect me, Mr Premoli, but we must be honest enough either to arrive at certain criteria, which should then be incorporated in the Rules of Procedure, or to come to a gentlemen's agreement between the Groups in this House, that we must channel the energy of our protests into a definite direction so that the fundamental standpoint of

**Lücker**

Parliament can be clearly stated when a suitable opportunity arises.

This will be extremely difficult, Mr President, for there is nothing that moves politics more than spontaneous humane reaction.

But what we cannot do is to condemn something one day and turn a blind eye to it the next. This is absolutely out of the question and I should like to point out that the majority of this Parliament has always come down on the side of humane feelings, and this is to its credit. I am quite prepared—although I speak here for myself—to consider whether we ought not to exercise a little more self-discipline in the future, so that this duty of ours does not become a mere routine. That would be the worst fate which could befall our most sincere aim—to keep the banner of freedom and human rights flying in all corners of the world.

(Applause)

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, honourable friends and Members. I am sure that everyone has been deeply moved by what has been said in the past hour and I have been particularly moved, as one who comes from an area where people whose names are never mentioned—I mean Germany—are simply shot down for trying to cross the Iron Curtain. My constituency has an 87-km.—long border with the other side. This area is part of the EEC—it is an internal trade zone. But we have never once discussed this matter here. I have already conferred with my colleagues about this. If we are to carry on doing this, then we shall mention every instance of crimes against humanity and freedom in this House, and I think my Social Democrat friends will agree that we cannot commit that simply to serve a so-called policy of detente, where human beings get short commons. These fellow-Germans are nameless and dead, simply because they wanted to live in freedom. Everyone who gets across alive, in my Brunswick constituency for example, will tell you that he came for the sake of those fundamental human rights which we fight for here, to enjoy them for the first time after 25 years without freedom. This ladies and gentlemen, was why I asked to speak here. It makes no difference whether we are discussing a Spanish citizen who has gone too far in the idealism of youth and then been done away with by some kind of justice—which pains me because I think that we should be generous and give young people a chance to make amends for their mistakes—and this is what has moved me most, as a human being, in the past few days, when we have been discussing this matter—or whether

we are talking about people who wanted no more than to enjoy the rights which we enjoy as a matter of course. And I am certain that the young, politically committed Spaniard who has been put to death, and our friends who tried to leave East Germany, all wanted basically the same thing.

Between 40 and 100 Germans die every year crossing the Iron Curtain and never once have we discussed them in this House. My friends and I have already decided that we will make a point at one of the forthcoming sittings of having a thorough discussion on human rights and self-determination in this area—an area which is part of the Community.

We feel Amendment No 8 should have our full support. And we hope that all our colleagues in this House who feel a duty to preserve human rights will in future arrive at clear decisions. Please do not take it amiss if I have spoken up for my fellow-Germans. I was passionately concerned to see a whole Parliament speaking out in favour of one man, be it Solzhenitsyn himself, but passing over the claims of a whole nation suffering in the same way, as if there were not daily violation of the human rights to which we have pledged ourselves in the European Convention on Human Rights and the UN Charter. In December last year I gave the UN Secretariat some idea of what is happening here, in this newcomer to the United Nations, to these much-vaunted human rights.

This, then, is why I raised this matter here, and I hope you will understand my motives.

(Applause)

**President.** — I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, in spite of the late hour, I believe this is one of this House's finer hours, even if strong feelings are being voiced, for we are discussing a problem which is without doubt a crucial one for this continent. I have always thought of Europe in more than purely geographical terms—I have always felt that the European idea is really an idea of order, and idea of law, a conception of order which might have such a fascination for the whole world, that it would in no way need to be considered in geographical terms.

I asked to speak in reply to Mr Lange's speech. Mr Lange, the idea which really unites us all, from your side of the House to the furthest right, is surely that, in all groups, we so abhor terrorism and respect human dignity, that we are prepared to defend this human dignity and this right with fervour at any time.

(Interruption)

**Aigner**

I did not catch that—Mr Lange, let me finish—I was somewhat taken aback when you chose to attack the Conservative Group, of all things.

For this Group really does not need to defend its own views of justice and human dignity.

Of course you may ask why I am now taking up another position. I should like to mention two points. The first time I really started to think about this was when a civil war was being waged after the war in the Congo—as you know, I am half African—and the present President, General Mobutu, had three ringleaders publicly executed in the market place.

We Christians often pray: Lead us not into temptation. I hope I will never be in the position of having to try people for their lives, or to take the final decision to execute a human being, to be on the horns of a dilemma: on the one hand a civil war which may cost millions of lives has to be quashed, and on the other hand two or three people have to be executed. I hope I shall never have to take such a decision and that none of us will ever be in this position. But this is the kind of conflict we have to face in our society, and no one would deny it. In Spain and Greece there are two alternatives: civil war or state discipline. I do not want to defend terrorism. Terrorism can never be justified, whether it is exercised by individual groups or by the State. This is beyond doubt, as I am sure we would all agree.

I should like to tell you, Mr Lange, why I was taken aback by the first motion. I was dismayed when I saw Mr Amendola's name on this motion for a resolution. Ladies and gentlemen, in the Soviet Union millions of people are put into concentration camps, and hundreds of thousands are executed without trial. And here in this House we have a political group which shares the ideology of that State. We have given them the status of a Group and now that Group has signed the motion for a resolution. Don't you think that the Conservative Group is entitled to ask whether, in these circumstances, the sincerity of Parliament's action can still be considered credible, with this signature on the motion for a resolution? This question has to be asked. It is of course a tactical question.

And here I come to my second point, Mr President: surely this amounts to an attempt by the left of this House to inflate the terrorism exercised in fascist systems, by taking individual cases, to an extent which is out of all proportion with the real dimensions of Communism and its inhuman system? I would be the last to defend terrorism—forgive me now for mentioning my personal experience, but when I was sixteen I was tried for sabotage in the Hitler Youth

Movement, because I had grown up in a family which believed in law and order. So I know what terrorism is, even when the State is responsible for it. And if we have representatives of the Communist system signing the motion for a resolution, I am afraid our position is no longer tenable.

(*Applause from the European Conservative Group*)

This, then, is the problem we have to face. Europe can only preserve its system of law and order if it draws a clear line between Communist or Socialist economic and political terrorism and a European system of democratic order. This, and this alone, is the problem we are debating here.

**President.** — I call Mr Jakobsen.

**Mr Jakobsen.** — (DK) Dear colleagues, one of my friends in the Socialist Group shouted 'Incredible!' at one point. I agree. I had never thought I should witness such a scene in this Parliament in which German Members shouted at British ones and cast doubt on their attitude to Fascism. This was something which I, as a European, had never thought to see.

Another thing I find difficult to understand is that the people who say such things go hand in hand with the Communist Group. What is the motive of this? What are we driving at? Whom do we wish to impress by passing this resolution? If it's the electors at home, that's all right by me. Is it the Spaniards we want to impress? What effect do people think it will have on the Spaniards if the European Parliament sends them a protest, signed by Communists, amongst others, against one man having been shot?

I should like to associate myself entirely with what has already been said. I should like to request that, if this practice is to be continued, we have at each sitting an agenda which enables us to protest with regard to the last people to have been shot because they tried to get from East to West Germany—for they are innocent people who have not murdered either bank employees or policemen. They were only seeking the freedom which, until now, they thought we represented. But I wonder whether we are not casting serious doubts in their minds...

(*Applause from the centre*)

..if we start acting in concert with Communists and attack events in countries where the measures taken are not nearly so repressive?

(*Applause from the centre*)

I do not say this to excuse Fascist countries, but I have been both in the eastern European

**Jakobsen**

countries and in Spain and I know very well which I should choose if I had to—which I do not, thank heavens.

Of course I should not like anyone to take a swipe at poor Mr Kirk on account of my remarks. I am speaking for myself. I am such a newcomer to his group that you cannot blame him for anything I say.

Has anyone considered what the Spanish people might think? Has anyone thought of the effect it will have on the Spanish people if we adopt this resolution? I don't believe that anyone has given this a moment's thought. Quite frankly, it is the electors at home that we are addressing here. Can't we forget this in the Parliament, both now and in the future? It strikes me we have quite a full agenda ahead of us.

So what have we achieved this evening? Something which brings to mind the time when the German Parliament was in decline. It is something of that kind that we have witnessed here tonight, with democrats shouting at democrats. Who can rejoice at that? Only the Communist members of this Assembly. Everyone else must be sorry that we cannot put forward a different view than the one which is popular among the leading lights of the day, which has been repeated in the press and which has been the subject of shoddy propaganda—for that, of course, is what it's all about.

For me this is a very serious matter. It is very serious because it shows that the European Parliament badly needs to make up its mind. What is really the Parliament's attitude to the whole east-west relationship? Is it not becoming true to say that more and more of those who call themselves Europeans are busier attacking the USA, which is our ally, than the Soviet Union? Is it not true that people are busy asserting...

(*Interruption*)

**Mr Wieldraaijer.** — (D) Atrocity stories! That has nothing to do with the matter!

**Mr Jakobsen.** — (DK) The President will decide that, not you.

Have we not reached the point at which, when people think of a united Europe, all they talk about is the need to rope in the eastern European countries? Do they not consider that Spain, Portugal, Greece and Turkey also belong to a united Europe? Do they not consider that a discussion like this, in which we are revealing our complete ignorance of the real conditions in Spain, is not at all calculated to promote a united Europe?

This is relevant to the subject, because everything concerning a united Europe is relevant to this subject and to this House.

I would suggest to the new group I have joined that we walk out en masse whenever a similar motion comes up on the agenda. I shall do so myself tonight, and will leave this assembly before a vote is taken. I will not appear together with Communists or risk being labelled a Fascist by refusing to do so.

(*Applause from the Christian Democratic Group and the European Conservative Group*)

**President.** — I call Mr Corderier.

**Mr Corderier.** — (D) Mr President, I find it hard to understand how the debate has taken this turn. In earlier debates, we came out quite clearly against what is happening, for example, in the Soviet Union, or to a man like Solzhenitsyn. At that time, the European Parliament made its views known quite clearly, and the vast majority of members were in agreement, but this evening, some people in this House, most of the Conservatives and the extreme right wing of the Christian Democratic Group, have tried to stop the European Parliament taking any kind of a stand against the excesses of fascism. This is a very distressing state of affairs, which must give us great cause for concern.

(*Interruption*)

Mr Aigner, I have already told you in one of our earlier debates that I find your alternative too oversimplified. There is more to it than a straight choice between dictatorship and civil war, whether in Spain or the other European countries. Nazi Germany, too, always made these out to be the only alternatives. For heaven's sake, it is not as simple as that.

You have said there are only isolated cases in Spain. As a Christian Socialist Member you should take a closer look and see how the Catholics and such indigenous peoples as the Basques and the Catalans are being repressed. You are trying to explain away everything, as if there were only isolated cases. It is very disappointing to see you take such an attitude.

I must say the way in which Conservative speakers have attempted to justify the excesses of Spanish Fascism was, for the vast majority of this House, I believe, extremely disillusioning. I will not let Mr Jakobsen's words stop me from making my point. I may have only been 9 years old when the war ended but this does not prevent me from speaking—the way in which Conservative speakers have tried to justify the actions of the Spanish Government has

**Corterier**

left no room for doubt. It is quite shattering. There are obviously two traditions in British Conservatism, that of Sir Winston Churchill who fought against Fascism, and that of Chamberlain and others, who apparently justify the doctrine and approve its apologia. That's the impression Mr Hill and Lord St. Oswald give, anyway.

Basically, the resolution put by the Christian Democrats, Liberals and Socialists is a foregone conclusion. It is a feeling we all share. Moreover, we do not want, as Mr Kirk suggested, to turn the European Parliament into a kind of protest mill. We are not concerned here with some happening or other somewhere in the world, but with one particular happening in a country which has been trying for years to strengthen its ties with the European Communities. We know that the Spanish Government is seeking closer relations with the European Community. We must therefore make it quite clear that these closer ties are impossible and unthinkable if the Spanish Government continues to pursue its present policies. We are not concerned, with some happening or other somewhere in the world, but with happenings which concern us all particularly. I would therefore ask you to approve the proposed motion for a resolution.

**President.** — I call Mr Bordu.

**Mr Bordu.** — (F) I am sure we all ought to calm down now. Uproar and intemperance have no place in this debate and useful reflections are more to the point than clever quibbling about political side-issues.

I must ask you to forgive me for speaking, but I was invited to do so by Mr Scelba who referred to the debate during our last session.

In this case, the proceedings began on different lines from those suggested in the motion for a resolution.

If, to avoid any misunderstanding, each of you would again read the text of my speech in the Solzhenitsyn debate, you would realise that we never approved of the exile of this writer. In fact it was not our business to pass an opinion on the matter because we consider that viewed historically the Soviet Union is still backward in some respects. But we should also remember that this country was for many years, up to the last world war, the capitalist world's favourite Aunt Sally and that it had to defend itself and carry out certain tasks which have impeded its normal democratic development. This can happen to any country.

But we must not rant and rave about the situation in the Soviet Union. Naturally there are some persons here who would have liked...

(*mixed reactions, interruptions*)

We will talk about that in a moment if you like.

We must neither rant nor rave about the situation in the Soviet Union. Anger is always an unwise counsellor.

Some people would no doubt have liked this man to be imprisoned and condemned. But he was neither imprisoned nor condemned and, unlike Puig Antich who was garrotted in Spain, he is alive in Switzerland, with a bank account of 3 000 million old francs.

The two acts are so vastly different, with so little in common, that it is manifestly dishonest to make a deliberate comparison between them.

Directly the debate began we realised we could be side-tracked like this, since fire and water don't mix. And it was a clever idea, because it weakens our condemnation of the régime under which Spain has suffered for so long.

I should like to point out, too, that it would be regrettable that there should be in this Parliament—and I am saying this quite dispassionately—a group founded on an attitude which is more anti-Soviet and anti-Socialist than anti-Fascist. There are times when each of us must live up to our responsibilities.

For our part, we are prepared to discuss human rights. I would add, without exaggerating in the same way as some of the speakers here who tend to confuse what has happened in some Socialist countries with the situation we have been discussing today—they would do well to go and see how things are for themselves—that we are prepared to discuss them with reference to any country, as it must not be thought that there are some things hardly worth considering. Nor can we forget that in a part of the world where people claim to be beyond reproach and to live in perfect freedom, some people are debarred from the civil service or judiciary because they are, in effect, 'branded'. We should avoid any ill-considered statements. The essential thing is to know what democracy is, how it is progressing and where it is losing ground.

As for condemning the two Germanies—there are in fact, two, and to be perfectly frank you know how this situation arose—it amazes me that anyone in this Assembly could be so mad as to think they could put back the clock in Germany to before the war. Germany will probably be re-unified one day, but I sincerely

**Bordu**

hope this will be done democratically, with policies uniting all true democrats and not those who are still defending fascism at the present day.

(Applause from the extreme left)

**President.** — I call Mr John Hill.

**Mr John Hill.** — This last hour has exhausted some of our emotions; people have spoken with great sincerity of the wide political differences that divide many of us.

I realize that many people in Parliament have been much closer to terrorism and to the suppression of human rights than I have in a comparatively sheltered life. But I also realize that these acts of cruelty—these offences against the Charter of Human Rights and Freedoms—are going on somewhere in the world practically every day.

When I first saw the original motion last night, I confess it troubled me because again it raised this question which we shall never get away from—the cruelty of man to man. However, it also troubled me because I wondered whether this was really a wise use of our energies, our emotions and our procedure.

I realize that Rule 14 (a) allows any group of Members to raise a subject and claim urgent procedure. As to what is urgent, there are no objective criteria which have to be satisfied before Parliament can decide whether or not to turn aside from its intended main business and give priority to a new motion.

So it comes about that the judgment is entirely subjective, and I do not think you, Mr President, can resist a vote that a motion should be so taken. The danger of that, as Mr Kirk has remarked, is that we can get into this situation almost every time.

I cannot help wondering whether, if we are going to inquire into specific instances, this procedure is the right way for a Parliament to conduct its own inquiries. In all the specific facts that have been mentioned—the case of Mr Antich who was executed and the allegations of threats to the Bishop of Bilbao—there are considerable differences in the evidence.

I cannot see how a parliament by means of a motion, series of amendments, counter-amendments and then finally a sort of super counter-motion, can get at the truth and come to a balanced judgment—if that is what we want to do—indeed, if that is what we ought to do. I therefore suggest to Parliament that this is perhaps not a proper way for us to proceed. I had thought to go into some detail on my

objections to the ambiguity of the first motion. It was not clear, for example, whether we were asked to condemn the execution because there was some defect in the judicial procedures which are part of the law of Spain, whether we were asked to condemn it because the accused had shot a policeman in the course of robbery or whether we were asked to condemn it because of the fact of capital punishment and the manner of execution. This was all completely vague. I therefore wish to resist it and to try to clarify it.

I understand that some friends have offered some amendments, but this does not detract from my main objection as to the manner in which we may arrive at a motion which may be acceptable to a majority in the House.

It is still questionable whether this adds to the reputation of the European Parliament, because it reveals our divisions and, in a sense, our impotence. We cannot do anything about this.

Yet we are all here as Europeans with a common interest in trying to build unity in Europe. That is immensely difficult, not only because of our wide political cleavages but also because of the complexity of all the problems that we have to face in the humdrum business of trying to align economies and overcome the very serious economic and other problems before us.

I hope that in a matter such as this we shall think it proper to re-examine our procedures and, if such a question arises, to filter it and perhaps refer the matter to the appropriate committee, so that those of us who are not experts in these matters may have the benefit of the considered wisdom of our colleagues.

I would prefer to see us using our energies to build a united Europe, and we shall have a better chance of doing so if we try to stick to the main business of the day, which has its own brand of urgency, rather than continually having our proceedings torn apart by opening these wounds and by putting ourselves in a state of controversy which we cannot expect to cure.

I had hoped that the resolution would meet my objections, but the preamble simply refers to the execution of Salvador Puig Antich, who was tried by emergency courts, and then to the Bishop of Bilbao. These two matters are put together. There is no mention of the fact that Mr Antich was a criminal convicted of the crime of shooting a policeman, which surely by the laws of every country in the Community is a heinous crime. For that reason I do not think I can go along with the motion, which seeks to put this matter on a more reasonable basis, in

**John Hill**

other words, seeks to say that we thoroughly disapprove—since surely this is implicit in all we do—of violence, terrorism and the suppression of human freedom everywhere.

(Applause)

**President.** — I call Mr Dalsager.

**Mr Dalsager.** — (DK) Mr President, I think what you now need, as was the case with the previous speaker, is a simple unemotional explanation. I shall explain why I have come to take the opposite view.

I am very much in agreement with my old friend, Mr Jakobsen, in what he said about the use of adopting this kind of resolution. But there is one thing which is decisive, Mr President, at any rate to me. I do not believe that we can change the situation in Spain and I am well aware that we cannot bring a dead man to life again. But I can say in a few seconds that to me the decisive thing is that this Parliament should make it clear that Spain cannot become a member of this body as long as it has the government it has. To me, it is essential that Parliament should state, in no uncertain terms, that the condition for becoming a member of this assembly is that the candidate country has a government which does not violate fundamental human rights.

We would say exactly the same to East Germany or to any other country that wished to apply for membership of this body—as we may sometimes have the impression that Spain does.

For this reason, I recommend you to vote for Amendment No 8, because to me it states quite clearly that, if Spain wishes to become a member of this body, it must establish the kind of political system that we can accept and that respects fundamental human rights.

That was really all I wanted to say on this occasion.

**President.** — I call Mr Pounder.

**Mr Pounder.** — Mr President, when I came into the hemicycle to listen to this debate, I can promise you that the very last thought I had in my mind was to take part in it; but I regret to say that some of the speeches I have had to listen to tonight have bordered—certainly for me—on creating a sense of revulsion which I shall remember for a very long time. Equally, as on any emotional occasion, there were speeches which one will long remember for their quality and their courage, and Dr Aigner's was one such speech.

Frankly — though I suppose it is an impertinence for me as a relatively new boy and a forthcoming departee to comment on a debate of this kind—in the cold light of day this sort of debate reflects no credit whatever upon the European Parliament. As my leader Peter Kirk said earlier, month by month in recent times we have had these resolutions, resolutions pompously phrased, emotionally discussed, and at the end of the day have we really fulfilled either a worthwhile or a relevant function?

Fine! There are subjects which cause emotion—that is understandable. Politicians are human beings and human beings can be emotional, and an emotional safety valve may be no bad thing from time to time. However, I hope the level at which we have seen the dual standards of criticism applied is something that I shall never have to listen to again—the Left Wing screaming at the Right, the Right Wing screaming at the Left, and reason and logic and commonsense being the only casualties.

Mr President, very few people in this debate have unequivocally condemned terrorism and repression from whatever source. Some have sought to argue that under certain conditions it may be justified or at any rate excused. However, Mr President, I venture to suggest on looking round me tonight that there is nobody in this Chamber who has had to live with terrorism day and night for five years as I have had to do. Tomorrow we leave here. We go to our homes. All of us go to our homes knowing that they will be there, knowing that their families will be there. Knowing that they will be safe.

But there is one of us who has no such assurance. If anyone has the right to speak of terrorism and its horrors and the unequivocal condemnation with which terrorism and depression from whatsoever source should be met, clearly it is, I respectfully suggest, myself.

I say, Mr President, with no sense of satisfaction or pleasure that tonight's debate has made this Parliament look ridiculous and I am very sad indeed that we have—perhaps because it is a late hour the absence of the Press will save us—frankly made ourselves look ridiculous. There are so many important and grave matters which we as parliamentarians in this Assembly should be considering. Why are we not considering them instead of wasting our time by showing ourselves to be divided?

I stand on a simple platform of total commitment to an abhorrence, a revulsion and a condemnation of terrorism in whatever form and from whatever source.

(Applause)

**President.** — I call Lady Elles.

**Baroness Elles.** — I wish to take the opportunity of reminding some of our Socialist colleagues, particularly those who attacked the Conservative Party, that we are members from the United Kingdom, a country that only two years ago received over 25,000 people who were victims of oppression from a totalitarian regime, a record which I think no other country, at least among the Member States represented in this Parliament, can claim. Perhaps this should be remembered.

I realize that Mr Corderier is still a very young man—he was only nine, as he said, at the beginning of the war—but I remind him, and perhaps he will listen, that our country received victims from all over the world for generations, not only from 1933 onwards, which I would hesitate to mention but of which I nevertheless remind him since he seems to have forgotten. Our country has done this for hundreds of years. It was doing it 150 and 300 years ago. The United Kingdom as a country, regardless of government, has through the generations received victims of oppression whatever their colour, race or sex. I therefore remind our Socialist colleagues of our history.

Secondly, I remind our Socialist colleagues that we in the United Kingdom believe in the rule of law and that all are equal before the law. This is precisely why we thought it right to table the amendments which we have put down to remind our colleagues that whether it be a Prime Minister, a policeman or anyone else who is murdered, the person who commits that murder is guilty of a crime and as such must be tried by the due process of the law in the country in which the crime was committed. I think that there is no delegate in this European Parliament who cannot say that in his own country that is the law of the land, whether it be the United Kingdom, Germany or any other Member State represented in the European Parliament.

All of us are only too willing to discuss human rights and the rights of individuals outside our Member States. It would, however, be difficult for us to say that none of our Member States is guilty of violating human rights in one way or another, whether in the form of discrimination, torture or keeping people in prison. In whatever way it might be a violation of the Charter, there is not one Member State represented in this Parliament which can say that it does not violate human rights.

I would further say that if there is any political party which should be debarred for ever from talking about human rights, it is the Communist Party. That party stems from an ideology and

from a country which does not know the meaning of human rights. It has in our Member States a way of behaviour that is intolerable to all decent people who believe in the rights of the individual and in freedom of speech. Mr Bordu is very willing to talk about human rights, but he is making an abuse of freedom of speech both in this Parliament and outside by even mentioning the words. In the view of those of us who know what the rights of the individual are, whatever his race, colour or income, the Communist Party should be debarred for ever from speaking about human rights.

(Applause)

**President.** — The Rules of Procedure do not permit me to refuse Members a second chance to speak, but the debate must not go on indefinitely.

I call Mr Broeksz and would ask him to be brief.

**Mr Broeksz.** — (NL) Mr President, as a Dutchman I think you will understand why I was rather surprised when Mr Pounder claimed that there was no one else in this House who had suffered under dictatorship for five years. Mr Pounder might recall that there are Dutchmen here who have experienced this and who, when they went home in the evening, could never be sure that their families would still be there or whether their friends had not been arrested for a very good reason.

Although some things have been said at this sitting which I regret, I must say that I am pleased with this debate. Listening to the European Parliament today, one might get the impression, however fine speeches were made, that it is an assembly of technocrats, rather than politicians. This evening's sitting is very clearly an assembly of politicians, which is what it should be and continue to be.

If we want to achieve a united Europe, it will have to be built on the foundations of the words in the preamble, which states that we stand for freedom and peace. Wherever these words are called into question we must hasten to their defence. This is our duty, the duty set for us by the Treaty of Rome.

None of us would ever think of attacking Britain as a nation. I would never dream of it, and I endorse everything Lady Elles said on this point. However she also said that her country was the only one which has always given asylum to victims of oppression. With all due respect I would suggest that other countries can say exactly the same thing. I am glad Lady Elles agrees with me on this. In the Netherlands we can say this too with equal pride.

**Broeksz**

And no doubt there are some Danes here who can do the same. As regards the Irish, I would not hazard a guess.

Mr Bertrand referred to the example of Belgium. I fully endorse what he says, for Belgium suffered too, both in 1918 and 1940. What are we really discussing here? It is whether we should condemn events in Spain, just as we condemned the action of the Soviet Union a short time ago. It irritates me that now fascism is being condemned all sorts of extenuating circumstances are being alleged, although this was never done at any time (and rightly so) when Solzhenitsyn was expelled from the Soviet Union. In the Solzhenitsyn debate I listened very attentively to the speeches delivered by our Conservative colleagues, and no one seemed to have a moment's doubt that what we said about him was correct. But perhaps the Russians will say it was not!

I distrust any information given by dictatorships. When we are told that Communists have been arrested in Greece for opposing the regime, I would query this. When we are told that Mr Puig had committed so many armed robberies, I would query this.

The members of the Conservative Group should have considered one point—and I am surprised they did not consider this—why was he not tried and sentenced publicly in a normal court so that the journalists could have told us about the rights of the case? Why was it necessary to use this type of legal procedure and these special courts?

**Baroness Elles.** — (E) It was done in public.

**Mr Broeksz.** — (N) It was true that he had a lot of publicity, but not thanks to the Government.

At present I am speaking only about Amendment No 8, as one of the sponsors.

Why were military tribunals used, and why were the accused not brought before the usual judge? Lady Elles said that this would happen in any country when a person is accused of shooting a policeman; it would happen in Britain, in Holland and in any civilized country and it would be done in public with the usual method of defence and the usual judicial procedure.

If this does not happen, we must protest. I was not a member of the European Parliament at the time of the events in Budapest or Prague, but they were censured in every civilized country. I would never condemn only terrorism by left wing governments. I would also condemn right wing terrorism. Both Mr Bertrand and I have made this perfectly clear.

It was this desire to condemn any infringement of human rights that made us to submit the amendment. If we in the European Parliament are not vigilant in the cause of peace and freedom in the EEC we shall be neglecting our duty. I would rather have a new protest against violation of human rights every month, if necessary, than let it pass by without comment, because I am too easy-going or too cowardly to protest against it.

Fortunately this is far from being the case. We shall continue to protest as long as we have breath to do so. For this is our duty, as laid down in the Treaty of Rome. And if we are talking about Spain or any other country which hopes to join the Communities, then we have a double responsibility.

(Applause)

**President.** — I call Mr Sandri.

**Mr Sandri.** — (I) Mr President, I shall respond to your request to speak briefly and calmly, with the same calmness as the colleague from my Group who spoke before me.

I should like to state our opinion, and will therefore say straight away that we think it would have been better to postpone this discussion. It would have been better, because the first speaker in this debate spoke on a motion for a resolution presented by the Communist Group, apparently forgetting that the motion had been tabled by Messrs Lücker, Vals, Durieux, Kirk and Amendola. The second speaker, Mr Premoli, said that as far as he was concerned this discussion was useless. Well then, if this discussion is useless we would like to ask—as we should have done before—why Mr Durieux sponsored both the first and the second motions.

**Mr Premoli.** — (I) I have already explained why. You cannot have been listening.

**Mr Sandri** — (I) I did follow, you Mr Premoli.

**Mr Premoli.** — (I) Then you do not need any further explanation I always make myself quite clear.

**Mr Sandri.** — (I) We heard Mr Scelba saying that the Community should try to avoid any misunderstandings which might arise from the fact that the motion was sponsored by Mr Amendola.

**Mr Premoli.** — (I) Certainly!

**Mr Sandri.** — (I) But we would like to point out that no pressure was put to bear on the other

**Sandri**

people who sponsored the motion together with Mr Amendola. Nor do we think Mr Amendola is powerful enough to win over the Chairmen of the other groups.

That is why it would have been possible to withdraw what was in fact a different text, the one sponsored by the other groups (which we certainly would not have sponsored), in which case everything would have been much simpler.

We do not want any controversy—this would only be playing to General Franco's hand: what a ridiculous sight the European Parliament will become if instead of censuring General Franco it is torn and divided by accusations and counter-accusations!

What we honestly feel is that Spain is not just a country—of course we cannot discuss a situation that may arise in just any country. It is a country which is negotiating with Europe—this is why this discussion is essential and why we should clearly state that what has happened means that the Community should stop any further development in its relations with Spain.

This is the main point. Mr Bordu replied to the rest. Mr President, we formally submit that Mr Amendola's motion for a resolution is not substantially altered by Amendment No. 8—this would be an expedient unacceptable to Mr Amendola and the whole of our Group. It should now be abundantly clear to our colleagues that we are prepared to discuss and disagree, and will continue to do so—but in their zeal to attack the Communists and the independent Left they should not forget that this Group is made up of representatives of the French Communist Party of which 70 000 members were shot by Italian and German Fascists, and the Italian Communist Party, whose founder died in prison, murdered by Fascists. Nor should they forget that the father of our Group's Chairman was savagely tortured and murdered by Fascists...

**Mr Premoli.** — (I) He was a Liberal!

**Mr Sandri.** — (I) You ought to desist from attacking our ideas and criticising us in a way which rather than reflecting on us reflects on your own intelligence.

**President.** — Does anyone else wish to speak?

We shall now consider the amendments.

Pursuant to rule 29(4) of the Rules of Procedure, we shall first consider Amendment No 8 which departs furthest from the text of the motion for a resolution presented by the Communist and Allies Group; if it is adopted the other amendments will stand as rejected.

Amendment No 8 is tabled by Mr Lücker on behalf of the Christian-Democratic Group, Mr Broeks on behalf of the Socialist Group and Mr Durieux, on behalf of the Liberal and Allies Group, and is worded as follows:

The European Parliament,

- moved by the dramatic events which have recently taken place in Spain;
- proclaiming the sanctity of human life and its horror at any recourse to assassination even for political motives, whether on the part of States or individual citizens;
- reaffirming the validity of the principles of the Charter of Human Rights according to which no citizen can be deprived of his citizenship on political grounds;
- denouncing the recourse by dictatorships to the use of special courts to try opponents of the régime in power;
- in the light of the execution of Salvador Puig Antich, who was tried by special courts, and of the threatened expulsion from Spain of the Bishop of Bilbao by the Spanish Government and of the political reasons on which this measure was to have been based;
- 1. Declares that the accession of Spain to the European Community is being hindered by repeated violations on the part of the Spanish Government of fundamental human rights and the fundamental rights of the citizen and its contempt for the democratic rights of minorities in a Europe which is seeking its own free and democratic path towards unity;
- 2. Instructs its President to forward this resolution to the Council and Commission of the European Communities and to the governments of the Member States.

I put Amendment No 8 to the vote.

Amendment No 8 is adopted.

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

The resolution thus amended is adopted.

#### 10. Future sugar policy of the Community

**President.** — The next item is the 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. 376/73).

I call Mr Premoli on a procedural motion.

**Mr Premoli.** — (I) Mr President, it was decided to bring the debate on Sir Douglas Dodds-Parker's report forward to today, since it was

**Premoli**

felt that a discussion of this importance, taking five hours at least, could not be held on Friday morning. As it is almost Friday morning now, I should like to propose, on behalf of my Group, a procedural motion that the debate itself be postponed to a later part-session.

**President.** — I call Mr Lücker.

**Mr Lücker.** — Mr President, I am afraid I did not catch what Mr Premoli was saying.

**President.** — Mr Premoli has proposed that this debate should be postponed, since it is already so late. He suggested holding it tomorrow. It will be 'tomorrow' ten minutes from now. I call Mr Lücker who has a proposal.

**Mr Lücker** — (D) You are quite right, Mr President. I do have a more radical proposal which is not so much concerned with the time of night as with the topic raised here. In my Group we tried this morning to assess Sir Douglas Dodds-Parker's draft report. We were faced by the difficulty, which I personally regret, that there is a report by Sir Douglas Dodds-Parker, and also what is submitted by Mr Martens in the form of an amendment on behalf of the Committee on Agriculture. Mr Martens' amendment is identical with the text sent to the responsible Committee on Development and Cooperation on behalf of the Committee on Agriculture as committee asked for its opinion.

Without discussing why this situation arose, I only wish to point out that we have two documents for discussion, and my impression is that, as currently worded, it will be very difficult if not impossible to find a common denominator for them. What then are we going to debate?

I have therefore gone into the question and discovered this afternoon that the Committee on External Economic Relations is also interested in this matter, which seems reasonable. We have here a report which discusses one of the three parts of the Commission's memorandum, whereas the three parts are virtually a single document, whatever this House may decide in its discussions today or tomorrow.

I have examined whether there is any pressing reason for us to deal with this report today or tomorrow morning. I have been told—and I do not think I am being indiscreet in referring to our conversation, Mr Lardinois—that the question does not have to be settled today or tomorrow, and that there is no reason why it should not be referred back again to the committees for further discussion.

My proposal on behalf of my Group is therefore that these two documents should be referred back to the relevant committees, with instructions that these two texts should be discussed in a joint sitting, or whatever they feel is the most appropriate way, and that the report should then be submitted to the House. If the committees cannot reach agreement they can submit the report in the appropriate form with the corresponding amendments and the House can vote on them. My proposal therefore goes further, Mr President, and since I have the impression that there is no need to deal with this tomorrow morning, when we have a busy programme anyway, I request a vote on the following motion: reference back to the competent committees—participation if necessary of the Committee on External Economic Relations—I have no objection to that—and a debate in the House only once the competent committees can submit a document which can be voted on in accordance with the customary procedures of this House.

**President.** — Mr Lücker proposes that the interim report produced by Sir Douglas Dodds-Parker on behalf of the Commission for Development and Cooperation should be referred to a committee. May I ask him what committee he has in mind?

**Mr Lücker.** — (D) I have proposed that it should be referred to the Committee for Development and Cooperation and the Committee on Agriculture. If the Committee on External Economic Relations also wishes to be involved, I have no objections. But the next texts must go back to these two committees. I would have thought that it would be very useful with a view to the preparation for a plenary debate if the committees got together on this. This is the way it has been done before in this House.

**President.** — I call Mr Kirk.

**Mr Kirk.** — My colleague, Sir Douglas Dodds-Parker, was charged with preparing this report last September and produced his working draft in November—Sir, if the Socialist Group would hold its consultations outside, it would, I think, be very much easier for the rest of us; this was brought before the committee and reported out of the committee for some considerable time. It was only quite lately that a rival motion—I think one can call it nothing but that and, indeed, Mr Lücker said it was a motion for a resolution — appeared from the Agricultural Committee. However, the Agricultural Committee said that it was a motion for an opinion.

**Kirk**

I draw your attention to the provisions of Rule 44(5), which reads:

'The opinion may include amendments to the text referred to the committee and suggestions for part of the motion for a resolution submitted by the committee responsible, but shall not include any motion for a resolution as such.'

Quite clearly, what we have from the Agricultural Committee is a motion for a resolution as such, and I submit to you, Mr President, that the Agricultural Committee's resolution is totally out of order.

**President.** — It is true that Rule 44, paragraph 5, stipulates that a committee asked for its opinion may not table a motion for a resolution. Since, however, the motion for a resolution of the committee has been submitted with respect to the subject matter and has been placed on the agenda we are bound by Rule 29, paragraph 1, which lays down that any member can submit and speak in support of amendments. According to the pink pages an amendment may serve to replace a motion for a resolution wholly or in part.

The purpose of Amendment No. 1 certainly is certainly to modify the terms of the resolution fundamentally.

What is the rapporteur's position with regard to Mr Lücker's proposal to refer the report back to the committees?

**Sir Douglas Dodds-Parker.** — The situation is iniquitous. I was appointed rapporteur six months ago, the Committee on Economic and External Affairs reported two months later, and the Committee on Development and Cooperation reported on 24 January. The rapporteur for the Agricultural Committee was a member of that committee, he attended and, so far as I know, supported the figure of 1.4 million tons. I did my best, through the only channels available to me as a back bencher, to find out what the Agricultural Committee was up to, but under Rule 44(4) I understood that we should be in order if we went ahead and passed our resolution in committee on 24 January. It is no fault of mine if the Agricultural Committee produced not only an opinion but a resolution on Monday of this week and then tried to overturn the whole of the work undertaken by our committee in the last six months. I see no reason to refer the report back to the Committee on Development and Cooperation. I should like to go ahead now.

**President.** — Sir Douglas Dodds-Parker has proposed that his interim report be dealt with now.

He rejects Mr Lücker's proposal. I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I quite appreciate Sir Douglas Dodds-Parker's feelings. But it is not so much whether we follow him as whether we should follow his suggestion.

**Mr Springorum.** — (D) Or whether there is any point in doing so.

**Mr Broeksz.** — (NL) Mr Springorum has taken the words out of my mouth.

The question is whether there is any point in doing this. We know there are a lot of amendments to be discussed. Whether they were submitted early or late, the point is they are now on the table. Once they have been submitted they have to be discussed.

Another point is that members of another committee have asked to be consulted.

The Bureau will have to decide on this, and say whether the committee in question can be named as a committee asked for its opinion. If this is done, the Committee must be enabled to express its opinion.

In these circumstances I think it would be completely pointless to discuss Sir Douglas Dodds-Parker's report at the moment. It would only make confusion worse confounded.

**President.** — My answer, Mr Broeksz, is that I have to act according to the decisions of the Parliament. I think I should put Sir Douglas Dodds-Parker's proposal to the vote.

**Mr Laban.** — (NL) As Vice-Chairman of the Committee on Agriculture may I comment on Sir Douglas Dodds-Parker's remarks?

**President.** — Yes, Mr Laban. Could you be brief, please.

**Mr Laban.** — (NL) Mr President, I should like to make a correction. I would point out to the House that the Agriculture Committee's opinion on Sir Douglas Dodds-Parker's interim report was drafted under very difficult conditions. The committee responsible, the Committee on Development and Cooperation, approved Sir Douglas Dodds-Parker's report at its meeting on 24 January last, although approval of this report was not on the Committee's agenda, whereas the Committee on Agriculture had given due notice, in January, that it would not be able to give its opinion at the end of February, in conjunction with its discussion of the price proposals in the

**Laban**

Commission's Memorandum on the adjustment of the common agricultural policy, i.e. it would give its opinion after it had discussed agricultural prices.

According to the Bureau's decision of 22 December 1969, the committee responsible must only give its final opinion after a certain period set by it, so that the committees asked for their opinion can give this opinion. The Committee on Development and Cooperation did not set a time-limit for the Committee on Agriculture, and the latter, unaware that the matter was being treated as urgent by the responsible committee, was unable, for the reasons I have just given, to discuss its opinion before 28 February.

The opinion of the Committee on Agriculture has now been appended to Sir Douglas's interim report. But the Committee responsible was, as is clear from what I have said, not in a position to be informed of the Agriculture Committee's opinion, in the sense of rule 44, Paragraph 2, of the Rules of Procedure, and was thus unable to take account of this, where necessary, in its report.

Given the time schedule I have described, the Committee on Agriculture had no alternative. The Committee members, including those members of the European Conservative Group who were present, voted unanimously in favour of submitting the conclusions arising from its opinion as an amendment, under Rule 29 of the Rules of Procedure, putting the amendment in the name of the rapporteur for the Committee's opinion on behalf of the Committee as a whole.

For these reasons I would, on behalf of the Committee on Agriculture, come down firmly in favour of supporting Mr Lücker's motion, and ask the House to consider referring the report back to committee, possibly also referring it to the Committee on External Economic Relations, and to discuss it at a later date, perhaps in the April part-session.

**President.** — I will explain the situation.

Mr Lücker has submitted a procedural motion that the interim report and Amendment No. 1 should not be dealt with now, but referred back to the respective committees which have presented them, with a view to a common solution being found by means of a joint meeting.

I must first put his proposal to the vote. If it is rejected, we must proceed to consider Sir Douglas Dodds-Parker's interim report.

We have now heard the arguments for and against Mr Lücker's proposal. Mr Kirk can certainly give an explanation of vote.

I call Mr Kirk.

**Mr Kirk.** — I cannot allow the matter to go by without some corrections. First, this agenda was agreed yesterday, or the day before yesterday, without any objection by anybody. It was agreed that we should have a report at the end of today. Secondly, it is not true that the Conservative members of the Agricultural Committee and some others unanimously agreed to put forward an opinion. Indeed, there is some doubt whether an opinion was ever put before the Agriculture Committee at all. In these circumstances, Parliament must make up its mind in full knowledge of the facts. Thirdly, if there is to be a fixed date on which this matter can be brought back to Parliament. We should not have an adjournment without any fixed date attached to it.

**President.** — Mr Kirk has said practically the same thing as I said earlier.

**Mr Kirk.** — Well, not quite.

**President.** — I call Mr Lücker.

**Mr Lücker.** — (D) No, Mr President, I should just like to give Mr Kirk a friendly reminder before we proceed to the vote. I should like to point out, Mr President, that last time it was Mr Kirk who asked, on behalf of his Group, for a report to be taken off the agenda. At that time I supported the motion, in line with a time-honoured tradition of this House that whenever a Group makes a proposal of this kind it is accepted, regardless of the current state of the agenda. I went along with Mr Kirk and his Group then, and the report was removed from the agenda. Today I have equally good reasons for asking the House to refer this report back to committee.

I would ask our colleagues on the Conservative Group to consider this point and to respect our wishes in the same way.

**President.** — Mr Lücker, do you maintain your proposal?

**Mr Lücker.** — Yes, Mr President.

**President.** — Mr Lücker proposes that the interim report be referred back to the Committee on Development and Cooperation as the

**President**

committee responsible and Amendment No. 1 to the Committee on Agriculture, with a view to a common solution being found by means of a joint meeting.

I put this proposal to the vote. Mr Lücker's proposal is adopted.

I call Sir Douglas Dodds-Parker on a procedural motion.

**Sir Douglas Dodds-Parker.** — On a point of order, Mr President. On the previous motion you said that you accepted Mr Kirk's desire to have a fixed date on which this should be brought before Parliament. With respect, this is not for Commissioner Lardinois, as Mr Lücker said. It is essentially a matter for Commissioner Cheysson, who is charged with very important negotiations for which he has to have deadlines. I suggest as Mr Kirk suggested that we should have a deadline, and I suggest it should be 5 April.

**President.** — Sir Douglas, all I want is for the committee to finish discussing this matter as soon as possible, to allow us to see it through at the next part-session. Believe me, this is my sole aim and many feel the same, I am sure.

**Sir Douglas Dodds-Parker.** — I have been told that for about six months—'At the next part-session', 'November', 'December', 'January'. I have been waiting the whole of this week. On Monday I was told—the Leader of the Liberal Party was here then; there was another of them here today—that this would be taken on Wednesday. Here we are on Thursday and a motion has been railroaded through, stopping us from putting through my report, which was decided by the Committee on Development and Cooperation some time ago.

**President.** — Sir Douglas, I noticed that you abstained when Mr Lücker's proposal was put to the vote. You were presumably, therefore, not against it. I shall do all in my power to see that this report is dealt with during the next part-session.

**President.** — I call Mr Kirk.

**Mr Kirk.** — Mr President, as you have said that we abstained, which is perfectly true, and as there was, as usual from the Socialist Group, a certain amount of coarse laughter when we did, perhaps I should explain that we abstained in response to the appeal of my friend Mr Lücker that we should not force the matter to an issue tonight.

(*Interruption*)

Not from you, Mr Broeksz, but from some of your more uneducated friends. Perhaps I should make it quite plain that we abstained in order to facilitate the business of Parliament, but we believe that this report should be brought before Parliament at its next sitting in Luxembourg at the beginning of April; and I will so move at the next meeting of the Bureau in due course.

**President.** — I note that Mr Kirk shares my own view.

I call Mr Schwabe on a point of order.

**Mr Schwabe.** — (D) Mr President, I am one of the Members of this House who followed this evening's vehement debate with a great deal of emotion, but without asking to speak, because we did not want the debate to go on indefinitely. I shall shortly be presenting a report on the 40-hour week, which is one of the topics we have to discuss here. I hope you will go along with me when I say—bearing in mind the other people who are inconvenienced—that we really should set a reasonable time for completion of our business, and I hope my colleagues on the other benches will not jump on me for this.

**President.** — Mr Schwabe, I am only too happy to agree!

Before announcing the agenda for the next sitting I have to inform the House that the Chairman of the Committee on Public Health and the Environment has requested that the debate on the report by Mr Creed on the making up of certain pre-packaged products be postponed to a subsequent part-session.

### 11. Agenda for next sitting

**President.** — The next sitting will be held tomorrow, 15 March 1974, beginning at 9.30 a.m., with the following agenda:

- Oral Question No. 3/74, without debate: fuel prices for coastal fishing
- Report by Lord Reay on the tenth meeting of the Parliamentary Conference of the EEC-AASM association
- Report by Mr Gibbons on safety at work.
- Report by Mr Pisoni on social security of migrant workers
- Report by Mr Klepsch on the European University Institute

**President**

- Report by Mr Walkhof on cosmetics
- Report by Mr Laban on the programme of surveys on the structure of agricultural holdings
- Report by Mrs Orth on the production capacity of certain tree fruits
- Report by Mr Baas on products processed from fruit and vegetables
- Report by Mr Vals on liqueur wine and grape musts
- Report by Mr Boano on the suspension of customs duties on certain agricultural products from Turkey.

The sitting is closed.

*(The sitting was closed at 00.15 a.m.)*

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IN THE CHAIR: MR BURGBACHER  
Vice-President

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

**President.** — The sitting is open.

1. *Approval of the minutes*

**President.** — The minutes of proceedings of the previous sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Authorization of a report*

**President.** — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on Economic and Monetary Affairs, at its request, to draw up a report on progress in the removal of technical obstacles to trade.

3. *Documents received*

**President.** — I have received the following documents:

- an Oral Question with debate put by Mr Jean Durieux on behalf of the Liberal and Allies Group to the Commission of the European Communities on the Commission's role as guardian of the EEC Treaty pursuant to Article 155 (Doc. 8/74);
- an Oral Question with debate put by Mr Jean Durieux on behalf of the Liberal and Allies Group to the Council of the European Communities on improper procedure in deliberations (Doc. 9/74);
- an Oral Question with debate put by Mr Pierre Lagorce on behalf of the Socialist Group to the Commission of the European Communities on recycling and re-utilization of waste (Doc. 10/74);
- an Oral Question with debate put by Lord Bessborough on behalf of the European Conservative Group to the Commission of the European Communities on European technological cooperation in specific industrial sectors (Doc. 11/74);
- an Oral Question without debate put by Sir Tufton Beamish to the Commission of the European Communities on the protection of wild birds, in particular migratory birds (Doc. 12/74).

*4. Oral Question No 3/74, without debate: Price of fuels for coastal fishing.*

**President.** — The next item is Oral Question No 3/74, without debate, by Mr Gerlach to the Commission of the European Communities on fuel prices for coastal fishing.

I would remind the House that Parliament has agreed to adopt urgent procedure.

In agreement with its author, I shall now read out the question:

'What measures has the Commission introduced to eliminate the distortions of competition affecting the coastal fishing industry of the Federal Republic as a result of differences in the prices of fuels, which are obviously subsidized in neighbouring Member States?

I would remind the House that pursuant to Rule 46(3) of the Rules of Procedure the questioner may speak to the question for not more than ten minutes, after which a member of the institution concerned will reply briefly.

I call Mr Gerlach.

**Mr Gerlach.** — (D) Mr President, I believe that Mr Lardinois, who is evidently prepared to reply to this question, is informed about its contents; I am sure he has them in the text before him, so I need not put forward any supplementary arguments.

Firstly, I should like to thank you, Mr President, and the Bureau for recognizing the urgency of this Oral Question, and you, too, Mr Lardinois, for your willingness to reply to this question at such short notice. For us on the coast it is a burning issue.

You are certainly aware from press comments and information you have received that the Federal Government has already contributed 7 million DM for coastal fishing as initial supplementary aid alone. This aid has, however, no bearing on the matters concerned in the question I have raised. The fact that the Federal Government has supplied funds for new buildings or for improving the fishing system in order to give the fishermen a better chance by means of these financial aids has more bearing. But that does not actually have anything to do with the main issue of fuel price differences. It is quite evident that the fishermen, who fish almost side by side with their colleagues from Denmark, the Netherlands and the United Kingdom in the fishing grounds, are affected by distortions of competition resulting from differences in fuel prices.

In the *Süddeutsche Zeitung* a statement has been published which outlines the real prob-

lem. The master of a fishing boat said that he was particularly indignant to see the community spirit in the European Community proving yet again to be a subject only of lip service. I am sure, Mr Lardinois, that Federal Minister Ertl will speak about the problems of competition distortions with you, too, at the forthcoming discussion on agricultural prices, as similar problems are affecting vegetable growers in the horticulture-under-glass sector. He is sceptical, and has stated that he is not optimistic about the chances of removing Community distortions in this sector.

Even if only part of a sector is concerned, I feel that it is in agriculture that we must find ways and means of making the Commission—as Commissioner Spinelli said in a interview—once again the centre of Community initiatives.

I should be very grateful, Mr Lardinois, if you would make every effort in the Commission to remove the distortions of competition that have arisen in the fuel price sector, in view of the urgency of this problem. I should be glad if you would give some indication of this intention in your reply.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) I shall be glad to reply to this question. Firstly, I can reply to it formally. Then I will go more deeply into the motives that are at the root of Mr Gerlach's question.

My formal reply is that the Commission has submitted proposals to the Council to fix energy prices in the Community in such a way and to adopt a uniform policy such that the distortions referred to in the question do not arise. So far, however, the Council has hardly touched on this batch of energy problems. In any case, it has not yet taken any decisions on the matter.

In recent months we have witnessed in the Community very divergent policies with regard to energy prices, especially as far as oil and heavy oil products are concerned. In Germany, for example, prices in this sector rose fairly rapidly after the import difficulties and after price-fixing by the Arab countries. In the surrounding countries, on the other hand, the governments stepped in to fix prices again, using different criteria. Oil prices in the Netherlands are now about as high as in Germany, for some products perhaps even a little higher. This situation, however only arose towards the end of February or beginning of March.

Mr Gerlach has rightly said that the German fishermen are the direct competitors of the

**Lardinois**

Danes and Dutch, since they fish in the same waters. The Germans had to pay the higher prices much earlier, which is an intolerable situation.

In the German Federal Republic subsidies will probably be paid. I know at least that *Land Bremen* has introduced such a measure, of which we have been officially informed.

The outcome of this will doubtless be that the Dutch, who, albeit somewhat later, have had to pay these higher prices too, will be forced to do the same as a result of steps taken in Germany or the United Kingdom.

When taking measures, we must, to my mind, consider whether we can agree to permit Member States which for a long time have had high prices, at least higher than their neighbours, in my opinion, to allocate a specific sum in subsidies for a very short period. In my view, this period must be as brief as possible, just enough to give us a chance to arrive at a joint system.

The same applies, as I see it, to horticulture under glass, where such problems are rife. Actually, oil constitutes an even higher percentage of the total costs for vegetable growers. In other words, we are considering the possibility of allowing supplementary national measures, but only for a short time. Then we must arrive at a joint system for the Nine member countries.

**President.** — Thank you very much, Mr Lardinois.

I call Mr Gerlach.

**Mr Gerlach.** — (D) Would you, Commissioner Lardinois, put up the ideas you have just expressed for discussion also in the coming round of talks in the Council of Ministers and as far as possible see the matter brought to a decision, or at least to a preparatory decision?

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) I can tell Mr Gerlach that Minister Ertl was among those with whom I had a long talk about this. He knows what I think about the matter. If the German or any other delegation were to put this matter on the agenda of the next session of the Council, they could expect me to give the same reply.

**President.** — Thank you, Mr Lardinois.

Does anyone else wish to speak?

This item is closed.

5. *Tenth Annual Meeting of the Parliamentary Conference of the EEC-AASM Association*

**President.** — The next item on the agenda is a debate on the report drawn up by Lord Reay on behalf of the Committee on Development and Cooperation concerning the results of the Tenth Annual Meeting of the Parliamentary Conference of the EEC-AASM Association (Rome, 30 January to 1 February 1974) (Doc. 406/73).

I call Lord Reay, who has asked to present his report.

**Lord Reay,** — After the excesses of last night, may I start by complimenting you, Mr President, on getting us off to such a smart start this morning? It is a great pleasure to be introducing this report on behalf of the Committee on Development and Cooperation. Over the last year I have learnt to appreciate the opportunity which the two institutions of the annual Parliamentary Conference and the Joint Committee meeting three times in the year give for contacts between members of this Parliament and representatives of African States.

Whether the Africans will consider these institutions useful enough to be worth continuing for the next stage is, of course, something for them to decide. We must appreciate that they have problems of personnel. For members of this Parliament, however, to have the opportunity to maintain a continuing discussion with the representatives of the 20, and in the future a number approaching 40, African States —that is to say, virtually all the countries in independent black Africa—in a period which for both continents is politically highly dynamic—is an exceptionally interesting and rewarding experience.

Europe and Africa are linked by two factors: proximity and centuries of historical involvement. Modern Africa drew from Europe and from the European occupation of Africa not only the goal of nationhood but also the institutions, the languages, the boundaries and many other practices and principles by which this relatively modern method of political organization can be realized and sustained.

Africa had the difficult psychological task of entering the modern world by ejecting the imperial powers while building on their cultural principles. Whatever the temptation for Africa to deny the indebtedness or for Europe to continue to claim rights and responsibilities which became outdated with the vanishing of her empires, nevertheless this common ground will remain a fact and must be of value as continents begin to meet and bargain face to face with

**Lord Reay**

each other in our shrinking world. Accordingly I think it is a wise provision for the future for us to insist on the value of the institutions of the Association as a means of acknowledging this common link between our continents.

Of course, the countries now engaged in negotiations with the Community for a new Association go wider than Africa, and I think it would be appropriate now to say that we welcome the fact that 44 countries in Africa, the Pacific and the Caribbean are taking part in these negotiations, thus giving the opportunity for the new Association to be much more broadly based than has been the case in the past.

It is also perhaps fair to point out that these negotiations, by the very fact of taking place on this new broadened basis as a result of the accession of the United Kingdom to the Community, have already been made use of by the developing countries concerned, and notably in Africa, to enable them to reach a level of contact and political cooperation between themselves which previously they had not experienced.

While I am on the subject of the negotiations, and bearing in mind that this occasion this morning gives Members of this Parliament one of the few opportunities they will have to influence the course of the negotiations, there is something I should like to say on the subject of the EDF. We must recognize that the Commission is faced with very strong demands—the more so as a result of the fact that the Associated States are now joined in the negotiations by the Commonwealth countries, which have had a tradition of greater aggressiveness towards the ex-colonial powers than their French partner—that the benefits of association for the developing countries should be accompanied with the maximum independence, freedom of action and absence of commitment on their side. It is very important that in some fields the Commission should set a careful limit to the concessions it makes to those demands. The EDF is, I submit, one of these cases.

Two principles are of vital importance. First, the aid donor, in this instance the Community, must have the final word on whether or not to pay for any specific project proposed by the developing country or countries. This principle holds as much in public as in private life, as much between developing countries themselves as between developed and developing countries.

Secondly, the Commission must retain sufficient controls of funds that are voted in order to ensure that they are spent on the purposes for which they were voted and are spent without waste on those projects. If the Commission deviates from these principles in the negotia-

tions, it will be buying its way out of an immediate political problem by buying its way into a later political problem of a more serious character.

The negotiations were one of two sets of developments which dominated the background to the Rome conference. The other, which could be said also to have dominated the foreground of discussion, were the momentous changes in international relationships that will flow from Middle East action on oil supply. I do not wish to enter now, although other Members of this Parliament may care to do so, into a description of the different economic and financial problems which Europe now faces on the one hand and which developing countries, categorized according to their reserves of natural resources and their population load, face on the other hand.

However, I should like to say something about the general change in the relative position in the world of the developing countries as a whole. It is in my view becoming increasingly plain that the developing countries will need to be involved in the solution of the industrial world's financial problem. The industrial world was faced—and, since it is still not clear how the problem will be resolved, must still be considered to be faced—with the threat of economic recession as a result of the fact that the oil producers will not spend spontaneously the greater part of the additional funds they have received from Western and other economies on purchases from Western economies because the aggregate size of their populations is insufficient for them to require purchases on such a scale.

But this is not, of course, the situation of developing countries taken as a whole. Such countries, chronically and for years past in need of money to finance the needs of their enormous and impoverished populations, now find themselves presented with a rare opportunity by virtue of the fact that the West has a new interest in seeing that funds are made available to them. Moreover, their case is strengthened by the extremely dangerous situation many of them now find themselves in as a result of the additional burden to which they also must be committed following the rise in price of oil and other commodities.

However, the principal reason for the new situation in which I believe the developing countries now find, and will find, themselves is another factor, namely a growing recognition by everyone that we live in a world which is becoming increasingly interdependent. There are plenty of indications of this change of consciousness.

It is as much demonstrated by, for example, the new anxiety that countries outside or on the

**Lord Reay**

fringes of the capitalist world have expressed with regard to inflation within the capitalist system as it is by the new interest that industrialized countries have shown in the possibilities of commodity agreements. But the consequence of an acknowledgement of interdependence must in the long run, I believe, be an increase in the political power of those who are economically weaker.

In an age in which a considerable step has been taken towards recognizing that whereas parts of the world could hitherto exist without paying direct attention to the needs and problems of other parts of the world they now need each other's cooperation, then it is the weaker and the poorer who will enjoy the greatest improvement in their position.

In a situation in which everyone needs each other, it is those who are least satisfied who demand the biggest price for their cooperation. As the United States Secretary of State said in Washington on Tuesday, the overwhelming problem today is to construct a cooperative world order.

We have become familiar with some of the political goals of some of the developing countries. In Africa, for example, we know the first of their aims must be a reduction in their own crushing poverty, but if we know some of their aims, what are the mechanisms?

In fact, it is impossible to predict how cooperation will develop, because this is a new part for us. With regard to commodity agreements, for example, we simply do not know what will be the effect of moving from a situation where it was the producers who wanted commodity agreements to one where it is apparently the consumers who find themselves most attracted. I am sure that the political power of the developing countries will increase, and I strongly suspect that the diplomacy of the developing countries—and we are most likely to meet this immediately with African diplomacy—is already showing some anticipation of this development.

I wish to end by drawing a brief contrast between the world we are leaving and the world we are entering. I believe we are entering a world which, so far as the relations between the countries of Europe and the developing countries are concerned, is best seen as a postscript to the colonial era.

Hitherto, the prevailing attitudes were those that had been formed during the colonial period. To take the case of Britain and her ex-colonies, Britain was reluctant to relinquish the idea of her empire and consequently attached to the

Commonwealth a weight and an expectation which it was unable to sustain. She continued to claim a responsibility for the ex-colonial territories, by then independent, which she was no longer in a position to discharge and which in any case as an attitude was essentially archaic. On their side, the developing countries, because of their own insecurity, has difficulty in acquiring a feeling of their own independence. Initiated in any case by the attitude of Britain, they continued to look there for independence by attacking the power from which in reality they were already independent and which should have become unimportant to them. Politically, it was a sterile era characterized by retarded attitudes, and we should have no regrets at its passing. Indeed, we must do our best to ensure, from our side at least, that such attitudes do not survive to disturb and distort the new era.

As to the future, alongside the incidence of profoundly disturbing effects such as we have experienced recently, and without doubt will continue to experience, it is important to re-emphasize that we also have constructive possibilities of a dimension which has been presented to no other generation and the aim of which must be to achieve an international political organization fit to handle the daunting problems of tomorrow.

(Applause)

**President.** — I call Mr Van der Hek.

**Mr Van der Hek.** — (NL) Mr President, I consider it essential that Parliament, even at this rather late stage of our part-session, is able to say a few words on this important matter.

I listened to the rapporteur with great interest and in agreement with nearly all the points he raised. I think he made an excellent speech and got his priorities right in stressing relations with the African countries in the light of new developments and new developments and new challenges.

He pointed out in his speech that recent developments in the international economic situation offer new possibilities to the developing countries.

At the same time, however. I should still like to ask the European Commission a few questions.

What did our rapporteur, in fact, state? He said that new funds are now available to the developing countries. I assume he is referring here to the proceeds from raw materials which have risen considerably in price and to the income of the oil-producing countries.

**Van der Hek**

I ask the Commission what it is doing to guide the recycling of the increased proceeds from raw materials and petroleum in cooperation with the developing countries themselves, so that they can survive the major setback of the present recession.

Secondly: if the Commission thinks that the developing countries must be integrated into the dollar flow circuit and if it thinks that this must not apply exclusively to the associated countries or the countries seeking association with the European Community, but that a world-wide solution must be found to the problem, then I should like to ask: why did the Commission not, in fact, adopt this attitude before the crisis and direct European cooperation on development aid not only towards the associated countries but also towards the rest of the developing countries?

(Applause)

**President.** — I call Mr Seefeld.

**Mr Seefeld.** — (D) Mr President, ladies and gentlemen, I should just like to say a few words of thanks to the rapporteur for his excellent account of the Rome conference and also to express my hope for a favourable outcome of what is now being negotiated between the African countries and ourselves, the European Community. I feel that the relations that have existed for many years between Africa and ourselves as the European Community were particularly emphasized at this conference in Rome by the fact that, for the first time, representatives of the 'associable' countries were also present as observers. I attach great importance to this and add: equally important was the present as observers at the conference of representatives of the East African Community.

Mr President, ladies and gentlemen, the Community is at present negotiating with 44 countries. The object is to determine the nature of future cooperation and the form this cooperation will take. On this point, all that could be stated in the report was that we did not know the final outcome but did know that all of them were willing to cooperate—not only those who had hitherto been associated with us but also those who had expressed their desire to be associated with us in some form or other in the future—and that this willingness had also been evident in the negotiations so far, despite all the attendant difficulties.

Mr President, we want a policy of association—this was also expressed in the report—which is broadly in line with the Community's intentions to pursue a global, world-wide policy of development aid. It is with this in mind that the Com-

mittee, on whose behalf Lord Reay has presented his report to us, will conduct further talks next week. At this point, I draw your attention to the fact that the President of the Council will be present at next week's meeting of the Committee. Minister Eppler wants to consult with committee members from the Council's angle, as it were, on possible and actual future developments.

Mr President, ladies and gentlemen, I should now like to conclude my remarks briefly by stating once again that we are following with great interest the work that is in preparation for continuing and expanding association. I think this is the most important thing to be settled in this sector in the near future.

My personal impression in Rome was that good will is present on all sides, but the negotiations are not going to be easy.

Mr President, ladies and gentlemen, I also feel we have no excuse for failing to approve Lord Reay's report. I think we should give our unanimous support to this document. It is a true reflection of what was expressed by African and European statesmen at the Rome Conference.

(Applause)

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission of the European Communities.** — (F) Mr President, ladies and gentlemen, after the report submitted by Mr Bersani in preparation for the Parliamentary Conference in Rome, the one presented by Lord Reay on behalf of the Committee on Development and Cooperation is extremely full. Since it gives an analysis of the various facts, the Commission is in full agreement, but rather I shall not deal with those aspects with which with some specific ideas, as Lord Reay has just done so brilliantly.

Both in his introduction and in his report, Lord Reay has first of all emphasized the value of the Association's existing institutions, which it was particularly timely to state publicly, since we are engaged in negotiations with forty-four countries and—as stated in the report and reiterated by Mr Seefeld—the 'associable' countries were present at the Rome meeting for the first time.

Both as a Member of the Commission and in a personal capacity, I completely endorse Lord Reay's opinion of the originality and value—which I consider to be unique at the present time—of the parliamentary institutions as created and as functioning.

**Cheysson**

Unlike the Association Council, an assembly of the executives, and one of the most boring, inflexible and ossified institutions imaginable, the Joint Committee and especially the Parliamentary Conference provide an opportunity for direct, friendly and sincere contacts between representatives of African opinion and Members of the European Parliament.

I feel that this is a valuable feature which we should make every effort to preserve in future. As Lord Reay said, this will depend on our partners, but it was important that, in this Assembly, not only a Member of Parliament should say that we have this absolutely unique institution but also a member of the Commission.

In his report, and even more so in his introduction a moment ago, Lord Reay stressed that the current negotiations, in other words the Rome meeting, are taking place against a new backdrop. The crisis in the price of raw materials has resulted in an economic situation which could have been studied before but which it has been decided to examine now. The outlook for the developing countries is extremely serious, even disastrous, as Lord Reay has stated in his report, outlining in black—and rightly so—the eloquent expression ‘the recent disturbing and epochal economic developments’ which he used in the draft resolution.

Since the Rome meeting, we in the Commission have produced fairly full analyses, country by country and product by product, for all the third world countries—I am not speaking today only of those in the Association—and we have reached conclusions, not about the types of country, but about the types of economic situation resulting from the present trend in raw material prices in the third world.

I feel it would be of interest to report on this to the House and to set these types of situation against the problems to be faced and the means which the industrialized countries must—and I do mean ‘must’—bring into play if we are to achieve this worldwide cooperation which Lord Reay so ardently hopes for. May I assure him that this hope is shared by us all?

First of all, we have the countries whose trade situation has improved—probably permanently, since their exports comprise products of which there is a world shortage and of which production can hardly be expected to increase in the forthcoming years. I refer to oil, phosphates and wood.

We must recognize that our means of negotiation with these countries are not at all what they were before, nor they might have been if we had acted with wisdom and if we our-

selves had modified an economic system which, let us admit, had no room for the developing countries producing raw materials.

In our dealings with these countries, we have only one trump card. They wish—and justifiably so—to enjoy new terms of trade in order to promote rapid industrial development, and in this respect they need help from us, the industrialized countries, by the transfer of technological know-how, the liberalization of markets and the provision of distribution, marketing and transport resources.

What we can offer these countries is thus industrial cooperation, and I cannot use this expression without remembering a man for whom I felt both friendship and admiration and who is sadly no longer among us. I refer to Mr Armengaud, whose remarkable ideas in this sphere are more to the point than ever.

Luckily, however, there are always slight gradations in this world, and thanks to these I think that satisfactory conditions can be negotiated both at a world level and even at the level of our Association which is to be. In addition to the situations in which the balance of payments has improved in an apparently permanent way, there are numerous situations in which the improvement in the terms of trade is precarious, since the exports comprise products which can easily be manufactured in much larger quantities in the world of tomorrow. I refer to the increase in production of cocoa and coffee, as well as a potential rapid growth in the production of certain ores.

We thus have a number of world situations in which the terms of trade have now become equitable, in contrast to the situation in the last ten or twenty years—the ex-colonial era, to quote Lord Reay—but where there is still some risk of instability and where, as a result, we can pool our interests. We can find systems of cooperation if we are prepared to enter the phase of discussing stabilization of the terms of trade—this is the very idea expressed in paragraph 10 of the motion for a resolution, and it is right. Shall we manage this? When I listen to you here, my hopes rise, but when I turn to the governments my hopes melt like snow in the morning sun because, in spite of the present crisis, the basic reaction of most of our governments is to ignore the existence of this problem; they recognize that oil is unfortunately an exception, but think that this will not happen in the case of other products. They still largely adopt this ‘ex-colonial’ attitude at a time when it is more urgent than ever to tackle the problem of stabilizing the terms of trade.

The problem can be successfully dealt with only at world level—we must have absolutely no

**Cheysson**

illusions on this score. When I think of some of Lord Reay's ideas, I find myself imagining what our Association could be: an entire continent—the 'black' world—and countries outside this continent, in the West Indies and the Pacific, combined with the largest trading Community in the world, if only we could tackle together at world level the problems which must be tackled within the framework of the international financial institutions. For it is they, in my opinion, who must be responsible for some recycling of supplementary capital at world level. This can be done through UNCTAD and by utilizing all possible opportunities for discussion, whichever institution is finally chosen to supervise the system of stabilizing trade terms. The system must provide for the creation of regulating stocks. These represent the only means of avoiding the shortages, the speculation, disorganization and chaos characteristic of the present systems—although these systems were proposed by many people, among them such eminent authorities as Professor Tinbergen.

Mr President, the time has come for this to be done, and the setting provided by our Association should allow us to play a considerable role in this field at world level, since here is no contradiction between our Association and our wish to deal with certain problems at world level by declaring our interests one with those of all our partners in the Association—in Europe, Africa, the West Indies and the Pacific—and by putting into effect, on a reduced scale and for a transitional period, measures which cannot immediately be introduced on a worldwide basis.

And then, Mr President, there is a third kind of situation, a tragic one this time—a dramatic one even. This is the situation of those countries whose exports have not increased in value, either because they export very little or because the products which they export have not increased in value, for instance tea or manufactured goods. From the largest—India—to the smallest—Burundi—the situation is dramatic. Dramatic is not too strong a word: the economy has ceased to function, there are no prospects of development and, if things are allowed to take their natural course, the only outlook is a fall to subsistence at the very lowest level. As the motion for a resolution submitted to the Assembly very rightly points out, Mr President, only a response on a worldwide scale can provide satisfactory results, since it requires an effort on the part of all those who have benefited from the rise in prices of raw materials—in other words, not only ourselves, of course, who are benefiting through higher prices for cereals and other food products, but also the

other producers of essential materials—and I am thinking here of the oil-producing countries.

It is only at world level that the real answers will be found, and in this respect I consider paragraph 12 of your motion for a resolution wholly appropriate. Within this world framework, the industrialized countries will have to maintain their financial aid, and I personally do not hesitate to suggest that they will probably have to increase it.

This may come as a shock, but your motion for a resolution states very properly that the mobilization of the new funds obtained from the higher prices paid for raw materials may be in the interests of the industrialized countries. As Lord Reay's report says, 'The industrialized countries...have a great interest in maintaining the markets, and therefore the economic strength of developing countries'.

I feel that this is important and that it should be impressed more widely on public opinion. It is essential that the extra money paid for raw materials, funds brought into circulation in the world, should not remain unused, or become a means of speculation, but rather they should be used as widely as possible to increase consumption wherever there are increased requirements—and this undoubtedly applies to the developing countries.

Thus, the industrialized countries will best be able to pay the additional sums for which they are accountable by increasing their production as a counterpart to markets which will be opened to them in future by means of the funds in question.

This involves transferring as much as possible of these funds to those developing countries which can become larger consumers, and here again we are faced with the need to bring in the international financial institutions and to set up systems of stabilized aid in which the industrialized countries will of course have their part to play.

In our negotiations, we must keep in mind these considerations concerning the worst situations. Let us not forget—and this is a fact the report rightly stresses—that seventeen of the twenty-five poorest countries in the world are members of the Association as it will be in future—and even as it exists at present.

This means that we must maintain our effort as envisaged when negotiations began, and perhaps even increase it in certain fields. Several days ago, as the Assembly is aware, the Commission presented a multiannual programme of food aid which provided for an increased European effort in the matter of food deliveries.

**Cheysson**

Let us return to the negotiations, however. It is therefore necessary that the European Development Fund of tomorrow should be exactly what it was intended to be.

As regards the working of the European Development Fund, I should like to give an immediate answer to two questions raised by Lord Reay and state that the Commission agrees fully with him. The European Development Fund must incorporate supervision of the way the money is spent, and of the allocation of credits. We owe it both to the European taxpayers and to ourselves to accept no bargaining on this point. Since the money belongs to the Community, it is essential that the final decision adopted in each particular case to allocate a certain volume of credit for a specific project should be taken by a European body. The associated countries must, of course, take part in the preliminary discussions, and the projects must form part of the programmes drawn up by the countries concerned—and of these programmes only. The final decision on the release of the funds, however, must be the prerogative of Europeans and no one else.

We shall thus be continuing our financial effort, and, for the countries concerned, this effort will be still greater than in the past. This makes me feel that, at both the Association and the world level, the distribution of financial aid among the beneficiaries may be expected to change in the forthcoming years.

Like the rapporteur, I have frequently had occasion to refer to the negotiations. The fact that we are at present negotiating with forty-four countries is of very great significance and gives us considerable scope for action. However, precisely because we are negotiating with forty-four countries, some of which—as Lord Reay has rightly pointed out—are accustomed to a rather hard style of talking, and since it is a whole continent which is meeting around the same table, the talks are difficult. Lord Reay mentioned this and Seefeld repeated it, and, while it is true, this does not discourage me, Mr President. On the contrary, if the negotiations are difficult, once they have been concluded we shall probably have created a much more powerful instrument than if we had been confronted with a few partners who were so interested in obtaining our financial aid that they were prepared to accept just any conditions.

One important point concerning these negotiations is that they should be completed within a reasonable period of time. Dates have been fixed for meetings; it is essential to keep to these dates, and I am very grateful to the Assembly for agreeing to consider a motion for a resolution in which two paragraphs stress the

extreme importance of this deadline. This means that the European governments—and there is, indeed, not all that much time left—absolutely must decide within the next few weeks on the complementary mandate for negotiation which we require.

Failing this, all we can say to our forty-five partners who met in Addis Ababa a few weeks ago is: 'The forty-five of you were able to define your positions, but the nine of us are incapable of doing the same'.

The deadline is thus of extreme importance, and I am grateful to you for having emphasized it in your motion.

Mr President, these, then, are the problems which formed the backdrop to the excellent Parliamentary Conference in Rome and to our negotiations. The stakes involved are high, for it is a question of passing from one world to another. We must know whether, in this process, the Community will play a role which I feel is of importance to the whole industrialized world—the Japanese, the Americans, the Canadians, the Swedes; a role—and I say this with pride, as well as with a certain awe at the responsibility—which we are in a better position to play than the other industrialized countries, because the diversity of our approaches forces it upon us.

To Mr Van der Hek, I reply, then, that the Commission has long been convinced of this, and my predecessor expressed the fact in some of the ideas included in the Commission's Memorandum; now, however, we have a chance of being heard which did not previously exist, since the hard light of economic reality has accentuated not only the shadows but also the patches of light.

As I said before, it is in this Parliament that we feel most encouraged, for it is here that we find the greatest understanding of the problems. The meetings of the Committee on Development and Cooperation are most illuminating in this respect.

Ladies and gentlemen, I beg you to make yourselves heard outside these walls, because believe me, there is still no comparable echo at the level of the executives.

(Applause)

**President.** — Does anyone wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

I have no amendments or speakers listed.

### President

Does anyone wish to speak?

I put the motion for a resolution to the vote.

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

*6. Decision setting up a general committee on safety at work—Decision extending the sphere of activity of the Mines Safety and Health Commission*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Gibbons on behalf of the Committee on Public Health and the Environment on the proposals from the Commission of the European Communities to the Council for

- I. a decision on the setting up of a general committee on safety at work
- II. a decision to confer on the Mines Safety and Health Commission the task of continuing its preventative action in the field of safety at work in the whole range of extractive industries (Doc. 384/73).

The rapporteur has had to leave Strasbourg, and has informed me that he has nothing to add to his written report.

I call Mr Hillery to state the position of the Commission of the European Communities.

**Mr Hillery, Vice-President of the Commission of the European Communities.** — Thank you, Mr President.

I should like to thank the Committee on Public Health and the Environment for its most encouraging report, and I am particularly grateful to Mr Gibbons for his excellent contribution as rapporteur.

The Commission's view with regard to safeguarding the health of the working population is that it will be necessary, if we are to have a policy on a European level, to have all the industries in Europe observing the same obligations and applying the same standards with regard to machinery, working environment, accident prevention systems and other matters of safety and health. Furthermore, we believe that a successful Community activity in this respect would not necessarily result from the approximation of laws or simply the coordination of national activities. The past has shown that this method of working does not always bring the desired results. We believe that Community policy in this respect is more likely to result from a Community level of activity as autonomous as possible in terms of

the machinery of inspection and control already existing in Member States.

To achieve this we propose the establishment of a General Safety Committee with rights of initiative, the power to make inquiries and the right to commission the necessary studies over a wide range of subjects. Its task will be to cope with the problem of work safety and inspection techniques in Member States. At the same time, the work of the Mines Safety and Health Commission, which has up to now confined its activities to underground mining, will be extended to all opencast mining in the extractive industries. We had earlier reservations about including the extraction of oil and natural gas among those industries to be brought within the revised competence of the Mines Safety and Health Commission. However, in the light of views expressed in the committee's report, and on reflection, I wish to confirm that our reservations no longer exist. Therefore, the Commission's proposal will be modified on the lines suggested by the committee.

The amendments in respect of the establishment of the General Safety Committee present no major problem for the Commission, and I am prepared to see whether it will be possible to incorporate them in a revised text, provided there are no legal problems.

I wish to refer in particular to the proposed amendment to Article 3 (e) of the Commission's draft. As Parliament is aware, the annual report of the Permanent Organ on Mines Safety and Health is transmitted to the institutions by the General Secretariat of the Commission. In this way the Parliament is kept fully informed of the activities of the Permanent Organ. We had envisaged the same sort of procedure for the annual report of the General Safety Committee. I do not know in what sense the proposed amendment would improve that situation. It may be that the wish is to underline the symbolic value of the transmission of the annual report. I see no objection to that, although there may be legal difficulties.

On the proposed addition of a paragraph (f) to Article 3, it is clear that the committee will specifically furnish on request to interested parties the results of its work and information at its disposal. It should also, I hope, be able to give useful advice on those publications which fall within its own area of reference.

I thank Parliament for its interest in the proposals and for the speed and efficiency with which the proposals have been examined. This will enable us to get an early decision from the Council on the matter and to get this most important work started.

<sup>1</sup> OJ C of 8. 4. 74.

**President.** — Thank you, Mr Hillary.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

*7. Regulation on the application of social security schemes to migrant workers*

**President.** — The next item is a debate on the report drawn up by Mr Pisoni on behalf of the Committee on Social Affairs and Employment on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1 408/71 and Regulation (EEC) No 574/72 on the application of social security schemes to employed persons and their families moving within the Community, and on the supplement to this proposal (Doc. 405/73).

I call Mr Noè, deputizing for the rapporteur, who has asked to present the report.

**Mr Noè, deputy rapporteur.** — (I) Mr President, since my colleague, Mr Pisoni, has had to return to his constituency for local political reasons, I shall give a brief outline of the report he intended to present.

The report comments on a proposal from the Commission to the Council on the harmonization of measures in favour of migrant workers, adopted at various times.

Since these measures appear in a number of different documents, it was suggested that they be collected together in a single and complete text. The individual worker would still, however, have some difficulty with this system, so it seems that it might be better to draw up extracts featuring the regulations applicable in each Member State and attach them to the general text.

This would require a certain amount of organization, but we should like to draw the Commission's attention to an important consideration here. It is important from the human point of view to make it easy for workers to draw the pensions to which they are entitled. Since, as we all know, the migrant worker often takes up employment in several countries, years may pass before he is able to draw his pension.

It is therefore suggested that the worker be given a Community card which he may use when moving from one country to another, and

a fund be established so that those entitled can be paid pensions as soon as they stop working and collect the balance later.

We are, I repeat, bringing a very important fact to the Commission's attention, and we urge it to act accordingly.

**President.** — I call Mr Hillary.

**Mr Hillary, Vice-President of the Commission of the European Communities.** — Mr President, I should like to thank the Committee on Social Affairs and Employment for this report and draft resolution. As has been explained by Mr Noè, it is on a proposal for a regulation amending Regulation (EEC) No 1408/71 and Regulation (EEC) No 574/72 on the application of social security schemes to employed persons and their families moving within the Community.

I am very grateful to the rapporteur, Mr Pisoni, and to Mr Noè, who has spoken.

As Parliament is already aware, in October 1972 the two regulations which we have mentioned entered into force, replacing Regulations Nos 3 and 4 on social security for employed persons and their families moving within the Community, which had been in force since 1959. Numerous adaptations have been made to the regulations in view of their application in the new Member States since April 1973. These adaptations were laid down in the Treaty of Accession and in a number of regulations adopted during the interim period.

As a result of the complex nature of the subject matter and the limited time available for debating the regulations, it was not possible to solve all the problems arising in connection with the laws of the new Member States; and the first object of this proposal is to fill those gaps which were left. Secondly, the proposal is intended to adjust the regulations to new developments in the laws of the Member States since the regulations entered into force. The need for such adjustments will frequently arise because of the constant evolution of social security law and the number of legislations which have to be co-ordinated.

These amendments, as was pointed out by the rapporteur, are mainly of a technical nature and in no way interfere with the principles of the basic regulations.

I accept the point of view concerning the difficulties raised by repeated amendment of regulations which make it somewhat difficult to consult and understand the text; and I accept the rapporteur's suggestion to the Commission to incorporate in a single complete text all the

<sup>1</sup> OJ C of 8. 4. 74.

**Hillery**

Community provisions in force in the sector of social security for employed persons and their families moving within the Community.

The services of the Commission are at present engaged on this task, and I hope that we shall shortly be in a position to present a co-ordinated text. Certainly I hope that we shall be able to do so before the end of the current year.

On the question of the creation of a European centre for the payment of advances on pensions, it is necessary for me to recall that the Community regulations have as their object the co-ordination of national legislations, and it is the social security institutions which apply these legislations and apply the regulations. The giving of an advance on a pension would be based on the presumption that there exists a right to the pension, and the establishment of the existence of this right is itself dependent on information coming from these national institutions. Therein lies the delay.

Therefore, the creation of a further institution would not speed up the activities of those institutions where the delay already exists, and might indeed add to the delay. It seems on the face of it that it would be a way of shortening the period by giving an advance. But if the Members of Parliament accept that the giving of an advance depends on the establishment of a right and that the necessary knowledge for the establishment of that right would require the cooperation of the same institutions which at present are the cause of the delay, they will recognize that the addition of a new institution may only add to our troubles. However, we will try to find some way of speeding up the payment of pensions due to migrants.

Again I should like to thank the Parliament and Mr Noë, and I will have this question studied. But at the moment I will ask him to accept that the delay would not be avoided by the addition of a new institution.

**President.** — Thank you, Mr Hillery.

Does any one else wish to speak?

I put the motion for a resolution of the vote.

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

#### 8. Setting up a European University Institute

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Klepsch on behalf of the Committee on Cultural Affairs

and Youth on the Convention setting up a European University Institute (Doc. 396/73).

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

**Mr Klepsch, rapporteur.** — (D) Mr President, ladies and gentlemen, we are very grateful for the fact that it has been possible to put this report on the agenda, since we feel that the subject is important enough for governments and national parliaments to be asked to implement the proposals forming the subject of the report as far as possible by the scheduled date.

I am happy as rapporteur of the Committee on Cultural Affairs and Youth to be able to present the final text of the report on the Convention setting up a European University Institute. I shall limit my remarks to a few points made in the report. Parliament has, of course, discussed the establishment of an institute of this kind on several occasions in the past. I would merely draw your attention to the two reports drawn up by Mr Geiger in 1960 and Mr Janssen in 1964. The years themselves illustrate clearly the great leap forward that has now been made.

The Convention was signed by the original Member States of the Community in Florence on 19 April 1972. To date, only Italy has ratified the Convention, although the French Parliament has approved it but not yet made the notification without which it cannot come into force where France is concerned. The other Member States are still in the process of ratification. As we wish to see the Institute beginning its work in October, we hope that the ratification process in the other Member States and national parliaments will be accelerated.

Immediately on their accession to the European Community the new Member States let it be known that they wanted to be party to this Convention. From the outset they have taken part in the work of the committee which met after the Convention had been signed to carry out the necessary preparatory work.

The Convention lays down that a Member State of the European Communities which is not a signatory may accede to the Convention by depositing an instrument of accession with the government of the Italian Republic. Accession becomes effective the day that the High Council, acting unanimously and in agreement with the acceding State determines the necessary adaptations to the Convention.

In my report I have gone into details, proposals, suggestions and request expressed by the Committee on Cultural Affairs and Youth with regard to expansion and supplementation. At

<sup>1</sup> OJ C of 8. 4. 74.

**Klepsch**

this stage, however, I shall limit myself to major questions.

According to Article 2 of the Convention, the aim of the Institute is to contribute, by its activities in fields of higher education and research, to the development of the cultural and scientific heritage of Europe, as a whole and in its constituent parts. In addition, its work will also be concerned with the great movements and institutions which characterize the history and development of Europe. It is to take into account relations with cultures outside Europe. This aim will be pursued through teaching and research at university level.

One of the most important aspects that becomes apparent when the Committee is examined seems to me to be the fact that in divergence from Article 9 (2) of the EAEC Treaty, which states: 'An institution of university status shall be established; the way in which it will function shall be determined by the Council, acting by a qualified majority on a proposal from the Commission,' the Member States have set up the European University Institute.

This is very clear from Article 6 (1), sub-paragraphs 2 and 3. Apparently the Member States did not consider the Community to be the relevant body in this field. This is all the more regrettable as the Institute has as its object the examination of problems of European integration in the broadest sense of the term.

In contrast, it is clear, in my view, from the Treaty of Rome and from the final communiqué of the Paris Summit Conference that the Community was to be given the task of establishing a common educational and cultural policy. What I am trying to say is that here again, as Parliament has done in the past, we must point to the necessity for the Community as such to participate in the administration and the functioning of a European University Institute.

If the Institute is to be active in the field of research into European problems without the Community having any right to a say, the effect on the Community's efforts to establish a common educational and cultural policy, which is extremely important for the further development of political integration, can only be disadvantageous.

Article 19 (2) does, however, hold out prospects of the Community being more closely involved in the future through the possibility of financing by the Community. The moment the Institute is financed from Community funds it will become clear that the influence of the Community in the management of the Institute can no longer be eliminated. But efforts should be made now to establish a procedure which gives the Com-

munity a say in the High Council and makes possible a dialogue between the Institute's authorities and the European Parliament. This is the only possible way for the study of European integration and culture to be promoted in a spirit of cooperation with the Community. The European College in Bruges is also to cooperate with and supplement the activities of the Institute, the intention being that this College should continue its work. I would stress that the Contracting States would like to see close cooperation with the College, as evidenced by the adoption by the Contracting States of the statement issued at the Council meeting and Conference of the Member States' Ministers for Education on 16 November 1973:

'The academic bodies of the European University Institute in Florence and of the European College in Bruges must cooperate with the aim of shaping and fixing their study programmes in all parallel or converging subjects and activities in the most suitable manner.'

The Convention also provides for the Institute to cooperate within its terms of reference with universities and with any national or international research bodies.

With a view to ensuring a democratic voting procedure in the Academic Council, I have also pointed out that the groups united in that body should all be represented in equal numbers.

The next point raised by my report concerns the course that the University Institute should take in the future. According to the present provisions of the Convention, there are to be departments for only the following four subjects: history and civilization, political and social sciences, law and economics.

As the report by Mr Geiger I have already mentioned states—and this opinion is shared by the whole committee—it would be appropriate for the Institute to have a wider range of subjects, to be determined from experience gained over the years and related to the aims of a university, so that the Institute may meet the requirements of a university in the more restricted sense of the term. We are thinking in particular of fields of especial importance to Europe and the institutions of the Community, for example, veterinary medicine.

Although it is clear that the Institute cannot be a university in the true sense of the word, especially as the national universities always specialize in certain fields, I feel that expansion in the long term is desirable so that the Institute may have some influence on the European universities.

**Klepsch**

The Convention does allow for the creation of new departments so as to extend the work of the Institute.

I also feel that students who have not yet completed their university studies should be given the opportunity of participating in the research work of the Institute.

In this way I feel that the Institute might develop into a university in the narrower sense of the term and thus fulfill the comprehensive tasks connected with the studies that are of significance to European integration.

It will be of considerable importance for work in Florence to be done as a European venture by people who come from the various countries of the Community. Only thus will it be possible to achieve the development of Europe's cultural and scientific heritage on a basis of mutual give-and-take and with a knowledge of and consideration given to European traditions.

Furthermore, it would appear important to me to underline the second sentence of Article 2(1) of the Convention, which reads as follows:

'It shall take into account relations with cultures outside Europe.'

The intention here is to make it clear that the Institute, by being open to students and professors from third countries, is not to be devoted exclusively to European problems, but will also extend its work to worldwide phenomena. The Institute thus has the additional task of cultivating and promoting cooperation with other countries and cultures. Following the report just presented by Lord Reay, my mind turns in particular in this connection to the great deal of work that could be done with the Associated countries.

Finally, I should again like to stress the hope, of which I spoke at the beginning, that the national parliaments will, together with the governments, make it possible for the Institute to begin its work this year by ratifying the Convention and putting it into effect; the appropriate technical preparations have after all been made. We hope that this will constitute the step forward requested at the Paris Summit Conference towards the transfer of new responsibility to the Community and devotion to problems connected with non-material values in the Community.

I am glad to say that the committee had the opportunity of hearing both from the Council and from the Commission that impulses in, above all, the fields of education, science and culture and the efforts being made to achieve improved cooperation and development of

coordination have every chance of success in the near future. To this extent we regard it as a milestone that in 1974, fourteen years after the report drawn up by Mr Geiger in 1960, we can at last hope that this long standing project endorsed by the European Parliament will be achieved.

(Applause)

**President.** — I call Mr Walkhoff.

**Mr Walkhoff.** — (D) Mr President, ladies and gentlemen, before I read the Convention setting up a European University Institute, I considered it a foregone conclusion that a university could not be established in the second half of the twentieth century without due consideration being given to the most important democratic principles. I was therefore surprised when I read Article 9, which governs the composition of the Academic Council. It cannot be ruled out that the attempt is being made here to establish at European level a university of the old type, in which only the 'establishment' determines the running of the Institute, although it must be admitted that this is done in a rather skillful manner by allowing people from outside the 'establishment', in other words, the research students, and other members of the teaching staff and professors to sit on the Academic Council together with the heads of department. But no figures are given at all to indicate that all the various groups are to have an equal say. The wording of Article 9, which is vague on the most important point, does not exclude the possibility that the heads of department, who as a group are comparable with the 'establishment' of the Institute and all of whom are to be represented on the Academic Council, will become the strongest group in this body. And as the majority rule has not been laid down, but still has to be agreed by the High Council, there is also a risk that the heads of department will enjoy a privileged position by manipulating the decision-making procedures even if the various groups do participate in equal numbers. Such manipulation might consist in a minority of the heads of department blocking decisions, in one or another group being excluded from votes on certain questions, or in a ruling that the majority of the heads of department cannot be outvoted. There is no end to the possible forms of manipulation that might be used.

I am therefore grateful to the Committee on Cultural Affairs and Youth for pointing a finger at this deplorable feature in its motion for a resolution and for urging that appropriate steps be taken. I hope that the Member States, the planners of the European University Institute,

**Walkhoff**

will heed the motion for a resolution and realize that the precondition for modern research and teaching in our industrialized society is a university with a democratic rather than a hierarchical structure, in which everybody concerned has a say. Modern Europe cannot be built on outdated and old structures.

(Applause)

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, speaking also on behalf of Mr Dahrendorf, may I begin by congratulating the Committee on Cultural Affairs and Youth on the insight it has shown in its analysis of the Convention setting up a European University Institute. I should particularly like to congratulate the rapporteur, Mr Klepsch, on behalf of the Commission.

The report was an excellent one. It showed up clearly the difficult, not to say vulnerable, aspects of the proposal. The Commission not only fully understands most of the observations made by Mr Klepsch, both in his report and orally; it also agrees with virtually all of them.

I am nevertheless pleased to have heard from the rapporteur that steps are finally being taken to set up this institute and that a start will be made even before the end of the year. We do not wish to delay matters by being unduly perfectionistic, and neither does the rapporteur. This means that for reasons connected not only with the Community but also with Community institutions, we shall have to begin at a more modest level than we had hoped; on the other hand, it would appear from Parliament's opinion that things are progressing, especially as regards the responsibility of the Community institutions for the institute. This trend is continuing, as may be seen from the fact that a Community representative is to have a direct say in the institute. And further progress may be expected even after 1978.

We, too, feel that the Community representative should have the right to vote.

Mr Walkhoff made particular reference to Article 9. I feel rather that the institute should take account of the progress made towards democracy in the different Member States. He probably knows better than I do that this progress varies considerably from one country to another. The Commission would, however, in principle welcome a more courageous policy on this point as far as the institute is concerned.

The provisions governing the Academic Council, in particular, could be extended a good deal

further in the direction indicated by Mr Walkhoff.

Finally, I should like to point out that the Commission is just as pleased as Parliament that after such lengthy preparations we should have finally reached the stage where a real start can be made on what I should like to call the European University, even though this designation is not quite justified in the initial phase. It was in 1959, some fifteen years ago, that Parliament began its work on this project. The first report was published in 1960, only one year later.

The Commission fully agrees with the wishes put forward by the rapporteur on behalf of the Committee on Cultural Affairs and Youth. Where it is possible, we shall take into account the wishes of Parliament.

(Applause)

**President.** — Thank you, Mr Lardinois.

I call Mr Klepsch.

**Mr Klepsch, rapporteur.** — (D) Mr President, I should just like to add a brief remark. The committee was well aware of the problems connected with its proposals. In the text of the report—I should like to stress this, and it also applies to the suggestions that go back to Mr Walkhoff, which appear to us all to be very balanced and which we have taken up—we have therefore accompanied these proposals with the request that the Institute be expanded with this in mind. Under no circumstances do we want a postponement of the date on which the Institute is due to begin its work and the Convention is due to come into force.

**President.** — Does any one else wish to speak?

I put the motion for a resolution to the vote.

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

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

9. Directive on Cosmetics

**President.** — The next item is a debate on the supplementary report by Mr Walkhoff, on behalf of the Committee on Public Health and the Environment, on the amended proposal from the Commission of the European Communities to the

<sup>1</sup> OJ C of 8. 4. 74.

**President**

Council for a directive on the approximation of the legislations of Member States on cosmetics (Doc. 383/73).

I call Mr Walkhoff, who has asked to present his

**Mr Walkhoff, rapporteur.** — (D) Mr President, ladies and gentlemen, on behalf of my committee I should first like to thank the Commission for not closing its ears to a number of points made in the amendment proposed by Parliament. It agrees, for example, to our request for a stipulation that warnings or information on the use of the cosmetic concerned must be given in easily legible form on the container or, where that is not possible, on the outside packaging or on an accompanying leaflet. I am also happy to say that the Commission took account of our suggestion that labels and wrappings as well as advertisements should not show any designations, trademarks, drawings or other signs, descriptions or other statements that claim properties which the products do not in fact possess, or attribute effects which are not adequately proven by scientific knowledge.

Article 12, which grants Member States the right to withdraw from circulation cosmetics constituting a risk to human health, has also been amended as we requested.

Particularly worthy of note is the fact that the Commission has agreed to delete Article 14(2), which would have allowed stocks not complying with the directive to remain in circulation for up to 36 months after the directive had been published. This is noteworthy because in this case the interests of the producers and the trade, in other words the sale of stocks, and the right of consumers to health protection are diametrically opposed. Whereas the original proposal for a directive took account of the demands of the cosmetics industry—which is hardly surprising, considering that while the industry was consulted, consumers were not given the right to express their opinion—the deletion of Article 14(2) is in the consumer's interests. Also to be welcomed are the additions to the list of substances which cosmetics may not contain or may not contain except for specified limited uses.

If we consider the number of amendments made on the recommendation of this House, I think we can be fairly satisfied.

The fact that the committee has nevertheless taken advantage of its right to submit a supplementary proposal and to express considerable dissatisfaction in it, is due to what we consider to be the Commission's failure to consider, in its amendments of the original text, an item which is the most important because it affects consumer

interests most, thus missing the chance to change quantity into quality.

The Commission has in fact retained the negative list, that is, the list of substances which to some extent are prejudicial to health and which must therefore not be used for the manufacture of cosmetics. It has not, in other words, accepted Parliament's suggestion that a positive list should be drawn up, a list of substances which scientific research has shown to be harmless and which may therefore be used for the manufacture of cosmetics.

In so ignoring Parliament's suggestion and evidently following the dictates of the cosmetics industry, the Commission sticks to the principle that the consumer is the cheapest guinea-pig because he even has to pay for the product which he is testing. As long as the proposed directive proceeds from the idea that substances will not be included in the negative list until the guinea pig, the consumer, by suffering harmful effects shows them to be prejudicial to human health, it should not be accepted by any Member of this House who feels responsible for public health. The Commission's attitude in not agreeing to our suggestion cannot be justified, although this has been tried several times recently, by saying that the period of five years for the implementation of a binding positive list is too short, because this consideration ought really to have led the Commission to accept our suggestion in principle and then propose new periods for the implementation of the system which it felt to be more realistic. I am sure that we could have agreed if the Commission had made an offer of this kind. If the offer should be made, I feel that we shall be able to discuss it and reach an agreement.

In another instance, too, our suggestion was not accepted. We felt that the designations—for example, instructions for use, warnings and the date beyond which the product should not be used—must be given in the language or languages of the countries of destination. I am surprised that the Commission did not agree with the committee and Parliament on this, although a correction to this effect would have fitted in with the amendments made by the Commission, which generally concern—if we ignore the deletion of Article 14(2)—provisions that do not harm the cosmetics industry but show goodwill towards the consumer.

The two suggestions not accepted by the Commission have again been included in the motion for a resolution now before you; if the Commission sets any store by the confidence of consumers and their association, if it intends to help eliminate the poor image of the EEC as a Community of producers and traders and to make

**Walkhoff**

it easier for the citizens of our Member States to take the planned consumer-protection programme seriously, it would be well advised to pay very close attention to the new motion for a resolution, which I would ask the House to adopt.

(*Applause*)

**President.** — I call Mr Brewis.

**Mr Brewis** — I rise briefly to refer to paragraph 3 of the motion for a resolution in Mr Walkhoff's report, on which I congratulate him.

The paragraph refers to the requirements concerning labelling, which has to be printed in the language of the country of destination. Some of us feel this is an unnecessarily fussy requirement. All Member States have their own legislation on consumer protection. It is in the highest degree unlikely that cosmetics containing noxious substances would be allowed by such legislation. Nor is it likely that any commercial firm would export cosmetics labelled in a foreign language that would not be understood.

Last session an interesting statement was made by Mr Gundelach in answer to an Oral Question from my group. He pointed out that Member States should not need to change their legislation by reason only of an ideology of integration, nor should we allow harmonization to amount to a hindrance to trade.

In my view, paragraph 3 amounts to such a hindrance, particularly in Scandinavia, where the languages of the three neighbouring countries are very similar. One envisaged hopefully the accession of Norway to our Community.

For these reasons, I suggest we should ask Mr Walkhoff to reconsider paragraph 3 and possibly take the view that it is unnecessary.

**President.** — I call Mrs Orth.

**Mrs Orth.** — (*D*) Mr President, ladies and gentlemen, allow me first to thank Mr Walkhoff very warmly for being kind enough to take over my report after I fell ill and for devoting so much attention to all the problems which we considered important in committee.

I should also like to express my sincere thanks to the Commission for largely ceding to the objections raised by the committee and for taking very many of them into account.

But I simply do not understand why the Commission is being so obstinate on the question of the marking of cosmetics. Nor do I understand the objections raised by the Member from the

European Conservative Group. Perhaps I might be allowed to give a little demonstration, which I had not really intended to do, but which I thought of yesterday evening. I have here a cosmetic—I will cover the name of the firm so that we cannot be accused of advertising—with the instructions for use in English and French only. Mr Lardinois, I know that there are very many people, men and women, since both use cosmetics, who understand both English and French or at least one of these two languages. But I also know—speaking now only of my own country—that there are very many people who do not have sufficient command of either language to understand the instructions for use correctly. There are preparations which carry warnings like 'Do not spray into the eyes'. If this warning is given only in English and French, how are German men and women to use a preparation of this kind without endangering their health?

I therefore consider your objections immaterial and would request the Commission to change its attitude.

I should also like to mention something which has nothing at all to do with cosmetics. There are sections of industry which take the country of destination into account. For example, my country manufactures butter which is exported to Malta. As Maltese consumers like salted butter, the butter which is otherwise sold in Germany unsalted is salted and packaged in other units of weight as required by the country of destination.

I have visited a meat-processing undertaking which manufactures sausages exported to Britain and Japan. The cans bear an accurate indication in the languages of the countries of destination of the contents and of how long they can be kept. I see no reason why what can be done in the case of butter and sausages should not be done for cosmetic articles. I should therefore be very grateful to the Commission if it could be somewhat more accommodating in this matter.

(*Applause*)

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (*NL*) Mr President, I am pleasantly surprised by the fact that such a dry subject can nevertheless provoke an interesting discussion. I should particularly like to thank the rapporteur, Mrs Orth, and also Mr Brewis for their contributions.

I read Mr Walkhoff's report and listened to his observations with approval and with pleas-

**Lardinois**

ure. He stated that on a number of points the Commission had taken into account the observations made by his committee. Unfortunately, there are also a few points on which the Commission and its departments could not agree with the parliamentary committee. These are primarily two points which were raised both by Mr Brewis and Mrs Orth.

The first one is the language question, that is, the statement of directions and instructions in the language of the country of destination. The question is whether this should be made compulsory by the Community or not.

The Commission feels that we should tread carefully in this respect and take care to avoid unduly strict regulations. This is in fact what Mr Brewis said too, and he mentioned a few excellent examples. The accession of the Scandinavian countries to the Community was one: Danish and Norwegian resemble each other very closely. Should there nevertheless be regulations, in spite of the minimal differences between the two languages, which make it compulsory for instructions to be translated into the native language?

Mr President, the example mentioned is not the only one possible. I was thinking of another example which might appeal more to Mrs Orth and Mr Walkhoff, namely, that of the Dutch- and German-speaking regions. These two languages differ considerably more from one another than the Scandinavian languages do among themselves. I can imagine that a German manufacturer, for instance, with a considerable outlet in the Netherlands and Belgium, where a total of some 22 million consumers live, will, to keep costs down, especially in the case of a small product, identify this product by a label that will be understood both in Germany and in the Netherlands and Belgium.

Mrs Orth drew a comparison with mass-produced goods such as butter and meat, but this comparison is not a valid one. We are dealing here with a very large number of predominantly small, specialized products. I agree with Mr Brewis that we should not be too strict in this matter. We must remember the small markets.

In the German-speaking regions, where some 100 million people speak German as their mother tongue, it would be possible to make regulations.

For the Dutch-speaking regions, however, this is not so certain, while it definitely presents a problem as regards Danish, Finnish and other languages.

We must also remember that the problem is the same for producers outside the Community. We feel should proceed cautiously as regards legislation in this field in the Community, and leave it to Member States to solve this problem individually. They might even lay down more stringent provisions of their own accord than if we were to issue a directive or a regulation at Community level. In principle, we agree that is important that the consumer should be protected. However, things can be taken too far, and it would not benefit the consumer if the circulation of goods between Community countries were hindered and costs consequently increased appreciably, particularly for the smaller products.

I hope that Mrs Orth and Mr Walkhoff agree with this view, or at least that they understand it.

And now we come to the problem of the list. The question is whether we are to make an exception for the components of cosmetics, in the sense that only certain products may be used according to the list, or whether we say that everything may be used except certain substances which may be injurious to health, for instance.

The Commission agrees with the rapporteur and the committee that the first solution is by far the more preferable. In principle, I would endorse Mr Walkhoff's request for a positive list. The only difference of opinion on this point is the time-limit for producing such a list. The Committee on Public Health and the Environment proposed a time-limit of 5 years. In theory, we could perhaps reach an agreement along the following lines. We could say that 5 years is not possible, but 8 or 10 would be. This, at least, was how I understood Mr Walkhoff.

Because we do not dispose of sufficient instruments to deal with this technically very difficult field, I cannot offer another date. On behalf of the Commission, however, I should like to say that I agree in principle with Mr Walkhoff. We must draw up a positive list.

The only thing we cannot say is by what date this can be achieved.

Perhaps I can submit this request to the Commission. At a future meeting or discussion with the parliamentary committee concerned, the commissioner responsible for this field might be able to name a date. I shall try to fall in as far as possible with the rapporteur's wishes in this respect.

I hope that the rapporteur will take this into account in his resolution.

**President.** — Thank you, Mr Lardinois. I call Mr Walkhoff.

**Mr Walkhoff, rapporteur.** — (D) Mr President, I should like to thank Mr Lardinois for, above all, his latter remarks. But forgive me if I add that although I have heard what has been said, I find it hard to believe it. My reason for this sceptical attitude is that although I accept that there are many difficulties with regard to the period of time and the non-existence of the necessary instruments, the Commission has not as yet been prepared to embody even the principle in the directive so that the path to be followed in the future could be determined. When I imagine what practice should be or could be adopted, I am quite prepared to believe that the negative and positive lists will have to exist side by side for some considerable time before there is only a positive list. But there should be a declaration of intent with which the Council is then confronted so that the points can be set accordingly. Otherwise, there is a danger that, although a good many sensible views exist within both the Commission and Parliament, none of them is reflected in the decisions and directives. I would therefore repeat the committee's request for a declaration of intent to compile this positive list during a review of the proposed directive, regardless of a point of time requested by us, so that the points can be set accordingly.

On the first part, I have only a few remarks to make. On the question of inscription in the language of the country concerned, you have stated that there should not be too much regimentation, particularly as the languages may be closely related. This may be true of, say, the Scandinavian languages, but although German and Dutch are closely related, it is no longer the case.

Where your second point is concerned, I have the impression that other matters were at stake when you said that it was no problem for the Germans because German was spoken over a large area, but for the Dutch, whose language is spoken over a smaller area and who would probably have to print a great deal more in foreign languages on exported goods, it would be far more problematical. Although very true, this makes it clear that manufacturers, if the matter is left to them, will simply refuse to take into account the interests of the consumer, because they will see this as a way of cutting down on costs. Whether this is a very farsighted view is another question. I feel that the costs concerned are in every way reasonable. If I had to weigh consumer interests against additional costs to the producer, I would definitely give preference to consumer interests.

**President.** — Does anyone else wish to speak? The general debate is closed.

We shall now consider the motion for a resolution.

Mr Brewis has requested a division on paragraph 3 of the motion. We shall proceed accordingly.

I call Mr Brewis.

**Mr Brewis.** — It might be more convenient if we had a division on paragraph 3(a) only. Would that be in order?

**President.** — On the preamble and paragraphs 1 and 2, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The preamble and paragraphs 1 and 2 are adopted.

I put paragraph 3(a) to the vote.

Paragraph 3(a) is rejected.

I put paragraph 3(b) to the vote.

Paragraph 3(b) is adopted.

I put paragraph 3 so amended to the vote.

Paragraph 3 so amended is adopted.

On paragraphs 4 and 5, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

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

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

#### 10. Directive on a survey of the structure of agricultural holdings

**President.** — The next item is a debate on the report drawn up by Mr Laban, on behalf of the Committee of Agriculture, on the proposal from the Commission of the European Communities to the Council for a directive on the organization of an intermediate survey as part of the programme of surveys on the structure of agricultural holdings (Doc. 400/73).

<sup>1</sup> OJ C of 8. 4. 74.

**President**

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

**Mr Laban, rapporteur.** — (NL) Mr President, my comments on this proposal will be brief.

It is a proposal from the Commission of the European Communities for a directive on the organization of an intermediate survey in agriculture. This survey forms part of a programme of surveys on the structure of agricultural holdings, to be carried out between 1975 and 1980.

This programme is a continuation of the series of statistical surveys carried out between 1966 and 1970 with a view to obtaining uniform data on the six Member States. Such a programme should be implemented every ten years.

The surveys envisaged during the previous period were a basic survey to obtain an overall impression of agricultural structure, and a number of specific surveys dealing, for instance, with the labour force, the composition of livestock or the use of land.

These specific surveys were not carried out. The Committee on Agriculture regrets this, and Mr Lardinois might, perhaps, be able to explain why they were not held.

The previous programme was to have been concluded with the FAO census of all agricultural holdings, which is held every 10 years.

It is my impression that this programme has not been implemented very satisfactorily so far. The data required were often obtained only rather late in the day, and as far as I know have still not been fully examined. The difficulty, as I understand it, was that Member States were not always willing to part with this information. Perhaps Mr Lardinois would like to comment on this too.

Mr President, I do not wish to go into the technical details of the proposal, but would prefer to approach the subject from a general political angle. It is clear that comprehensive and recent statistical data are needed for the common agricultural policy, since these data must form the basis for market and price policy, structural policy and the agricultural report. New data must also be obtained on the three new Member States.

This is why the Committee on Agriculture gladly approves this intermediate random survey. We know that this forms part of a broader programme, in respect of which we shall no doubt receive further proposals.

In view of the difficulties encountered during the previous programme in the transmission

of data, and since in our view adequate provisions have not been made for new procedures, we are somewhat surprised that this time the Commission has proposed a directive, whereas the previous programme took the form of a regulation which, to us, contains a slightly greater element of compulsion. We feel that, with a directive, further delays might occur because national legislation will require more time. This is why the Committee on Agriculture would prefer a regulation.

Our committee considers it important that, so far as technical details and the transmission of data are concerned, all statistical activities in the Community in various policy sectors should be harmonized as far as possible. I should therefore like to ask that dynamic member of the Commission, Mr Lardinois, to propose certain measures in this direction.

The Committee on Agriculture agrees fully with the financial remarks contained in the opinion of the Committee on Budgets. Finally, I should like to recommend to Parliament the adoption of the motion for a resolution on this proposal. (Applause)

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I should first like to thank the Committee on Agriculture for the report which it has prepared on this subject, and in particular the rapporteur, Mr Laban.

I am pleased that the Committee on Agriculture and Mr Laban are prepared to give their undivided support to this proposal, in spite of some slight criticism, which was only to be expected. The main criticism, as I understand it, is that the Commission chose to propose a directive.

Mr President, I feel that when, dealing with such a subject, the differences between a regulation and a directive appear greater than they in fact are. Why a directive rather than a regulation? Anything concerning structural policy is generally laid down in a directive, in contrast matters relating to market organization, which take the form of regulations. Obviously, there are no grounds for adhering too strictly to either one or the other.

I feel with Mr Laban that in this case we might also have chosen a regulation. However, since the subject is a survey on structures, it is fairly logical from our point of view that we should first have thought of a directive.

If we propose a directive, I do not think that a single Member State will need to set up a

**Lardinois**

framework of legislation for this requiring lengthy parliamentary procedures. In other words, the Member States can proceed almost immediately to introduce the measures adopted by applying a purely administrative procedure.

A directive means in practice that the introduction of measures in Member States can be effected far more flexibly than in the case of a regulation; this applies particularly to the manner and the time-limits in which the surveys requested here are to be carried out.

In my opinion, it is not right to say that a regulation involves less risk of delay. Appearances are deceptive in this case.

I thank Mr Laban for his agreement, expressed on behalf of the Committee on Agriculture, with the proposal. I hope that he believes me when I say that we made our choice for tactical reasons, as I explained earlier, and not for reasons of principle.

**President.** — Thank you, Mr Lardinois.

I call Mr Laban.

**Mr Laban, rapporteur.** — (NL) Mr President, I should like to thank Mr Lardinois for his explanation, particularly as regards the reasons for choosing a directive. I have noticed, however, that nothing has yet been done in a number of Member States as regards, for instance, the structural directives, which must be dealt with by the national parliaments. With a regulation, on the other hand, various administrative provisions for its implementation must be drawn up, and this generally takes less time.

Last time a regulation was chosen, with the result, however, that serious difficulties were encountered. Mr Lardinois overlooked this and I can understand that. Perhaps we can talk about this some other time. I should still prefer a regulation, but nevertheless recommended again to Parliament to adopt this motion for a resolution.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

11. *Directive on determining the production capacity of fruit-tree plantations*

**President.** — The next item is a debate on the report drawn up by Mrs Orth on behalf of

the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive supplementary to Council Directive No 71/286/EEC, dated 26 July 1971, concerning statistical surveys to be carried out by Member States to determine the production capacity of certain fruit-tree plantations (Doc. 385/73).

I call Mrs Orth, who has asked to present her report.

**Mrs Orth, rapporteur.** — (D) Ladies and gentlemen, this is purely and simply a technical matter.

The Member States were called upon to submit the results of a survey on fruit-tree plantations by 1 September 1973. Owing to unforeseeable technical difficulties, some of the Member States were delayed. As a result, the time-limit is now to be extended until 31 December 1974. The Committee on Agriculture agreed to this by a large majority, but expressly pointed out that there could be no further extension of the deadline.

I would ask the House to adopt the motion for a resolution in this form.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I should like to thank Mrs Orth. I promise her that as regards the data which must be compiled we shall try to pursue a somewhat firmer policy than was perhaps the case in the past.

**President.** — Thank you, Mr Lardinois.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

12. *Regulation on products processed from fruit and vegetables*

**President.** — The next item is a debate on the report drawn up by Mr Baas, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation concerning the system of trade with third countries in products processed from fruit and vegetables (Doc. 401/73).

I call Lord Lothian, who is replacing Mr Baas.

<sup>1</sup> OJ C of 8. 4. 74.

<sup>1</sup> OJ C of 8. 4. 74.

**Lord Lothian, deputy rapporteur.** — Thank you, Mr President. I merely wanted, in the unavoidable absence of Mr Baas, formally to propose the adoption of his report.

**President.** — Does anyone else wish to speak?

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 and 2, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The preamble and paragraphs 1 and 2 are adopted.

On Paragraph 3, I have Amendment No 1, tabled by Mr Vetrone, Mr Ciparelli, Mr Liogier and Mr Premoli and worded as follows:

**'Paragraph 3'**

Replace this paragraph by the following text:  
 "3. Approves the Commission's proposal in principle; Invites the Commission, however, to amend its proposal, pursuant to Article 149 of the EEC Treaty, in such a way that for the products listed in column 1 of the Annex minimum prices will also be fixed annually. these prices to be calculated on the basis of the average cost prices of Community products;".'

Since, however, none of the authors of this amendment is present, it is impossible to take it.

Does anyone wish to speak?

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

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

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

**13. Regulation on liqueur wine and certain grape musts**

**President.** — The next item is a debate on the report drawn up by Mr Vals, on behalf of the Committee on Agriculture, on the amendment to the proposal from the Commission of the European Communities to the Council for regulation amending Regulation (EEC) No 816/70 as regards the definition of liqueur wine and of certain grape musts (Doc. 392/73).

The rapporteur has informed me that he has nothing to add to his written report.

Does the Commission wish to speak?

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) No, Mr President.

**President.** — Thank you, Mr Lardinois.

I put the motion for a resolution to the vote.

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

**14. Regulation on the suspension of customs duties on certain agricultural products from Turkey**

**President.** — The next item is a debate on the report drawn up by Mr Boano, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 3574/73, of 27 December 1973, on the total or partial suspension of Common Customs Tariff duties on certain agricultural products originating in Turkey (Doc. 404/73).

I call Lord Lothian, who is replacing Mr Boano.

**Lord Lothian, deputy rapporteur.** — My lord Vice-President, may I here again formally propose the adoption of this report?

**President.** — The Commission has informed me that it has no observations to make.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

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

**15. Date and place of the next part-sessions**

**President.** — There are no other items on the agenda.

The enlarged Bureau proposes that our next sittings be held in Luxembourg on 3, 4 and 5 April 1974.

Are there any objections?

That is agreed.

I have to inform Parliament that at its meetings of 12 February and 12 March the enlarged

<sup>1</sup> OJ C of 8. 4. 74.

<sup>1</sup> OJ C of 8. 4. 74.

**President**

Bureau decided to amend the 1974 calendar of part-sessions of the European Parliament drawn up on 16 November 1973. The two part-sessions planned for May will be combined to form one part-session, to be held from 13 to 17 May in Luxembourg. Plenary sittings will take place on 13, 14, 16 and 17 May, while Wednesday, 15 May, will be reserved for meetings of committees and political groups.

*16. Approval of minutes*

**President.** — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for

its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

*17. Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

The sitting is closed.

*(The sitting was closed at 11.50 a.m.)*

