

Annex

Official Journal

of the European Communities

No 170
January 1974

English edition

Debates of the European Parliament

1973-1974 Session

Report of Proceedings

from 14 to 18 January 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 BERKHOUWER

President

(The sitting was opened at 6.35 p.m.)

President. — The sitting is open.

1. *Resumption of session*

President. — I declare resumed the session of the European Parliament adjourned on 14 December 1974.

2. *Apologies for absence*

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

3. *Address by the President*

President. — Ladies and gentlemen, Members of Parliament, I should first of all like to take this opportunity to wish you all a happy and a successful New Year. I shall not stand apart from those who have risked predictions as to what 1974 will bring us. I wish to concentrate on the work before us at the present time.

For the Community, the past year was the year of enlargement. Unfortunately, in the same year, little of what was decided at the Paris Summit Conference of October 1972 was carried out. Following the most recent Summit Conference in Copenhagen and the Council's subsequent rebuff, it has become even clearer that reaching unanimous agreement between nine countries is not an easy matter, and that the Treaties on which our Community is founded are not being observed, not only as regards direct elections to

President

and powers of our Parliament, but also as regards the seat of the institutions of the Community.

I felt I was acting in the spirit of this House in reminding the Members of the Council before today's Council meeting of the views which the European Parliament, speaking on behalf of all of the 250 million people who work and live in the Community, has decided to adopt in respect of the matters now on its agenda.

I shall now read out a letter which I sent last week to the President of the Council:

'Your Excellency,

In view of the critical stage which we have now reached in our move towards European unification, and the increasingly difficult energy supply situation, I urgently appeal to you, on behalf of the Bureau and Members of the European Parliament, and with reference to the enclosed resolutions adopted by us, to take at your forthcoming meeting such decisions as will ensure that the much-needed progress towards European unification is in no way impeded.

Parliament considers that the Final Communiqué issued at the Paris Summit Conference gave a clear indication of the political determination to promote European integration, and that this determination was reaffirmed at the Copenhagen Summit Conference.

I wish you and your colleagues the determination necessary to reach decisions which are worthy of Europe and correspond to the wishes of Parliament as formulated in the enclosed resolutions, and remain, yours sincerely...'

(*Applause*)

I appended to this letter a list of several resolutions adopted by Parliament during the past year, resolutions which, in my view, leave nothing to be desired as far as clarity is concerned.

Ladies and gentlemen, 1974 should be a year of particularly great significance for our Parliament, first of all, from our point of view, because the budgetary powers we have been looking forward to should become reality.

Secondly, our Parliament must act as a mainspring, so that whenever there is talk of standing still, it can set the European wheels in motion again.

1974 should be a year of recovery; in 1974 we should recover what was not brought about in 1973. Parliament should take the action necessary for this, on the basis of solidarity, which is such a central issue at present, and which should no longer merely be professed in words,

but should be translated into action. The Community should move forwards over a wide front, not on one sector to the neglect of the others. We cannot display solidarity only when determining agricultural policy, but we must also do so in the fields of regional and energy policy, to give a few examples.

Everything which was decided at the Paris Summit Conference must be carried out this year, in parallel and in its entirety. *Pacta sunt servanda*.

What progress is made in 1974 as regards the evolution of the Community depends to a large extent on our perseverance. It is up to you, up to us!

I am convinced that our Parliament is ready to take on the responsibilities assigned to it. That does not alter the fact that we insist on having the necessary organization, with parliamentary rights and the facilities which we need to fulfill what remains for the time being a dual mandate.

I know that we shall not hesitate to defend to the full our justified claims in this respect.

Ladies and gentlemen, Members of the European Parliament, I wish you strength to fulfil the parliamentary mandate which we have the honour to fulfil on behalf of all the inhabitants of the European Community.

(*Applause*)

4. Tribute

President. — Ladies and gentlemen, our former colleague Mr Joseph Illerhaus, a Member of the *Bundestag* since 1953, died on 22 December 1973. Mr Illerhaus was a Member of the European Parliament from 1958 to 1970. From 1958 until 1960, he was chairman of the Internal Market Committee. He was a member of several committees, and from 1968 to 1969 he was the chairman of the Christian-Democratic Group.

On behalf of all of us, I have expressed our deepest sympathy to this family.

I now propose that we observe a minute's silence in memory of our former colleague.

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

5. Appointment to the Parliamentary Conference of the EEC-AASM Association

President. — I have received from the Group of Progressive European Democrats a request

President

that Mr Bourges be appointed a Member of the Parliamentary Conference of the EEC-AASM Association, to replace Mr Duval.

Are there any objections?

The appointment is ratified.

6. *Communication to Parliament of Commission decisions*

President. — Further to my letter of 16 November 1973, concerning Commission statements and press communiqués, I have received the following letter from Mr Ortoli, President of the Commission of the European Communities:

'In your letter of 16 November, you drew our attention to the fact that Parliament considers it desirable for the Commission to inform Parliament of its decisions before they are made public.

As I already conveyed to you during our conversation with Mr Nørgaard, the Commission wishes to inform Parliament first of all, whenever this is possible. This applies especially to those decisions taken at Council meetings held during the same week as Parliament's part-sessions.

May I also remind you that on an earlier occasion it was agreed between the Parliament and the Commission that in the case of important decisions taken at other times than during the Parliament's part-sessions the Commission would make every effort to inform the appropriate Parliamentary committee of these decisions before publishing them. This agreement has been adhered to in particular by Mr Lardinois.'

I propose that the House duly note this letter with the appropriate satisfaction.

7. *Statement by the President on the application of the procedure laid down in Rule 28 of the Rules of Procedure*

President. — At its meeting of 17 and 18 December 1973, the enlarged Bureau investigated the possibility of applying generally the procedure laid down in respect of debates in Rule 28 of the Rules of Procedure.

The enlarged Bureau intends to make full use of this procedure.

8. *Transfers of appropriations within the 1973 budget*

President. — By separate letters dated 6 December 1973, I informed the Council and Com-

mission of the European Communities that the Committee on Budgets did not consider it necessary to report to Parliament on the proposal for transfers of appropriations from one chapter to another within Section III 'Commission' of the budget of the European Communities for the financial year 1973 (Doc. 206/73).

The Committee on Budgets has, however, drawn up and unanimously adopted an opinion on this proposal in which it makes a number of reservations and suggestions concerning various questions of procedure.

This opinion has been forwarded to the Council and the Commission.

9. *Authorization of report*

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the following committee, at its own request, to draw up the following report:

Committee on Development and Cooperation:

- Report on the results of the Tenth Annual Meeting of the Parliamentary Conference of the EEC-AASM Association held in January 1974 in Rome.

10. *Documents received*

President. — I have received the following documents:

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

- the supplementary protocol to the Association Agreement between the European Economic Community and Turkey consequent on the accession of new Member States to the Community (Doc. 297/73).

This document has been referred to the Committee on External Economic Relations;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruits (Doc. 298/73).

This document has been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council

President

for a directive amending the directives laying down Basic Safety Standards for the health protection of the population and workers against the dangers of ionizing radiations (Doc. 299/73).

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

- the proposal from the Commission of the European Communities to the Council for a directive on a tenth amendment to the Council Directive on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 300/73).

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

- the following document:

- I. Report from the Commission of the European Communities to the Council on the work done in connection with the difficulties encountered in the operation of Council Regulation (EEC) No 1174/68 of 30 July 1968 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States;
- II. Proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States (Doc. 301/73).

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

- the proposal from the Commission of the European Communities to the Council for a recommendation addressed to the Member States regarding the application of the principle of the 40-hour week and 4 week's annual paid holiday (Doc. 302/73).

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

- the proposal from the Commission of the European Communities to the Council for a directive concerning the approximation of the laws of the Member States relating to the composition of petrol—problem of the lead content of petrol (Doc. 303/73).

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

- the proposal from the Commission of the European Communities to the Council for a decision on additional measures to be taken in agriculture following the revaluation of the Deutsche Mark (Doc. 304/73).

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

- 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 preventive action in the field of safety at work in the whole range of extractive industries (Doc. 305/73).

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

- the communication and proposal from the Commission of the European Communities to the Council for a regulation on the creation of a European foundation for the improvement of living and working conditions (Doc. 306/73).

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

- the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of production aids for tinned pineapple, processed from fresh pineapples (Doc. 307/73).

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

- the proposal from the Commission of the European Communities to the Council for a preliminary programme of the European Economic Community on consumer information and protection (Doc. 308/73).

President

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

- the proposal from the Commission of the European Communities to the Council for a regulation on the supply of skimmed milk powder as food aid (Doc. 312/73).

This document has been referred to the Committee on Development and Cooperation;

- the proposal from the Commission of the European Communities to the Council for a first directive on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct life assurance (Doc. 313/73).

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

- the communication from the Commission of the European Communities to the Council on the Community action programme 'Employment of Handicapped Persons in an Open Market Economy' (Doc. 314/73).

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

- the proposal from the Commission of the European Communities to the Council for a regulation extending the period for transitional measures for agricultural products in the new Member States (Doc. 317/73).

This document has been referred to the Committee on Agriculture;

(b) from the Committees, the following reports:

- Report by Mr David Thornley drawn up on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for two regulations extending the period of validity of Council Regulations No 227/72 and No 228/72 of 31 January 1972 on imports into the Community of certain fishery products originating in Tunisia and Morocco (Doc. 309/73);

- Report by Mr Jan Baas drawn up on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for:

I. a regulation (EEC) of the Council opening, allocating and providing for the administration of a Community tariff quota for dried figs, in immediate containers of a net capacity of 15 kg or less, falling under subheading ex 08.03 B of the Common Customs Tariff, originating in Spain;

II. a regulation (EEC) of the Council opening, allocating and providing for the administration of a Community tariff quota for dried grapes, immediate containers of a net capacity of 15 kg or less, falling under subheading ex 08.03 B I of the Common Customs Tariff, originating in Spain;

III. a regulation (EEC) of the Council opening, allocating and providing for the administration of Community tariff quotas for sherry wines falling under subheading ex 22.05 of the Common Customs Tariff, originating in Spain;

IV. a regulation (EEC) of the Council opening, allocating and providing for the administration of a Community tariff quota for Malaga wines falling under subheading ex 22.05 of the Common Customs Tariff, originating in Spain;

V. a regulation (EEC) of the Council opening, allocating and providing for the administration of a Community tariff quota for Jumilla, Priorato, Rioja and Valdepenas wines falling under subheading ex 22.05 of the Common Customs Tariff, originating in Spain (Doc. 310/73);

- Report by Mr Xavier Hunault drawn up on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the tariff treatment applicable to agricultural products contained in travellers' personal luggage (Doc. 311/73);

- Report by Mr Horst Seefeld drawn up on behalf of the Committee on Development and Cooperation on the proposal from the Commission of the European

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Communities to the Council for a regulation on the supply of skimmed milk powder as food aid (Doc. 315/73);

- Report by Mr Lucien Radoux drawn up on behalf of the Political Affairs Committee on the result of the Conference of Heads of State or Government held on 14 and 15 December 1973 in Copenhagen and on the consequent measures (Doc. 316/73).

11. *Decision on urgency*

President. — I propose that those reports that could not be submitted within the time-limits laid down in the decision of 11 May 1967 be dealt with by urgent procedure.

Are there any objections?

That is decided.

12. *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 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.

Are there any objections?

That is agreed.

13. *Order of business*

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

In accordance with the instructions given to me by the enlarged Bureau at its meeting of 13 December 1973, I have prepared the following agenda:

Monday afternoon

- Order of business.

Tuesday, 15 January 1974

10.00 a.m. and 3.00 p.m.:

- Report by Mr Artzinger on competition policy
- Report by Mr Artzinger on the control of concentrations between undertakings

- Oral Question No 156/73, with debate, on the establishment of a European Foundation for the Improvement of the Environment and Living and Working Conditions.

At the Commission's request, the statement on the economic situation in the Community is postponed until the February part-session to enable the Commission to bring it up to date with regard to the energy situation and draw its conclusions.

At the request of its authors, Oral Question No 175/73, with debate, is deferred until the February part-session.

At the request of the Committee on Economic and Monetary Affairs, the motion for a resolution on the actual situation in the move towards economic and monetary union is postponed until Thursday.

Wednesday, 16 January 1974

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

- Question Time
- Possibly, statement by the Commission on the action taken on opinions of the Parliament
- Joint discussion of Oral Questions No 101/73 and No 138/73, with debate, on the Conference on Security and Cooperation in Europe
- Oral Question No 157/73, with debate, on relations between the Community and the United States.
- Oral Question No 169/73, with debate, on the draft recommendation adopted by the WEU on 21 and 22 November 1973
- Report by Mr Radoux on the Copenhagen Summit Conference
- Oral Question No 108/73, with debate, on credit aid to State-trading countries
- Report by Mr Armengaud on a Community guarantee system for private investments
- Report by Mr Armengaud on the admission of securities
- Oral Question No 173/73, with debate, on the development of nuclear technology
- Oral Question No 137/73, without debate, on the energy policy
- Report by Mr Seefeld on food aid (vote without debate).

I call Sir John Peel.

Sir John Peel. — I wish to raise a point of order in connection with Oral Question No 169/73.

It seems rather doubtful whether the Council of Ministers would regard any recommendation debated by the Assembly of Western European Union as within its field of competence, but in any case this surely would fall because of its lack of being sufficiently specific. It refers to a draft recommendation adopted by the WEU on 21 and 22 November 1973. As the President of the Assembly of WEU, I can tell you, Mr President, that quite a number of recommendations were adopted by the Assembly on 21 and 22 November. We have no indication of the recommendation that is referred to.

Finally, I draw your attention to the fact that the recommendations were adopted; they are not draft recommendations. Therefore, I submit that the question is *ultra vires* and should be withdrawn.

President. — I take note of Sir John Peel's statement. We should remove the word 'draft'. The debate will then be on a recommendation adopted by the WEU on 21-22 November.

I call Sir John Peel.

Sir John Peel. — I am sorry, Mr President, I think that perhaps there is a misunderstanding here.

Many recommendations were adopted on those two days. There is no indication in Oral Question No 169/73 as to what recommendation the question refers to. It therefore seems to me that the question should be deleted.

President. — Could someone please tell me which recommendation the question is about?

Mr Kirk. — Mr President, perhaps I might help to clarify the situation.

The Communist and Allies Group has put down a question about a recommendation adopted by another Assembly on one of two days, either 21 or 22 November.

The President of the Assembly of Western European Union who, coincidentally, is a Member of this Parliament, has pointed out that a large number of recommendations were adopted on those two days. Firstly, no indication has been given as to which of these it is that the Communist and Allies Group is so anxious to debate. Secondly, I strongly support the point of view that it cannot possibly fall within the area of competence of the Council of Ministers to deal

with recommendations adopted by another parliamentary assembly.

President. — I think Mr Amendola and the Communist Group want a debate on the recommendation.

Sir John Peel. — Which recommendation?

President. — Perhaps Mr Bordu knows what recommendation is meant.

Mr Bordu. — (F) Mr President, esteemed colleagues, the recommendation with which this question deals is effectively the result of decisions taken by the Western European Union in its own right. But the question also relates to a debate which is to be held during this part-session of Parliament and which will require members to consider, among other things, problems of cooperation and security.

The question emphasizes the idea that the proposal by the Western European Union for the creation of a joint European defence system is not incompatible with the parallel Conference on Cooperation and Security. So much for the context in which the question has been put.

Without giving my own opinion on the matter, I presume that if the Council has agreed to answer the question then it must have understood it. I thus leave it up to the Council to decide whether it is to be discussed or not during this part-session.

President. — I should like to close this discussion by stating that Oral Question No 169/73, with debate, tabled pursuant to Rule 47 of the Rules of Procedure, concerns the draft recommendation adopted by the WEU on 21-22 November 1973 and is worded as follows:

Does the Council not consider that the draft recommendation adopted by WEU at its session of 21 and 22 November 1973 seriously conflicts with the spirit of the negotiations on cooperation and security in which the European nations are participating, and does it not consider that this recommendation is liable to jeopardize progress towards international *détente*?

This is the text as submitted by Mr Amendola and accepted by the Bureau of the European Parliament. There can therefore be no further question of its admissibility. It remains to be decided whether the House intends to deal with this question.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I understood the spokesman for the Communist Group to mean that, if we altered the text which you

Klepsch

have read out so that it referred to the 'recommendation of the WEU on the question of European security', we should at least know which recommendations of the Assembly of the Western European Union were involved. This was not clear from the text which you have just read out. But I have now understood that the spokesman of the Communist Group means the recommendation which concerns itself with the European security situation. I must therefore point out that Sir John Peel is quite right: on that day some 6 or 8 recommendations had been adopted. From the question before us all it was impossible to be sure which subject was to be discussed. We have only just this moment learned which it was. For that reason I am rather surprised, Mr President, that the Bureau, although it did not know what the question was, stated that it was admissible, for its subject matter was completely unascertainable. Only now do we know what it is.

President. — I remind Mr Klepsch once more that the Bureau declared the question admissible in the version I read out just now and that it decided in favour of a debate pursuant to Rule 47 of the Rules of Procedure.

This procedural matter is settled.

The House should now decide whether or not it is to hold a debate on this question.

I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, I understand the reactions of our colleague. They are due partly to the fact that this question was not written quite correctly, partly to the fact that there is a feeling that this question is not Parliament's responsibility. May I say in this connection that Parliament cannot desist from discussing security and defence for the good reason that on several occasions, wisely, I believe, we have said that we would debate it. That is the one thing I want to say in response to an interruption that I heard. It would be wrong not to agree to a debate on this subject. I also well understand what was said concerning the Western European Union. But having been recently instructed by my group to speak in this debate if necessary, I have read the WEU recommendations and can state that it is Recommendation No 243 that we are dealing with.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I submit, Mr President, that we are going up a blind alley. We do not know which recommendation it is to which the Communist and Allies Group wishes to refer. Mr Radoux has made a suggestion. He may or

may not be right, but we do not know. We do not know which recommendation passed by WEU during those two days is the subject matter of this discussion. Unless this House knows what it is going to debate, it cannot put an oral question on the agenda in the manner when no Member can prepare himself for a debate on the subject.

Secondly, surely, we cannot, in the absence of the Member who wishes to ask the question, try to amend his text in order to make it read better. You, Mr President, are no doubt a splendid parliamentary draftsman, but with the best will in the world it is not your function or ours to start amending the text of questions. It is a practice that we should not begin. I am not questioning the competence of the House to discuss whatever matter it wishes, and it may well be that it will wish to discuss this subject, but unless there is precision in these matters the House will fall into disrepute throughout the Community.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — I simply endorse what has been so well said by Mr Scott-Hopkins. On the face of it, this question is clearly inadmissible. It is inadmissible for lack of precision and particularity. As I understood your observations, Mr President, you suggested that this lack of precision and particularity could be cured by the fact that certain proceedings had taken place in the Bureau of Parliament. With respect, that cannot be so. If this item is accepted on the whole agenda it will be debated by Parliament as a whole, and therefore the information which can make such a debate possible and realistic has to be in the possession not only of the Bureau but of Parliament as a whole, and of each and every Member who sits here and is entitled to participate in the debate and certainly entitled to a clear knowledge of what the subject matter of the debate is. This is not the case if this item is accepted by you.

This is not a political question. I would make the same point whatever the source of the question and whatever the context. I make it simply and solely as one who wishes, as I am sure we all do, to ensure the perfection, as far as it is possible, of the procedures of Parliament and as one who would wish to keep at bay anything which is likely to be a precedent for future occasions in making the work of Parliament less effective, less practical, less parliamentary and less democratic than it otherwise would be.

You have been invited to rule on this very rapidly, and we all know that, bearing the great

Walker-Smith

burden of your high office with the distinction that you do, it is difficult perhaps to give finite rulings in a moment on these difficult questions. May I therefore very respectfully, Mr President, ask you further to consider this matter and to consider it in the context of the consequences it may have, not only on this occasion, but on future occasions for this Parliament?

President. — I call Sir John Peel.

Sir John Peel. — I agree completely with my colleagues who have just spoken, Mr Scott-Hopkins and Sir Derek Walker-Smith, because we do not know what recommendation we are to debate. A whole lot of recommendations were adopted and we have absolutely no clue from this question as to what we are going to debate. I do not think that the Assembly should be left in that sort of position.

I do not disagree with Mr Radoux when he says that our Parliament can discuss anything it wishes. I think that this is so. The only thing I was asking was whether the Council of Ministers would feel itself empowered to answer for a recommendation of another body. It may be—you can perhaps tell me, Mr President—that the President of the Council of Ministers has agreed to answer this question, possibly not just in a purely negative way, but it would not surprise me if he rose and said that the Council of Ministers had no responsibility for any recommendations or any action taken by another body.

President. — Parliament decides in its own sovereign right whether or not it wishes to deal with a question. Since there is no question of admissibility, the House is obliged by the imprecise wording of the question to consider whether it should hold the debate.

In these circumstances, I propose that the House defer the inclusion of Oral Question No 169/73 on the agenda until its authors make the wording sufficiently precise.

I suggest that the authors of the question do what is necessary to this end.

Are there any objections?

That is decided.

I call Mr Bourges.

Mr Bourges, Chairman of the Group of Progressive European Democrats. — (F) Mr President, I should like to bring to mind the letter of 10 December addressed to you by a member of our group, requesting the reference to committee

of report No 180 by Artzinger on a regulation for the control of mergers. Our colleague asked whether the committee could give further consideration to certain points. I am sorry that Mr Artzinger is not here to tell us whether this request is acceptable, as we believe it to be.

Since Mr Artzinger is unable to submit his report himself—you told us just now that he would not be able to attend this part-session—could we not postpone this report to a subsequent part-session, thus allowing the committee to intensify its considerations and, in any case, to give our colleagues an opportunity to submit their thoughts on the subject?

President. — We shall now consider the question raised by Mr Bourges. I call Mr Lange.

Mr Lange, Chairman of the Committee on Economic and Monetary Affairs. — (D) Mr President, ladies and gentlemen, these two Artzinger reports basically belong together and deal only with allied subjects—since, in the first part also, in the Report on the Commission's Report on Competition, reference to these questions is made, and this was done to meet Parliament's wishes. These reports appeared on the agenda in December, but were postponed to this part-session owing to certain formal points of law questions of legal policy which the Legal Affairs Committee have been unable finally to dispose of. If I may say so, therefore, the groups have already had time to acquaint themselves with the reports. I must therefore put in a strong plea, Mr President, that they remain on this agenda. We cannot delay the matter any further. We all agreed on the postponement until the January session. If I rightly remember, the Group of European Progressive Democrats were of the same opinion then, and presumably still are today.

President. — Mr Lange, could you perhaps tell us by whom Mr Artzinger will be replaced?

Mr Lange, Chairman of the Committee on Economic and Monetary Affairs. — (D) Mr President, since the Committee has taken no other decision on this question, the alternate rapporteur, as is usual in this House and as is the committees' practice, is, in cases where there is any doubt, the chairman.

President. — Mr Lange proposes that the two Artzinger reports be included in the agenda of the present part-session. On this question of procedure, I call Mr Bourges.

Mr Bourges. — (F) Mr President, I rely on the good sense of the House.

President. — Mr Lange, do you wish add anything on this item of the agenda?

Mr Lange. — (D) Mr President, I repeat that we should adhere to the agenda as originally proposed. The agenda for tomorrow was, in fact, already fixed.

President. — We now come, therefore, to the agenda for Wednesday.

I call Mr Durieux.

Mr Durieux. — (F) Tuesday, Mr President.

President. — The agenda for Tuesday has been decided, Mr Durieux.

Mr Durieux. — (F) I wanted to raise a different question, Mr President.

President. — Tuesday's agenda is adopted. We cannot go back on it. I call Mr Memmel to speak on the agenda for Wednesday.

Mr Memmel. — (D) I am sorry, Mr President, but I am afraid that I must run the risk of incurring your wrath. I cannot agree with Oral Question No 169. I must go further. You said that Oral Question No 169...

President. — Mr Memmel, I would remind you that the House has decided to defer the inclusion of Oral Question No 169/73, with debate, in the agenda until its authors are in a position to formulate it with greater precision.

I propose that the House adopt the agenda for Wednesday, 16 January, subject to a decision to include Oral Question No 169/73.

Are there any objections?

The agenda for Wednesday is adopted.

*Thursday, 17 January,
10 a.m. and 3 p.m.,*

and Friday, 18 January 1974, 9.30 a.m.

Mr Scott-Hopkins' interim report on the improvement of the common agricultural policy has been withdrawn from the agenda, as the Committee on Agriculture has not yet been able to adopt it.

Mr Memmel's report on the codification of European law is postponed to a later part-session.

— Possibly, report by Mr Früh on aid to hop producers

— Oral Question No 176/73, with debate, on the EAGGF financial report.

— Oral Question No 165/73/rev., with debate, on EAGGF payments

— Possibly, report by Mr Héger on additional measures in agriculture following revaluation of the Deutsche Mark

— Motion for a resolution on the situation in the move towards economic and monetary union

— Report by Mr Jahn on the report of the Mines Safety and Health Commission

— Report by Mr Hunault on agricultural products in travellers' luggage.

— Report by Mr Thornley on fishery products from Tunisia and Morocco (vote without debate)

— Report by Mr Vaas on products from Spain (vote without debate)

— Possibly, report by Mr De Koning on tobacco

— Possibly, report by Mr Liogier on pineapples

— Possibly, report by Mr Liogier on citrus fruits

— Possibly, report by Mr Houdet on transitional measures in the agricultural sector

— Possibly, report by Mr Della Briotta on preservatives (vote without debate).

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, on a point of order. I have two short points on the report by Mr Früh, and the report by Mr Héger.

As you will be aware, neither of these two reports has as yet gone through the Committee on Agriculture, so that no resolution can be available. As at present no meeting of the Committee on Agriculture seems to have been fixed to deal with these reports, I do not see how they can be included on the agenda, important though I am sure they are. This procedure is rather strange, because the adoption of the reports may be held up if they are included on the agenda.

I turn to my second point of order. I deeply regret that the report on the communication from the Commission on improvement of the common agricultural policy has been struck off. As I understand it—and it has not been included—there will be a statement by Commissioner Lardinois concerning price determinations on Thursday, according to the latest information given to me. If that is so, we shall presumably

Scott-Hopkins

have to have an emergency statement by Commissioner Lardinois and a very short debate on it. I understand that the first series of directives will flow from his communication.

I therefore regret that the report has had to be postponed, because the Committee on Agriculture, although it had plenty of time, decided in its wisdom that it would not continue to discuss the issues which were before it.

President. — I have just been informed that the Committee on Agriculture will meet tomorrow. I should therefore like to ask Mr Scott-Hopkins whether he would agree to the House's debating his report and that by Mr Früh subject to the decisions taken by the Committee on Agriculture.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Of course I agree to that procedure. The only thing that slightly worries me is that, as I look at tomorrow's agenda, it seems to me that we may go on rather late. As you said yourself, Mr President, it is not advisable to have committee meetings while we are in session. I wonder what arrangement there would be if we went on in this chamber until 10 o'clock. Do you want us to start at midnight with the work of the committee? I do not mind, if that is your wish.

President. — Mr Scott-Hopkins, I leave that problem to the Committee on Agriculture.

I call Mr Memmel.

Mr Memmel. (D) Mr President, you have just said that the report of the Legal Affairs Committee on the codification of European law is to be postponed until a later date. In order to prevent this giving rise to any legends, I should like to make it clear in advance that this postponement is not necessary because the rapporteur—myself—did not produce his report in time, but because at the last meeting of the Legal Affairs Committee the representative of the Commission was strangely unresponsive.

President. — I take note of Mr Memmel's observations regarding the deferment of his report to a later date.

I call Mr Vals.

Mr Vals. — (F) Mr President, I should like to provide Mr Scott-Hopkins with some information. I have just received notice of the meeting of the Committee on Agriculture scheduled for tomorrow after the sitting which includes on

its agenda the items in question, in particular the reports by Mr Héger and Mr Früh.

If the Committee on Agriculture adopts these reports, therefore, they can be discussed by Parliament on Thursday.

But the second topic raised by Mr Scott-Hopkins, the subject of the report which he should have submitted—the Commission Memorandum—has not been included on this agenda. If the information I have is correct, the committee requested its deletion from the agenda.

As regards the first two points he raised, Mr Scott-Hopkins thus gets what he wants: they are to be discussed by the Committee on Agriculture. I do not know under what conditions, because I do not know when the sitting will finish, but according to the notice I have just received they do figure on the committee's agenda.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr Vals has already made a number of important points. Mr Scott-Hopkins knows very well that the Committee on Agriculture agreed at its last meeting that these minor issues should be dealt with during this part-session. Members have already been notified that this discussion will take place tomorrow after the sitting has ended. Mr Scott-Hopkins and his British colleagues are also fully aware of the fact that the reports in question could not be dealt with in Brussels since there was not the required quorum.

The Committee on Agriculture has decided to consider Mr Scott-Hopkins' report at a special meeting to be held on Wednesday. The Committee's secretariat is currently investigating whether this meeting could be held after the end of the plenary sitting. Mr Scott-Hopkins certainly knew of this decision of the Committee on Agriculture.

President. — I call Lord St. Oswald.

Lord St. Oswald. — Mr President, among his questions, my honourable friend, Mr Scott-Hopkins, asked, at least by implication, whether his understanding was correct that Commissioner Lardinois will be making a statement on Thursday. Could you answer that question?

President. — I have been informed that in all probability Mr Lardinois will ask to make a statement to the House. I await confirmation. For the moment, I think we have discussed the order of business as fully as is necessary.

President

I therefore propose that the House adopt the order of business as a whole.

Are there any objections?

That is agreed.

I propose that all reports which cannot be dealt with on the day scheduled by the agenda shall automatically be placed on the agenda of the next part-session.

Are there any objections?

That is agreed.

14. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 15 January 1974, with the following agenda:

10.00 a.m. and 3.00 p.m.:

- Artzinger Report on competition policy
- Artzinger Report on the control of concentrations between undertakings
- Oral Question No 156/73, with debate, on the establishment of a European Foundation for Improvement of the Environment and Living and working Conditions.

Committees due to meet tomorrow, in particular the Committee on Agriculture, are asked not to meet during the plenary sitting.

The sitting is closed.

(The sitting was closed at 7.35 p.m.)

SITTING OF TUESDAY, 15 JANUARY 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 the minutes*

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

Are there any comments?

I call Mr Jahn.

Mr Jahn, Vice-Chairman of the Committee on Public Health and the Environment. — (D) Mr President, I have an objection, as acting chairman of the Committee on Public Health and the Environment, to the report of yesterday's proceedings. This states that the document on the setting up of a European Foundation for the Improvement of Living and Working Conditions has been referred to the Committee on Social Affairs and Employment as the responsible committee. I must propose on the contrary that this document be referred to the Committee on Public Health and the Environment as the responsible committee, since the latter has been dealing with the question of such a Foundation for the last three years. Now that this initial opinion has been submitted, the Committee on Public Health and the Environment should be made responsible for discussing this as well.

President. — I suggest that you arrange the matter with the Committee on Social Affairs and Employment.

The House will decide at the end of the sitting.

Are there any objections?

The minutes of proceedings are approved.

2. *Statement by the President concerning Oral Question No 169/73*

President. — I inform the House that Oral Question No 169/73, with debate, by Mr Amen-

dola, Mr Ansart, Mr Bordu, Mrs Iotti and Mr Sandri to the Council of the European Communities on the recommendation adopted by WEU on 21 and 22 November 1973 is withdrawn from the agenda at the request of its authors.

3. *Appointment of a new delegation*

President. — On 18 and 19 December 1973, the Danish Folketing renewed its delegation. The following were appointed: Mr Poul Dalsager, Mr Knud Nielsen, Mr Karl Johan Mortensen, Mr Jørgen Brøndlund Nielsen, Mr Ivar Nørgaard, Mr Kristen Helveg Petersen, Mr Knud Thomsen, Mr Erhard Jakobsen, Mr Kai Nyborg and Mr Jens Maigaard.

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.

I congratulate colleagues whose appointments have been renewed, and welcome the new Members.

(Applause)

4. *Change in the agenda*

President. — The Chairman of the Committee on Economic and Monetary Affairs has asked for the two reports by Mr Artzinger, on competition policy (Doc. 264/73) and on the control of concentrations between undertakings (Doc. 263/73), to be discussed jointly.

5. *Second Commission Report on competition policy — Regulation on the control of concentrations between undertakings*

President. — The next item on the agenda is a joint debate on the two reports drawn up by Mr Artzinger on behalf of the Committee on Economic and Monetary Affairs on

President

- the Second Report from the Commission of the European Communities on competition policy and on the Communication from the Commission of the European Communities on the implementation of the principles of coordination of regional aid in 1972 (Doc. 264/73), and
- the proposal from the Commission of the European Communities to the Council for a regulation on the control of concentrations between undertakings (Doc. 263/73).

I call Mr Lange, deputizing for the rapporteur, who has asked to present the two reports.

Mr Lange, *chairman of the Committee on Economic and Monetary Affairs, deputy rapporteur*. — (D) Mr President, ladies and gentlemen, I much regret that I have to undertake the duties of rapporteur in place of Mr Karl Artzinger. I can only say that I—and I speak also in the name of my colleagues—send my best wishes to Karl Artzinger for a swift return to health, so that he can once again take part fully in our work.

Mr President, these reports of Mr Artzinger—the report on competition and the other one on concentrations between undertakings, i.e. on controls of mergers — basically form a single entity. Mr President, you are my principal witness for the fact that this Parliament has expressed a strong desire for the submission of a proposal from the Commission on concentrations within the framework of the competition policy and provisions on competition. The Committee on Economic and Monetary Affairs has for a considerable time—from the time of the present President's report up to now—constantly been discussing with the Commission the whole of the competition policy and the allied question of the need for the control of concentrations. It would perhaps not be wrong, therefore, to say that this represents an example of the way in which Parliament and the Commission can work together on technical matters and can cooperate in drawing up the necessary proposals from the Commission to the Council.

In Doc. 264/73, the rapporteur has drawn up a very comprehensive report in considerable depth. It covers the committee's second report on competition, the communication from the Commission of the European Communities on the implementation of the principles of regional-aid coordination in 1972, and doc. 263. This last document, which deals with the proposal for the control of concentrations between undertakings, is fairly short, because the principal points have already been covered in the main document.

The rapporteur, in agreement with the committee, has told the Commission—and I have mentioned this in another context—that in the matter of competition policy it has fully reflected the proposals and wishes of Parliament. The committee once again attaches very great importance to the idea that the Commission, in execution of the provisions of competition policy, should be given the chance, within the framework of this policy as it affects concentrations between undertakings, to obtain wider authority or concessionary powers, so that only the preliminary conditions for preventing as far as possible oligopolistic or monopolistic positions need then be created (bearing in mind that the aim of the Treaty and in particular the rules on competition of Articles 85 and 86 ff. is to uphold competition within the Community). We naturally agree that under specific conditions in specific economic fields unrestricted competition is not possible—I am thinking of the basic industries, energy supply and so on—and one must therefore clearly envisage certain limitations.

On this point there are no differences of opinion between the Commission and Parliament as far as I can tell from the discussions which we have had, but the committee attached particular importance to the point that the Commission should be given appropriate authority particularly in a preventive sense. For the dissolution of mergers after the event can give rise to extremely complicated legal, political and practical questions which may be difficult to solve. Hence also the need for unambiguous legislation, in the sense that from the outset a merger will on grounds of policy either be approved or not approved; it will not be approved if competition is thereby restrained.

In this connection, Mr President, the committee also considered how far such concentrations should be examined with regard to their reasonableness, their admissibility or non-admissibility, and also with regard to their effects on individual markets within the Common Market. The proposal for a regulation contains a formula, whereby a 25% share of a market in a Member country should still be admissible. The committee had distinct reservations with regard to this 25% formula, but had in any case specific proposals to make on this point, for the reason that another formula which was discussed at length, i.e. the formula of a *substantial* share of the market is basically one which cannot be proved at law. It would therefore give rise to endless difficulties, and the committee took the view that after all the technical and legal considerations had been assessed, the regulation on concentrations between undertakings, should be passed by Parliament as quickly as possible so

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that the necessary practical experience could be gained in order to lead to a better wording or better provisions for handling various questions, if necessary.

We also have such market share figures in our national cartel laws. We know what difficulties such figures produce. For instance, since the Federal Law Prohibiting Restraints of competition same into force, the Federal Republic has constantly found it extremely difficult to deal with the question of market shares.

Since then, the legislature, i.e. the Bundestag, has made certain amendments to the Cartel Law and thus cleared the way somewhat for the Federal Cartel Office. I think this experience would be extremely relevant to the European Communities. This is at any rate the opinion of the committee which I have the honour to represent.

Above all, on we are all agreed that a proposal an competition policy, i.e. the control of concentrations between undertakings, should be based on Article 235, since we, the committee, are of the opinion—and the same applies to earlier decisions and to Parliament for as long as it was the Parliament of the Six—that such preventive control of mergers is the necessary complement to the provisions of Articles 85 and 86 of the Treaty of Rome, and that an amendment is needed in order to achieve the political aims of the Treaty.

Article 235 can naturally be made use of as an appropriate legal basis together with Article 87. This would involve no difficult ratification procedure in the national parliaments; and there would therefore be no delays as a result, because that no-one knows what the individual national parliaments would decide in view of the differing regulations on cartels and monopolies in the Member States.

Under Article 235 It is possible for the Council, acting unanimously, to take appropriate measures in cases where they prove necessary. And, my dear colleagues, that is what the Council should do. Misgivings on legal grounds expressed on the use of Article 235 seem to the Committee on Economic and Monetary Affairs to be water-tight. However, Mr President, honourable Members, the Legal Affairs Committee itself can state its views on this point; for it was in that committee that these discussions took place. I have incidentally pointed out that on an earlier occasion the Legal Affairs Committee had considered the use of Article 235 admissible and appropriate. This also had a bearing on the reports by Mr Berkhouwer.

The Committee on Economic and Monetary Affairs then tried to make it very plain that it

attached importance to clear demarcation of the responsibilities of the European cartel authorities—in this case, the Commission and the cartel authorities of the Member States. We are well aware of the difficulties involved in achieving this. We already have considerable experience of such demarcation in one Member State of the Community: we have federal and provincial cartel authorities, which up to now, by reason of a clear demarcation of tasks, have not got in each other's way. In the light of experience with cartel law measures within the Community and individual Member States—with some overlapping, a national cartel authority dealing with a case and the Commission then discussing it once again, and, if I may say so, with differing results—would ask the Commission for clear demarcation in these matters. In this connection, the committee also added that the Commission should try to coordinate or, to be more precise, harmonize national legislation on cartels and monopolies. Not that there should be identical wording, but an attempt should be made to reach the same results with thus harmonized national cartel legislation on the basis of the appropriate criteria and measures emerging from a review of cartel law processes.

We do this in the field of company law. We must also do it with tax law, but we are not quite that far yet. And I think that, where so important a question as the maintenance of effective competition in the Community is concerned, it will be impossible in the long run to work with differing national concepts if uniform results are to be achieved in the various countries.

As the Commission is under the Treaty the quasi-executive of our Community—I will not say anything about the actual development and practical results that have occurred with regard to the position of the Commission, Council and Parliament, but refer simply to the provisions of the Treaty—the committee considered it right that, in this context also, the Commission should take on long-term quasi-supervisory executive tasks. By setting up, let us say, a European Cartel Authority, a European Cartel and Monopoly Office, it should, the committee feels, divest itself of the daily routine work so that it can take the political decisions which will become really necessary.

This does not mean that we wish to see this European Office for Competition Policy set up today or tomorrow. Rather, we wish to give the Commission, and thereby ourselves as well, the chance to develop the competition policy in conjunction with the control of mergers in such a way that later on a European Office for Competition Policy, i.e. a European authority under

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the Commission, can take over these tasks without difficulty.

If the Commission is to do this now, this question is naturally linked to a particular point, the question of staffing. In its motion for a resolution the committee has refrained from expressing an opinion on this matter, although it did discuss it. We asked the Commission to observe very closely how the personnel situation develops in the light of the tasks which arise out of the control of mergers, so that at the appropriate time the necessary steps can be taken to ensure that the office is adequately provided with experienced and trained staff. This is a matter for the Commission, on which Parliament, i.e. the Committee on Economic and Monetary Affairs for Parliament, will not be making any recommendations for the time being.

It is also our view—this is set out in paragraph 6 of our motion for a resolution—that when on the basis or as a result of a ruling of the European Court of Justice, the regulation on concentrations between undertakings can be or has been approved by the Council, the Commission must naturally also establish how the regulation is to be related to licensing and know-how agreements.

The question arises whether these things can be handled in as straightforward a manner as matters concerning the conduct of undertakings, i.e. their market policies, since we are now entering the realm of patent and licensing law. However, we of the Committee on Economic and Monetary Affairs are of the opinion that patents and possibly the granting of licences should not be allowed to lead to oligopolistic or monopolistic positions. The same applies to know-how. Above all, restrictive practices on the part of the licensor must therefore be prevented as far as possible. That is the committee's aim. It was established by the committee that the Commission is quite ready to take action in this field. That naturally also means that the Commission must pay attention to research, which gives rise to patents, in order to get to the root of the matter.

We have then introduced another point, which might be called 'fair competition'. We have asked the Commission to make sure that the re-import of products into individual Member States from other Member States does not lead to abuses and that imports of goods from outside the Member States for transmission to other Member States does not lead to distortion of competition. For example, such difficulties can arise where imports from the German Democratic Republic into the Community through one Member State lead to duty-free goods being

passed on to another. This causes a distortion of competition with the result that the competitors of those who have passed on these imports are placed at a disadvantage. The Commission should also look into this question in the appropriate manner.

A critical point now arose. I should like to remind the House of our discussions and debates on the Enza-Glanzstoff affair, when the AKZO group, which operates in four countries, three of them in the Community, wanted to close down certain establishments or parts of establishments involving a total of about 6,000 jobs. The problem was solved in a different manner, not least as a result of the activities of Parliament and its Members in various places.

But one question remained, namely how to provide a certain measure of protection against what could be called misinvestments and excess capacities. As in the aluminium sector, we found that what at one time had appeared to be excess capacity was after all normal and indeed to a certain degree—when you think of the aluminium sector—insufficient capacity. The committee studied this question of conjunctural fluctuations and also the problems which may arise as a result of structural changes, for example changes in raw material producers, on whom we in the European Community are largely dependent, or the situation which arises when production which originally was undertaken by highly developed industrial nations is built up by countries of the Third World. We came to the conclusion that when such structural changes necessitate other changes, this should not lead to the statement that under certain conditions the Commission, for example, should recommend that investments be made or not made as the case may be.

For this reason, the committee felt that under the legal conditions prevailing in the Community and in the individual Member States—with regard to the environmental protection, labour protection and job security; the conditions vary from one country to another—any investment which a given person wishes to make must be made at his own risk and this risk cannot be taken over by the public authorities. He must therefore, under the prevailing legal circumstances, decide whether to invest or not. This is the underlying situation.

I see that an amendment has been tabled to make clearer what the committee basically had in mind in paragraph 8. In my view there can be no objection to this amendment. We have merely advised the Commission to watch the market very carefully, possible through market analyses, through reviews of developments in

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market conditions and market relationships in order to give undertakings data which allow them to take appropriate investment decisions.

Then, in paragraph 9 of the motion for a resolution, which concerns the regional aid regulation, the committee has said that it is important that regional aid should in future be based on a differentiated set of rules. This view largely coincides with what Mr Delmotte said at the last sitting on behalf of the Committee on Regional Policy and Transport on the regional structural policy; Parliament is consequently displaying a unified approach to this matter throughout its various committees.

The committee further feels it is absolutely essential that competing undertakings, regardless of whether they are private or public, should be dealt with in the same manner, and that neither should be given preferential treatment. On this question, there have been no differences of opinion between the committee and the Commission. But the committee says once again in paragraph 11 that the Community's rules on competition should be amplified by an international agreement governing the conduct of multinational undertakings. These rules should provide the multinational undertaking with a service basis for their activities and ensure that unwarranted attacks on large undertakings are prevented from the outset.

I would like to emphasize most strongly that none of us wishes to describe large undertakings as 'not good'—the Committee on Economic and Monetary Affairs has never taken this line. That—if you will allow the expression, Mr President—would be utter nonsense. We need in our economy undertakings of many types and sizes to fulfil the overall tastes of our economy. We must insist that all the necessary conditions are created for everyone to operate within the market without hindrance. That is the question at issue. The purpose of paragraph 11 is simply to prevent someone who has a relatively strong or a completely dominative market position to make use of this to the disadvantage of his competitors or even his suppliers or his customers. We must all—and this was also the opinion of the committee—be interested in the development of what we call a buyer's market in the Community. For, if competition policy is to have any purpose, it must be so designed as to give the purchaser the necessary choice of goods on the market. The situation must not arise where, owing to a shortage, the buyer has to take what he can get. For the very existence of a shortage jeopardizes competition. This gives rise to a number of tasks for individual undertakings which must ensure that a sufficiently

extensive production capacity is available to satisfy the domestic market. By this we do not mean self-sufficiency but something wider: sufficient production capacity for the domestic market plus the necessary imports, since we shall only be able to export if we allow others to export to us and if we allow a degree of regulative machinery with regard to supply and pricing.

This leads naturally on to the subject of consumer policy and the committee has expressed its views on this in paragraphs 12, 13 and 14. We think it important—and the Commission has also said this—that the Consultative Committee on Consumer Protection which has recently been set up should from the outset be involved in certain questions which concern consumer policy. We also strongly urge that within the Community greater use than before should be made of comparative product tests which, when they are published, will give the market a greater transparency for the consumer.

It must be the Community's policy to make such information available throughout the Community.

We have also asked the Commission to consider whether it would be useful to ensure that misleading advertising was stopped within the Community. We know of such efforts in individual Member States. We need only think how various advertising methods used on the television to influence the, often uncritical, consumer. Comparative product tests and appropriate information on them could counteract this. This applies particularly to pharmaceuticals and semi-luxuries. We could do a little more to promote healthy living.

Honourable Members, Mr President, these were the committee's reasons for putting forward the motions for resolutions on the competition report, the regional aid regulations and concentrations between undertakings.

One final word: except for a small change which we suggested in the text of the regulation, the committee has refrained from making detailed comments since the most important thing is that this regulation should come into force as quickly as possible so that from the experience gained we can draw the necessary further conclusions. It is possible to quarrel with the exemption clauses which the Commission has built into the proposed regulation; one can quarrel with any limit set in this connection. But we will now have to wait and see how things work out and how the Commission deals with the tasks at hand.

I should like to add just one more comment: a regulation of this kind, Mr President, cannot,

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of course, come into force retroactively; the Commission can only take action after the regulation on concentrations has entered into force. But under the existing provisions of the Treaty the Commission can already proceed against people whose ways of doing business contravene Articles 85 and 86 of the Treaty. One almost self-evident fact should be added: all measures taken by the Commission, including those taken under this regulation, can be tested in the courts. We think it better not to involve the Court of Justice from the outset but to wait until the second stage, because a decision on the legal aspects of cartel or monopoly policy must first be taken.

Mr President, that concludes my statement. The committee unanimously adopted both motions for resolutions. I would request Parliament to do the same, since we think that this would be a big step forward in ensuring proper competition within the Community. I thank you for your patience.

(Applause)

President. — I call Lord O'Hagan.

Lord O'Hagan, draftsman of an opinion. — Very briefly, I want to make some comments as draftsman for the opinion of the Committee on Social Affairs and Employment on this second report from the Commission on competition policy. Perhaps I should start by expressing my gratitude to the chairman of the committee for giving me this extremely interesting task. I, like everybody else in this Assembly who has read this report from the Commission, was impressed by its thoroughness and clarity, both in its presentation and analysis. But, speaking as the draftsman for my committee, I felt that there was a certain imbalance in the emphasis given to the importance of various points.

I do not want to repeat word by word the conclusions to which my committee came on the matter, but I must begin saying that we felt that the position of the consumer or individual was not thoroughly enough considered and dealt with. This can be seen from the small number of pages given to dealing with this aspect. Of course, many pages on a subject do not necessarily mean that good or sensible proposals are being put forward or action is being taken.

Since the second report, we have seen how the Paris communiqué of Heads of State or Government has been in part implemented by the Commission by taking further steps to protect the position of the consumer in areas affected by competition policy, and the members of my committee are grateful for this. But we would hope that in future reports on this subject not

only will more pages be devoted to this point but that the priority of the individual and the consumer will rank higher in the other chapters on other points, because it is no use making a token bow in the direction of the consumer on page 190 after forgetting him or her on all the previous pages.

I endorse what Mr Lange said about what could be done to reinforce the position of the consumer, and I support paragraphs 12-14 of his motion for a resolution, but I ask Commissioner Borschette whether he can give us a progress report on the activities of the Commission in this area. Can he tell us what the position now is with regard to the functioning of this new committee to deal with problems of consumers? Can he explain how the Commission sees this body working with the Parliament? Are they parallel bodies or are they rivals? Is it not curious that when Mr Scarascia Mugnozza was asked, last Question Time, about the consultations with the Parliament before this new body was set up he gave negative or evasive answers and seemed to imply that this new body was not something on which Parliament should trespass—that it was territory for the Commission only?

Is this true? Perhaps the Commissioner can tell us how the new arrangements are operating and whether the Commission sees the consumers' committee as something separate from Parliament, over which Parliament has no influence. It would be disastrous if the Commission were to operate a policy of divide and rule on this matter affecting consumers.

The second part of the title of my committee is 'Employment'. I was disappointed to find the consequences of competition policy on employment within the Community not dealt with in the second report on competition policy. This is particularly relevant when we consider merger control insofar as it affects multinational companies, which have a considerable effect on the number of jobs available within each Member State and, if allowed to merge indiscriminately, may markedly affect the employment pattern within one Member State while not taking into account the effect on other Member States or the Community as a whole. I stress that aspect as well as the strictly concentration aspects of the effect of multinational companies on the Community's economic activities.

I wish to refer to one presentational matter that may seem trivial to the Assembly and to the Commission. I have noticed with great interest that the Commission has woken up to the fact that it needs a better information policy than its present one. Is it not sad that the consequences for the individual—consumer, employee

Lord O'Hagan

or whatever he or she might be—are not spelt out in the report on competition policy in a more down-to-earth and readily comprehensible manner?

There is a suspicion amongst some of us who are enthusiasts for the Community that there is too much emphasis on competition policy as a science or an art and not as a tool for the creation of a community, not intentional in the mind of those who do the excellent work in this regard, but perhaps revealed by the presentation in this second report, where the facts, which are eloquent in themselves, are not highlighted as they should, or could, be to show the impact of competition policy.

If I may give a trivial example, certain steps were taken that affected the price of pop records in Member States, a subject that would interest younger people, who are perhaps not always enthusiasts for the Community. Yet the Commission did not take the opportunity to spell out precisely the effect of their intervention on this commodity. This trivial example, in my view, is an indication that there is a danger that those who become interested in this mechanism for creating Europe may be in danger of forgetting its importance for the individual while getting intertwined in the complexity of their task. This should be remedied, particularly in regard to the presentation of the report.

I do not wish to touch upon other points (mentioned in the competition policy report in detail) which I have attempted to deal with in my opinion. However, I have noted since I wrote my opinion that, in response to a written question from me, the Commission's Directorate-General for Competition considers that it must plan for an increase in staff. If new staff are added to this Directorate-General, it will obviously reinforce them in the execution of their present studies, and if they are given new tasks they will obviously need correspondingly more staff to carry them out—or so one is led to believe.

If this Directorate-General is to grow in size and in competence so that it reaches a quasi-executive position or in some matters a quasi-judicial position from whose decisions there is no appeal, would Commissioner Borschette also accept that this increasing power, verging on autonomy in some areas, needs compensation in parliamentary control, examination, scrutiny and probing? Does he accept that as a principle? If he does, would he be prepared to discuss with the relevant committees of Parliament new means to reinforce those committees' abilities to examine the highly important work that his directorate does for the creation of a united Europe? I do not say that in

a negative or obstructive way, but I feel it will affect individuals more and more as the ramifications of competition policy are seen to spread further and further.

After welcoming the second report from the Commission on competition policy, I conclude by expressing the hope that the cooperation that has so far existed between Parliament and the Commission in this important area of Community policy may be expanded to keep pace with the expansion in the Commission's powers and numbers in this sphere.

President. — I call Mr Nolan.

Mr Nolan, draftman of an opinion. — I present the Committee on Budgets' opinion on the Commission's first communication—Doc. 122/73—on the implementation of the principles of coordination of regional aid in 1972. The Committee on Budgets adopted its opinion last night after the sitting of Parliament, and I must apologize for the fact that, because of the short time available, it has not been circulated.

The communication covers an extremely important area of Community policy, since, with the proposed regional development fund, it makes a twin-pronged approach towards some of the imbalances we have within the Community. There are, of course, some links between the two and we in the committee are satisfied that, until both a regional fund and a regional committee have been set up, it would be impossible to expect complete cooperation from the Member States in this area. Therefore, could we not, even today, although we are not debating the setting up of a regional development fund, make a special appeal once more to the Council of Ministers to get the regional fund off the ground? I understand that the Council is meeting again this week. If the Ministers cannot agree—probably because of financial arguments—could not a certain amount of finance be set aside for one year? I am satisfied, as, I am sure, a number of other Members of Parliament are satisfied, that there are not sufficient proposals now before the Council of Ministers or the Commission to justify a fund of the size which some Member States are claiming it should have.

The report shows that the Commission has done a considerable amount of serious work in trying to assess what Member States are doing about cooperation in this area. However, it in no way reports on the degree of coordination which is taking place within Member States. The decision of the Council in 1971 was quite clear on this matter—there was to be an annual report on the application of the principles of coordination, not just on what the Commission was proposing but rather on the principles of application.

Nolan

Last night a representative of the Commission attended the meeting of the Committee on Budgets and explained to us certain problems. One of these is that the draft regulation has been before the Council of Ministers since 1972. It is in the pipeline, and I am sure that, like many other regulations, it is likely to be there for some time. I am satisfied that the reason for this may be that until the regional fund is set up the Council of Ministers is reluctant to issue the regulation. However, the Committee on Budgets is satisfied that the proposals which the Commission has are sufficient to help in the coordination of regional aid.

President. — I call Mr Bermani.

Mr Bermani, draftsman of an opinion. — (1) Mr President, honourable Members, concerning the proposed regulation on the control of concentrations between undertakings on which the Legal Affairs Committee has to give its opinion, the Commission rightly maintains that undertakings must not be allowed to evade Community rules on competition through merger operations.

Last year the Court of Justice accepted the Commission's argument that it had a right to intervene in cases of supranational mergers. Article 85 of the Treaty of Rome makes no mention of mergers. The Commission maintained that Article 86, which prohibits the abuse of dominant positions, could also be extended to mergers. The Court of Justice accepted this; however, the principle approved by the Court only applies to mergers in which one of the undertakings already has a dominant position.

The Commission, on the other hand, considers that all mergers should be subject to control, and has therefore proposed a new regulation which will bridge this gap by making advance notification of major concentrations obligatory.

The legal basis for this regulation is formed by Articles 87 and 235 of the EEC Treaty. The Committee on Economic and Monetary Affairs chaired by Mr Lange, which, due to a whole series of misunderstandings which we referred in the presence of the Bureau last time, was giving its opinion before the committee responsible, the Legal Affairs Committee, has unanimously agreed with the legal basis selected by the Commission, as we heard a few minutes ago from Mr Lange himself.

The majority of the Legal Affairs Committee are also agreed on this point. During the meeting of the Legal Affairs Committee, Sir Derek Walker-Smith objected that Article 87 only allowed regulations to be adopted if they as-

sisted application of the principles set out in Articles 85 and 86. Since Article 86 only related to cases of actual and established abuse of a dominant position, Article 87 could not, he felt, be used as the basis for the regulation, given that the latter provided for intervention in cases of concentration even if there was only a possibility that they would restrict competition.

As for Article 235, Sir Derek has always maintained that it is not an instrument for creating new rules which would require a proper proposal for amendment of the Treaty itself. That is why, according to Sir Derek, the Court of Justice should be asked for its opinion. But the Court of Justice, as I said earlier, has already given its opinion on the subject, and the Commission recalls this on pages 3 and 4 of its proposal for a regulation.

In fact, having said that Article 85 prohibits all agreements between undertakings which may have the effect of restricting the control of competition, and that Article 86 relates to unilateral acts carried out by several undertakings, the Court of Justice specifically states in its judgement that the aim of both articles is the maintenance of effective competition in the Common Market; it cannot reasonably be assumed the idea of Article 86 of the Treaty is to allow undertakings to reach such a dominant position that virtually any serious possibility of competition is excluded. For this reason, the Court of Justice says, a difference in the legal treatment of agreements between undertakings (Article 85) and concentrations between undertakings (Article 86) would open a breach in the rules on competition so wide that the proper functioning of the Common Market would be endangered.

Article 87, which refers back to Articles 85 and 86, has rightly been made the basis for the regulation, together with Article 235.

The majority of the Legal Affairs Committee agree with this; in fact, the procedure laid down in Article 245 does not seem suitable at the moment, since it would inevitably take a long time. Controls of concentrations should undoubtedly be introduced with some urgency because of the concern about the consequences on employment and competition that Mr Lange and Lord O'Hagan spoke of a few minutes ago.

To sum up, the majority of the Legal Affairs Committee agree with the principle that I have just outlined, and recognize that the legal basis chosen by the Commission for the regulation is well presented in the written opinion that has been distributed.

The Legal Affairs Committee has, however, proposed three amendments which are explained

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in the final draft of the opinion. I have numbered them 13, 14 and 15 and I presume they have already been distributed. A simpler version of No 13 will be distributed later. I shall explain these amendments when they are put to the vote.

For the moment I should like to thank you, Mr President and honourable Members, for your patience.

(Applause)

President. — I call Mr Mitterdorfer.

Mr Mitterdorfer, draftsman of an opinion. — (D) Mr President, the Committee on Regional Policy and Transport has discussed both reports: the Second Report of the Commission of the European Community on Competition Policy and the Commission's Communication of the Implementation of the Principles of Coordination of Regional Aid. In its discussions the committee concentrated on the second document in particular.

The Committee on Regional Policy and Transport feels that the report, and above all the communication on the coordination of regional aid, represent an interim report on a transitional period. The year 1972 was in fact a transitional period. The committee hopes that in the next report—on 1973—it will be possible to say that there has been somewhat more actual coordination.

The committee felt that there is some degree of overlapping of the two areas, regional aid on the one hand and regional policy or the regional fund that is to be created on the other, and that there should also be coordination in this respect. The committee therefore fully supports the sentiments expressed in paragraph 9 of Mr Artzinger's motion for a resolution. In particular, it also feels that the division of the Community into two categories of area, namely central and peripheral, should be replaced by a system which allows aid to be adapted to the degree of economic and social backwardness of the regions. We would point out that the considerable difference or, it might be said, imbalance becomes apparent when the maps of the peripheral or central areas are compared with those showing the regions to which to criteria for aid from the regional fund can be applied.

What we have here therefore are regions which have been classified as central areas but should nevertheless receive aid from the regional fund if the criteria that have been set for the application of this regional fund are taken into account. I feel that the position should be clarified and the Committee on Regional Policy and Transport shares my view. In other words, there

must be a definite ruling. But the most important question we are dealing with is that the present division into two types of area, central and peripheral, should be replaced by a system embodying greater differentiation.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, in compliance with your wish I shall deal with the general report on competition policy and the proposal for a regulation on the control of concentrations at the same time.

I want to say at the start that the dialogue between Parliament and the Commission, which in the matter of competition has very real powers of decision, is to the Commission of essential, indeed capital, importance. This dialogue has proved fruitful in the past. I wish to thank Mr Lange for having said that the joint drafting, by Parliament, with its responsible committees, and the Commission, of the regulation on the control of concentrations had been the result of this dialogue. I should like to add that the Commission has every intention of continuing and extending this dialogue.

Following our annual practice, we are to draw up a balance-sheet of what has been achieved, see what should have been done, and perhaps also criticize omissions.

May I be allowed to take the opportunity to thank the rapporteur, Mr Artzinger, for the excellent report which he has drawn up and with which, I hasten to add, the Commission agrees on almost every point.

Nevertheless, I should like to touch very briefly on some of the major questions raised by this report on the Commission's second report on the implementation of competition policy.

The rapporteur states at the outset that 'Community competition policy has become a reality which the economy has to take into account'.

I believe that over the years we have been able to work out the broad outline and general principles of a competition policy which safeguards not only effective competition but also the unity of the market. Business itself is now aware of this fact. Very frequently, undertakings which have concluded certain agreements or come to certain understandings will, because of intervention by the Commission or merely because of the existence of a competition policy, amend or nullify such agreements. This, incidentally, explains why the number of agreements which are changed is often considerably higher than the number of decisions which the Commission is obliged to take against flagrant violation of the competition rules. I should also like

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to emphasize the important part played by national judiciaries, which by their findings on actions brought for nullification of agreements or for damages, contribute to full observance of the competition rules in the Community. As pointed out by your rapporteur, the effectiveness of the competition rules has been considerably strengthened by the decision of the Court of Justice on the Haecht case in February 1973. The Court in effect established very clearly for new agreements, that is agreements concluded after the entry into force of the competition rules, the principle of prohibition and, as a consequence, of nullity in law, even for agreements which had been duly notified. Your rapporteur is of the opinion that this had been possible because of a clarification of the policy to be pursued. That implies that the Commission ought to elaborate even further certain aspects of the policy on understandings.

Mr Lange has very rightly emphasized that we still have to define agreements on patent licences and on the communication of know-how and that this should be done as soon as possible. The Commission is tackling the problem gradually, in the light of experience and by ruling on a certain number of definite cases in order to derive from them subsequently the theory and the doctrine. In this sensitive area it is a matter of keeping a balance between what is the proper subject of industrial and commercial property rights conferred by legislation in the Member States, and the manner of their exercise, which may unduly restrict the free play of competition in a unified market.

The control of abuses of dominant positions is another area for priority action by the Commission. The economic power of certain undertakings enables them in effect to follow their own strategy, which may be different from the economic strategy of governments and even detrimental to the consumer.

With regard to understandings, I should like to dispel the misconception that the Commission might ever establish a set of abstract provisions determining both the exceptions and the rules. We are dealing with a dynamic economic reality and we must adapt our rules to this reality, improving and revising them periodically in the light of experience of individual cases. Nevertheless, the Commission will do its best to establish a stable legal background, in particular by taking action as quickly as possible on notifications submitted by undertakings.

The proposal for a resolution also touches on another important aspect of the policy on agreements in recalling the need for combatting agreements likely to prevent the re-exporting of products.

I think that this is one of the guidelines of our policy which can be properly based on a decision of the Court of Justice which has acquired historic importance, that in the Grundig-Consten case.

The opening up of markets within the Community means in practice that demand in one Member State can be met by supply from another Member State, possibly more advantageously; our policy on competition should ensure that undertakings do not prevent this by fragmentation of the Common Market. The essential task for today is to ensure that unjustifiable price differences between Member States for identical or similar products should be corrected with the accept on lowering prices and to the advantage of the consumer.

There is no doubt that certain price rises fall into the category, if not of actual abuse of power, then at least of improper exploitation of considerable freedom of manoeuvre in the market.

The existence of price differences is without doubt a consequence of the incomplete unification of Europe, where structural and legislative differences persist, but it is also partly a symptom of a sales policy which does not consider the consumer as belonging to a unified political and economic entity. The Commission is very preoccupied at this moment with sales policy in the Community and will be paying even more attention to it in the coming months.

I come now to the problem of investment guidance. In two interesting cases, the cement and synthetic fibres sectors, the Commission had its first opportunity to make known its attitude, which was one of considerable misgivings, on the conclusion of private agreements on co-ordination of investments designed to prevent the creation of overcapacities. The Commission is not convinced, for one thing, that it has been demonstrated that such agreements actually produce the result desired by the parties concerned. It is, on the other hand, certain that such agreement could lead to serious restriction of competition between the parties as far as production and sales are concerned. That is not to say, as I have already pointed out, that the Commission might not set up for some sectors a better flow of information on market conditions and production capacities, provided, provided, however—and this is an essential condition—that undertakings retain their freedom of decision and remain responsible for their own investments.

I should like to add here that as far as the policy on aid is concerned, it should be clearly understood that the Commission would be

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opposed, on the basis of its experience, to the granting of any aid liable to increase production capacities in industrial sectors where over-capacity already exists.

Your rapporteur has raised the question of the relationship between national and Community competition law and urges a clearer definition of their respective areas of application by means of a regulation or directive based on Article 87 of the EEC Treaty.

Well, you know the Commission's attitude. In accordance with the jurisdiction of the Court of Justice, the parallel application to restrictive agreements of the rules of competition under the Treaty of Rome and under national legislations is a normal practice. It is the natural result of the co-existence of the two legal systems, but it can lead to conflict. The general principles established by the Court offer initial possibilities of resolving such conflicts. According to the principle of the primacy of Community law, the application of national law may not prevent the full and uniform implementation of Community rules on competition. This principle needs to be even more clearly and practically defined. In fact, if I may say so, this is the heart of the matter.

At present it remains an open question whether recourse to a regulation or a directive based on Article 87 aimed at reducing conflicts between national and Community law should constitute fundamental law-making or just the establishment of procedural rules.

On this second view, an improved exchange of information between national and Community authorities would in itself be a practical contribution to improving the situation.

The question of defining the scope of application of the two sets of legislation will arise in similar terms in connection with the regulation on the control of concentrations.

This is why the Commission intends to put forward early in 1974 a number of ideas on this subject at a conference of national experts on competition matters, so as to instigate a thorough discussion of the problem.

I shall, of course, be constantly discussing these problems with your committees, and later with the Assembly. The regulation or directive will be submitted to you in good time.

I would like to say a word about unfair competition. Competition policy should aim to preserve or revive competition. Those involved in the economic process should also be protected from unfair competition. In your motion you request the Commission to 'consider the possibility of

harmonizing national provisions on unfair competition'.

The Commission is fully aware of the importance of this problem. I would in fact remind you of the reply to a question by Mr Kater which stated that the Commission considered it necessary to harmonize legislation on unfair competition in view of the substantial divergences existing between the various national legislations in this area. The Commission was studying in particular comparative legislation on misleading advertising. However, it was waiting for a report from Member States on abuses requiring urgent measures in the field of unfair competition; once the reports were available the Commission would reconvene a meeting of national experts to examine measures which should be taken and priorities which should be established to eliminate the various forms of unfair competition.

May I be allowed to add the personal observation that while I am not particularly an expert in this field, I have always been greatly interested by it and have studied its various aspects. The examination of the nine national legislations, which differ very considerably and are often very divergent, is a long-term undertaking and a very hard one, but it must be accomplished in the interest of the consumer. Let us now turn to the proposed establishment of a European Office for Competition Policy.

I am very grateful to Mr Lange for moderating a little the terms of the resolution. May I say that basically I agree with the intended aim, that is, the eventual establishment of an anti-trust office operating under the political authority of the Commission. But I should like to explain to you the reasons why I believe it would be inappropriate to try and set up such a body now.

For a start, as Mr Lange has said, competition policy is not yet at a stage where we could say that we are delegating a certain amount of powers to an office, because an overall competition policy has not yet been fully worked out. Then, establishing such an office would mean amending the Treaty of Rome. For a number of reasons I think the time for such a decision has not yet come. The Commission has considerable powers in this field and any amendment to the Treaty would, I believe, be somewhat to the disadvantage of the Commission and somewhat, or even considerably, to the advantage of the Council.

And finally, there is the principle of collegiality which is still observed, in the matter of competition policy and in other spheres. This principle would be somewhat undermined if there were

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to be a delegation of powers to an anti-trust office. I admit, however, that this is perhaps the least telling of the arguments that I have just put forward.

Regarding coordination of regional aids, I should like to say that under the Treaty of Accession the Commission is bound to apply to the new Member States the principles which were established in 1971 by the Six concerning co-ordination of regional aids and the division of the Community into central and peripheral areas.

The Commission applied the provisions of Article 154 of the Treaty, which did not satisfy some of the Member States. Because of this, following a communication from the Commission to the Council, there was on this occasion no resolution on dividing the enlarged Community into two or three sectors, as proposed by the Commission.

Having said that, I should tell you that the Commission has just submitted to the Council another communication, which should have been discussed last night or this morning and which ought to be discussed this afternoon in connection with the establishment of the regional Fund. But when I was leaving Brussels last night towards midnight, it did not, unfortunately, look as if the Council would get round to it, but rather as if there was going to be deadlock on the establishment of the fund.

In its communication the Commission sets out precisely on which principles it proposes to establish a hierarchy, if I may call it that, of the various Community areas in more flexible but also broader terms than in the past, that is by setting up three, four or five categories. What is more, and this is a very important point, under this scheme aid would be proportional to the problems facing the various regions.

I can easily imagine instead of a division into peripheral and central regions, a scheme including a category of regions which would no longer be granted aid, another category to which aid up to 20% would be granted, another up to 40% and yet another comprising the truly peripheral and underdeveloped regions, for which there would also be a limit, because there must be a ceiling and there must be transparency, but the limit would be very high.

I believe, Mr Mitterdorfer, that contrary to what one might fear, this new scheme for the subdivision of the Community into regions would facilitate the establishment of the regional fund and its functioning, instead of making it more difficult. If the two categories of regions, as defined in the Commission's communication and

in the map drawn up for the purposes of the regional fund's interventions, do not exactly coincide, that is not necessarily a contradiction. I would remind you that in regions designated as central for the purposes of aid policy, aid can amount to up to 20% the regional fund could therefore provide up to 20% assistance.

It is perhaps what the Germans call a 'Schönheitsfehler', but not a contradiction.

The following principles apply to regional aid: (1) fixed ceilings for aid; (2) transparency of aid; (3) gradual elimination of opaque aids; (4) stabilization of opaque aids granted for the year 1974.

At present these principles are encountering difficulties in the Council. I have no doubt that it would be easier to implement them if the Council at some point did achieve agreement on the setting up of a regional fund.

In reiterating its hope for an international agreement on competition in regard to undertakings operating on the world market your committee brings up the problem of multinational companies. The Commission has just submitted to the Council a communication which attempts, in particular, to formulate appropriate measures to prevent, on a non-discriminatory basis, such activities by these undertakings as would be undesirable from the Community's point of view.

As regards the preservation of competition the measures proposed are: adoption of the Commission's proposal on the control of concentrations, which, incidentally, is not applicable specifically to multinational companies, though it does, perhaps, primarily concern them, and active supervision under Articles 85 and 86 of the EEC Treaty.

At least a dozen decisions by the Commission illustrate the principle according to which Community competition legislation is applied throughout the Common Market fully, uniformly and without discrimination, to all restrictive practices or abuses by undertakings, irrespective of their location or the place of their registration.

It can therefore be fairly stated that so far we have encountered no particular difficulties—I mean from the point of view of competition law—as far as multinational companies are concerned. From an analysis of the present situation and past experience we can assert the following: first, the Commission is not for the moment facing major difficulties arising from the multinational character of an enterprise in the effective implementation of the rules of competition within the Common Market; secondly, the Commission cannot, nevertheless, exclude the

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possibility that at some time in the future, the notification of measures or the implementation of a decision may create problems, particularly in regard to companies whose decision-making centres are not located in the Community.

For, in fact, notification of Commission measures to a foreign undertaking as well as the implementation of a decision regarding such an undertaking do not and cannot solely concern relations between the Community and that undertaking, but can also in certain cases have implications for relations between the Community and the third country where the company or undertaking is registered.

The Commission believes, therefore, that it would be appropriate, in order to ensure generally full effectiveness of measures and decisions by any anti-trust authority under Community law, to draw up and bring into force international conventions establishing rules which ought to govern the consequences of decisions taken in competition matters affecting foreign countries.

That was the conclusion drawn when the Commission was invited to testify before the working party appointed by the United Nations to study the role of multinational companies and their effects on the process of redevelopment, and that is the Commission's experience, obtained particularly in the course of implementing the legislation on competition.

This is why, while efforts under the aegis of the OECD and the UN to establish basic world-wide uniform rules for undertakings should be continued, the Commission itself should also seek to obtain adoption of international conventions on procedural matters.

May I also, Mr President, say a few words about consumers.

I do not believe that the importance of a problem is necessarily reflected by the number of pages devoted to it by the Commission in its report on competition policy. In particular, as regards the problem raised by Lord O'Hagan, the problem of a consumer committee, I should like to say this: this consumer committee is a consultative body, established, along with many others, by the Commission precisely with the task of advising the Commission, especially on the drafting of proposals which the Commission might make on consumer questions.

Personally, I do not see what difficulty could arise in this connection as far as Parliament is concerned. It is, I repeat, a committee set up, like many others, by the Commission, and Parliament is perfectly free to consult other consumer organizations if it so wishes.

I would only add that the establishment of this consumer committee which, incidentally, replaces one which voluntarily disbanded, is the result of a desire expressed by your Assembly in several resolutions on the consumer question. On each occasion Parliament expressed the hope that the establishment of such a consumer committee would become the Commission's responsibility.

I agree entirely with what Lord O'Hagan says about information policy and all the more so as, until last year, I was responsible for this policy. Unfortunately, we are not managing to inform the public, and particularly the consumers, to a sufficient extent on decisions taken by us in competition matters. Lord O'Hagan quoted a case where it was in fact stated—in a Press release, I believe—that the Commission had told a record company not to place restrictions on certain titles. That is, after all, a method of information. Personally, if I were drafting that communiqué I would have said that the Commission was of the opinion that from that moment on the record by the Rolling Stones should be sold at the same price in all the Community countries. That is all there was to it. Unfortunately, we tend to speak the first sort of language more often than the second.

I should like to quote two decisions by the Commission affecting consumers: one concerns sugar, the other a pharmaceutical product in respect of which an undertaking was abusing its dominant position in order to refuse a Member country supplies of raw materials for the product's manufacture. Clearly, when this is said in a way understandable to all, it attracts the public's attention and convinces the public that we are doing something for them. Unfortunately, I repeat, this is not always the language that we employ.

On the question of the Commission's staffing we have really reached a point where I ought perhaps to say to Parliament and to the Council that we cannot go on like this. We are experiencing such a shortage of personnel that certain important investigations which we should make are not undertaken, or are conducted by depleted teams, that is, when we are not obliged to establish arbitrary priorities—which is even worse. At any rate I must say now that if the regulation on the control of concentrations is adopted by the Council, I shall be obliged to ask for a substantial increase of the staff in the Directorate-General for Competition Policy. In this connection I want to thank the rapporteur and the Committee on Economic and Monetary Affairs for the very definite proposals which they have already put forward.

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Naturally, I am entirely in agreement with Lord O'Hagan in stating that once we have to deal with this new area of merger control, and once we have obtained more staff, we shall submit ourselves as regards both our activities and our decisions and proposals, to Parliament's control—as we have been doing so far. I believe, by the way, that this increase in personnel will also create other obligations for us.

On this question of merger control, I should like now, Mr President, to say very briefly that I agree with Mr Artzinger's report and in particular that I accept the two major proposed amendments contained in it. Representatives of the Commission have already had the opportunity of saying, in various parliamentary committees, that several amendments have been accepted, particularly those tabled by the Legal Affairs Committee.

May I just emphasize here that the Commission accepts the first amendment to the motion for a resolution which concerns Article 4 (2), where Parliament proposes a new wording intended to exempt from this provision concentrations involving the acquisition of undertakings with a turnover of less than 30 million units of account. I accept the validity of this proposal, because I recognize that the effect of joint control by two very large undertakings over a smaller one, can result in considerable restriction of competition between the two large undertakings.

For this reason the Commission accepts Parliament's proposal to maintain the obligation of prior notification when undertakings having an aggregate turnover of not less than 1,000 million units of account jointly acquire an undertaking with a turnover of less than 30 million units of account.

I would, incidentally, add here that we already have a precedent in the ECSC, where acquisition of joint control is excluded from the provisions of the regulation which under Article 66 (3) exempts from the obligation of obtaining prior authorization minor concentrations in the coal and steel sector.

As for the second amendment, the Commission also accepts Parliament's proposed modification to Article 5 (2) setting a turnover of 1,250 million units of account for trading companies as the limit above which notification becomes obligatory. This higher limit makes allowance for the special position of trading companies.

Here, too, there is a precedent. In its 1970 communication on minor agreements not falling within the scope of Article 85, the Commission indicated as the threshold of non-applicability a

higher figure for the turnover of trading enterprises than for production undertakings.

Mr President, I apologise for having made rather a lengthy speech. In concluding, I should like to say that it is my profound belief that, if there is need for democratization in the Community through direct election of Members of the European Parliament, there is also need for democratization in the economic field, through the strict and fair application of the rules on competition.

(Applause)

IN THE CHAIR: Mr WOHLFART

Vice-President

President. — Thank you Mr Borschette. I call Mr Burgbacher to speak on behalf of the Christian-Democratic Group.

Mr Burgbacher. — (D) Mr President, ladies and gentlemen, on behalf of the Christian-Democratic Group I should first like to thank my friend and colleague Mr Artzinger, the rapporteur, who is ill and therefore unable to be here today, for his excellent report in which he has invested a great deal of work, expertise and knowledge. I should also like to thank the chairman of our committee, Mr Lange, and also the last speaker, Mr Borschette of the Commission, for his very moderate and considered remarks on this extremely explosive subject.

I do not consider it my job to go into the contents of the reports once again, especially as Mr Lange has already done this in a detailed and excellent manner. I should like to limit myself above all to basic comments and go into a few details. The basic comments are that competition law is necessary but also extremely hazardous. As with all important questions it is difficult and as with all difficult questions it is important that there should be freedom and limits to all problems. The freedom concerned here is the freedom of competition that must be ensured by competition law; from a legal point of view, competition has its limits where there is a danger or intention of competition law being used to convert free and social market economy into planned economy or national economic planning. We must not ignore either the value of this freedom or the significance of the dangers when discussing this report.

Another basic factor is that this House, the whole of the Community and the free Western

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world advocate freedom in world economy—freedom of movement of goods, persons, money and capital and freedom to provide services. And we must realize that the reasons for advocating this freedom—namely greater efficiency and also more reasonable product prices—together with technological development and the constant increase in capital requirements for the necessary conversion of human strength into mechanical power will automatically lead to larger undertakings than we have been accustomed to in the past.

We cannot advocate freedom of world economy without being in favour of the consequences that such a policy is bound to bring with it. And here we are really sailing into the wind, and we must make sure that we do not allow competition law to obstruct the natural development of a world market.

Another point is that the Community and its peoples represent an important element in this world. The economic and therefore social welfare of our peoples principally depends on exports. The competition law which we are creating applies to our Community. It does not apply to our competitors. And as long as this is the case, we must not be oblivious of the danger of subjecting, albeit for good reasons and in a well-meaning way, our European economy on the world market to commitments for which our peoples and above all our workers will have to pay. That is of course why we are being asked to try to create an international competition law. Mr Borschette has already said how difficult that is. How long it will take I dare not predict. I will say, however, that until there is an international competition law we in Europe cannot create a competition law as if we were alone in the world. Competition law must not be master of the economy but its servant, and so contribute to the development of the European economy.

I should now like to comment on a few details in Doc. 264/73. We feel that competition law has a firm legal basis and that there are no legal objections. In this connection, I should, however, like to refer to one curious factor: the Legal Affairs Committee submitted its report on 21 December and logically it could not therefore have reached Members until the Christmas and New Year holidays at the earliest; I did not receive it until threequarters of an hour ago.

It was not therefore possible for the Committee on Economic and Monetary Affairs to discuss the Legal Affairs Committee's report. During the debate on the amendments, we shall see the

deplorable effects of this on the course of the discussions in this House.

In the Committee on Economic and Monetary Affairs I attached particular importance to public undertakings being treated in exactly, I stress exactly, the same way as private undertakings under competition law. It cannot be made clear enough just how important this question is. If public undertakings or undertakings owned by public authorities—and God alone knows there are very many of them in all branches of industry, not just in the utilities, but in all other sectors as well—if then these undertakings are subject to a different competition law, then we can do without competition law, for this would mean no less than that these privileged public undertakings, free of competition or not subject to competition law, would in the long run bring about a change in the system to the detriment of private enterprise, and we will do everything to resist a change of that kind.

Regarding paragraph 263 of the Commission's report, the limit of 1 000m u.a. is relatively high. I should like to say that we are in principle of the opinion that European competition law must have preference over national competition law. This is not quite so simple as it sounds. But I feel that if we are rightly to press the Council of Ministers constantly for solidarity and European uniform thinking, we cannot in so important a sphere of private law allow European law not to have preference over national law.

I consider the 30m u.a. limit about which Commissioner Borschette has spoken reasonable. I should like to take this opportunity to mention one objection which I have heard and which should be considered. It concerns the fear that medium-sized undertakings could then be swallowed up effortlessly by large undertakings, and this without public control. Well, this does presuppose that there is a big bad wolf with an appetite at large. But what is the position really? In reality, the position is that because of the constant rise in capital requirements, because of the constant rise in prestige and because of the increasing need for technical equipment the medium-sized undertakings are going to the large ones and begging them to absorb them because they believe that they will thus achieve greater economic security.

At this point, I should like to digress a little. Medium-sized undertakings still have a great future, but they will come less and less into direct contact with the final consumer and become more and more the suppliers of the large undertakings. This does not necessarily mean

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that they will be worse off. The suppliers of the chemical and automotive industries, the electrical industry and the oil industry—filling stations etc.—are classic examples of how well these new kinds of medium-sized undertaking fit into economic life.

I would therefore repeat my request that we think during the debate on competition law of what I have called freedom and limits, ensuring genuine free competition, and not allow competition law to be abused in such a way that free and social market economy is slowly but surely converted into national economic planning or controlled economy. There are a number of places in the Commission's report where this danger cannot be completely excluded. But as nothing in the world is perfect, not even reports by Mr Artzinger, I feel—and I am now speaking on behalf of my group—that we should support the adoption of Mr Artzinger's reports, with as few changes as possible—and that we should never forget when considering the competition law we are creating that there are outside Europe others with whom we must compete. We must make sure that our dealings with these competitors do not give rise to doubts about the good intentions in and for Europe. Furthermore, Doc. 264/73 is more of an appeal to the Commission to do a great deal more. This is of course always a very easy thing to say. The Commission has to do all the work. The report expresses what Mr Borschette has said indirectly: this does not put the final touches to competition law; it is merely an important stage on the way to, I hope, perfect competition law, which above all does not obstruct but facilitates exports from the European Community countries. For this reason an attempt must be made in all fields to achieve agreement with competitors on competition law. *(Applause)*

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

Mr Harmegnies. — *(F)* The Socialist Group has, needless to say, devoted particular attention to Mr Artzinger's two reports. We greatly regret that he was not able to attend this part-session owing to illness, especially since we would have liked to congratulate him sincerely on his very clear account of the remarkably serious and well-reasoned discussions which the Committee on Economic and Monetary Affairs has held on this matter since July 1973.

May we also congratulate Mr Lange, who chaired the committee's debates with his usual intellectual and psychological skill and thorough study of the documents, and who offered to act

as deputy rapporteur in the interests of efficiency under a pressure of time of which we are all aware.

The statement made by Mr Borschette on behalf of the Commission, and his thanks to Parliament and its committees for their useful cooperation, lead me to devote particular attention to those passages of the explanatory statement in which Mr Artzinger stresses that your Commission, Mr Borschette, is at present effectively vested with the powers conferred upon it by the Treaty and that he approves of its working procedure, considering the means at its disposal.

Certainly we must support the Commission's attempts to improve the balance between its real powers in respect of agreements and its powers in respect of concentrations, which we still consider inadequate.

Our group regrets, however, that we are still far from achieving a rational policy; there are still too many vague and weak points. Having said that—not as a criticism either of Mr Borschette's skill or that of the Commission but as a kind of encouragement—I note that in his explanatory statement our rapporteur today, Mr Lange, like Mr Artzinger, judiciously stressed the broad lines of the Commission documents of report by the Committee on Economic and Monetary Affairs on these documents.

The Socialist Group agrees with these broad lines and has often pointed to the need for a stronger competition policy itself. This strengthening is indeed a factor of the credibility and effectiveness of Economic Union.

The Socialist Group has also referred to the need for a clear distribution of powers between the Community and Member States. That implies, Mr Borschette, that the Commission should obtain greater powers and means of intervention whenever there is a danger or threat of distortion of the Community's economic and social objectives.

The Socialist Group also insists on the need to move, in the same spirit, towards harmonization of the legislations of all Member States on competition. In other words, sufficiently bold proposals must be presented without delay, defining the terms of reference of Community legislation on competition. At the same time, and in the same bold spirit, national legislations must be harmonized in order to ensure genuine protection against unfair competition.

If one considers national legislations within the Community, it becomes very clear that the various systems of law still contain divergences, to say the least, whose 'enormity' the rapporteur

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stresses in his explanatory statement. Harmonization may produce some uniformity in national legislations.

Certainly we are aware that competition conditions are not identical or even similar in all sectors. At the committee meetings several examples were quoted: problems in respect of primary products, agricultural products and transport.

Like the rapporteur and the committee chaired by Mr Lange, we noted the chapter in the Commission report on public enterprises and other forms of state intervention. Perhaps it should be pointed out here that we, unlike the others no doubt, consider that observance of the rules of competition between the various forms of enterprise, both public and private, must be guaranteed and must be reciprocal.

This is not the first time that we have advocated the creation of a European institution with special responsibility for implementing Community competition policy.

We would therefore be in favour of an institution of that kind, and would recommend that if it was given its 'political' directives by the Commission, as is only right, this subordination to the Commission should in practice be fairly if not very flexible in respect of decisions and measures relating to control and implementation. At this point, and since the question has often arisen in this debate of the need for a differentiated system taking account, as stated by Mr Delmotte in his report, of the economic and social backwardness of certain European regions, I would like to point out that our group was most interested in the section of the draft resolution on this matter.

Naturally we approve paragraph 11 of Mr Artzinger's report, concerning the need to prevent Community policy in respect of competition and the fight against excessive concentrations from becoming isolated. Indeed, this policy must form part of the search for wider international agreements and for more comprehensive conferences at international level, free of all discrimination.

Finally, may I point out that our group is very concerned that consumers, i.e. the people themselves, should have been directly and closely involved in this policy in order to protect them better. We note that measures to achieve this will be coordinated at Community level more closely than they now are at national level; and we hope that consultations, and the institutions in which these consultations take place, will take account of the real representative nature of specialized organizations. These organizations must include, last but not least, trade unions,

which represent the most active and directly concerned sections of the population.

We approve the motion for a resolution on competition policy as a whole, but believe upon reflection that paragraph 8 should be revised. To this effect several members of our group have tabled an amendment which Mr Wiel-draaijer will introduce in due course.

As for the report on concentrations, which we also approve as a whole, and the tenor of the motion for a resolution, Mr Patijn will ask several questions on behalf of the group in order to clarify the debate.

(Applause)

President. — I call Sir Derek Walker-Smith to speak on behalf of the European Conservative Group.

Sir Derek Walker-Smith. — I propose to devote most of the short time at my disposal to the report on the Commission's draft recommendation on the concentration of undertakings, but first associate myself with the regret already expressed at Dr Artzinger's unfortunate illness and my appreciation of the hard work he has done. Much of what I shall say will necessarily be critical, and therefore it is a pleasure to start by giving a welcome on behalf of the European Conservative Group to the report on competition policy—subject, of course, to the fundamental necessity of not imposing restrictions and restraints such as might hinder the competitive position of European industry in the wider world outside—a point already developed by Professor Burgbacher.

In regard to the report on the concentration of undertakings, the underlying theme of the motion put before us is one of acquiescence in the Commission's draft, except in a few details, and the underlying feeling which it reflects is one of complacency. In our view, the theme is misconceived and the complacency unjustified.

The regulations are certainly an attempt to deal with an important problem, but as drafted they are an imperfect and inappropriate instrument. They are, no doubt, inspired with good intentions. The regulations are, in the words of the amendment put forward by the European Conservative Group,

'...not drafted with sufficient precision or regard for the contribution made by the undertakings to the economic well-being of the citizens of the Member States, and... only doubtfully within the legal framework of the Treaty.'

If these criticisms are justified—and I shall seek to make them good as far as the short time at

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my disposal allows — it follows that the European Parliament should not express its satisfaction at the result which the Commission has so far produced. Indeed, if Parliament is going not only to accept but to applaud such imperfect resolutions from the Commission with so little effective scrutiny or correction, then the ordinary citizen of the Member States will inevitably entertain increasing doubts as to the ability of this Parliament to discharge its basic task of probing, analysing, correcting and improving the work of the Commission. I hope therefore that even at this late hour Parliament will not put the stamp of its approval on the regulations in the form so far proposed.

The imperfections of the regulations are twofold. Constitutionally, they do not rest on a firm legal position and are at best only doubtfully within the framework of the Treaty. Economically, they are trying to prevent many mergers which would promote industrial efficiency and thereby enhance the prosperity and well-being of the citizens of the Member States.

I dealt with the legal difficulties briefly in my written observations to the Legal Affairs Committee and developed them further in our day-long debate on these matters. But these legal doubts, I must emphasize, are not mine alone, nor this group's alone. They are shared in authoritative quarters—for example, by Dr Derringer, well known to many here, eminent international lawyer of Cologne and a former chairman of the Legal Affairs Committee of this Parliament, who has written to me and authorized me to quote him in this regard.

Today I have to be brief and cannot hope to do justice to the legal complexities of the matter. This is an aspect which, in any event, does not lend itself to resolution in a debate of a deliberative Assembly or even in its Legal Affairs Committee. I would have preferred that the legal validity of these regulations could be fully and appropriately argued before the European Court of Justice, which of course has not yet been done. The Court of Justice has not ruled on this specific point nor heard arguments specifically addressed to it. Today I can only identify the central legal issue.

The prohibition in Article 86 of the Treaty applies only where there is an actual and established abuse of a dominant position. These regulations, however, by Article 1 are so framed as to catch concentrations of undertakings merely because they have the power to hinder competition, irrespective of whether or not there is any probability of their so doing, or whether or not they have any intention so to do.

Thus, the effect of the regulations would be to

extend the power of prohibition to cases where there is only a potential, as opposed to an actual, abuse. As such, that cannot be based on or derived from Article 86 of the Treaty. Nor is this situation cured by the decision of the Court in the Continental Can case, as I think Mr Bermani seemed to suppose. That decision of the Court shows that Article 86 covers all mergers which create or increase a monopoly position but only those which have that effect. These regulations, by contrast, would apply as well to lesser mergers falling far short of a monopoly position. It follows, therefore, that the regulations intend to prohibit lawful actions not yet prohibited by Article 86 and not within its contemplation.

Nor is the position helped by Article 87. Regulations under that article can be properly made only within the framework of Article 86—that is, within the framework of actual abuses of a dominant position. By seeking to extend the application to possible and potential as opposed to actual abuse, the regulations would operate outside the framework described by the Treaty and would therefore be *ultra vires* Article 87 as well.

That is why reliance is sought to be placed on Article 235. Here we have a constitutional issue of the very greatest importance, particularly to our national parliaments. What is here sought to be done by these regulations is outside the scope of the Treaty and can properly and constitutionally be effected only by an amendment of the Treaty under Article 236.

The difference, of course, is this. Amendments under Article 236 are subject to the control of national parliaments because they depend on appropriate ratification, but the procedure here adopted of operating to make regulations under Article 235, which governs matters not included in the Treaty, gives national parliaments no say in the matter at all, because such regulations are automatically written into the law of the Member States.

Thus, to follow this device and to introduce new law into the Community in a sphere not authorized by the Treaty or contemplated by it is a constitutional anomaly, and some would even say a constitutional outrage. As such it will be resented in the national parliaments of the Member States and by many of the citizens we here represent. As such, it is a device which does not deserve the support and should not command the assent of this Parliament.

I pass then to the economic objections. They are equally cogent. Our basic criticism is that they lump all mergers together—competitive and monopolistic, progressive and restrictive, good

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and bad. Again, these are not the objections of this group alone. The Executive Committee of the International Chamber of Commerce has communicated similar criticisms to the Commission, both on the constitutional and economic aspects.

The regulations comprise within their prohibition all mergers where there is an aggregate turnover of 200 million units of account. This aggregate is global—it includes the turnovers of companies not only within the Community but all over the globe, however remote from the Community such trade may be and however irrelevant to its affairs.

The regulations would extend the prohibition to all these mergers, irrespective of whether the merger either intends to hinder effective competition or is likely to do so.

The Commission is made the sole judge of the matter, and the only stated criteria of judgement are imprecise and would be difficult in application without further and closer definition. Cast in such general and imprecise terms, they would put an undesirably wide power in the hands of the Commission and impose an undesirable uncertainty on commercial undertakings.

There is, it is true, an exception under Article 1, but this puts a power in the Commission to grant exemptions from the law in an apparently arbitrary manner without specifying the criteria of judgement, the procedures to be followed, or the rights in regard to representation and appeal of the undertakings affected.

We have, therefore, to ask ourselves: are these powers and prohibitions appropriate and necessary even if they are lawful? Is it right to have such a blanket and arbitrary prohibition of mergers and concentrations merely on the score of size, when the economic and commercial realities of the day increasingly indicate the necessity, in many cases, of larger units? Is it right to assume that large or concentrated undertakings are undesirable without considering the benefits they may bring?

No doubt the Commission would sincerely repudiate the charge of hostility to size as such in economic units, and I would accept that from it. But we have to judge the consequences of the law as well as the intentions of the law maker, and these regulations might mean a suppression of many useful and progressive mergers. We have to ask ourselves whether the thinking which has led to this result reflects the economic needs and realities of the last quarter of the 20th century, on which we are about to embark, or whether it reflects, rather,

a 19th-century economic approach, based on the virtues of small units and individual decision.

When the economic advantages of membership of the Community were being preached in the new Member States before entry, we heard much about economies of scale. But economies of scale can often be secured only by appropriate mergers. Mergers may be and often are the best and sometimes the only method of rationalizing industry, saving overheads and increasing the ratio of output to resources.

These advantages, and all they mean in terms of increased well-being for the citizens of the Member States, may be put in jeopardy by the wide powers and comprehensive prohibitions of these regulations as drafted. I say 'as drafted' because I want to emphasize that we in the European Conservative Group are not opposed to appropriate supervision and control of mergers, and certainly do not favour monopolies or restrictive practices. For myself, I stand on the record, and hope my personal background makes this clear.

As long ago as 1956, as a Minister in the Department of Trade in the United Kingdom, I was partly responsible for the enactment, in that country, of the Restrictive Trade Practices Act, which is still the basis of that sector of the law in the United Kingdom, and a pioneering effort so far as Western Europe is concerned. But, though there is a place for merger control, a defective or ill-considered system is liable to do more harm than good and to inflict considerable injury on industry and commerce within the Member States.

Therefore, for the future we say that the quest for any effective instrument must not be considered as being at an end. Whatever the outcome today, there must be a continuing examination, in a constructive spirit, of the right instrument to secure the desired objectives.

What we say, therefore, is that these regulations should be suitably amended. The amendments which have been tabled on behalf of our group, reflecting the criticisms which I have made, are not put forward in a spirit of hostility. On the contrary, they seek to improve where improvement is needed, to make precise that which is obscure, to make just that which is arbitrary, and to make beneficent that which is potentially prejudicial.

In that spirit and for those reasons I commend them to this Parliament.

(Applause)

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

Mr Cousté. — (F) Mr President, honourable Members, owing to the lack of time in this discussion both of the second report of the Commission on competition policy and the regulation on the control of concentrations, I shall, unlike the Commissioner responsible for these questions, who is right in wishing to undertake an open dialogue with us, devote more time to the problem of concentrations than to the general report. It is true, however, that we should, following the example of Mr Borschette, try to concentrate on the policy as a whole and not on individual problems; and I will therefore begin by making three relatively simple observations on the policy as a whole.

Firstly, after having heard our rapporteur, Mr Lange, whose competence and efficiency need no emphasis from us, we must welcome the fact that the dialogue between the Parliament and the Commission has had at least one positive result: that it does not seem advisable to set up a European Office for Competition Policy. I am glad to hear this. Incidentally, we had in fact proposed the deletion of paragraph 5, which suggests the establishment of such an office.

I should like, in passing, to refer to an internal problem. This excellent report was drawn up, I would remind the President, in April, but was only distributed in August. This is something which should not happen again. In my opinion we should examine reports as soon as possible after they have been drawn up.

Secondly, the report contains some very important remarks on public undertakings. It is necessary to consider not only private undertakings but public ones as well. In certain countries public undertakings are growing much faster than the available figures would suggest. This creates problems with regard to the application of Articles 85 and 86. I will not comment on this further. The Commission has announced its intentions on this point and I am glad that it has done so.

Thirdly, with regard to the protection of consumers, an original feature of the Commission's proposals is that of concern for the protection of the intermediary as well as the final consumer.

In industry the primary consumer is in effect the industrialist. The problem is therefore not only one of protecting the final consumer. On this subject, an excellent study which appeared in 'European Community' (Trente jours d'Europe), points out that consumers are already becoming aware of the necessity to protect the quality of life. The Commission will find in this survey some quite fresh points, since it covers

the months of September and October 1973 and is worthy of comment. But apart from the final consumer, there is the problem of consumers who are providers of services, banks, insurance companies and, paradoxical though it may sound, industrialists. I should like to congratulate the Commission on the new approach, which seems to me is reflected in this report.

These are the only three remarks which, in a very positive spirit, I should like to make on the report as a whole.

It is precisely because the general tone of the report seemed promising that we so strongly deplore the initiative taken by the Commission in its regulation on the control of concentrations. I say 'concentrations' and not 'mergers', because the notion of concentration is wider than that of merger: it comprises the whole economic notion of control, i.e. it is an economic reality which is very difficult to be precise about, but whose importance is considerable.

It seems to me, in any case, that the initiative of the Commission does not take sufficient account of the economic reality of the Europe of the Nine. When one examines the situation on a world-wide scale—as incidentally the group of experts of the United Nations is doing with regard to multi-national companies—one cannot fail to be struck, in all the various sectors, by the very large number of American undertakings which feature among the hundred or even five hundred leading world undertakings. Now, it seems to me that, without wishing to do so, the Commission has allied itself with the power of America against the necessary expansion of European undertakings. I know it does not wish to do this and that it has sometimes applied sanctions against the American companies; but it is none the less true that to wish to limit in Europe essential concentration and even major concentrations is an error. This in fact gives an advantage to those who for very many years, in fact since their foundation, have been able to operate within a large internal market. Such a market is an essential condition for development and expansion in the outside world. It is a pity that, in economic terms, we should be led to create a sort of uncertainty, of anxiety, at the very moment when we should still—particularly in a number of countries—be effecting concentrations between undertakings and initiating production specialization.

I would add that, in our anxiety to familiarize ourselves with the reality of the American scene—the acting President knows this better than anyone since he accompanied us on our last mission to Washington in October—we have had discussions not only with our American

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colleagues, but also with the American authorities, none of whom had ever envisaged—and if it was envisaged it was turned down—the Administration there being given as wide powers as those which the Commission is asking for today. In the United States there has never been the intention to restrict, on the basis of figures or percentages, and in a manner preceding any judicial action, the strength and concentration of undertakings. On the contrary, in the Chairman's Act and in a series of other acts which form the basis for anti-trust legislation in the United States, there is great scope for flexibility in application which stems from the requirement that each case must be examined separately by the competent legal authority.

This is, in my opinion, an infinitely more satisfactory system than that which is proposed to us. I would only add that an economically strong Europe is necessary not only for us Europeans but also for the sake of the helpful role which European undertakings should play in promoting the progress of the developing countries, and in particular of the Arab countries.

There is therefore a problem of competition between European undertakings on the one hand and American undertakings on the other in the markets of third countries, that is to say outside Europe and the United States. It is hardly necessary for me to say that competition must be left considerable scope which, in my opinion, certainly should go well beyond a total turnover of 1 000 m.

But this simple economic consideration that I have just mentioned is not really of great importance because the Commission has not, in our view, in spite of all the congratulations which I have been able to express in connection with the application of Articles 85 and 86, chosen an appropriate legal basis for its new regulation. My colleague, Sir Derek Walker-Smith, has just said quite correctly that in referring to Articles 87 and 235 of the Treaty the draft regulation has misunderstood the true intention of the authors of the Treaty of Rome, and because of that, in my opinion, the Commission has gone too far, in spite of the invitation expressed at the Summit, which was never—and I say this frankly—an invitation to establish control of concentrations in advance—and I wish to stress this phrase.

Actually, at the October 1972 Summit it was said that action should be taken to ensure that competition in Europe, whatever its form, was maintained, and we hope that this will be so. But it is certain that at no time at the

Summit of October 1972 was authority or responsibility given to the Commission to apply control in advance.

I would add that the Commission's proposal is not well-founded because the regulation on concentrations between undertakings is not covered by Article 87. This article stipulates that to give effect to the principles of Articles 85 and 86, a number of things are to be defined and clarified. It cannot, however, be accepted that clarification of Articles 85 and 86 is intended when they make no mention at all of concentrations. I defy any lawyer to prove the contrary. That being so, neither Article, which deals with agreements between undertakings, nor Article 86, which is concerned solely with the abuse of dominant positions, gives the Commission the right to propose this new regulation; the Commission is therefore trying to extract from a text which does not refer to concentrations, provisions which are aimed precisely at concentrations.

There is therefore a contradiction in the legal and intellectual approach which we cannot accept. Furthermore, if it had been intended that Articles 85 and 86 should cover concentrations and that concrete measures should be derived from them, it would not have been necessary—and the logic of this argument is irrefragable—to have recourse to an individual article to condemn concentrations, since they would have already have been covered by Articles 85 and 86. In addition, Article 87 would have been sufficient. There would have been no need to refer to this other article, which the Commission cannot use, i.e. Article 235. And we should be very clear on this. What does recourse to Article 235 actually mean? The authors of the Treaty of Rome only meant to refuse, and I insist on this word, to refuse the Community their right to control concentrations in advance, a right which they are today proposing should be given to them. It is absolutely clear that when they really wanted to control concentrations in advance, as was the case within the framework of the ECSC, they incorporated an Article to this effect, Article 66, which was properly applied by the Commission. In that case the Commission was right. But from the moment that it could not rely on this article, which the founders in their wisdom deleted, knowing that if we did not have sufficient concentrations in many branches of industry, and of suppliers of services, it became quite clear that reference could not be made to Article 235. If, then, it is admitted that Article 235 makes it possible to go back on a decision of rejection, on a negative decision, made by the authors of the Treaty of Rome, and to give oneself a competence which has

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been refused, it is very hard to see what limits could be placed on the application of Article 235, or which cases could be reserved for Article 236.

I myself think that if the regulation which you are considering as the Commissioner responsible, Mr Borschette, is one day to prove really effective, it will be within the framework of Article 236. I have already said this in committee—and I stress this point—because Article 236 gives a guarantee of control at the time of ratification by the national parliaments and because we would be modifying and extending the responsibility of the Commission in the same way as the Treaty of Rome was defined and approved. For, from the moment that we are dealing in the Treaty of Rome not only with concentrations but also with questions of principle concerning the application of Community law, it is quite clear that you have no right to base yourself on any other article.

I would add—and I will be very brief—that what I also find disquieting—and Mr Bourges, also said this yesterday when he wanted to refer this document back to the Commission for a fundamental re-examination—is that, in the initiative that you have taken, Mr Commissioner, there is definitely too exclusive an allocation to yourselves of the power of control. You will say to me that this was the argument used just now to shelve the Office for Competition Policy, that there is the safeguard of collegiality because it is the Commission that is concerned. But the truth is that the Commissioners, including yourself, lead very busy lives and that the initiatives taken by the Commissioner responsible nearly always prevail. It is certainly the case with regard to this proposal. I think that to give to the Commission the exclusive power to operate the control procedure with regard to concentrations is really asking too much of us. There are too many aspects which relate not only to competition law but also to social law, to a whole set of provisions which, for example, also deal with European regional development. I think that, in these circumstances, you have really gone too far.

This document would give you—but I do now think the Council will accept it anyway—the power of deciding, in too simple and too arbitrary a manner, which concentrations are acceptable and which are not. I should like to give a rather fuller expansion of this point from the point of view of economics. I think, and the group of which I have the honour to be a member is convinced, that *a priori* control is contrary to the spirit of the Treaty of Rome. If this document is to be adopted, we would wish it to include a fundamental amendment which

would be that of control *a posteriori*. For then, although industrialists would be taking a risk at the moment they decided on concentration, they would be doing so knowing what Articles 85, 86 and 87 of the Treaty of Rome state, but no more.

At that moment the legal uncertainty of which you spoke just now, Mr Borschette, would not exist, for nothing is more difficult than bringing together undertakings. Professor Burgbacher said just now that small undertakings are seeking concentration owing to inflation, owing to high interest rates, owing to the difficulty below a certain level of continuing to exist in the market at all. That is true. But paradoxically it would perhaps be less true if the general economic situation was better.

I shall only mention this in passing, but it is certain that in this field abuse of a dominant position is a sufficient basis.

I am sure of this, particularly when I consider the jurisprudence of the Luxembourg court. I would add, within the same set of ideas, that the very principle of control, which by definition is to be applied to an operation which has not yet been completed, since you are speaking of control in advance, seems to me exceedingly questionable. In a word, you wish to act before the event, before the crystallization has taken place. That is particularly serious and completely contrary to the interests of the undertakings involved.

I will advance one last argument, because I think the subject is of sufficient importance. The level of concentration in Europe is not sufficiently high, and the risk of paralysing it psychologically and materially is a very real one. Why settle on 1,000 m units of account when the annual rate of inflation is 10%? These figures should be revised.

I should like to add that we have always been anxious to support the Commission in some of its initiatives. In order to be very clear and very brief, I wish to say that if our amendments, those of Mr Yeats and myself, are not accepted, we shall not be able to vote in favour of this document and we shall hope that the Council will reject it in its turn.

(Applause from the Group of Progressive European Democrats).

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

Mr Leonardi. — *(I)* Mr President, honourable Members, in the mixed economies that exist, even though to very different degrees, in all

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our countries, it is obvious that possibilities for competition must be ensured, especially in the private sector, for the positive effects that they can have in increasing the productivity of a company and, in general, as a guarantee of freedom.

The rules on competition are abstract rules: competition must be valued and protected in relation to specific historical situations and democratically fixed political objectives.

The rules on competition laid down by the Treaties, especially by Article 85 ff., must be interpreted in the light of the conditions prevailing in the world in which we live, since only in this way can competition be protected for its positive effects.

It does not seem to me that the Commission's report has been written along these lines. The report is certainly interesting, but it seems to me that from many points of view it is concerned with catching butterflies in a world full of wild beasts. For example, all of us know how much has happened, and is tragically still happening today, in the petroleum and derivatives field in the shape of direct and indirect price-fixing, limitation or control of production, the distribution of markets and sources of supply etc., i.e. all those cases of agreements between undertakings that Article 85 declares incompatible with the Common Market, and therefore prohibited.

For example, I read a statement in *Agence Europe* of 30 November by a Mrs Simone Descamps, who sits on the government consultative committee on the prices of petroleum products, in which she said that the Belgian authorities are ill-informed about the situation, and often made mistakes as a result. She said that the government would not dare to resist the pressures of the multinational companies and would be afraid that the latter would stop delivering fuel to Belgium. Mrs Descamps accused the large oil companies of trying to systematically eliminate the independent distributors. In order to do this, the companies would use methods such as limiting credit, reducing distribution margins, restricting supplies and acquiring installations and distributors which were in difficulties.

If we read the section of the Commission's report (second report on competition policy) which relates to the petroleum sector we cannot but have grave doubts. It reads: 'Article 12 of Regulation No 17 cannot be applied unless the trend of trade, price movements or inflexibility of prices suggest that competition is being restricted or distorted by practices conflicting with Articles 85 or 86 of the Treaty.'

Having noted this, the Commission concludes by saying basically that it has not so far begun investigations into the petroleum sector, but declares that it will remain vigilant and will check any circumstance suggesting that competition is being restricted and distorted in this industry. It seems to me extremely naïve to think that competition in this sector could be restricted or distorted.

I should like to know what conclusions the Commission has arrived at as a result of its careful vigilance, so that I can give an answer not only to Mrs Descamps but also to children sitting in unheated schools and workers laid off because of the shortage of petroleum products that the oil companies refuse to distribute, although they have them readily available at plants which are to a great extent financed with public money.

I hoped that I should not be told in reply that the situation found by the Commission was that of 1972, and that at that stage there was nothing about oil company activities to necessitate intervention or to suggest what would be happening today. Oil company activities in relation to freedom of competition have long been notorious. Everyone has been aware for years of the monopolistic position of several big companies, and of the fact, for example, that over the past few years they have been able to increase their profits by 500% simply by taking advantage of a shortage that has been artificially created at the consumer's expense.

The question of the oil companies is connected with the problem of the large multinational undertakings, whose dominant position is the result of the power they wield outside the Community, through their capacity for research and innovation and the enormous financial resources at their disposal, the movement of which determines the conditions under which all the other more or less competitive undertakings operate.

On these undertakings the Commission limits itself to saying that 'in the actual application of the rules of competition, the Commission has so far had no specific difficulties to solve arising from the multinational status of an undertaking...' but that it has associated itself with the work undertaken within the OECD to draft a code of good conduct in matters of competition for these companies.

Until these rules of good conduct have been drawn up, it would be a good idea for the Commission to pass on the material that it has collected on multinational undertakings, to make it easier for us to form a political judgement. Commissioner Borschette this morning mentioned a communication from the Commission to the Council. I would like to ask the Council

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not to repeat in this case the experience of a few years ago when material collected by the Commission on United States intervention into our Community economy was kept secret or merely given a small mention in a secondary Commission publication and was not used as a tool for political discussions within this Parliament.

Finally, the Commission devotes a considerable section of its report to the problem of public undertakings and of public intervention in the economy in general, through aids, special funds, etc. The modest results produced are attributed to the scarcity of information available and the difficulties of comparing data.

However, recognizing the extreme difficulty of defining the public sector itself, the Commission believes that it can establish a relative contraction in the share of the public sector in the economy as a whole.

In our opinion, the Commission does well to take an interest in the public sector, but we find it difficult to understand why this should be done in the context of competition policy, i.e. on the basis of a criterion that has by all countries, had to be abandoned to varying degrees in some areas and in some cases because it could no longer satisfy requirements considered to have priority, politically speaking. Recourse is therefore made to public undertakings, as is happening today in the field of petroleum products.

Instead of looking for an impossible application of so-called competition as a universal rule, and taking on the duty of 'seeing that identical principles and rules are applied without distinction to all public and private undertakings, whatever they may be', it would be much more appropriate to recognize the historical reality of the existence of systems of mixed economies in all the countries, and to concentrate attention and intervention on sectors and cases where respect of the rules of competition has a truly positive bearing on the common good.

It seems to me that Commissioner Borschette tried to say something like this in his speech this morning; I think that his sort of approach would, among other things, facilitate and lighten the Commission's work considerably and make it even more efficient without increasing its present staff.

In conclusion, we consider that it is useful for the Commission to concern itself with the protection of competition and collect data for this purpose on the operations of undertakings and market trends. There have been several interventions which may be useful.

What we consider to be wrong is the value attached to competition and therefore market forces as regulators of human activity and life. These are the concepts on which the Common Market was founded, but they are also the basic reasons for its present serious crisis. Thus, in this case the activity of the Commission has some aspects that we do not hesitate to describe as pitiful, because of the accuracy with which some things are done which are of hardly any use, and the distortion of reality as a result of the puissance of very limited and marginal objectives, while matters of a fundamental nature are neglected.

As far as the Artzinger draft resolution is concerned, there are principles and elements that we can agree with, such as the express desire to protect the consumer, or to prevent agreements concerning the re-exportation of products, and so on.

On the other hand, there are some aspects with which we disagree, such as that outlined in paragraph 10, which aims to put public and private undertakings on the same level, although public undertakings have arisen precisely from objective necessity, i.e. because of the impossibility of applying market rules.

On the whole, we do not therefore think that the Artzinger resolution can be approved, but neither should it be rejected, since it contains both negative and positive elements. We therefore abstain.

President. — Ladies and gentlemen, there are no more names on the list of speakers on behalf of the political groups.

I propose that the proceedings be now suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.05 p.m. and resumed at 3.15 p.m.)

IN THE CHAIR: MR BERKHOUWER

President

President. — The sitting is resumed.

6. *Reference to committee of a petition*

President. — I remind the House that Petition No 4/73, submitted by Mr Bourgeois and 8 others, on industrialization projects for the Toul region, was referred to the Committee on

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Regional Policy and Transport on 12 November 1973.

At the request of the political groups and in agreement with the above-mentioned committee, this petition has been referred to the Legal Affairs Committee, which should first decide on its admissibility.

Are there any objections?

It is so decided.

7. *Presentation of a petition*

President. — I have received a petition from Mr Feidt, Mr Bacioccola, Mr Rieffel and 17 others, concerning the action taken following the resolution of the European Parliament on the military *coup d'état* in Chile.

This petition has been entered under No 6/73 in the Register stipulated in Rule 48 of the Rules of Procedure, and referred to the Legal Affairs Committee for consideration.

8. *Second Commission Report on Competition policy—Regulation on the control of concentrations between undertakings (Continued)*

President. — The next item is a resumption of the debate on the two reports drawn up by Mr Artzinger on behalf of the Committee on Economic and Monetary Affairs on the Second Commission Report on competition policy and the regulation on the control of concentrations between undertakings (Doc. 263/73 and 264/73).

I call Mr Normanton.

Mr Normanton. — Mr President, there can be little doubt that there is great merit in our debating these two reports jointly. As I am the first to speak as an individual Member, I hope that you will allow me to range just a little wider than the two reports of Mr Artzinger and make a number of general comments on the whole question of competition policy.

There are several roads which we might follow when studying and commenting upon the whole subject of competition policy and control of mergers. We can adopt a strictly legalistic, juridical, procedural approach. That I will not do at this stage. We can follow the strictly political angle, bearing in mind that we are all parliamentarians involved in parliamentary politics. That I will do but briefly, touching on this aspect peripherally.

Thirdly, we can comment upon the implications for the European Community of the application

of Commission regulations and directives as regards the practical aspect of industry and commerce. It is on this point that I prefer to concentrate.

Before doing so, may I offer my congratulations to Mr Lange, the chairman of the Committee on Economic and Monetary Affairs, for his presentation of the views of Mr Artzinger and his introduction of Mr Artzinger's reports and for standing in so quickly for him. I apologize in advance if in making my contribution I, on a number of points, differ, though not necessarily profoundly, from what Mr Lange has said.

Our approach to competition policy and Mr Artzinger's reports should be based on certain fundamental statements of belief. We should reaffirm our political European parliamentary belief in full opposition to any measures, any practices, which might result in exploitation of the consumer by monopolistic agencies of all kinds, private or public.

We should make it quite clear that we are opposed to any change in the economy of Europe from on where we have, as at present, a vast number of firms, businesses and manufacturing establishments of all sizes to a situation where, if such changes of size were to continue uncontrolled, unregulated, we might end up with but a handful of huge corporations covering the whole of the economy. So let us reaffirm this as a basic tenet of faith, that we are opposed to such progress or processes which could or might ultimately lead to this monopolistic situation of a small number of firms controlling the whole of our economic and industrial affairs.

Thirdly, we should firmly recognize that it is politically unacceptable, regardless of our party political allegiance, to see a development of ownership and control of companies moving to a position where the ultimate control of industry and commerce in Europe as a whole is to be from outside Europe.

In making those points, I have quoted extreme positions, and I am neither in favour of an extreme position of total control from outside nor am I in favour of the exact opposite point of view of entire control from within.

We should recognize, therefore, that industry and trade is, and is becoming increasingly, world-orientated. The ideas and the thinking of industry and trade and the control of the same being identified exclusively with a flag are gone.

I therefore believe we must be realistic and recognize that in the interests of Europe, which is dependent upon world trade, we should not stand in the way of movement and commercial,

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technical and financial developments in which industry and trade are increasingly seen, considered and analysed and political decisions therefore taken upon the basis of their being world-orientated.

I therefore suggest that any measures the Commission may recommend to the House and any views expressed by the various committees of Parliament should not in any circumstances be capable of being interpreted as inhibiting the competitive capability of European industry and of traders.

In this context I add a very warm welcome to many of the views expressed by our friend and colleague Mr Burgbacher. He put his finger on this salient point that we are, indeed, dependent upon our competitive capability, and that cannot be promoted strictly from behind barbed-wire defences of any kind.

Nor can we in this sense behave like King Canute in old English history, who tried totally unsuccessfully to hold back the tide. I should of course preface that remark with apologies to my friend and colleague Knud Thomsen, but Knud Thomsen is a friend and elder statesman not quite as elderly as King Canute was. In those days King Canute believed he could hold up the course of events, quite contrary to logic and the reason which was presented to him. This is, therefore, a basic concept which I think we must bear in mind.

We must recognize certain industrial, technological and financial trends in the world as a whole, and unless we recognize them and react realistically, commercially and industrially to those trends, we are blinding ourselves to the facts of life and we and our people will pay the price.

We should not promote actively — and here perhaps I might be offending one or two of my honourable friends when I make this point — increasing dependence, as applies in United States industry, of the chief executives and presidents of corporations upon the lawyers at their elbows. I have good friends who are lawyers as I look round the Chamber, but I like to think they are far better employed outside industry than in it.

It is in this sense that I think legislation, proposals which we shall be making to the Commission and proposals for directives or regulations to be made by the Commission and ultimately to become binding on the Community, should not increase or enlarge the dependence of industry upon finding loopholes in the law. The law has to be realistic and recognize that

there are terms of reference within which industry must operate, and it should be our intention to promote the greater effectiveness in a competitive sense of Community European industry rather than to impose increasing hurdles which, with the aid of lawyers, industry will have to surmount.

We should also not ignore the basic objective enshrined in the Treaty of Rome that we all wish politically and, therefore, industrially, socially and commercially to promote the enlargement of the Community and the unification of it.

If in any of our regulations and directives emanating from the Commission there are decisions and rules laid down which will inhibit this development in any way, I would regard this as a highly retrograde process and one which we ought to abjure at all costs.

The last point on this is the rate of technological change taking place in the world. We should in no circumstances propose or support Community legislation which might freeze or inhibit technological development.

I think it is appropriate to draw attention to the comments made, certainly those of Mr Lange and of Mr Artzinger, who refers to it in paragraph 10 of the motion for a resolution, concerning the threat to economic and industrial development of the growth of State-owned and State-controlled enterprises. I do not propose to enter into any political, ideological debate on this matter, but I am certain, from the reports which have been published by the Commission and the proposals which are being debated here, that there is clear evidence, at least to me and perhaps to some of my colleagues, that the dangers from the expansion of such activities are not fully understood nor reflected in some of the proposals of the Community. I am not, by this statement, taking a stand against State enterprise. All I am saying is that we should be deceiving ourselves if we believed that a State-owned or State-controlled enterprise in any country is other than monopolistic and that if we believe, as a Community, in the concept of competition we should be ill-advised to place our hopes for protecting the consumer from competition in introducing democratic control of the national State-owned enterprise as a safeguard, because it will not work that way.

Mr Artzinger makes a point, in paragraph 13 of the motion, regarding consumer protection, which merits much closer attention than it has been given by the Commission to date, although I welcome, as I am sure my British colleagues do, the reactions of Mr Borschette on it. Consumer protection should occupy a much greater

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place in the competition policy proposals of the Commission than it has done, as far as I can see, in the proposals being commented upon by Mr Artzinger.

We can very often protect the consumer by fencing him around with laws, regulations and directives, but the way I strongly recommend—I earnestly hope that the House will support me—is by enlightenment, by education, by informing him about the forces of competition, by persuasiveness, whereby he will recognize the marketing pressures which are being imposed upon him. There is no substitute for that within the framework of consumer protection or competition. Knowledge, enlightenment and information of the public at large is, I believe, the main plank to be adopted on that point. Only second comes the legalistic approach to inhibit those who blatantly and culpably and with intent move to try to delude and deceive the consuming public of the Community.

I earnestly hope that these points will be borne in mind when the Commission reconsiders the proposals which have been made by many Members of this House today, representing many political groups. They certainly include many of the points made by Mr Artzinger himself.

I have only two points to make about the precise subject of the control of mergers. First, we have to consider how this can be achieved, and when. The question of 'how' should be answered not by encircling the whole range of regulations and controls by a jungle of legalistic, juridical mechanisms and procedures but more by way of guidelines—guidelines by which one can in a court of law place one's complete dependence upon the expertise of one's legal counsel and by which industry can plan commercially and constructively in the interests of Europe.

When we come to the question of when the control should apply, I think that it is unrealistic to suggest that one should go into a maze, almost a darkness, when a merger is proposed, and then have imposed upon industry the obligation to stand, as it were, in a vacuum and await the ultimate decree as to whether the merger is approved or not. In this we should be inhibiting the development and expansion of industry and commerce and the commercial structures in the Community of Europe. It is far better to lay down guidelines and then, after the event, to analyse whether those guidelines are being honoured and respected. We should place responsibility upon the judgement of the industrialists and others involved in commerce to take their decisions within the framework of this resolution. But if all effective implementation of merger proposals has to wait upon a

bureaucratic and legalistic mechanism, it will be fatal to the best interests of the economy of Europe.

Although I am a member of the Committee on Economic and Monetary Affairs, and although I have given my support to the proposals contained in Mr Artzinger's report, I feel, after the benefit of today's debate, that its report would be far better, far more balanced and more beneficial if the committee took it back. I do not reject it—that would be immoral and dishonest—but I feel that there has been so much by way of good, healthy, critical and constructive contributions today that it would be a great pity if, at the end of this debate, we were to accept the recommendations and resolutions of the Artzinger report *in toto* as though that were the end of the subject.

President. — I remind all participants in the debate that the House has limited speaking-time to 10 minutes for each speaker.

I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I have asked to speak in order to make a few brief observations on the regulation relating to concentrations and control over them, because this is a particularly important regulation, not only from the point of view of competition but also because of the social aspects of the matter.

What is in fact the position? It is not only the undertakings themselves which are involved in such concentrations and in the control over them, but also people, the employees whose jobs and existence may be threatened by such a concentration. But I shall return to that in a moment.

Before I do, I should like to ask one further question, which has already been put by Mr Cousté, but which I should like to rephrase completely. Mr Cousté has asked whether this regulation is feasible in practice. My question is simply this: is it necessary? Is it not true to say that the present EEC Treaty and particularly Article 86, as interpreted by the Court of Justice in the Continental Can case, has for a long time placed the Commission in a position to pursue a particular policy on the concentration of undertakings, and that it is in fact doing this?

If we support this regulation, will it not be because the Commission is patiently waiting for it to be adopted?

I should very much like to hear what the Commission's answer to this would be. It must in any case be clear that this regulation should not

Patijn

diminish the Commission's general authority to act on the basis of the Treaty.

I therefore regard this regulation as a supplementary provision. Unlike Mr Cousté, I am quite prepared, in consideration of Article 235 of the Treaty, to support this regulation as a supplement to competition policy, for cases in which the Community needs to take action to control concentrations of undertakings, for example.

I should also like to put a few questions on a number of articles to avoid having to submit proposals for amendments. If these questions are answered satisfactorily, I shall accept that no amendments will be necessary.

Firstly, I should like to ask a question on Article 1 of the regulation. Paragraph 2 of Article 1 of the Commission's proposal states that paragraph 1 shall not apply if the products or services of the undertakings involved in the concentration do not amount to more than 25% of the turnover of these products or services in any of the Member States.

What is meant by 'more than 25% of the turnover of these products or services in any of the Member States'? Does this make the size of the market in the smallest Member States, i.e. Luxembourg or Ireland, relevant in this connection and decisive in determining whether or not a merger should be subject to control?

I cannot imagine that this was the intention. Are we not concerned—and this has already been established in cartel law—with 25% of a substantial part of the Common Market, which need not necessarily be one Member State? Perhaps the Commission would throw some light on this.

A second, and in my opinion more important, point is paragraph 3 of Article 1, to the effect that the prohibition orders may be waived in the case of concentrations which are essential to the realization of an aim which is regarded as being of general importance to the Community.

In the explanatory statement accompanying this article, the Commission states: this exception enables us to take account of special requirements of the Community's industrial, technological, social or regional policies.

What does this mean? I find it hard to accept—particularly as the explanatory statement is so short—that there can be many instances of industrial concentration in which the Commission would completely sacrifice competition for a higher aim. There is perhaps the Community's aircraft industry, which is both limited and

concentrated, or the computer industry. What is the Commission thinking of? Does the Commission have any idea of whether the governments are prepared to leave this matter to it? The question of whether a conglomerate should be allowed to operate in a particular branch of industry, is closely bound up with the other issues at stake. I am thinking of the connection between concentration policy, on the one hand, and industrial, social and regional policy on the other, for which the Council is responsible. I wonder whether there is any discrepancy here. It is not clear to me from the Commission's explanatory statement just what the aim is. It would be useful to have a more precise statement from the Commission.

I can imagine that the Commission, in a more precise statement, would define the criteria on the basis of which the general interests of the Community would be taken into account.

Mr Borschette has said—and he was right—that it is not possible to fix criteria which will always be relevant. As it has been said, however, that concentrations are permitted, I would like to know how this is so and to have a clearer explanation than was given in the explanatory statement.

I should now like to comment on Article 4. This article contains provisions governing the prior notification of concentrations on which, the Commission must pronounce. This in itself is a good thing and justifies the existence of the regulation. Mr Cousté has proposed retrospective control of concentrations or mergers. That amounts to being wise after the event. It is far more difficult to break up a concentration after it has come into existence than to intervene in time and stipulate what should be done. I would therefore prefer prior approval to be required. However, I wonder why the Commission is making an exception in the case of the acquisition of undertakings which have a turnover of less than 30 million u.a. per annum. This corresponds to a turnover of 100 million guilders or 100 million D.M., i.e. not small but medium-sized undertakings.

I should like to ask the Commission the following question: is it correct that in the present wave of mergers and concentrations very large undertakings are successively buying up smaller undertakings thereby forming concentrations which in the long term lead to increased distortion of competition? Is it correct that many of the concerns which are acquired are so small that the take-over need not be notified?

How did the Commission decide on this criterion and why did it make this exception? If competi-

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tion is eliminated and small undertakings can be swallowed up, then in my opinion we are putting the cart before the horse with this regulation. From the explanatory statement, it is not clear what the Commission's reasons were. Finally, I would like to remind you of what I said at the beginning of my argument, namely that a concentration involves people. There is no evidence in the explanatory statement that the representatives of the employees involved in a merger or concentration are to be able to express any opinion during the decision-making process.

I would like to hear the Commission confirm that it at least regards the representatives of the employees in the undertakings interested parties and that these representatives will always have the right to express their opinion on the concentration at a hearing or similar meeting. They should not be automatically excluded. I know that they are not meant to be excluded but I should be very pleased to see it stated in as many words in the regulation.

IN THE CHAIR: MR ARIOSTO

Vice-President

President. — I call Mr Bordu.

Mr Bordu. — (*F*) Mr President, ladies and gentlemen, the report by our colleague Mr Artzinger expresses a certain determination to maintain, indeed to encourage competition, to ensure the optimum conditions for the consumer.

This determination takes account of the developing situation, which we must certainly try to reflect, particularly now, when the capitalist world is in the midst of a crisis. For many years, the important monopolies in the main capitalist countries have accumulated capital and huge profits by concentrating the economy, exploiting the workers, organizing inflation and making use of all the State's resources. They also have access to an enormous amount of capital for which they can no longer find sufficiently profitable outlets, in other words outlets which afford high profits in the shortest possible period. They need outlets. Commercial competition on the international markets is becoming keen and tough. Each country is trying to export more capital and goods than it imports, and it is impossible for them all to do this.

On the other hand the effects as regards inflation and unemployment are serious. This situation is exacerbated by the policy followed by

the United States, the chief capitalist power, which invests colossal sums overseas, establishing multinational companies and their operations in various countries, principally in key branches of industry; three quarters of these multinational companies are under American control.

It seems, on the other hand, that to consider competition solely within the narrow context of the European Communities would be to evade the realities of the international capitalist system and to miss a real opportunity of acting in the interests of the workers, in other words the wage-earners, those who are chiefly concerned. Even State participation in the capital of certain industrial companies is aimed at maintaining and increasing sources of profit for the giant capitalist firms which dominate the countries. Furthermore regional policy, often presented as a factor in harmonization and competition, is in great difficulties at present, and I would attribute this to the unequal rate of development of capitalist economies, which gives rise to discrepancies.

Certain of the measures proposed, for example market information for promoting or curbing State investments, are already in operation, but they are oriented towards development aid for monopolistic profit, and therefore lead to regional imbalances. Also, they raise the problem of redeployment of manual and professional workers.

It must be agreed that the policy of certain European governments—developing export policy to the utmost by demanding sacrifices from the workers, in other words restricting their consumption, high prices, intensification of employment and, consequently, unemployment—will result in further restructuring, to the advantage of the large companies and the detriment of small and medium sized undertakings.

We believe that the factors involved in the solution are as follows:

1. The coordination of national regulations on capital movements, with a view to combating speculation and safeguarding employment;
2. The control and limitation of American investment in Europe;
3. Real control of international companies, under the aegis of States, workers and the peoples' elected representatives;
4. Taking over subsidiaries of the American multinational companies, using public dollar reserves;

Bordu

5. Genuine cooperation based on sound agreements and meeting the real needs of workers and peoples throughout Europe;
6. A bold social policy and an economic policy which depends on increasing the buying power of the masses; any measures which stimulate consumption and the production apparatus; this is what the forces of the united left are proposing for our country;
7. The nationalization of the pressure groups on which the future of countries now depends.

In fact, the problem which is currently concerning us is not basically at the same level as what we are presented with.

Everyone on the left realizes that the Community is dominated by large financial companies. In these circumstances it would be illusory to try and regulate economic relations without defining the objective that in France, for example, socialists, communists and left-wing radicals have set themselves, claiming that they are determined to liberate the Community from capitalist domination, to democratize its institutions, to uphold the demands of the workers and to orient the Community's actions to their interest.

In the fifteen years that the Community has been in existence, a great deal has been said about the adjustment of competition. As the aim is similar in this case, the result will be the same. Competition is a law of capitalism; it does not fade out, but, on the contrary it grows and becomes sharper, and the big companies, as they progress, take on its dimensions. The anarchic and uncontrollable growth of the multinational companies shows that it is a fine ambition to try and regulate this competition but it is impracticable from various points of view.

President. — I call Mr Brewis.

Mr Brewis. — Unlike the last speaker, all my political life I have been concerned to extol the virtue of free enterprise and the need for competition to provide efficient service and good economic prices. In Britain we have probably had more experience of nationalized industry and the failure of monopoly power than any other country of the EEC. I am therefore disposed to welcome the Commission's proposal for a regulation and also Mr Artzinger's report. On the other hand, it is our duty, as Members of this Parliament, to put at its disposal our opinions and criticisms, based on our diverse experiences as separate nation States.

With reference to this proposal for a regulation I would make the criticism that the Commission is showing the symptoms of a split personality. On the one hand we have Commissioner Gundelach pressing forward impatiently with the statutes for a European company. Let us not delude ourselves that the *Societas Europea* is just some convenient framework for farm cheese workers in France and Britain to exchange their wares or to facilitate merchants to sell straw across frontiers.

The European company is a vehicle to enable us to pool our expertise in electronics, aeronautics, vehicle construction, nuclear science and similar advanced technology so that we can compete effectively against IBM, Boeing, General Motors and the vast conglomerates of America and Japan. On the other hand, Commissioner Borschette is quite rightly concerned about the tendency of industry to concentrate particularly on the United Kingdom and Germany, and he gives us some telling facts on page 4 of the explanatory memorandum to this proposal for a regulation.

Both Commissioners are right. Big mergers may be good. Equally, small mergers may be bad. Mr Bermani, rapporteur of the Legal Affairs Committee, will move an amendment later concerning mergers of large national newspapers, but the worry in Britain at the moment is the tendency to unify local and provincial newspapers with an insignificant turnover and circulation, thereby suppressing the voice of dissent. Such mergers are left untouched by this regulation.

We accept the need for a regulation on concentrations, but it should be a sharp, clean, quick weapon, like a rapier. Because this regulation is a bludgeon we would prefer that the Commission took it back and reconsidered it, but in the meantime we are tabling amendments which we hope will improve the proposal.

My first criticism is that the tone of the regulation is that all mergers are bad. My colleague, Sir Derek Walker-Smith, has rightly pointed out that one of the chief attractions of the Common Market is the economy of scale and the savings of overheads which can be achieved only by mergers.

The potentialities of a merger may be obvious, intuitively, to two businessmen, but the mechanics of the merger may be much more difficult to explain to the civil servants of the Commission. The terms of the merger will most probably be based on an exchange of shares calculated in great secrecy on the stock exchange values of a certain day, but Article 7 of this pro-

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posal for a regulation postpones such a consummation for at least three months, by which time the terms agreed may be wholly inappropriate and all secrecy is gone. There may be a further nine months' delay and thereafter an appeal to the Court of Justice.

Few mergers, however beneficial, are likely to survive such delays, and the companies are afflicted by uncertainty, which is one of the great enemies of enterprise. For this reason we are moving amendments greatly to restrict the time-limits and to bring them more into line with British and German experience.

There is uncertainty in the grey area between mergers with an aggregate turnover of more than 1,000 million u.a., which have to notify, and mergers just exceeding 200 million u.a., which do not have to notify but still may be subject, *ex post facto*, to the Commission's inquisitorial procedures.

Like Paris, the City of London is the headquarters of many companies which have a vast turnover overseas, such as Jardine Mathieson, which specializes in the Far East. Equally, there are many mining companies specializing in South Africa. Is Article 4 really intended to prevent Jardine Mathieson, if they so wished, acquiring a small provincial grocery chain in Germany, or Rio Tinto Zinc bringing their expertise to bear on developing a mining project in Ireland? Surely the criterion of turnover should be turnover within the Community.

My final point concerns the way in which these matters should be judged. I was interested in Mr Artzinger's first report on competition when, in paragraph 5 of his motion for a resolution, he proposed 'a European office for competition policy which would receive political guidance from the Commission but would otherwise act independently in carrying out investigations and taking decisions'.

I wonder whether this office or a similar office should not judge mergers as well. My instinct, based on British law, is towards a judicial body, though I know that some but not all of our Member States tend towards administrative law.

The position of the Commission at present is nebulous. Is its future just to be the European Civil Service? Or is it the future Government of Europe? If, as I hope, it is the latter, then I do not think that the Commission should be at the same time the policeman of mergers, the prosecutor, the judge, and the executioner when a merger is not to be allowed. I would plead for an independent body such as Mr Artzinger has proposed. If we do not have an independent

body, I do not think that the business community will have any confidence in this regulation.

I therefore hope that Mr Borschette will listen to the criticisms of such responsible bodies as the International Chamber of Commerce of Paris. I was very pleased to hear him say that he was going to call a conference of people interested in this particular subject in the nation States, but I hope that he will not seek to bulldoze this regulation through in its present form.

President. — I call Mr Armengaud.

Mr Armengaud. — (*F*) Mr President, I must admit that for my part I have some misgivings about the virtues of this draft regulation on concentrations. There are four reasons for this. First, its element of inflexibility, or rather the spirit which prompts it. According to the proposed text, concentrations are harmful *a priori* because they are an obstacle to competition; hence the need for notification when they relate to undertakings which are large or which are considered to have an adverse effect on freedom of the market; hence also the need to allow the Commission to assess their justifiability after investigation and study of the market concerned.

In fact, however, in those areas where there is no need for competition between European undertakings but only between them and the giant firms of third countries, European transnational concentrations should be encouraged and promoted by the Commission in order to put them into a strong position *vis-à-vis* world customers or suppliers when Europe's economic development is itself in jeopardy; this applies to the industries with advanced technology such as information processing, space and marine research, transport aviation, certain branches of the nuclear industry, in fact, even to the regrettable armaments industries or the problem of importing certain primary commodities such as petroleum.

The second reason, which is a corollary of the first, is that the draft seems to be based mainly on a criterion of financial and commercial power, whereas the real test of the advisability or inadvisability of a concentration lies in its effects on the market for the products concerned and on employment. It is quite possible, for example, for a competitive situation on a market which is small but, both in fact and for technological reasons, of decisive importance for the consumers, to be unbalanced by a concentration of small undertakings, for example, to such an extent that a situation of monopoly or semi-monopoly is created within the Common Market.

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This is the case with certain accessories for atomic energy and the aeronautical industry, where the market in Europe is held by three or four highly-specialized medium-scale undertakings which must be upheld in the event of their being subjected to competition from third countries such as the United States or Japan.

Similarly, a concentration of two large undertakings whose turnover exceeds 1,000 million u.a. may be indispensable if Europe is to uphold its interests effectively throughout the world. Is it reasonable to be prejudiced against such an operation?

My third reason is that the regulation is based on a double myth—respect for the consumers, who must be allowed to choose at the best price, and virtue, in the case of certain national monopolies such as public or nationalized undertakings.

These last-named may have been appropriate to the situation in certain sectors in 1945 and may have been essential at the time; but since then they have become obstacles to the Common Market, because of the national rigidity of their markets, the regulations under which their staff are employed, the restrictions they have imposed on themselves—often to the detriment of the community—and the segmentation of the markets to which they may lead in respect of supplies or the purchase of goods and services. Witness the strongly nationalist attitude of public and equivalent undertakings toward foreign suppliers who might compete with national suppliers, despite the fact that public contracts are theoretically open to all firms in the same line of business. The situation of the suppliers of wholesale electrical equipment and telephones *vis-à-vis* the public and semi-public monopolies which operate them is a case in point.

Poor consumer! How many categorical preferences, maintained to his disadvantage, are perpetuated in his name!

My fourth reason is Regulation No 17, regarding agreements. It demonstrates the inconvenience and the cumbersome nature, not to say the hypocrisy, of regulations which are operable only if they are deviated from as soon as possible. How many thousands of agreements have been exempted, under the weight of necessity, from the notorious prior notification, which I resisted strongly at the time because of its formalism!

In fact, for the subject we are discussing today, it is the effect of concentrations on the market and the danger of this market's becoming too rigid that are important—and this only within

the limits of our home market. It is not the mere existence of a concentration that counts.

My belief in the importance of planning is well-known, and I should have preferred a very different solution. I should have liked the Commission to state what were the branches of industry in which it considered a particular concentration necessary to ensure a minimum of European independence, or at least a minimum freedom of action and initiative, and to be given responsibility for approaching the parties concerned along these lines; and I should have liked it to state publicly which concentrations were likely to create a monopolistic situation liable to lead to stagnation of the market and have an adverse effect on the interests of both consumers and the community as a whole, and on employment.

By taking this specific approach the Commission could have expressed its opinion on the operations in question, even if the volume of business was below the minimum stipulated in the draft regulation.

The other criterion which will often be more decisive for the home market will be, so far as concentrations are concerned, the social effects, in so far as, without the precautions necessary to ensure that the labour force is kept in employment, the operation scheduled must be accompanied by provisions to make this possible.

For the rest, the development of the market is the function of its very existence. What is condemnable today may no longer be so tomorrow if the common European interest prevails, and *vice versa*. We must therefore aim much more at surveillance of markets and their fluctuations than at keeping a register of concentrations.

Finally, we must take Europe's interests into account. These interests entail the effective integration of Member States' economies by means of transnational undertakings. This integration will not be achieved by national mergers or concentrations; on the contrary, they will cause rivalries among States anxious to support their own national undertakings. This is, in fact, the case at present.

I should like to see mergers taking place as soon as possible, under the name of European companies, between, for example, ICL, Siemens and Philips computers, or for Unidata to become a powerful European computer undertaking; I should like to see Bayer and Rhône-Poulenc merging tomorrow along the lines of the chemical section of Hoechst-Montedison, so that European undertakings could pull their weight against Pont de Nemours or Dow Chemicals. Similarly, I should like to see joint oil under-

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takings developing, so that in an essential sector Europe would have Community undertakings combining the interests of different nations and capable of standing on an equal footing with the vast American national or multinational firms, and even with Soviet combines or the large-scale Japanese firms. In this way, the Nine could present a united front in the face of the demands of the Arab countries, the new rich of the third world, and exert the joint efforts required to combat the current crisis, which has clearly shown that Europe as a political entity does not exist.

My speech is thus essentially a warning against the temptation to hide behind a theoretical regulation ill-adapted to the scale and diversity of the markets and based more on suspicion of the giants than on whether or not a monopoly situation exists in a market and whether or not a concentration is of importance for Europe.

I shall not, therefore, table any amendments; I shall, perhaps, support some of those tabled by other groups, but unless the regulation is modified in such a way as to remove my misgivings I shall not vote in favour of it. I shall then expect to have dealings with the Commission in the coming months and years, in the light of the developing situation and the effects of an industrial policy which has so far been essentially founded on prohibitions rather than on the cohesion of European industries, where this is necessary for Europe.

Having said this, to the extent that one will have to consider the regulation as the lesser of two evils and to prefer a mediocre regulation to nothing at all, I shall conclude by saying that the least one can ask, at any rate so far as I am concerned, is that consideration be given to the remarks contained in Document PE 35.078 by Sir Derek Walker-Smith and to his amendments, and also to certain amendments by Mr Cousté.

President. — I call Mr D'Angelosante.

Mr D'Angelosante. — (I) Mr President, speaking on behalf of the Communist Group on the proposal for a regulation on the control of concentrations, I do not wish, through mistaken party spirit, to disregard the undeniable positive aspects not so much of the actual terms of the proposal for a regulation as of the declarations of intent and even more so of the valuable recognition the Commission has decided to give after so many years to the development of a policy on concentrations and mergers.

We are grateful to the Executive Committee for having recognised the inadequacy of the legal

instruments at present in preparation or in use. We are grateful to the Commission for having recognised that concentrations which have assumed well-known proportions and intensity are a dangerous phenomenon.

We are also grateful to the Commission for having recognised that it is impossible to allow the present trend to continue uncontrolled.

Finally, we appreciate the positive nature of the provision which provides for control not only of undertakings under Community law or at least established in the Community, but also of undertakings outside the Community which are associated with them. On the other hand, Mr President, such statements and even more precise ones can be easily found in records of other institutions of the Community and of the Commission itself.

I should like to mention briefly what the Commission says in the introduction to the text, that is the Council resolution of 5 December 1972 on the necessity and advisability of the Commission's formulating proposals for the control of concentrations, independently of the application of Article 86 of the Treaty.

I also wish to refer to the Berkhouwer report of 7 June 1971 in which is found a very exact and interesting statement on the need for prior notification when a certain share of the market or a certain size is exceeded.

However, Mr President I must end my words of praise on this point—and I think my listeners will admit that I have made a great effort—and I wonder whether the regulation which we are examining corresponds to these principles, whether, that is, after recognising the positive aspects of the Commission's criteria, we can find any correspondence between the provisions of the regulation and those criteria.

Even if there are statements and expressions in these Articles which we regard as positive, in general our reply to this question must be negative. Briefly, our criticism is based on three main considerations.

Firstly, we consider the hypothesis of incompatibility with the Common Market to be extremely general, given that such incompatibility is based on a concept which has more to do with abstract theory than economics and enforceable legal statements; that is, a concept of abstract power hindering effective competition.

We wonder what the reason is for such wording and what changes the Commission thinks it can effect by such wording in comparison with the legislation at present in force on the subject.

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We are still dealing with generalities, with things about which it is difficult to be precise and which are difficult to apply.

Secondly, we find the instruments proposed for applying this regulation extremely vague. With all due respect to the Commission and its activities, we cannot refrain from mentioning that such activities should nevertheless be subjected to a minimum of democratic control; that the difference of opinion which exists even in this Chamber on the usefulness or danger of concentrations corresponds to well-defined social viewpoints, and so it is unthinkable that any of those holding these views should be deprived of the possibility of stating directly or indirectly their own opinion on such phenomena.

In our opinion it is unacceptable that, in the absence of effective democratic control, the entire question should be referred to only two bodies, the Commission and the Court of Justice, since the essential characteristic of the jurisprudence of the Court, as of all jurisprudence, is to evolve and change, and since all the States, at least all six Member States of this Community before its enlargement, rejected the principle of legislation by judges and instead made it compulsory for judges to apply specific laws.

And here I find further grounds for criticism, since there is in this regulation no precise definition of the criteria and rules which should govern the control of concentrations and mergers.

Finally, Mr President, since there has been a lengthy debate this morning, I should like to dwell briefly on what is regarded as the legal basis of this proposal for a regulation.

The Commission has submitted the regulation on the double legal basis of Article 87 and 235 of the Treaty. Article 87 has no autonomous legal force and cannot serve as a legal basis even for itself and is therefore even less capable of serving as legal basis for other laws. Article 87 is merely a corollary to Articles 85 and 86.

Article 235 of the Treaty, on the other hand, refers to the possibility of new legislation. Why does the Commission refuse to consider the other legal bases which are to be found in the Treaty, although it has acknowledged their existence several times in the introduction to the text? And why—I have asked this in the committee and now I ask even more authoritative speakers at this sitting—has Article 85 of the Treaty been considered as having no significance and being of no use?

In the final analysis, is it true, Mr President, as Mr Cousté stated with such eloquence this morn-

ing, that from a theoretical point of view the only basis we can find for action against competition is Article 86, and that the only basis for such action would be abuse of a dominant position? Is what Mr Cousté stated true—that the founders of this Community have always maintained that no action can be taken except in regard to abuse of a dominant position?

That, I must say, is completely untrue, and I could furnish this sitting with documents belonging to founders of Italian nationality in which they state their conviction that according to the original interpretation of the rules on competition in this Community the formation of monopolies and oligopolies should be prevented, not because they had abused a dominant position, but for their mere existence.

This is written not in texts drawn up by my political party, but in texts which bear the signature of the leaders of the majority of my country, who were closely involved in the creation of this Community.

In fact, Mr President, I wonder at this point why we must refrain from applying Article 85 and, since it states that all agreements between undertakings are incompatible with the common market, exclude from consideration all decisions by associations of undertakings and all concerted practices, whilst Article 1 of the regulation we are examining states that all transactions which directly or indirectly bring about concentrations between undertakings are incompatible. What difference is there between all agreements, all decisions, all arrangements and all transactions? Unless one wants to play with words, the term 'transactions' can only mean agreements, preliminary arrangements which are made during the formation of concentrations.

Honourable Members of the Commission, you refer in the introduction to the well-known judgement in the 'Continental Can' case. But how was this particular association finally brought about? By means of a series of agreements which were all prohibited under Article 85. Why, then, this artificial definition of abuse of dominant position when there was already a definite provision in the Treaty which permitted the Court to take action and which would enable steps to be taken much more quickly without this obstacle of 'dominant position', neither the principle nor the purpose of which is known, and which allows of abuse, discrimination and differences. Mr President, honourable colleagues, the truth is that we are still bound to these interpretations and old ideas. There is, however, a contrast between the submission of this document, which seems to represent a

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turning-point and the beginning of a new era, and our insistence on looking backwards to a time which I would single out as the lowest and least glorious of the Community's history, as far as its competition policy is concerned.

Finally, I should like to make a few remarks on the 'Continental Can' case which we hear so much of, and I should like to call the attention of this Parliament to the absolutely incredible fact that in this judgement the Commission and the Court have had to maintain that an undertaking which has a dominant position on the market abuses that dominant position if it expands; this is extraordinary, complicated and difficult to apply even if skilful and subtle; it is such a complex ruling that, in practice, it becomes largely inapplicable, as was clearly shown in the judgement in the 'Continental Can' case, when the Court agreed that expansion of an undertaking which occupied a dominant position on the market could constitute abuse of that dominant position, but in practice had to respect the Commission's claims, denying that there had been any distortion of competition in fact. In this judgement, in which these principles were approved, the Commission lost the case and had to pay the costs.

It seems to me that simple things can be made difficult; when such a complicated and involved mechanism is applied to reality there arises the insurmountable difficulty of establishing proof. I should like to remind Parliament that the judgement in question maintained that the fact that the company taken over already controlled about 80 per cent of the market in packaging for certain preserves; about 80 per cent in packaging for fishery products; 50 per cent in various metal tops; in spite of all this, Mr President, honourable colleagues, there was no distortion of competition. The other theoretical concept of potential competitiveness, according to which even if an undertaking absorbs the entire market in a particular product, account should also be taken of similar products and of markets in related fields; the result is an ever greater confusion and one no longer knows how competition might be limited so as to prevent the possibility of building monopolies, which themselves are quite concrete and have little to do with theory.

President. — Mr D'Angelosante I would remind you your allotted time is up.

Mr D'Angelosante. — I cannot accept the thesis put forward by Mr Borschette at the sitting this morning, according to which, on this subject as on others, Community law should take precedence over national law. I can, however, agree to this regulation being included in the legal

systems of individual States pursuant to Article 189 of the Treaty once it has been adopted. But I cannot accept that, under this regulation, all countries—including my own—will no longer be able to legislate on the subject. This is not valid from the legal point of view, Mr President and honourable representatives of the Commission; and it is not true today when the Community no longer fulfils the original criteria of the Treaty, but develops in such a way, on the basis of agreements and negotiations between executives as to deprive these proceedings of all possibility of democratic control.

These are the grounds for approval and criticism which my group puts forward on the interesting regulation submitted for our examination.

President. — I call Mr Broeks.

Mr Broeks — (NL) Mr President, both legal and economic objections have been raised by Sir Derek Walker-Smith and Mr Cousté. For obvious reasons, I should like to leave my friend Mr Lange to deal with the economic objections.

As you know, the discussion of Mr Artzinger's draft report has been postponed for a month in view of the legal objections.

One of the legal objections is that this regulation would be contrary to the Treaty of Rome.

If this is the case, Mr President, it seems particularly regrettable to me that this was not pointed out during the consideration of Mr Berkhouwer's reports some time ago. As far as our friends in the Conservative Group are concerned, it cannot be claimed that they were not represented in the Parliament at that time, because the last report by Mr Berkhouwer was published on 5 January 1973. That is the date on the report.

It is regrettable that when Parliament strongly felt that a regulation of the kind we are considering now was so desirable, no indication was given that such a regulation would be contrary to the Treaty of Rome.

Sir Derek Walker-Smith drew attention to the fact that Article 86 of the Treaty only applies where there is an actual and established abuse of a dominant position. No-one will deny that. He says that application of Article 87 to possible abuses—and not to abuses which have already taken place—would therefore fall outside the scope of the Treaty of Rome. Sir Derek has rightly observed that the Court of Justice has not yet made a pronouncement. But there is no need for anxiety. According to his

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argument, the first undertaking affected by a decision by the Commission should go straight to the Court of Justice in order to bring the matter out into the open.

This might not happen if Mr Cousté is right when he says that the Council will not accept the proposal. From someone so closely allied to the French government, this does not sound very hopeful to me. I am convinced that if the Council does not accept it, it will not be for legal but for nationalistic reasons, of which Mr Cousté knows far more than I. Either way, I find it regrettable.

I agree with what has been said by Mr Patijn and Mr Lange. We are prepared to accept this regulation. The question being asked is this: is the regulation permissible?

Sir Derek spoke very briefly about Article 235. He said that it is in conflict with Article 87. Our communist friend has said that we should refer to Article 86. That would be wrong. This regulation refers to Article 87 and Article 235; Article 87 is a restatement of Articles 85 and 86; they are expressly referred to in it. It is a pity that Sir Derek did not go further into the meanings of Articles 85, 86 and 87 and particularly into the meaning of Article 235. But, in view of his position, I can understand this. Otherwise, his argument would not have held much water. He tried to create the impression that Article 235 relates to the letter of all the Articles in the Treaty. Nothing could be further from the truth.

The Article states: 'If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community, and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.'

Clearly this does not concern the letter of the Treaty but the aims of the Community.

The question is whether the aims of the Community are sufficiently clear from Articles 85 to 87. These aims might even differ from what is suggested by a particular Article. Once again, I must read out the text in order to make my argument and also probably that of the Commission, quite clear, namely, that the regulation now before us accords with the aims of the Community.

I prefer to read out a text than to make assertions because everyone can then form a clear picture of the objectives. Article 85, paragraph

1, reads as follows: 'The following shall be prohibited as incompatible with the common market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market...'

This clear statement of intent is followed by other paragraphs and articles.

Mr President, our view—which is also that of the Legal Affairs Committee and is outlined in all the reports which have so far been submitted to the Parliament—is therefore that it is in complete conformity with the aims of the Treaty that this regulation, which makes it possible to prevent certain abuses, is now being placed before us for consideration and moreover at the explicit request of Parliament. I am pleased that the Commission has made this proposal and it goes without saying that we do not share the legal objections which have just been raised.

Mr President, I could leave it at that were it not for the fact that Mr Brewis made a few more observations on which I should like to dwell for a moment.

Mr Brewis states that, with regard to concentrations, the European Commission is not only the authority which assesses the situation but also the judge and executioner. Of course one can always distort things and then say that they do not apply. What else could one have expected? That the Commission would not look into the matter or that, having looked into the matter, it would not reach a decision or that, having reached a decision, it would not implement it? Surely, that would be unthinkable.

I should like to ask Mr Brewis whether he knows of a judicial authority anywhere in the world which can itself be subpoenaed by a higher judicial authority. As far as I know—and my knowledge is naturally limited—there is no such case. Yet the Commission can be summoned by the Court of Justice which can also pass judgement on it. In his in itself shows that the Commission is not a judge and cannot be called a judge.

(Applause)

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — *(F)* Mr President, I am very pleased that there has been such a lively and full debate; it has been very useful for the Commission.

Borschette

In my second speech I shall mainly be discussing the draft regulation on the control of mergers. I may, perhaps, have spent rather too long on the second general report this morning, and I must apologize for perhaps dwelling too much on the *objections* in order to try and refute them, rather than on the positive contributions, for which I am very grateful.

I should first like to say something about the legal situation. Both this morning and this afternoon speakers have quoted the founders of Europe, the negotiators of the Treaty of Rome. I won't be so presumptuous as to put myself on the same level, but I was on the backbenches when the Treaty of Rome was being negotiated and I venture to point out to Mr Cousté that none of the authors of this treaty refused to include merger control because he did not want to, but simply to take into account a completely different historical and economic situation.

Mr Vals. — (*F*) Very good. Exactly!

Mr Borschette. — The control of concentrations was introduced into the EAEC Treaty to prevent a return to the kind of situation which did so much harm to Europe before the Second World War. The same circumstances did not prevail in the other sectors, and this was why Articles 85 and 86 were put in, the latter then dealing only with the abuse of a dominant position.

I would also like to say that I am quite surprised to hear several speakers now reverting to the request for Article 236 to be introduced. Personally I have always been very satisfied with the opinions of the Parliamentary Committee on Economic and Monetary Affairs which requested application of article 235 in its 1971 resolution, at a time when, you will remember, the Commission was not entirely convinced about the principle of Article 235. Since then, two things have happened which I think have been forgotten by some people.

First of all, there was a political declaration by the Paris 'Summit' requesting more frequent application of Article 235. I have always thought, Mr President, that this political call by the 'Summit'—at which the British government, I might add, was already represented—made it possible for us to achieve some of the aims of the Treaty without having recourse to national ratification each time.

The second event that is being forgotten is the 'Continental Can' judgement, which showed, it is true, that the Commission was wrong on

certain points, but in which the Court of Justice states that Article 86 is applicable to mergers and concentrations. From this moment on it was possible to say that the control of mergers and concentrations was a specific Community function, necessary to achieve one of the aims of the present Treaty. Article 235 was henceforth applicable.

I do not at this point wish to return to a discussion begun in 1965 on the applications of Article 85 to concentration operations, on which the Commission in any case issued a memorandum.

I would simply like to say the precedence of Community law over national law does not prevent the Member States from introducing measures to deal with competition into their own legislation. I myself would be very glad if the Italian Parliament were to take an initiative on this.

On the one hand, the Commission is reproached for lack of accuracy in this text, but on the other hand I have heard people saying that it is too bureaucratic and legalistic. It can be either one thing or the other, but not both at once. This proves that the Commission's text is perhaps flexible enough to take both economic and political realities into account at the same time.

I have also been accused of not having any consideration for the role of industry. I could tell Sir Derek, if he had not had to leave the Chamber, that I can show him texts, which prove the contrary, mainly texts of lectures that I have given in his presence before Great Britain was a member of the Communities.

Sir Derek also said that we were attacking the 'power' of undertakings—and here I quote the English word. I have re-read the text of the regulation, Mr President, and find that it is slightly different in that it mentions the power to hinder competition. This seems to me to be quite different from 'power' in the sense of economic strength.

It has also been said that profitable mergers are no longer possible. To say this a week or two after the Commission has authorized one of the largest mergers ever carried out up to now, in the EAEC sector, is in my opinion to make a wrongful accusation.

Moreover, it has been said that this regulation prevents any social progress. I would reply to the author of that remark that Article 1, paragraph 3 lays down that the Commission can agree to a merger for social purposes, even if it has the effect of substantially reducing competition.

Borschette

I have spoken on several occasions about *a priori* or *a posteriori* control. Both systems have their advantages, but I would ask those who have pronounced themselves in favour of *a posteriori* control whether it is preferable for industries and undertakings which have already formed concentrations to have to deconcentrate subsequently. Would it not be better to think about the matter and discuss it first, even if it takes two, three or even four months?

This is a political decision, and I would say exactly the same thing if the Commission had a larger staff. I might possibly agree to reducing the period for discussion to three months, but I still think that it is much more difficult for an undertaking to deconcentrate, than to wait two or three months before carrying out a concentration with the Commission's agreement. The 'Continental Can' affair proved this.

In the same way, I do not accept that notification automatically presupposes unfavourable prejudice. It is simply a control measure. The Commission has quoted figures to prove that if this regulation had been applied in 1972, 23 to 25 concentrations would have had to be notified.

I would venture to say, Mr President, that in the EAEC sector, where preliminary authorization is generally used, I have heard no criticism of it in twenty years in relation to completed mergers. None of the unfair advantages of secrecy that are used today as arguments against the control of mergers have been demonstrated during these twenty years. At any rate, no undertaking has complained up to now.

It has also been said that the Commission adheres to the principle that all mergers are bad. I have said and will continue to say that in certain circumstances, political considerations of competitiveness must be overridden in order to carry out various mergers in technologically advanced fields, which will make us more competitive in relation to other European companies and especially companies outside the Common Market.

Moreover, I will not accept a hierarchical attitude towards the value of companies which says that fifty companies are the largest in the world, the most efficient and the most rationalized. Since forty out of these fifty companies are American, we should have ten of them. But some of our medium-sized undertakings can prove that they are quite equal to competing with much larger undertakings. After all, is it our ideal to have huge American-style monopolies or conglomerates? Should we not have another vision of the economic goal to be pursued?

The Commission is also reproached with having written in 1971 that it would not take any action against the oil companies. I should like to say something about this, too. The Commission found no reason to take any steps against the oil companies, whether they were large or small, but this will not necessarily always be true. In fact recent events have led the Commission to think that various activities in the field of prices, and perhaps also supplies, required some investigation. The Commission has already carried out enquiries and will not fail to communicate the results to Parliament and its competent committees.

I shall now reply to Mr Patijn. No, the Commission will not remain inactive until the Council adopts the regulation on the control of mergers—at least, I hope not. At any rate, after the Court of Justice's 'Continental Can' judgement, we shall continue to apply Article 86, particularly along the lines of this judgement. I am not unaware that the 25% criterion is very disputed in the Member States and that other criteria could be adopted. I recognize it as a weak point in our proposal, but we have not forgotten about it. On the other hand, what Mr Patijn proposes, i.e. a substantial part of the market, is even more difficult to define than the 25%, which in fact can be arbitrary depending on whether one is thinking about the Luxembourg market, or those of Great Britain, France, or Germany.

Mr Patijn asked me whether Article 1, paragraph 3, could render Article 6 inoperable. My reply, as I have already said, is 'yes'. In order to achieve various basic aims of the treaty some mergers can be authorized, even if they affect the rules and conditions of competition. I shall give a concrete example which will not require any comment. A merger might create difficulties from the point of view of competition, but not to authorize it might, for example, have such serious social consequences that the Commission has no choice but to do so. I should also like to recall the case of some industries concerned with advanced technologies, where mergers must be encouraged in order to maintain competition.

It is true that this might even cause conflict between the Commission and the Council, seeing that it is the Council which takes decisions of a political and social nature. I do not think, however, that the Council can become in any way responsible for particular cases. As far as that is concerned, our competence remains absolute. The only thing that a Member State can do to provoke a conflict of opinion is probably to refer the matter to the Court of Justice. You also asked me whether the exemption from notification which is granted where turnovers are

Borschette

less than 30 million u.a. was not too high. This is a purely political decision. It may be too low or too high, and you can make other suggestions. I am not particularly attached to the figure of 30 million. I am well aware that it is a bit arbitrary, but I want us to be able to limit ourselves to the important cases and not be bogged down by smaller concerns. If we drop the limit to any great extent, we shall be inundated; we shall no longer be able to devote our time to the most important cases and work fast enough.

As far as the consultation of both sides of industry is concerned, I can tell you now, without going into any detail, that the social programme lays down that both employers and labour must be consulted before a merger.

In addition, I would point out that up to now in various important cases, the Commission has always listened to both sides at informal meetings. I can quote you the example of the Thyssen-Rheinstahl merger, in the context of which I myself met both the employers' and the union representatives.

I could say the same thing about international organisations. I would emphasise that we have made contact with a large number of them and that we have listened to all sides in each case. The organisation which has been very often quoted has not up to now been able to give its opinion, but we are to meet its representatives in a few weeks' time. It has already been consulted, but reacted a little late, in any case much later than the other organisations which we had approached.

That is essentially what I wanted to say, Mr President. I would like to thank Parliament once again for this discussion which has been particularly helpful for the Commission.

(Applause)

President. — I thank Mr Borschette for his clearly formulated answer.

I call Mr Lange to speak on behalf of Mr Artzinger, rapporteur.

Mr Lange *deputy rapporteur.* — (D) Mr President, ladies and gentlemen, I should first like to express my thanks for the kind words that have been said about me in connection with the work I have done while deputizing for Karl Artzinger. Thank you also for the critical remarks that have been made on this subject. They might lead some rapporteurs to go into detail; but that would take far longer than the introduction to the two reports by Mr Artzinger

this morning. I shall not therefore go into detail but refer you to the remarks I made this morning.

I would, however, refer—and I am sure he will not take this amiss—to Mr Borschette's remarks, which I support wholeheartedly. But I should like to make a quite general remark: we must all realize that if we are in favour of freedom for the individual in the general political sphere, we must allow other sectors of life to enjoy this freedom as well; if, however, we want to prevent abuse of the freedom granted in the general political and social sector we must also prevent abuse in other fields. We are trying to do no more and no less with competition law and what we call the prevention of abuses by market-controlling undertakings and the possible prevention of the oligopolistic and monopolistic positions by controlling concentrations between undertakings.

I would therefore ask you, honourable Members, to consider this aspect of our general political position on these questions very carefully. And I feel that there are few differences of opinion on this subject in this House. Anyone wanting or having to restrict freedom must produce evidence for his reasons for so doing. And no one—not even a state authority—is allowed to restrict freedom; it may only be restricted by the application of rules which we have set up. This certainly makes one basic position completely clear.

What we have to do today—in the case of the general report on competition by Mr Artzinger, this will not be difficult—is therefore to reach a basic decision on whether we want control of concentrations as such and whether we want it under legal conditions which also provide legal security.

The application of Article 86—as confirmed by the Court of Justice—always means *a posteriori* control, with all the legal, not to mention all the economic, entrepreneurial and social, complications; and this is basically an unreasonable state of affairs. If, then, the intention is to avoid such complications, the committee feels that *a priori* control is needed. It was not, in fact, the committee which answered this question in this way but Parliament. Mr Borschette is my witness: the countries participating in the negotiations on the accession of the new Member States to the Community knew that Parliament had raised this claim; they knew that the Commission had accepted it; they also knew that the Council too is in principle in favour of appropriate control of concentrations, even though one Member has stated here very clearly that he hoped—in his eyes his hope already bordered

Lange

on certainty—that the Council would not accept these things. In my opinion, therefore, it was clear at that time that this question was under discussion.

These are the two basic question on which a decision has to be reached. All the other special features concerning, for example, turnover, size or market shares that have been mentioned here remain arbitrary limits, since any other figure is just as acceptable as a limit. The Committee on Economic and Monetary Affairs has tried to answer this question by stating that this regulation should be put to the test and then we shall see whether the limits that have been set are adequate or not. No one in this House wants to restrict anybody's activities, for example, on the world market, or to shackle anybody or to prevent progress in the technological or any other field.

We also have to decide, honourable Members, whether it is proper to adopt the more than thirty amendments to Mr Artzinger's report in plenary sitting. In some cases it is claimed that this would not be justified because scarcely any of the amendments, where they concerned the Legal Affairs Committee, have been discussed by the Committee on Economic and Monetary Affairs. Well, honourable Members, with all respect for the view expressed here and for those who have expressed it, allow me to say that it is not the task of the committee made responsible for a report to discuss again questions which have been dealt with by a committee asked for its opinion. In other words, most of the amendments tabled by Sir Derek have been rejected by the Legal Affairs Committee. The three amendments tabled by the Legal Affairs Committee are no problem for the rapporteur or the chairman of the committee who is acting as rapporteur. Nor do I think that they will be a problem for the members of the committee. All the others might, however, cause problems from the point of view I have mentioned. When the basic decision has been made, many amendments, some of which are word for word the same and some give the same meaning, automatically become superfluous, because the large number of amendments belies their actual content. On behalf of the committee, I must ask you to reach a decision on Mr Artzinger's reports as a matter of urgency.

(Applause)

IN THE CHAIR: MR BERKHOUWER

President

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

Mr Kirk (*Chairman of the European Conservative Group*). — On the first report drawn up by Mr Artzinger I think that none of us could have any objection to reaching a decision today. There are two amendments down, but I think that we can vote on them without difficulty.

On the second of the reports, as Mr Lange has just indicated, there are 31 amendments by my count and there may be more by now because they have been flooding in by every post. When a report attracts so many amendments, it is quite clear that there are problems that are difficult to solve in plenary session.

I want to make it quite clear, as my colleague Sir Derek Walker-Smith did, that the Conservative Group is wholly in favour of a regulation or a directive by the Council on the question of monopolies and mergers. Indeed, we accept entirely the philosophy behind the two speeches which Mr Borschette has made today and indeed that of Mr Lange, both in his introductory remarks and in his winding—up speech. However, we think that there are clearly many doubts in the minds of many Members of this Parliament as to the method by which this regulation should be applied.

It is also true, as Mr Lange quite openly and frankly has told us, that the amendments put forward by the Legal Affairs Committee have not been considered by the Committee on Economic and Monetary Affairs. It may be that they did not need to be and that they were only amendments of form. Nevertheless, this is unusual and it is a situation that we ought to consider.

For that reason, Mr President, the Conservative Group asks for the reference back of the second of Mr Artzinger's reports—not the first—plus all the 31 or more amendments that there are to it, to the two competent committees so that the matter can be considered in greater detail and at greater length. I hope that Parliament will agree to this method of proceeding.

President. — I therefore have a procedural motion submitted by Mr Kirk on behalf of the European Conservative Group, to refer Mr Artzinger's report on the control of concentrations between undertakings (Doc. 263/73) to the Committee on Economic and Monetary Affairs.

In accordance with Rule 32 of the Rules of Procedure, this procedural motion takes precedence over the main question.

I remind you that, in accordance with Rule 32 (3), only the mover of the motion, one speaker for and one against the motion, and the chairmen

President

or the rapporteurs of the committees concerned may be heard.

I call Mr Vals to speak against Mr Kirk's motion.

Mr Vals, Chairman of the Socialist Group. — (F) For reasons of courtesy and in view of the good relations which exist between the various political groups of the European Parliament, I really would have great pleasure in agreeing to the request put by Mr Kirk on behalf of his Group; but I must recall that, during the December part-session, the same argument was put forward to request the postponement of this discussion. At that time it was stressed that a great many amendments had been tabled, that it was essential to consider them and that as a result it would be better to postpone the debate until the January part-session.

We accepted these arguments, and amendments were submitted to the Legal Affairs Committee for its opinion; the committee accepted three of the amendments and rejected the others. It then forwarded the amendments it had adopted to the Committee on Economic and Monetary Affairs as the committee responsible, which reported on the matter. And here we see, returned to Parliament, the amendments which were rejected by the Legal Affairs Committee.

And now, my friends, if we once again refer these amendments to the Committee, we cannot be certain, just because that is a parliamentary right of initiative, that we shall not return at the next part-session of the European Parliament to discover that the amendments have been returned, perhaps in a slightly different form, but otherwise fundamentally unchanged. This game could go on for ever.

That, my friends, is why the Socialist Group, to its regret, asks that the debate be continued and opposes any reference back to the Committee.

(Applause from the benches of the Socialist Group)

President. — A speaker for Mr Kirk's motion may now take the floor.

Does anyone wish to speak?

I call Mr Lücker.

Mr Lücker. — (D) Mr President, I do not wish to speak about the matter itself but to put a question to Mr Borschette. Would Mr Borschette be in a position—and, if so, prepared—to say to the Parliament what he, on behalf of the Commission, thinks of the motion by Mr Kirk in

view of the situation prevailing today in the Council, which will certainly continue during the next few weeks?

Would there be any problem if, in view of this situation, this motion were approved here by this House, with the proviso that we can vote on the second report by Mr Artzinger at the February part-session? This would probably be very important for many Members of this House, in order to be able to judge whether they should vote for or against Mr Kirk's motion. This is not an expression of opinion. I may ask to speak again if it should prove necessary to assess the answer which I hope Mr Borschette will give us.

President. — I call Mr Borschette.

Mr Vals. — Are you going to cut the Gordian knot?

Mr Borschette, Member of the Commission of the European Communities. — I shall not cut this Gordian knot; that is for the Parliament to do.

(Applause)

President. — Ladies and gentlemen, I would suggest that you assume your responsibilities and cut the Gordian knot yourselves.

I call Mr Lücker.

Mr Lücker. — (D) As I said, my answer will be as brief as the Solomon's answer given by Mr Borschette: he does not wish to cut the Gordian knot like Alexander; he leaves this to Parliament. Nevertheless, this answer gives us some information. In connection with the information which each of us has at his disposal for assessing the present situation, I should like to say the following:

Mr Vals was correct in saying that we reached a decision here in December. I accepted it at that time, although I was aware of the difficulties of carrying out over the holidays the task which we had given to the two committees at that time. The fact that the report by the Legal Affairs Committee has in fact only recently been put to the House shows how difficult it was to carry out this work. It would certainly have been advisable—if it had been possible—for the Committee on Economic and Monetary Affairs to examine this situation again without becoming formally involved in the responsibilities of the Legal Affairs Committee.

Lücker

I believe, Mr President, now that the situation is as it is, and there are more than 30 amendments, there is no disputing the fact that, at least for many colleagues who have not taken part directly in the discussions in committee, it is difficult to form a clear picture, especially as there has been hardly any opportunity in the groups to discuss the matter adequately.

I conclude, therefore, that nothing will happen in Europe if the report is not dealt with until February. Now that Mr Kirk has stated he is agreeable to adopting the first report, Doc. 264/73, today, we have come one step further. I should only like to be certain that February will be the deadline for adopting the second Artzinger report. Under these conditions, I am prepared to recommend support for Mr Kirk's motion on behalf of my group.

President. — I put to the vote Mr Kirk's motion to refer to committee Mr Artzinger's report on the control of concentrations between undertakings.

Mr Kirk's motion is adopted.

Mr Artzinger's report is consequently referred to the Committee on Economic and Monetary Affairs.

We shall now consider the motion for a resolution contained in Mr Artzinger's report on the implementation of the principles of coordination of regional aid in 1972 (Doc. 264/73).

On the preamble and paragraphs 1 to 4, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

These texts are adopted.

On paragraph 5, I have Amendment No 1 tabled by Mr Cousté, deleting this paragraph.

I call Mr Cousté to move this amendment.

Mr Cousté — (F) I do not think I have much to add to what I already had occasion to say earlier.

I have seen that the initiative which I took to delete Paragraph 5, to prevent the creation of a European Office for competition policy, had the agreement of the Commissioner responsible. Mr Borschette has said that setting up such an office would not be timely, that the collegial structure of the Commission was a good thing and that the Office would not display this characteristic, and finally that it would neces-

sitate an amendment to the Treaty of Rome which, in all probability, would entail the use not of Artikel 236 but of Article 236.

These three arguments, put forward on behalf of the Commission by Mr Borschette, appeared to me decisive. In these circumstances, I support the Commission and hope that Parliament will delete paragraph 5.

President. — What is the rapporteur's position?

Mr Lange deputy rapporteur. — (D) Mr President, on behalf of the committee I must ask for this paragraph to be retained. We have provided the necessary comments, and we must bear in mind that this is our aim, even with the further development of certain political ideas and sectors and the general development of the European Economic Community towards economic and monetary union. To this extent, therefore, this proposal seems completely desirable and necessary as a reminder for the Commission, and, as I understood the discussion between Mr Borschette and myself, we are in complete agreement in the interpretation of these ideas of the committee. I therefore request that Mr Cousté's motion be rejected.

President. — Does anyone else wish speak?

I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraphs 6 and 7, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 6 and 7 are adopted.

On paragraph 8, I have Amendment No 2, tabled by Mr Harmegnies, Mr Spénale and Mr Wiel-draaijer on behalf of the Socialist Group and worded as follows:

'Paragraph 8

Reword this paragraph to read as follows:

"8. Considers that decisions on investments are and should remain business risks within the framework of the rules laid down by the Community and the Member States, but that it may be useful for the Commission to arrange market analyses and compile supply and demand forecasts for specific sectors;"'

President

I call Mr Wieldraaijer, deputizing for Mr Harmegnies, to move this amendment on behalf of the Socialist Group.

Mr Wieldraaijer. — (NL) Mr President, I should like to make a brief statement about this amendment. In our opinion, the proposed formulation of Paragraph 8 may give rise to misunderstanding. I should like to explain how.

This formulation might suggest that investment decisions must be and remain pre-eminently a matter for the undertakings. We should like to remove this misunderstanding: we have, therefore, proposed an addition to the text by way of an amendment: In our opinion, this addition prevents any possible misunderstanding of the point that investment decisions are not the sole prerogative of the undertakings, but that governmental authorities—both national and international—have and must have some say in the matter. In certain countries restrictions on freedom of investment already exist in certain areas, by way of extra levies or the requirement for authorization. Restrictive provisions are also made with a view to protecting the environment or safeguarding employment. I am convinced that in future investments will have to be increasingly related to social criteria. All manner of criteria spring to mind; I am thinking of our present experience with regard to energy, of the ever-increasing shortage of primary commodities and also of investments which could have a tremendous influence on jobs and on labour conditions.

In short, there are many considerations which prompt us to ensure that investment decisions are not left solely to the undertakings. Politically, there are different ways of considering these matters. Some would go further than others, but I think we should all agree that government must have some control over investments. We have therefore chosen the formulation that the undertakings must remain liable for investment decisions, but within the framework of rules established by the Community and the Member States. These rules may vary of course, but only in accordance with political views.

Mr. President, we therefore propose supplementing and clarifying Paragraph 8. I hope that Parliament will be behind us.

President. — What is the rapporteur's position?

Mr Lange deputy rapporteur. — Mr President, there is no difficulty for the rapporteur in the wording itself, since it is obvious that investments by undertakings can and must be made

under the legal and other conditions existing in the individual Member States and in the Community. There are conditions concerning non-pollution of air or water, non-contamination of the ground, there are conditions banning nuisance by noise, etc. These represent the framework which we can describe as environmental protection or ecological conditions. And within this framework the undertakings, as stated in this text, continue to bear the investment risks; certainly no one considers that this risk could be removed from the undertaking by public funds.

Under these conditions—and this is how I understand the text—I am quite prepared to accept it for the sake of clarification. All it says here is:

‘—is of the opinion that investment decisions... under the rules laid down by the Community and the Member States...’

In this connection, therefore, rules mean legal provisions and nothing more! Within this framework, business risks must still exist. This was the view of the committee. To that extent therefore there is no difficulty.

President. — I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, honourable Members, I am sorry that this time—and it is the first time to date—I cannot agree with my chairman. I find the wording proposed by the committee quite adequate. And he himself has given to this wording an interpretation which is so convincing that his final sentence should really have been: ‘I therefore reject this amendment.’

(Laughter)

I would therefore restore logic to the matter and adopt the chairman's statement, and ask the House to reject the amendment because even the chairman feels that the wording is sufficiently clear.

(Laughter)

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, I endorse the arguments of both Mr Wieldraaijer and Mr Lange. But it would have been useful not only to give this explanation in public but also to have included it in the report which has been submitted to us. We have tabled this amendment because, as Mr Burgbacher apparently admits, what Mr Lange said by way of explanation of this paragraph was clearly left out of the text

Broeksz

we have before us. That is of course a minor omission. This was obviously not Mr Burgbacher's wish, as is clear from his statement that he would rather have seen it in detail in the explanatory statement. As it was not included there, we think it should be included in the resolution.

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

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

Amendment No 2 is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

On paragraphs 9 to 15, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 9 to 15 are adopted.

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

The resolution as a whole is adopted¹.

I call Mr Lange on a point of order.

Mr Lange. — (D) It is not about this motion for a resolution but about the decision taken previously: do I understand the decision rightly, i.e. that the report on concentrations between undertakings has been referred back only to the Committee on Economic and Monetary Affairs and not to the Legal Affairs Committee?

President. — As President, I confirm what Mr Lange has just said.

Mr Artzinger's report on the control of concentrations between undertakings, together with all the amendments, is referred to the Committee on Economic and Monetary Affairs.

When the matter is laid once more before the House in plenary sitting, there will be no general debate, only a consideration of the motion for a resolution.

I call Mr Lange.

Mr Lange. — (D) This means, in other words, that there will be a supplementary report to the present Artzinger report and this will be put on the agenda for the February part-session; this was one of the conditions for the earlier decision. I would therefore ask the Bureau to take this into account for the February part-session. The Committee on Economic and Monetary Affairs will bring up the matter again.

President. — From what Mr Lange has just said, we can assume that there will be a supplementary report which we shall be able to examine during the February part-session, if the Committee on Economic and Monetary Affairs proceeds without delay.

I call Mr Kirk.

Mr Kirk. — I would not dissent from what Mr Lange has said and I agree that the report should go back only to the Committee on Economic and Monetary Affairs. But I hope that at least some of the authors of the 31 amendments he has to deal with will be allowed to appear before the committee to explain their points of view.

President. — I call Mr Lange.

Mr Lange. — (D) That is no problem at all. Sir Derek Walker-Smith will have just as much opportunity as Mr Cousté, who is a member of the Committee on Economic and Monetary Affairs, but who did not put the motions there. Both members will have an opportunity to make their comments and we shall be pleased to listen to them again and then we will take our decision.

President. — I thank Mr Lange for this statement.

I call Mr Vals.

Mr Vals. — (F) Mr President, I am afraid I do not understand the request being made by Mr Kirk.

If these members have to appear before the Committee on Economic and Monetary Affairs as the authors of the amendments, we shall be setting a highly unfortunate precedent which is likely to have far-reaching consequences. I think that the easiest way of solving the problem would be to replace one of the usual members of the Committee on Economic and Monetary Affairs by the author of an amendment. Otherwise we shall find ourselves treading a very dangerous path. It would soon suffice to table an amendment on virtually any subject to have

¹ OJ No C 11 of 7. 2. 74.

Vals

the right subsequently to be heard by the responsible committee.

I do not think that this would be a good way of working. The authors of the amendments could perfectly well appear before the Committee on Economic and Monetary Affairs by replacing one of their colleagues from the same political group who is a member of this committee.

(Applause from the benches of the Socialist Group)

President. — I remind the House that, in accordance with the Rules of Procedure, any Member of this Parliament may attend committee meetings.

I call Mr Kirk.

Mr Kirk. — Of course Mr Vals has much greater experience of Parliament than I have, and I would always defer to his point of view, but I am rather surprised that he should put it forward when Mr Lange has indicated that the authors of the amendments would be welcomed in the Committee on Economic and Monetary Affairs. There could be financial problems and I do not wish to press the point, but it seems odd, when we have this mass of amendments, if those who have put them forward cannot, by right, be heard by the committee, because the whole point of referring this item back was to save the time of Parliament, and we know that Parliament is very much occupied with its time. Mr Vals suggests that the European Conservative Group, in the case of Sir Derek Walker-Smith, should substitute one member for another. This does not seem to be a terribly happy solution, overall. I would add that in view of the situation in my country it might not be possible, but that is by the way.

I still believe—although I accept Mr Vals's interpretation of the situation for obvious reasons, especially financial reasons—that the Bureau should look at the problem that arises when there is a mass of amendments, to consider whether the authors of those amendments should have the right of access to the committee concerned, if there happens to be one.

If Mr Vals will agree with me that the matter might be referred back to the Bureau I will agree with him that we should do it in the way he says, but I think that it should be considered because it raises an important point of principle.

President. — I see that Mr Schuijt wishes to speak. I must nevertheless emphasize that at the

moment we are debating a procedural motion and that I can only give the floor to one speaker 'for' and one speaker 'against'. I think that we can now close this debate.

I call Mr Lange.

Mr Lange. — (D) No, this is not a debate on a procedural motion. That point must be established.

President. — I would point out that, according to the Rules of Procedure, it is the President who decides in all cases not expressly provided for in these Rules.

I therefore decide that Mr Artzinger's report on the control of concentrations between undertakings, together with the amendments, shall be referred to the Committee on Economic and Monetary Affairs and that the authors of the amendments shall be heard in committee, since otherwise there would be no purpose served in referring the report.

I call Mr Vals.

Mr Vals. — (F) Mr President, I should like to reply to a question that has been put to me.

President. — You have the floor, Mr Vals, but only in order to reply to the question. After that, the incident will be closed.

Mr Vals. — (F) I believe, Mr President, that the incident is closed. Mr Kirk has said that he accepted my interpretation and would like to see the Bureau consider the question. He asked me whether I agreed. I would like to say to him now that I do agree that this question should be considered by the Bureau.

President. — I call Mr Schuijt.

Mr Schuijt, Chairman of the Legal Affairs Committee. — (NL) Mr President, I feel that the chairman of the Legal Affairs Committee, which is involved here, should be allowed to say a few words.

President. — What is the position of the chairman of the Legal Affairs Committee on the agreement reached between Mr Kirk and Mr Vals?

Mr Schuijt, Chairman of the Legal Affairs Committee. — (NL) Mr President, in my opinion the problem we are dealing with here is only an

Schuijt

apparent one. I agree with Mr Vals that the procedure proposed by Mr Kirk is dangerous, but we have no need for that procedure at all. The committee members have the right to appoint someone to deputize for them. It is only a question of mutual agreement between the various groups. Should this question soon come up in the Economic and Monetary Committee, Mr Kirk's group must arrange for the member of the group sitting on the Economic and Monetary Committee at the time to surrender his seat to whoever wishes to submit an amendment. He will then have every right including the right of vote. The problem is only an apparent one.

President. — I thank the chairman of the Legal Affairs Committee for this statement.

The incident is now closed.

Mr Hougardy. — (F) Mr President, what about the Rules of Procedure?!

President. — The discussion on the problem raised by Mr Vals, which Mr Schuijt has described as a false problem, is now closed.

The reference to committee is maintained, and the committee responsible will be able to hear the authors of the amendments.

9. Oral Question No 156/73, with debate:
*European Foundation for the Improvement of
the Environment and Living and Working
Conditions*

President. — The next item on the agenda is Oral Question No 156/73, with debate, by Mr Jahn, Mr Früh, Mr Memmel, Mr Springorum and Mrs Walz to the Commission of the European Communities on the establishment of a European Foundation for the Improvement of the Environment and Living and Working Conditions.

The question is worded as follows:

1. Why has the Commission not yet submitted to the European Parliament its proposal for the establishment of a European Foundation for the Improvement of the Environment and Living and Working Conditions (Project 1/6 of the Social Action Programme), although—as the draft resolution for the Social Programme submitted to the Council shows—the Commission forwarded its proposal on the European Foundation to the Council by the end of October 1973?
2. Does the Commission accept that the Euro-

pean Parliament should again be unjustifiably pressed for time inasmuch as the Council, under the Social Action programme, has until not later than April 1974 to decide on this proposal and must first be in possession of the European Parliament's opinion?

3. Does the Commission's proposal take account of the European Parliament's wishes that
 - (a) the European Parliament should coordinate research and surveys on environmental protection at Community level,
 - (b) a concrete working plan should be drawn up for this Foundation?

I would remind the House that, pursuant to Rule 47 (3) of the Rules of Procedure, the speaker on behalf of the authors of the question is allowed 20 minutes to speak to the question, and that after the institution concerned has answered Members may speak for not more than 10 minutes and only once. Finally, the speaker on behalf of the authors of the question may, at his request, briefly comment on the answer given.

I call Mr Jahn to speak to the question.

Mr Jahn. — (D) Mr President, ladies and gentlemen, on Tuesday, 11 December, this Parliament adopted the report by Mr Girardin on the social action programme. In paragraph 24 of the associated motion for a resolution, the European Parliament welcomes—and I quote—the proposed setting up of a European foundation for the improvement of the environment and living and working conditions, but stresses once again that the Commission must draw up a practical working programme for this foundation and, in particular, entrust it with the task of coordinating research and studies on the protection of the environment at Community level'. I emphasize 'environment' quite deliberately. As the draft resolution submitted by the Commission to the Council at the end of October 1973 states: 'the Council takes note that the Commission has already submitted proposals relating to the setting up of a European foundation for the improvement of the environment and living and working conditions'.

Unfortunately, these proposals only came into the possession of the European Parliament a few days ago, and it is to be deplored that the Italian text is still not available. Even if it is countered that the motion for a resolution was drawn up with a view to the date of probable acceptance by the Council, it was nevertheless submitted to us rather late—that is, the Parliament and in particular the Committee on Public

Jahn

Health and the Environment. We know that the Council took its decision on 12 December 1973 in accordance with the recommendation of the Paris Summit Conference of 1972.

In the Commission's proposal for a resolution, the Council undertook to take a decision on the whole of the Commission's proposal and other proposals by 1 April 1974 at the latest. Even though we have now received the long-awaited proposal in the meantime, the Committee on Public Health and the Environment is once again forced, in my opinion, to work under pressure. It must be taken into account, Mr President, that the Council will only examine the proposal after the plenary assembly of the European Parliament has delivered its opinion on it. This is also clear from the Council memorandum of 16 October 1973 to the European Parliament concerning improved relations between the Council and the European Parliament. In this memorandum, the Council states its intention to examine a Commission proposal which has been sent to the European Parliament, only after receiving the opinion of the European Parliament, in accordance with its obligations, provided that this opinion is delivered in reasonable time, which in certain circumstances can be determined by joint agreement.' Experience so far shows that the Council usually needs 2-3 months for the examination of Commission proposals when it is operating very efficiently. In the present case, this means that the Parliament would have to deliver its opinion on the proposal for the European foundation at the January part-session at the latest. This is now impossible. This means that all the dates must be put back. Even if we are to be consoled by the fact that the Council will probably not take a decision until the summer of 1974 or even later, this is not very satisfactory. The matter will only be further postponed, which is not in the interests of the important question of protection of the environment. I may point out that the Commission approved the setting up of a European foundation for the protection of the environment in its very first communication on Community policy in the field of environmental protection.

This communication was submitted as long ago as the summer of 1971—not only to the European Parliament, the Economic and Social Committee and the Council of Ministers, but also to the competent bodies and interested economic and professional parties in the Member States, for the purpose of obtaining all relevant comments and proposals. The Commission therefore had sufficient time in my opinion.

There has been no lack of reminders, requests and demands in this respect on the part of

the European Parliament. We have worked out definite ideas, which were expressed in the resolutions of April 1972, July 1972, and July 1973. For example, in Paragraph 21 of the resolution of 18 April 1972, it is stated that the European Parliament considers the setting up of a European institution for the protection of the environment to be necessary, as the task envisaged for this institution, in particular the coordination of research and studies in the field of environmental protection, must be tackled soon at Community level. This institution must also undertake the responsibility for specific research which can only be tackled at Community level.

In Paragraph 27 of the resolution of July 1972, the European Parliament repeated its request for a European environmental institute to coordinate research in this field so that the initiatives of the Member States do not diverge or conflict and to ensure there is no expensive duplication of effort.

Finally, Paragraph 22 of the resolution, which this Parliament adopted unanimously, reads: 'the European Parliament welcomes the proposed setting up of a European foundation for the improvement of the environment and living and working conditions, but stresses once again that the Commission must draw up a practical working programme for this foundation and in particular, entrust it with the task of coordinating research and studies on the protection of the environment at Community level.'

In conclusion, I should now like to make some comments on the present situation. The present proposal by the Commission actually provides that a foundation will be set up to undertake studies of the long term aspects of ecological problems, the future of cities and urban renewal and the preservation of the historic life of old Europe. The title of the regulation does not refer to the environment or to the initiative which this institution aimed at before there was a Committee on Public Health and the Environment. It is therefore essential that the foundation which is to be set up should be given the name that befits it: 'European Foundation for the Improvement of the Environment and Living and Working Conditions.'

This should be included in the title of this regulation, otherwise there will be no reference to all the resolutions which this Parliament has adopted on earlier occasions.

By limiting the name of the foundation, the Commission has unilaterally adopted the request made by the French, who, at the Paris Summit Conference in October 1972, requested

Jahn

the setting up of a European foundation for studying working and living conditions and repeated this request in the Council of Social Ministers in May 1973. But this is indeed a restriction in view of the fact that we started out with problems of the environment.

The restricted version of the name of the Foundation is all the more serious inasmuch as in Article 2 the tasks of the Foundation are limited to the improvement of living and working conditions in the Community. And Article 2 (a) to (d) states that the task of the Foundation—and here again there is no reference to the environment—is to promote long-term study of the factors affecting living and working conditions—and there is none of us who does not want this!—to promote or carry out short-term studies in certain cases, to promote the implementation of sample projects, to build up a documentation and information centre and to ensure the dissemination of information.

Mr President, I should like to propose that the Commission consider amending Article 2—we shall discuss this—to conform with our resolution in Document 74/72. There we said that the task of the Foundation for the Environment and for Improving Living and Working Conditions should be the following—and the Parliament finally adopted this at that time, and that is why I am dwelling on it somewhat today—:

- (a) to develop and intensify fundamental considerations on the improvement of living conditions in our society for the future with a view to the preparation of patterns for European civilization;

—and this is clearer and more appropriate—

- (b) to develop general plans for the administration and utilization of land and the natural and biological sources of supply and the natural resources of the Community with the aim of drawing up recommendations for optimum total utilization;
- (c) to compile, prepare, complete and disseminate information and work at Community level for improvement of the environment, excluding that relating to technical data for overcoming pollution of the environment;
- (d) to determine the inter-relationship between various environmental problems;
- (e) to promote the training of university lecturers in the discipline relating to the protection of the environment;
- (f) to organize post-university and other training courses, seminars, conferences, etc.,

to promote thorough consideration of environmental problems.

The committee could add a further task for the foundation, in accordance with a repeated request by the Parliament: to coordinate research in the field of environmental protection at Community level.

I believe, ladies and gentlemen, that if in our future deliberations we concentrate on this old fundamental resolution unanimously adopted by the Parliament, we shall be doing a good service in this matter.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, we are dealing here to a certain extent with a misunderstanding as regards the proposals for the time-table and the basic proposals.

The creation of a European foundation for the improvement of living and working conditions was proposed by the Commission both in its action programme on the environment and in its social programme.

The action programme on the environment was approved by the Council in July 1973.

The social action programme worked out by the Commission was forwarded to the Council on 25 October 1973.

On 5 December 1973—that is, just a little more than a month ago and within the time-limit laid down by the action programme on the environment—the Commission formally adopted a proposal for setting up a European foundation for the improvement of living and working conditions, which it forwarded immediately to the Council and to Parliament. I believe Parliament has received it in the meantime, because Mr Jahn has already commented on various vital passages from it.

Moreover, in its draft resolution on the social action programme, the Commission has proposed to the Council the launching prior to 1 April 1974 of a series of immediate measures, among them the setting up of the Foundation for the improvement of living and working conditions.

As regards a proposal for the creation of an institute of learning, already included in the action programme on the environment and in the social action programme, the Commission feels that the 1 April 1974 deadline should give Parliament enough time to present its opinion.

Borschette

Moreover, Mr Scarascia Mugnozza will be discussing the problems of the Foundation with your Parliament's responsible committee on 21 January.

In any case, 1 April 1974 is a target date and if necessary it could be put back. I do not believe, in all optimism, that the Council would be able to take a decision on this matter before the summer recess. I will forward to Mr Scarascia Mugnozza the suggestions and proposals just made by Mr Jahn.

In its proposals, the Commission lays down a specific working plan for the Foundation. It is proposing that this Foundation examine, on the one hand, various topics concerning the improvement of living conditions in general and, on the other hand, questions related to the improvement of working conditions.

As Mr Scarascia Mugnozza has already said to the Committee on Public Health and the Environment, this Foundation will not be concerned with the coordination of research and study of environmental problems carried out on a Community level. The Commission believes, in fact, that that is a political task which in part has been assigned to it by the Treaty and which is in itself of such importance that it would not at present be possible for the Commission to delegate this extremely important coordinating function.

President. — Thank you, Mr Borschette. I call Mr Petersen.

Mr Petersen. — (DK) On behalf of the Liberal Group I should like to say that it would have been preferable if Parliament had received this Commission proposal earlier.

I should like to add a few remarks as a follow-up to Mr Jahn's contribution by reminding you that a large part of the communiqué from the Paris Summit Conference in 1972 dealt with the quality of life and improvement of the environment. Here in this Parliament we have repeatedly given consideration to the statements in the Summit Conference communiqué. Time after time, we have reverted to the important areas dealt with in the communiqué, the time-limits set, etc. We must, however, add that here in Parliament we have not yet undertaken a more thorough study of the question of the quality of life, of what we mean by 'the Genius of Europe'.

The Summit Conference communiqué says that economic expansion is not an end in itself but should result in an improvement in the quality of life as well as in standards of living. Particular

attention will be given, it says, to intangible values and to protecting the environment, so that progress may really be put at the service of mankind.

I understand that the proposal which the Commission has drawn up supports these statements and that proposals have been made which will help to implement the wishes expressed in the Summit communiqué—in reality it concerns many aspects of social development and many different legislative areas.

Whether we look at economic policy, tax policy, traffic policy, educational or social policy or at other important political fields, the question of the combined effect on human potential is the decisive factor, and we must admit that when we become absorbed in individual tasks, as we do in this committee, we cannot always adhere to this manifold aim because we work separately in these fields. We must also admit that our countries have developed so quickly that we have not always borne in mind the effects on the quality of life.

The need for a better understanding of the interdependence of these factors is emphasized by the present energy crisis. None of us knows how it will develop, but many of us no doubt feel that it is the beginning of a new era. It has in any case forced us to admit that continued trust in rapid economic expansion is no longer possible—and in the industrialized part of the world our ideas of development were primarily based on the idea of continued economic growth. There can be no doubt that the expectations of the inhabitants of our countries will be dampened, and we must admit that we are not particularly well qualified to meet the changed circumstances.

This is why it is so important that the Communities should make a special effort to lead us to a better understanding of what is meant by the quality of life, and that a fund should be established to provide inspiration and financial means to this end.

This, Mr President, is neither the time nor the place for discussing the scope of the fund. That must wait until Parliament receives the proposal.

I hope that after further consideration on the basis of the Commission's proposal we can reach conclusions which will help us in our attempts to improve the quality of life.

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I should like to support Mr Jahn, who has been an ardent

Bertrand

advocate in this Parliament for many years of a policy for protecting the environment and everything related to it.

I should like to take this opportunity to draw Mr Borschette's attention to the fact that the Council no longer upholds the date of 1 April 1974, but that, as regards the seven priority proposals submitted by the Commission to the Council, which include a proposal for setting up a European Foundation for improvement of the environment and of living and working conditions, it has decided to take a decision within five months of the proposals being submitted provided it receives in good time the opinions of Parliament and of the Economic and Social Committee. If this is not the case, the Council will take a decision nine months after the proposals have been submitted by the Commission. This is what the Council decided on 11 December of last year.

And since this question has been raised, I should like to use this opportunity to appeal to you, Mr President. On Monday evening, when the agenda was adopted and the proposals submitted to the Bureau of Parliament were referred to the competent committees, you decided to refer the statement and proposal from the Commission of the European Communities to the Council concerning the creation of the European Foundation for Improvement of the Environment, Living and Working Conditions, to the Committee on Social Affairs and Employment as the committee responsible.

Raising this point this morning, Mr Jahn observed that this question did not fall within the terms of reference of the Committee on Social Affairs and Employment, and that it should be referred to the Committee on Public Health and the Environment. This morning, Mr President, you changed the decision taken on Monday evening. I regret that I was not here this morning. We are concerned with two different problems between which a clear distinction is drawn in the Commission's proposal. It is undeniable that the section concerning living conditions falls within the terms of reference of the Committee on Public Health and the Environment. But the question of working conditions—Section II of the proposal—is the responsibility of the Committee on Social Affairs and Employment. This is why, with Mr Jahn's agreement, I should like to suggest a compromise—namely, that the Committee on Public Health and the Environment should report on those parts of the proposal relating to the improvement of living conditions and that the Committee on Social Affairs and Employment should report on those parts of the proposal dealing with working conditions; both reports would have to be ready

at the same time so that they could be discussed together in plenary session. This is necessary if we are to avoid any conflict arising with regard to the responsibilities of the committees.

President. — I shall return immediately to Mr Bertrand's proposal.

I call Mr Baas.

Mr Baas. — (NL) I agree with the statements made by Mr Jahn.

I requested the floor in order to point out that the question put by Mr Jahn and others has been translated so freely into Dutch that it can be interpreted in different ways. The Dutch text speaks of "improvement of living and working conditions". But Mr Jahn's question involved far more than that. It mentions improvement "of the environment" as well as "of living and working conditions". Mr Jahn's original question went a good deal further than was indicated in the Dutch text. The word "conditions" was nowhere to be found in the Dutch text. In view of the fact that the terminology relating to protection of our environment is still in its infancy, I request you, Mr President, to ensure that the greatest possible care is taken with regard to our documents, otherwise in a couple of years' time we shall no longer know where the responsibility lies.

I feel that the translation services should be urged to give the necessary attention to these particularly difficult matters involving a new terminology and new concepts.

I should, moreover, like to point out that the German word *Stiftung* differs entirely in meaning from the Dutch word *stichting*. The German word contains an element of research; the Dutch word *stichting* is a purely legal term, which does not define in any way the principal task of the body entrusted with these affairs.

Mr President, I must request a revision of the Dutch text in view of the double meaning given to Mr Jahn's question. It must be ascertained whether the German word *Stiftung* cannot be translated into Dutch by any other word than *stichting*.

President. — I call Mr Della Briotta.

Mr Della Briotta. — (I) Mr President, there was perhaps, some misunderstanding at the time the question was first submitted, because the date of 1 April referred to in point 2 was not a final date, as Mr Borschette has rightly pointed

Della Briotta

out in his reply. We must, however, be grateful to our colleague Mr Jahn for his diligence—I say this as chairman of the committee which may be responsible for it—for having so opportunely raised a problem while unaware, when the question was submitted, that the Commission had already submitted its proposal. We are grateful to him because it is an important problem, and the fear that the present situation provides some excuse for delaying the discussion and making arrangements is quite widespread. However, I shall refrain from retrospective polemics; I do not even wish to discuss the merit of the content, in order to avoid anticipating at this sitting the discussion which we shall be holding in the relevant committee and in Parliament.

As regards the competent seat, I do not wish to add anything to what Mr Jahn said this morning, and I thank him for having done his duty when he claimed what, in his honest opinion, could be the opinion of the Committee on Public Health and the Environment. I do not want to enter into polemics with Mr Bertrand; I think that you, Mr President, will conduct matters justly and fairly in the common interest.

Relations between the two committees have been, are and will, I think, continue to be as cordial as ever.

President. — I have no motion for a resolution on this debate.

Does anyone else wish to speak?

The debate is closed.

10. *Change in appointment of committee responsible*

President. — At the request of Mr Jahn and Mr Bertrand, I propose to the House that the statement and proposal of the Commission of the European Communities to the Council for a regulation on the establishment of a European Foundation for the Improvement of the Environment and Living and Working Conditions be referred to the Committee on Public Health and the Environment and to the Committee on Social Affairs and Employment, each of these committees dealing with the parts falling within its competence.

Are there any objections?

That is decided.

I call Mr Jahn.

Mr Jahn. — (D) Mr President, I should like to say something in connection with the observa-

tions made a few minutes ago. Regarding terminology in the field of protection of the environment, it must be said that this Parliament and its Terminology Bureau have produced the best glossary in Europe, and the Bundestag—as it has itself admitted—has asked for this glossary in order to introduce it as the standard terminology in this field in Germany. I think it is very important to say here that our officials have been working in a field in which a completely new language has been introduced and we can only understand one another if the terminology is standardized.

President. — Does anyone else wish to speak?

This item is closed.

11. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 16 January 1974, with the following agenda:

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

— Question Time

— Statement by Mr Thomson, Member of the Commission of the European Communities, on the Council Meeting on regional policy

— Joint discussion of Oral Questions No 101/73 and No 138/73, with debate, on the Conference on Security and Cooperation in Europe

— Oral Question No 157/73, with debate, on improvement of relations between the Community and the United States

— Radoux Report on the outcome of the Copenhagen Summit Conference

— Oral Question No 108/73, with debate, on credit aid to State-trading countries

— Armengaud Report on a Community guarantee system for private investments

— Armengaud Report on the admission of securities

— Oral Question No 173/73, with debate, on the development of nuclear technology

— Oral Question No 137/73, without debate, on energy policy

— Seefeld Report on food aid (vote without debate).

The sitting is closed.

(The sitting was closed at 6.10 p.m.)

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 10.15 a.m.)

President. — The sitting is open.

1. Approval of the minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Welcome to Mr Scheel

President. — Ladies and gentlemen, I wish to take this opportunity of saying a special word of welcome to the President-in-Office of the Council, who, regardless of the outcome of the latest Council meeting, took the trouble to come to Strasbourg last night for two days in order to be able to attend our plenary sittings.

I hope that you will join with me in expressing our appreciation of the Presidents' presence.

(Applause)

3. Documents received

President. — I have received the following documents from the parliamentary committees:

- Report by Mr J. de Koning, 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 opening, allocating and providing for the administration of a Community tariff quota for unmanufactured tobacco of the type 'flue-cured Virginia' originating in developing countries (Doc. 318/73);
- Report by Mr L. Della Briotta, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a directive on a tenth amendment to the Council Directive on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 319/73);
- Report by Mr Ch.-E. Héger, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on additional measures to be taken in agriculture following the revaluation of the Deutsche Mark (Doc. 320/73);
- Report by Mr A. Liogier, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruits (Doc. 321/73);
- Report by Mr C. Laban, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation extending the period for transitional measures for agricultural products in the new Member States (Doc. 322/73).

4. Question Time

President. — The next item on the agenda is Question Time.

We shall begin with Questions to the Council of the European Communities.

The first is Oral Question No 155/73 by Sir Douglas Dodds-Parker.

The question is worded as follows:

'*Subject:* Collective underwriting of a settlement of the Arab-Israel conflict.'

What proposals have been agreed between the members of the EEC to offer to underwrite collectively any settlement which may be reached in the Arab-Israel conflict?'

I call Mr Scheel to answer the question.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Mr President, ladies and gentlemen, before I answer the first question put to the Council, I should like to make a few personal remarks. I do not intend to make political statements on European policy or otherwise express my feelings on world events.

As I stand here, I have quite personal feelings. As many of you know, I have spent many years of my parliamentary life in this Chamber and I must say that they were among the best and most interesting years of my political career, the years which I enjoyed most. At that time European politics were in still their infancy, and it was still possible to inspire one's fellow citizens with enthusiasm and optimism. Unlike today, the public was not then so aware that 'Europe' means not only working towards a worthy objective but also many a hard day's work. In the twenty years in which I have been active in European politics I have never allowed them—or a hard day's work—to put me in a bad mood.

It would, I find, be illusory to imagine that political unity can be achieved in a few years—and we have undertaken to achieve it by 1980—in a continent which counts among its Member States countries which have formed their structures autonomously for thousands of years. But, to close my brief personal remarks, Mr President, I nevertheless hope that joint effort will enable us to achieve the object we have set ourselves. The Council will do what it can, of that I am sure. In my present capacity as President of the Council I will also do what I can. But the contributions that we can make are modest. They will, however, I hope, help in the successful achievement of this political goal.

And now, Mr President, to the first question, Question No 155/73. The Council is not the competent body for this question, and it should be referred to the Foreign Affairs Ministers when they meet to discuss foreign policy within the framework of European political cooperation. I would remind the Member who asked this question that the Council confirmed at its

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meeting of 6 November 1973 that the Member States of the European Community are willing to contribute jointly and severally to a just solution of the Middle East problem, as can be seen from their declaration of the same day.

President. — I call Sir Douglas Dodds-Parker to put a supplementary question.

Sir Douglas Dodds-Parker. — I thank Mr Scheel for his opening remarks. Like others who have been working in international gatherings for 20, 30 or even 40 years, he must derive considerable satisfaction from the amount of cooperation which we see reflected on these benches around us and in the degree of parliamentary and other cooperation which has been achieved. I wish him and his colleagues a happy 1974 and look forward to the progress of the Council of Ministers and Parliament in that period on the same level as has been achieved between Parliament and the Commission in the last 12 months.

Does Mr Scheel realize that many on both sides in the conflict in the Middle East look forward to Europe's taking an initiative by showing willingness to help in any settlement of this conflict, which has been going on for 30 years in the Middle East—a region which, as Mr Scheel has said, has had strong cultural and economic links with Europe for thousands of years?

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — Assuming that the President-in-Office of the Council of Ministers—whose obvious recovery from his operation we all welcome—knows and is even friendly with the President-in-Office of the Conference of Foreign Ministers, will he be kind enough to tell the latter that Parliament greatly looks forward to having questions on foreign policy answered on the Floor of the House and having the President-in-Office of the Conference of Foreign Ministers taking part in our foreign affairs debates?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Before coming here, I read what I as the President-in-Office of the Council of the European Communities am allowed to say in answer to questions raised by Members of this House, the reason simply being that the procedure for arriving a common opinion of the Nine on questions put here is cumbersome, takes time and finally produces a denominator which

allows correct answers to be given but one which—as I see it—is hardly likely to give rise to tumultuous enthusiasm in Members or even satisfaction. I am very well aware of this weakness. I have also been told that under its Rules of Procedure Parliament gives the President of the Council a chance, after he has done his duty in answering questions as they are put and as they can be answered by him as President, to introduce into his answer to supplementary questions this or that political opinion which he may declare to be his own personal view and not therefore that of the President of the Council. But as an old parliamentarian I feel that the point of a parliament is that those who sit in it should participate in a dialogue to agree on problems or not and to wrestle with such problems. I am prepared to take part in such a dialogue, including of course a dialogue on the Middle East question, which is vital to Europe because the centre of conflict that is the Middle East is on our doorstep. As the honourable Members will know, the Community as such has dealings with this region.

In the Council of Ministers we have again discussed the necessity of establishing economic relations with the Mediterranean area. However, we have not as yet succeeded in bringing about anything that could be described with so pleasant a sounding term as *approche globale*. I said yesterday in the Council of Ministers that for the sake of the cultivation of the French language alone we should make an effort to conclude the treaties with the Mediterranean area soon; otherwise the peoples around the Mediterranean will perhaps be somewhat embittered as far as the *approche globale* is concerned. This is a problem.

But to allow progress in this respect, we need, I feel, peace in this region, not just a ceasefire but real peace. This influences our political opinion. Our first step—this is what above all the United States is concentrating on today—must be to find a way of achieving lasting peace, and it in turn can only be found on the basis of a resolution by the Security Council of the United Nations which is already very old but which has not to date been bettered as a basis for the search for peace. I think I can say here that the political opinion of the countries making up the Community is on the whole that this resolution, No 242, still forms the basis for the achievement of peace in the Middle East, even now.

President. — Since the President of the Council has indicated that he wishes to answer Questions No 178/73 and No 179/73 together, I now call both these questions.

President

Question No 178/73 by Mr Ansart is worded as follows:

'Subject: Further action on positions adopted by the European Parliament on the situation in Chile.

In view of the worsening situation in Chile and the strong feelings it has given rise to throughout the world, what action does the Council intend to take to give effect to the positions adopted by the European Parliament, and in particular to its resolution of 17 October 1973¹, in order to halt the wave of Fascist terror in that country and to assure the survival of Luis Corvalan and all Chilean democrats whose freedom and whose lives are threatened?'

Question No 179/73 by Mr Vals is worded as follows:

'Subject: Further action on the European Parliament's resolution on the military coup d'état in Chile.

what measures has the Council taken, or does it intend to take, to give effect to the resolution on the military coup d'état in Chile adopted by the European Parliament on 17 October 1973¹, in view of the development of the situation in that country and the threat to the lives of numerous Chilean democrats?'

I call Mr Scheel to answer these two questions.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Mr President, as you have said, I should like to take Questions No 178 and No 179 by Mr Ansart and Mr Vals together. The problem referred to in these two questions does not fall within the terms of reference of the Council, and the Council cannot therefore comment.

President. — I call Mr Ansart to put a brief supplementary question.

Mr Ansart. — (F) Mr President, ladies and gentlemen, this Assembly has had to hear not once, but twice about the sad and dramatic Chilean affair. The first time was to bring up the assassination of President Salvador Allende...

President. — Mr Ansart, no speeches, please, only a brief supplementary question.

Mr Ansart. — (F) I was going to describe the reasons behind my question, Mr President. Is one not allowed to comment on a question that has already been put, after the first part of the reply?

President. — No, Mr Ansart, you may only put a supplementary question. The Rules of Procedure are strict on this point.

Mr Ansart. — (F) The question has already been put. I have no additional question.

President. — I call on Mr Vals.

Mr Vals. — (F) Mr President, none of the questions raised by the European Parliament about Chile has yet been answered, either from the Commission's side or the Council's side.

Does the Council not think that it should at some point make a statement on this subject, depending on the position adopted by the European Parliament?

President. — I call Mr Scheel to answer this question.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) I should like to say to the honourable Member that the Council cannot of course go beyond its terms of reference and these questions happen not to fall within the terms of reference of the Council. We are well aware that what is concerned are political problems which affect everybody in Europe, everybody in our Member States. We know that the Member States, or at least some of them, have publicly expressed their sorrow at the events in Chile both as regards the violent overthrow of the Allende government and the political persecution of Chilean citizens by the present government.

What the Member States can do at the moment is to take an interest in the problems that have arisen as a result of the situation in Chile and accept refugees. Quite a number of Member States have, for example, taken the necessary measures to be in a position to absorb refugees. And hundreds of refugees have already arrived in some Member States. The governments are also trying to intervene on behalf of people who have been arrested and who must be assumed to be in danger. I would point out that my own government has discussed many cases with the Chilean government in an effort to reduce the pressure. We have also intervened on behalf of individuals who have been arrested and whose names are well known; they include the former Foreign Affairs Minister, of course, and also—I should like to mention this here—the former chairman of the Communist Party of Chile.

This is a humanitarian problem, a problem of respect for human dignity, respect which is due everywhere in the world in equal measure. I repeat: *everywhere* in the world. Our interventions have, I feel, been successful in certain cases.

¹ OJ No C 95, 10 November 1973, page 17.

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I should, however, like to say in all seriousness that, as probably many of you honourable Members will know from your own experience, we must proceed discreetly in a situation of this kind if we want to achieve anything.

I feel it is less desirable to mount large-scale spectacular protests which produce nothing than to take discreet action to help people who are in danger. This, I believe, is the attitude adopted by all the Member States. We will endeavour—even in talks, if it has to be—to take steps in cooperation with the Chilean government to help provide the pre-conditions that will ensure a return to normal in the country as soon as possible. This, I feel, I can say on my own behalf and on behalf of my government, without, however, contradicting the governments of the other Member States of the Community.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr Scheel, would you agree with me when I say that the nature of the special relations between the signatories to the Andean Treaty and the European Community is being influenced, negatively or positively, by the events in Chile and that to this extent the subject does fall within the terms of reference of the Council?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) You are right in saying that all the relations we have with certain regions of the world are influenced, positively or negatively, by political developments in those regions; that is obvious. But the situations mentioned in the questions are different, and that is why the Council is unfortunately not competent to answer the questions.

President. — The next Question is No 190/73 by Mr Cousté, worded as follows:

'Subject: Arab-European Conference.

In view of the present situation, is the Council in a position to say if an Arab-European Conference is planned and to indicate what may be expected of this Conference?'

I call Mr Scheel to answer this question.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Mr President, nothing has yet been heard by the Council of a conference of the type mentioned in this question.

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

Mr Cousté. — (F) I should like to put a question to the President-in-Office of the Council of Ministers. I quite understand that the Council has no information, but it cannot be unaware of the French government's initiative. I should therefore like to know whether this initiative will be taken up again by the Council of Ministers when the time comes.

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) I am aware that during the Summit Conference in Copenhagen the French Minister of Foreign Affairs considered—in connection with the visit by a number of Arab ministers to the Conference—an exchange of views with the Arab countries during which joint problems could be discussed.

This idea of the French Foreign Minister's did not form part of the Council discussions, and this could not be the case because no initiative of any kind was taken to put it before the Council. And it will probably not be taken up until a later stage of the Council discussions. Until then, because of its political character, this idea is more likely to be discussed in the context of what we call 'European political cooperation between the Member States of the Community'.

I would assume that within the framework of this cooperation, which is coming into being at many levels, the idea will perhaps take effect somewhere. I do not want to go into detail or describe the technical aspects of such developments of an idea. You can imagine how it will be; this is not the place to discuss the matter.

President. — I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, I should first like to say that we are all very happy to see the President-in-Office here and we thank him for coming.

I should like to put the following question: does the Council not have the right or the political possibility of intervening when bilateral talks between a Member State and a community of states outside the European Community of very considerable interest to the European Community are about to begin in order to prevent final bilateral agreements and to raise them to a supernational level?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) If such agreements did not tally with common policy or did not fall within the framework of common policy, yes—but a case of this kind has not as yet arisen.

President. — I call Mr Normanton.

Mr Normanton. — Whilst in no way wishing to inhibit any developments in the way of dialogue between conflicting political parties anywhere in the world, may I ask whether the President-in-Office of the Council of Ministers, would agree that it might be, internationally, politically inopportune for an Arab Community conference to be commenced without at the same time another conference along similar lines being convened with Israel as the other party to the European discussion? Would it not in fact be better to postpone such a conference until the settlement on a lasting and secure basis has been reached between the Arabs and Israel?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) I do not regard the idea of talks between Europeans or between the Community and Arabs as a kind of substitute for efforts to achieve peace—not at all. This can only be done as part of the efforts that have now started among those directly involved, with the cooperation of the two super-powers who, of course, not only are cooperating in the efforts to achieve peace but have also in one way or another had a hand in making the conflict possible, if only by supplying weapons.

Honourable Members, these efforts to achieve peace, I feel, should be supported by us all. We should not disturb or obstruct the very delicate negotiations and talks by attempts or ideas or proposals of our own. Nor is this the point of the deliberations of which I have just spoken: they concern a different area. They are more forward-looking. They have been prompted more by the realization, which has probably come to all of us in the meantime, that the relationship between industrialized states and states producing raw materials, which we called developing countries until recently, must be reorganized in the medium or long term. For this to be done, there must be willingness on the part of those concerned, and that must be preceded by a kind of stocktaking, an analysis of what obtains at present and what appears to be acceptable or desirable for the future. And this is the basis of the idea of talks between Europeans and Arabs.

As you know, the American President has called a meeting of petroleum-consuming countries for the week starting 11 February to discuss energy questions. The invitation itself makes it clear that it is not a question of trying to organize a consumer cartel or a consumer oligopoly, but that a step is to be taken along the sensible road of world-wide discussion on the necessity for cooperation, dictated by reason, between raw-material suppliers and consumers.

This conference must also quickly find a way of talking with the petroleum-producing countries, most of whom form part of the Arab world. Moreover, the talks will have to be extended very soon to the other countries of the Third World, which do not produce raw materials and as consumers are very much the victims of the circumstances of the last few months. That, then, is the world-wide background against which I see the proposal that has been mentioned in a Member's question.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — In view of the coming conference of oil-consuming countries that the President of the Council mentioned, would he not agree that it is absolutely vital that there should be a common energy policy of Europe to be put forward at that conference, and certainly in relation to the bilateral agreements that are in process of being negotiated in the Community? Can he give this House any idea when this common policy will be agreed and that steps are being taken to this end?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) You spoke, Sir—if I heard you correctly, I didn't quite understand the beginning—of the conference that has been called by the American President.

Of course, the Communities are not simply making preparations this conference; they will be represented there as a Community and they will, as a Community, advance their position at the conference. The Council decided yesterday to accept the invitation from the President of the United States to the Community.

In this decision we assumed that all the Member States of the Community had been invited. But in addition to the Member States invited, the Community itself will be represented; under yesterday's Council decision, it will be represented by the Presidents of the Council and Commission. It will work out its position before these representatives go to Washington.

Scheel

I am not so optimistic as to assume that we might establish a common energy policy by 11 February of this year. That, I feel, would be beyond the possibilities open to us at present. But we can by that date approximate our ideas to such an extent that we are able to adopt common positions on certain areas. Where this is not yet possible the Member States, who have been invited individually will of course be able to put forward their own views themselves. But in this respect as well, we have naturally agreed that the Member States present should not describe their views in isolation one from the other: a well-proven process will be applied which consists in making the attempt—with the aid, I would stress, of the Commission, which has the necessary expertise—to approximate, to harmonize, the opinions of the Member States as far as possible. That is quite a step for the Community, I feel, and I very much hope that a European identity will become apparent at the conference in Washington. I am convinced that European identity, about which so much head-scratching goes on, is not something that we might find hidden somewhere in the forest, as the pigs find truffles in the forest of perigord; European identity is, I am convinced, Europe's ability to make joint action. Only by acting jointly shall we be able to demonstrate our identity to the world.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President-in-Office, how do you think that this House can participate between 16 January and 11 February in the preparation of a joint position of the countries of the Community and—I stress—of the institutions of the Community as well?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) I do not know, Sir, I shall have to ask the President what the procedure now is. I see opposite me President Ortoli: he will bear the major burden of working out a joint position—with that, I believe, you will agree. There are, of course, the opportunities of cooperation with Parliament provided by the established procedure and by the Treaty. I can well imagine that from the time our work begins—and, knowing the Commission, I expect it began this morning—until 11 February or perhaps 9 or 10 February, whenever we have to leave, an opportunity will be sought, and found, of contacting and exchanging views with Parliament. But this will have to be looked into; I am quite willing to offer my services in this.

(Applause from some benches)

President. — I call Mr Noè.

Mr Noè. — (I) Since the time is rather short for the formulation of a common policy, I wished to ask the President-in-Office of the Council if he does not think that the Nixon plan, stated in the form of five points, a five-year plan for research on energy and a complete document in the sense that it is a global approach to the problem, might not, given the pressure of time, constitute a reference point on which Parliament could deliver an opinion and thus contribute to a solution of the problem?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) As President of the Council of Ministers, I am not, of course, in a position to answer this question, because we have not as yet adopted any kind of position on the material which may be discussed in Washington. My personal view is that the discussions in Washington will concentrate less on energy economy than on world-wide energy policy or the political aspects of the energy economy of the world, to put it another way. For it is not mere chance that President Nixon feels that the foreign ministers of the States invited should attend the conference. And although foreign ministers are politicians who—the choice is yours—say or claim that the very nature of their positions enables them to understand, at least roughly, what is going on in a very large number of political sectors, they are not generally energy experts. That is why—if I imagine the pattern the conference may follow—a decision will presumably be taken at some time to call on the experts to do something specific. That the five points you have just mentioned will play a part at the conference, there is, I believe, no doubt at all.

President. — May I remind the House that supplementary questions must be brief?

I call Mr Schulz.

Mr Schulz. — (D) Mr President-in-Office, there is certain to be no common energy policy of the Nine by 11 February. We cannot make up in a few days for what has not been done in many years. But may I assume from your remarks on the energy conference called by the American President that, despite some resistance to this project in various Member States of the Community which has emerged in the last few days, you will be attending it with all your proverbial active optimism to assure the conference of maximum success and that the European Parliament, which will not be participat-

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ing in the preparatory work, will receive from you a detailed report on the outcome of the conference?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) With regard to the first part of your question, Mr Schulz, your assumption is correct. But it is not true to say that the doubts expressed, in some cases publicly, by various Member States about the background and attendant circumstances of this conference would prevent these Member States from taking a positive part in the conference. Above all, these Member States do not in any way intend to obstruct the participation of the Community or to participate only half-heartedly: the Community will for the first time be fully represented at an important international conference, and we should make an effort to ensure that a major portion of joint policy becomes evident.

On the second point, the outcome and further work to be done in this sphere will undoubtedly be so important that the Council will report to Parliament on the matter.

President. — I call Mr Giraud.

Mr Giraud. — (F) I should like to ask the President of the Council if he has any knowledge of agreements to exchange arms for petroleum products concerning any of the Community countries, and whether the Council is competent to deal with these questions?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) The Council cannot give any information on this subject because it does not have any. The Soviet Union has not informed us whether it was paid in petroleum for supplies of weapons nor have we otherwise been told about past or future transactions involving weapons supplies.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, may I again ask whether in view of the bilateral security measures taken in the field of energy policy by a number of major Members of the Community in the last few weeks you have had direct negotiations with petroleum producers?

Do you think that you, the President of the Council, and the President of the Commission

will be able to provide more than statistical data at the Conference in Washington?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Mr Blumenfeld, I do not know whether you have unconsciously introduced the term 'statistical data' here. We have known each other for so long that I feel that you have deliberately introduced this term into your question because there are already difficulties with statistical data in the Community at present. You know that the proposals made by the Commission on the development of a common energy policy understandably begin with the need for information from which we can then proceed to seek a common policy. Unfortunately, the Commission's proposals that are intended to lead to this objective have not yet been accepted by the Council. This does not, however, mean that the Council is, for example, against the contents. Not at all. All the Member States approve what the Commission has proposed on the subject. But there is at the moment a general political situation that has led to several questions of varying content nevertheless being linked together and dealt with at the same time. This is regrettable. On the other hand, it does have its consolations: although certain necessary decisions have not yet been taken, all the countries concerned have without exception informally expressed their willingness to cooperate as proposed by the Commission and, so far as this is at all possible, to start finding ways of cooperating. In this, reason has therefore won a victory over formalism—even though, to use a well-known term from our Parliament, somewhat outside the law. The Commission can therefore already take the steps necessary to set a common energy policy in motion. I repeat: there will not be a common energy policy on 11 February. I am convinced that there are a number of things we can do and we have undertaken to proceed as follows. What we can work out by way of common elements of a common energy policy will be put forward at the conference by us as a Community—namely, by the Presidents of the Commission and Council. As we have not yet developed a common policy, we will attempt to harmonize as far as possible the views of the various countries represented at the conference.

President. — I call Mr Terrenoire.

Mr Terrenoire. — (F) Don't you think, Mr President, that the fact that some Community countries have been invited to Washington, and not others, represents an attempt on the part of the President of the United States to divide the Community?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) This question has already been dealt with. The President of the United States originally invited a certain number of countries to visit Washington; he did not leave their selection to chance but invited those countries which are members of the OECD Committee concerned and are major oil consumers in other words, certain members of the OECD Committee. There was therefore no discrimination against certain countries; rational thinking preceded the invitation. But the United States immediately realized that there has been more integration in the Community than had been assumed.

The United States reacted very quickly and stated that if the Community so wished, it would invite all the Member States.

In the draft of a reply to the letter containing the invitation from the President of the United States to the Federal Chancellor of the Federal Republic Germany—the President having approached the Federal Chancellor as the Head of Government of the country at present providing the President of the Council of the Community—we decided to state that the Community wanted the invitation to extend to all Member States. Proceeding from this invitation to all—we will say in our reply—the Community itself will be represented in Washington by the President of the Council and Commission. That is how things stand.

You have pointedly asked whether or not I assume that the President of the United States intended splitting the European Community with this kind of invitation. My reply to that is quite clear: I assume that he did not have this intention; for the government of the United States and the President of the United States are so well informed on the rigidity achieved in the Community that they know that to split the Community these days a policy developed technologically to an unheard-of degree would be needed.

(Laughter)

President. — I call Mr Leonardi.

Mr Leonardi. — (I) Mr President, we all know how difficult it is to define an energy policy. However, precisely because it is so difficult, the danger is that we shall go on not having any such policy. Does the Council of Ministers therefore not think that the time has arrived for it to assume its responsibilities, to cast off its secrecy and to tell us why it has for some

years past prevented any initiative from being taken to draw up and implement an energy policy which we had all requested and which we knew was possible of achievement?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) I will try to reveal the causes of these difficulties in one sentence by changing your question somewhat. You said that the Council had been blocking this development for years. If you look very closely, you should say—and I am being very objective here—that the members of the Council have not made a great contribution to rapid progress and if you analyse it even further, you will discover that this was not a attitude that resulted from their obligation as members of the Council, but rather an attitude which they—rightly or wrongly—felt they had to adopt as a result of their obligation towards national interests.

For the European public the most annoying thing is undoubtedly to see that Europe is actually still trying to balance national interests and that we have still not learnt to regard Community interests as the guide for our activities. There is interest in Europe as a whole which must be looked upon as a sign-post. But I admit that you still find in the bodies of the European Communities attempts being made to balance supposedly important national interests. If and when we finally cross this threshold, we shall have at last achieved the European spirit which is needed for Europe to become an entity. But we should not be too pessimistic—I am by no means a pessimist by nature; we should compare what we have achieved with the situation when we began together. And this comparison will show that there has been quite considerable progress. Let us hope that the progress will be somewhat quicker in the future.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President-in-Office, if I understand you correctly, you do not consider the conclusion, quite generally, of bilateral agreements between countries of the Community and the petroleum supplying countries as contrary to, or at least not as an obstruction to, the establishment of a Community energy policy or a Community energy supply policy; that is how I understood your answer. My question to you is: would you maintain this view even if, for example, all nine Member States of the Community concluded bilateral agreements of this kind, especially as it must be assumed that such

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bilateral agreements would be negotiated and concluded without consultation at Community level?

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Mr Lücker, I know too little about the background of the subject under discussion to be able to say anything reliable about it. The petroleum business is unusually complicated. There are governmental agreements, contacts between governments which do not lead to governmental agreements but to agreements between private companies or agreements between private companies and governments. It is an unusually complicated business, about which I am unable to say whether in Europe as a whole something exists or has been developed or will be developed which is not in complete harmony with European policy or the provisions of the Treaties. That is very difficult to say.

It is probably true to say that a proper appraisal from a European point of view of this whole range of oil transactions which we are talking about at the moment will not be possible until we have succeeded in creating a European energy policy which covers such petroleum transactions. We are in the process of doing this. And I feel that we should not introduce rigid methods but be flexible in our attempts to introduce gradually some kind of European system into this very complicated field.

It will not be easy. You know just as I do what has happened in this sector in the last few months. Is it not in fact a miracle to read in the newspaper today that in the history of the United States petroleum supplies have never been so good as today? Is it not a miracle to see potential customers in countries of the European Community which we assumed until recently to be totally cut off from all energy supplies obviously not buying this scarce raw material since the introduction of special provisions?

There is complete uncertainty about the real situation on this market. The government of my country, as you know, refrained some time ago from introducing regulations banning driving over certain periods because the experts predict that requirements can be met with present stocks and those now on their way to Germany.

This is so complicated a matter that I cannot at the moment give as accurate an answer to your question as I should like.

President. — All the questions to the Council have now been answered. We shall now proceed to questions addressed to the Commission of the European Communities.

The first of these is Question No 170/73 by Mr John Hill and worded as follows:

'Subject: Qualifications relating to the veterinary profession.'

What consideration is the Commission giving to the probable need to operate some system of *numerus clausus* to avoid both overloading the veterinary schools and training more veterinary surgeons than employment prospects justify, in connection with the Council's expected decision on the draft directives relating to the veterinary profession?

I call Mr Dahrendorf to answer this question.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, although the Commission is aware of the situation referred to in this question, the European Community does not at the moment have any legal basis enabling it to settle the *numerus clausus* problem. The proposals for directives on the veterinary profession based on Article 57 of the EEC Treaty have as their objective the freedom of movement of members of this profession within the Community. There is therefore no connection with the question of restricting the number of students admitted to university veterinary faculties nor, in particular, can it be the object of these directives to limit access to the profession.

President. — I call Mr John Hill to put a brief supplementary question.

Mr John Hill. — I thank the Commission for that information.

Does he agree that, subject to dealing with this problem when it arises, the veterinary profession within the Community would like to see progress made with the draft directives if they are modified on the lines suggested by the European Veterinary Liaison Committee?

Can he therefore confirm that the draft directives now before the Council incorporate these modifications, whose main object is to provide rather greater flexibility in the syllabus and in the programme of Study hours?

Can he also indicate what hopes he entertains of the Council's coming to a decision in the reasonably near future?

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) I am assuming that the honourable member realizes that I attach very precise ideas and intentions to the directives on freedom of movement in academic professions — ideas and intentions — which I hope can be achieved. I was particularly concerned that some of these directives have been before the Council for years, although there were clearly reasons for not dealing with them more rapidly; these reasons were not always 'unrealistic.

I found that one reason was the lack of flexibility in a number of directives, i.e., the fact that these directives might have produced misunderstandings about the aims of European regulations; and some governments or organizations of Member States regard such misunderstandings as a threat to their legitimate traditions.

That is why I attached some importance to the example of the profession of a general medical practitioner, in order, if I may say so, to publicize the discussions on the subject a little, to destroy some of the suspicions and to make it clear that such directives do not aim at intervening seriously in existing forms of organization or methods of training or to reform training methods.

After a public hearing among the medical profession which I organized, I can say the following: there will probably be a Council meeting during the first half of this year and its agenda will include the question of reciprocal recognition of diplomas and freedom of movement for all professions in question. In my opinion, it is unlikely that all the necessary directives for any profession will be adopted at that meeting. It is possible, however—and I very much hope it will happen—that the Council will accept as a whole certain principles applicable to the question of freedom of movement. They include what the questioner calls flexibility. I very much hope that once these principles have been laid down, it will be much easier to draw up suitable directives that fulfil the task of the Treaty and are not taken as a threat by anyone in Europe.

President. — The next Question is No 174/73 by Mr Broeks, worded as follows:

'Subject: Ratification procedures for the Convention establishing a European University Institute.

Can the Commission state whether the ratification procedures for the Convention establishing a European University Institute signed on 19 April 1972, which are still pending before the parliaments of Belgium, Germany, Luxembourg and the Netherlands, can be completed in time for the activities of the Institute to commence on 1 October 1974?'

I call Mr Dahrendorf to answer this question.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, so far only Italy has signed the agreement to found a European University Institute in Florence. Probably, all the other Member States will sign it by the summer of this year. That is why we still assume that the Institute will open on 1 October 1974. The President and the Secretary-General of the Institute have already been appointed, and the first teaching staff will be appointed soon. The competent boards of the Institute will confirm all these decisions as soon as the agreement enters into force.

May I add that I am giving this reply although it is well known that the Commission has only played a very limited and modest part in the preparations for this European University Institute.

President. — I call Mr Broeks to put a brief supplementary question.

Mr Broeks. — (NL) Mr President, although I am aware that the Commission's role is only a limited one at the present time, it has been decided that this role should be extended considerably in the years to come. I would therefore ask the Commission to do what it can to see that, even if the ratifications are left until late in the year, steps are taken to enable the Florence Institute to open on 1 October 1974.

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, at this moment the influence of members of the House on the process of ratification is much greater than the Commission's influence, since ratification is the responsibility of parliaments, and you are members of parliament. Nor would I consider it advisable to open doors at this stage which might, perhaps, further delay the process of ratification. But I can assure the delegates that the Commission will do everything in its power to ensure in practical terms that no unnecessary delays occur in the opening of the European University Institute.

President. — I call Mr Premoli.

Mr Premoli. — (I) Mr Commissioner, my question is as follows: according to which procedure will the European Parliament be regularly informed of the activities and business of the European University Institute in Florence.

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) It is difficult for me to answer this question, because it is hard to tell by what procedure the Commission will be kept regularly informed of the decisions taken in regard to the European University Institute. Perhaps it would be useful if the responsible parliamentary committee could examine once again how to ensure that the European Parliament will play an adequate part in this important European development.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — In view of the strong possibility of a zero economic growth this year in the Community, would not Mr Dahrendorf agree that this expensive project should be postponed for at least a year, if not more?

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) First I should like to point out again that unfortunately the Commission is only involved to a limited extent.

Secondly, I should like to add, as my personal opinion, that whatever the forecasts are for the economic growth in the European Community this year, these forecasts should not stop us from fulfilling important European projects now. May I as a sociologist, and perhaps with a slight note of irony, add that history shows that interest in culture increases in times of decreasing economic growth.

President. — I call Mr De Sanctis.

Mr De Sanctis. — (I) I thank the Commissioner for the reply he has just given, and I should like to ask the following question: can the Commission confirm, if only to give peace of mind to our colleagues who have been making enquiries on the matter, that the Italian Government, having ratified the agreement with great despatch and made an appropriation in its favour from the funds at its disposal, has taken steps with the cooperation of the municipality of Florence to set up and equip the seat of the European University Institute?

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) According to my information, that is correct, those are the facts.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, can the Commission state whether the delays in ratification procedures in the various countries are of a purely technical nature or whether some may be due to political factors?

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) I do not have enough information to give an adequate answer to this question. Please do not misunderstand me. It does not mean I know something that I do not want to say; it simply means that I have no adequate information on the nature of the declarations that may have been made during the debates on ratification.

President. — I call Mr Rosati.

Mr Rosati. — (I) I should like to ask, even though it seems to me that the reply may have been already anticipated, whether the brief period of time allowed for the appointment, albeit provisional, of the academic body and of the administration can be stated in terms of days or months, so that teachers can be acquired as soon as possible, since in any university teachers are the most important element.

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) According to my information, the work is progressing continually and without especial difficulties. You can see that by the fact that the president and administrative head have already been appointed, insofar as this is legally possible before the conclusion of the ratification procedure. I do not think the deadline of 1 October will be endangered by the rate at which the first teaching staff are appointed. In simpler terms, as far as I can tell, the necessary personnel and material will be available by 1 October.

President. — I call Mr Verhaegen.

Mr Verhaegen. — (NL) Mr President, I should be grateful for information on the relationship and, possibly, points of convergence between the Institute to be created in Florence and the present College of Europe in Bruges. Is there not a danger that the new Institute may impinge on the Bruges College, to the detriment of the latter?

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Since the point which the questioner is rightly raising is an urgent one, I have made enquiries about relations between those who are planning the University Institute in Florence and those who have been running the College of Europe in Bruges for many years. I was pleased to find that the two projects are more or less complementary and do not impinge on one another; on the contrary, there are plans for cooperation between the academic boards of the European University Institute in Florence and the College of Europe in Bruges, with parallel or converging teaching and research projects on the basis of a rational division of labour. Both have their part to play, and steps will be taken to ensure that their cooperation serves the common good.

President. — Ladies and gentlemen, the time compels me to close Question Time.

I would remind the House that questions that have not received an answer during Question Time will be answered in writing insofar as their authors have not withdrawn them before the end of Question Time and have not indicated that they attach importance to their receiving an oral answer and consequently wish to have them included in the agenda for the next Question Time.

I call Mr Jahn.

Mr Jahn. — (D) Mr President, honourable Members, I am not speaking simply because it is my turn. I already wanted to speak after my colleague Mr Cousté, whom I congratulate on his question on the subject of planning a European-Arab conference because it provoked a general debate on energy policy, relations between the EEC and the USA and the institutional position of the EEC in these negotiations.

Perhaps the President's Bureau will check whether this sort of extension of the subject-matter, which I welcomed greatly but which has nothing to do with the questions put, will also be allowed in the next Question Times. For then Question Time will lose its real meaning.

President. — I call Mr Brewis.

Mr Brewis. — On a point of order, Mr President. Is it not unfortunate that we have only got through about six questions, and lamentable that so many Commissioners, who are very busy men, have come here to answer questions but in vain? With respect to you, could you not see that sup-

plementary questions and answers are much shorter and use your discretion not to call so many supplementary questions on one subject? I hope that you will take this into account before our next meeting.

President. — I remind Members of the House once more to be as brief as possible. This applies also to Members of Council and Commission.

The Rules of Procedure, however, oblige me now to pass on to the next item. Question Time is therefore closed¹.

5. Action taken by the Commission on opinions and proposals put forward by the European Parliament

President. — The next item is a report by the Commission of the European Communities on the action taken by the Commission on opinions and proposals put forward by the European Parliament.

I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — Mr President, with your permission and in furtherance of the Commission's desire wherever possible to report immediately and directly to Parliament, I should like to make a short statement about the regional policy discussions at the Council meeting on Monday and Tuesday of this week, but before doing this, in the absence of my colleague Vice-President Scarascia Mugnozza, I should like to give Parliament the normal report on the follow-up by the Commission of the opinions of Parliament.

The Commission has followed the opinion of Parliament concerning the fixing of the level of ECSC levies and the establishment of the operational budget of the ECSC by maintaining the present level of levy at 0.29 per cent. The Commission has also followed Parliament in deciding to increase the sum devoted to coal research from 5.5 to 6 million u.a.

As regards the resolution adopted by Parliament in December on emergency measures to ease the energy supply crisis, my colleague Mr Simonet will reply during the exchange of views concerning other energy matters on the agenda in order to save the House's time.

President. — I thank Mr Thomson for his report. This item is closed.

¹ For Oral Questions which could not be answered during Question Time and written answers thereto, see Annex.

6. *Commission statement on the Council meeting on regional policy*

President. — The next item is a statement by the Commission of the European Communities on the Council meeting devoted to regional policy.

I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — Mr President, one of the main matters raised by Parliament in December concerned the Commission's proposals on regional policy, and it is on that that I wish to make a short report. The Council did not at its session on Monday and Tuesday of this week reach an agreement on the Regional Development Fund. It agreed to meet again to discuss the Commission's proposals on Wednesday 30 January in order to take the final decisions. This means that the clock remains stopped until that time. During this latest Council the Commission provided a large amount of further illustrative and statistical material at the request of the delegations of the Member States. Ministers felt that they needed some time to digest this material, and this was one reason why they were unable to reach decisions at this stage.

Between now and 30 January a great deal of preparatory work will be undertaken. The Commission is naturally most disappointed at this failure of the Council once again to take the necessary decisions to enable the Fund to go into operation. Naturally, with each postponement of the decision the situation becomes graver for the Community, since it is both delaying the starting up of a Community regional policy, which is both urgent and necessary in itself, and it is also delaying progress on other wider Community issues such as the second stage of economic and monetary union and a Community energy policy.

The chief issues remaining to be resolved are still the size and duration of the Fund and its distribution among the Member States. To my mind, the fundamental issue for decision is really the size, since no acceptable solution on its distribution can be found unless a sufficient volume of resources on behalf of the Commission's proposals is made available.

The countries suffering from the severest imbalances within the Community recognized at the Council the disadvantages of a solution which would confine the Fund only to themselves. Their position in this respect, therefore, is consistent with the policy which has always been advocated by the Commission in the debates in this House—namely, that a regional policy should be a living and growing

policy of relevance to the Community as a whole, not just a policy of small-scale relief to a limited number of depressed regions. The Community's regional policy should thus remain, in the Commission's view, based on a decision taken at the Paris Summit in December 1972.

The Commission's proposal is still receiving a great deal of support in the Council, perhaps even greater support than would normally be expected over the launching of a major new policy. But it would be wrong to underestimate the difficulties which we have encountered, especially in respect of the size of the Fund.

I might sum the report up in this way. First of all, at the Council meeting a better and more positive climate in relation to this question was undoubtedly created, and this owed a very great deal to the skill and wisdom of the President-in-Office who was addressing the Parliament earlier this morning.

Secondly, with regard to the statistical material asked for by Member States, this related to a number of models of a regional development policy. I emphasize that these are models and not proposals, but the fact that a number of national delegations were anxious to produce models for further examination is evidence of their desire to find a solution.

There are also two features about all the models asked for for further study. In one way or another all of them arrive, on one time-scale or another, at broadly the same ideas as the Commission about size and distribution. Secondly, all of them seek to ensure, in one way or another, an appropriate degree of priority for the three Member States who, together with Greenland, are recognized as facing the severest regional problems.

Finally, there is the not insignificant fact that the Council last night decided to reconvene on 30 January without waiting for the normal meeting of the Council which was due on 4 February.

The fact that they were willing to do this and to show this sense of urgency is certainly no guarantee of success at the Council meeting on 30 January, but I think it is irrefutable evidence of the desire to find a generally acceptable agreement for launching this important new Community policy.

President. — I thank Mr Thomson.

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I should like to start by thanking Mr Thomson for his endeavours in informing this Parliament as

Bertrand

rapidly as possible about the anything but pleasing results recorded by the Council during its last meeting on 14 and 15 January. We shall shortly have an opportunity to discuss the outcome of the Copenhagen Summit Conference with reference to the Radoux report.

I should like to state now that the impotence of the Community's most prominent institution is being demonstrated more blatantly each day to the people of our Community. We are witnessing the growth of a *malaise*, not to use a more drastic term, which must be countered by drastic reactions in this Parliament if we are to live up to our position as representatives of the people. I am not authorized to discuss this problem on behalf of my Group, but I would like to make the following observations.

I regret the mood prevailing at present in one of the Community's most important bodies. We are reversing more and more to intergovernmental conferences without any sense of community. Mr Thomson has informed us that the Council has stopped the clock not only until the fourteenth, but for a whole month. If we are not careful we shall, in 1975, still be stuck at 31 December 1973 if such procedures are accepted. If it was only a question of the Regional Development Fund, one could claim that this was an exceptionally important and momentous point of departure for the consolidation of the Community. However, we have to admit that no agreement was reached on the extent, volume or contents of the Regional Development Fund and that at the same time the next stage of Economic and Monetary Union and the initial measures required for the proper functioning of a common energy policy have been blocked. Things are therefore not very bright for our Community, and this is a fact which I should like to underline.

I should like to put another question to the Commission.

After the discussions in the Council on 14 and 15 January, does the Commission intend to maintain its original proposals on a European Regional Development Fund? Or does it intend to make new proposals to the Council before 30 January in an attempt at mediation in order to find a solution before the end of the month? If the Commission does in fact intend to amend its original proposals I would insist most strongly that Parliament should be informed of these proposals before 30 January so that it can at least keep abreast of the mediation efforts being made by the Commission to solve the problems connected with the Regional Development Fund.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — The Commission's proposals remain on the table. They are the only proposals; the other suggestions that have been made are models and not proposals. It is the intention of the Commission to join everyone else in a search for a satisfactory solution.

While I have great sympathy with the opening remarks of the questioner, I should qualify them in two ways. First, we must recognize that bringing a new policy to birth is always very difficult in the Community and that this particular period of birth is occurring in a very difficult economic climate. The Finance Ministers are understandably very cautious. Secondly, I want to emphasize the spirit of cooperation shown at the Council meeting on Tuesday and the way in which the search for compromise was conducted from the chair by the President-in-Office.

The President. — I call Mr James Hill.

Mr James Hill, Chairman of the Committee on Regional Policy and Transport. — I agree with the Commissioner that there is good will now, but he mentioned that in the Council of Ministers there had been a sense of urgency. My contention is that it is not as though the concept of a regional development fund was brought upon them as an overnight surprise. The Committee on Regional Policy had been working on this since May of last year, and it seems to me that the Council of Ministers has been very lax in its approach to the problem and in approaching it at this very late date, when the committee had achieved harmonization and the documents had been presented to Parliament. We all worked extremely hard so that we should not have to stop any clocks. I feel that at this late date to call on the Commission for further statistical material shows a lack of purpose long before the date of 3 December.

I know that my committee is behind me when I say that we do not feel that a derisory fund of anything within a 10 per cent margin of what is contained in the document would make for a worthwhile regional policy programme. I ask Mr Thomson to emphasize time and again to the Ministers that if they want a regional development programme they must provide a fund sufficient to enable the Commission to work as a progressive part of this unity within the Community.

The President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — I sympathize with

Thomson

the strong feelings expressed by the Chairman of the Committee on Regional Policy and Transport, because he is right: if I may say so, they killed themselves in order to keep the timetable necessary to satisfy the Summit mandate. I am glad that Mr Hill mentioned the size of the fund in circumstances in which the President-in-Office can hear the views of the chairman of the Committee on Regional Policy and Transport.

The President. — I call Mr Brewis.

Mr Brewis. — In the light of the new statistical material which has been requested, is there a proposal to grade the regions according to the severity of their problems—as, for example, special development areas, development areas or intermediate areas? If so, when will this House be informed? When can we expect to see maps which show how the regions are to be graded?

The President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — The various models involve different permutations, none of which will be unfamiliar to the active members of the Committee on Regional Policy and Transport. There is concern to ensure that appropriate priority is given to those regions which have the severest imbalances and to those countries which contain such regions. With regard to reporting to Parliament, I can only undertake to ensure that Parliament is informed as quickly as is practicable, either in open session, if the timetable is suitable, or by direct communication with the Chairman and Rapporteur of the Committee on Regional Policy and Transport.

President. — I call Mr Delmotte.

Mr Delmotte. — (F) Mr President, today the rapporteur of the specialized committee must once again express his bitterness about what may be regarded as a new failure; while we must be grateful to Mr Thomson for his courage in saying just now that he remained to a certain extent optimistic, we should nevertheless analyse the results of recent work by the Council with as much objectivity as possible.

It is true that the clock was stopped on 31 December, and it did seem that we could nurse the hope of a solution by 14 January. That has now been put off until 30 January, and in his usual diplomatic way Mr Thomson is preparing us for partial failure. He says, of course, that the Commission is in favour of setting up a Regional Fund, but that is all. It is an attitude which ill conceals everyone's intentions.

This is to be regretted, Mr President, just as it is to be regretted that apparently the intentions expressed by Parliament during its part-sessions last November and December are now being contradicted. Then we pronounced ourselves against the 'watering-can' policy, which seemed to be the easy way out adopted by the Commission and the Council.

We have stressed that we are opposed to the idea of a just return, and this seems to have become a stumbling-block in the Council of Ministers. This is a pity, since it is said that everyone wants a dynamic policy; this is certainly not the case at the moment. Whatever one says about it, the Summit did emphasize the distortions existing within the Community and the 1 to 5 ratio concerning the imbalances established. The policy that apparently has to obtain in Brussels at the moment will certainly not be the one to give us satisfaction on regional policy.

Once again, Mr President, may I say that it is doubtless very praiseworthy to establish instruments and to meet the Summit's expectations by setting up a Regional Development Fund. But it must be admitted today that there is a doctrinal 'no man's land' which cannot be made good either by the establishment of instruments, or by laboriously setting up a fund, or even, as Mr Hill said, by allotting huge resources to it. What we need is a true Community regional policy doctrine.

Here I agreed with Mr Bertrand that it is high time that the Community regained some of its confidence at the highest levels of its institutions.

We should, of course, like to believe that this policy is simply having difficulties in finding its feet. It is, perhaps, easy for parliamentarians to criticize from afar, without being on the spot within the Commission and especially, Mr President, in the Council of Ministers. But everything points to the fact that if something is not done quickly we shall go right back to square one again in this matter.

I appeal, Mr President of the Council, to the desire you have shown on other occasions for a true regional policy.

Let us, then, all try together to develop a true doctrine on this subject. We have just seen that the instruments are bound to be useful to some extent and will have some beneficial effects on the distortions and balances within the Community. But I repeat that we should first come to an agreement on the basic doctrine.

(Applause)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — I do not wish to take up the time of the House, which I know is awaiting the report from the President-in-Office which will cover some of the same ground.

I would only say to Mr Delmotte, as rapporteur of the committee, that I had the impression the Council discussions helped to clear up a good deal the point I know concerns Mr Delmotte—namely, whether the Commission's proposals were 'watering-can' proposals. The Commission's proposals put forward a fairly substantial 'garden'—if I may continue the metaphor—but it is a garden that, although it includes 30 per cent of the Community's population, includes only a quarter of its wealth. Under the Commission's proposals, whatever the size of the fund, it would need to be concentrated a great deal on priority projects.

What is important in this is not so much the size of the garden but the amount of water in the watering-can—if you reduce the size of the garden by 25 per cent, for example, and reduce the amount of water by 50 per cent. One proposal that has been widely canvassed is the proposal to reduce the criteria of the GNP to 90 per cent. That produces a situation in which one would have to sprinkle very much indeed. I hope that when the final solution is arrived at we shall be able to avoid these dangers.

President. — I thank Mr Thomson.

Does anyone else wish to speak?

The general debate is closed.

7. Oral Questions No 101/73 and No 138/73, with debate: Conference on Security and Cooperation in Europe

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

— Oral Question No 101/73, with debate, tabled by Sir Tufton Beamish on behalf of the Council of the European Communities on the Conference on Security and Cooperation in Europe; and

— Oral Question No 138/73, with debate, tabled by Mr Blumenfeld, Mr Aigner, Mr Glesener, Mr Kollwelter and Mr Mursch to the Council of the European Communities on Community Representation at the Conference on Security and Cooperation in Europe and in relations with the USA.

Oral Question No 101/73 is worded as follows:

1. Will the Council of Ministers confirm that the agreement by the Member States of the Community to the inclusion of 'the indiviolability of frontiers' on the Agenda of the Conference on Security and Co-operation in no way prejudices, in its view, the rights of all countries to self-determination or their right to hold democratic elections without foreign interference of the threat of it?
2. As an important step towards greater security in Europe, the subject of discussion in this Conference, will the Council seek assurances from those of its Member States which take part in the work of the North Atlantic Council that the results of Mutual and Balanced Force Reductions will be subject to a reliable system of verification under strict international control? Will the Council inform the Parliament what progress is hoped for in this field?
3. Will the Council inform the Parliament what progress the Member States of the Community hope to achieve towards freer exchange of persons and information with the Soviet Union and its Allies in Eastern and Central Europe through the Conference on Security and Co-operation in Europe?
4. Will the Council of Ministers keep the Parliament and its Political Committee regularly informed of the progress made by its Member States in the Conference on Security and Co-operation and in its follow-up, not merely relying on the Davignon procedure?
5. Will the Council of Ministers, by means of information received from those of its Member States taking part in the prospective Mutual and Balanced Force Reduction negotiations and/or taking part in the work of the North Atlantic Council, keep the Parliament and its Political Committee regularly informed of the progress made in those negotiations?
6. Will the Council inform the Parliament if it is satisfied that its Member States are adopting a common approach to the main issues under consideration at the Conference on Security and Co-operation in Europe and that they will continue to do so?
7. To what extent does the Council consider that there can now be a Community approach to the negotiations on Mutual and Balanced Force Reductions?

Oral Question No 138/73 is worded as follows:

1. In the final declaration of the Paris Summit Conference of 21 October 1972 the Community and the Member States are called upon to 'make a concerted and constructive contribution' to the Conference on Security and Cooperation in Europe (CSCE).
 - (a) Does the Council think that the course decided upon on 10 September 1973 in Copenhagen within the context of political cooperation, under which representatives of the Commission take part in the work of the CSCE as members of the delegation of whatever Member State is providing the President of the Council, is in line with the Treaty and the political claim of the

President

Paris Summit Conference to be represented in its external relations by its organs (Commission and Council)?

- (b) Does the Council believe that cooperation provided by the Commission in this way to only one of four subcommittees of the CSCE is enough to enable the Community to speak out on all the questions that concern it?

2. Can the Council give an assurance that the Community will be properly represented in the coming dialogue with the United States in those spheres that fall within the Community's jurisdiction?

I would remind the House that, pursuant to Rule 47 (3) of the Rules of Procedure, in each case the questioner, or speaker on behalf of the authors of the question, is allowed twenty minutes to speak to the question, and that after the institution concerned has answered Members may speak for not more than ten minutes and only once. Finally, the questioner may, at his request, briefly comment on the answer given.

I call Sir Tufton Beamish to speak to Question No 101/73.

Sir Tufton Beamish. — This is the first opportunity that the Parliament has had for a full-scale debate on the Community's foreign policy with special reference to the Conference on Security and Cooperation in Europe and the Conference on Mutual and Balanced Force Reductions—although the 'B' has been removed—the word 'balanced'—on Soviet insistence.

Eighteen months ago, Mr President, you, on behalf of the Liberal Group, moved a resolution urging the Community to speak with one voice at the Helsinki Conference, taking full account of the need for Atlantic solidarity, stressing the importance of the free movement of people and ideas, and drawing attention to the tentative steps then being taken towards disarmament.

You will remember the motion that you put forward. It was six months later that the Parliament passed a motion for a resolution which charged the Political Affairs Committee with the duty of following the progress of the Helsinki and Vienna Conferences. Parliament was surely right to link these two conferences, having consistently taken the view that foreign policy cannot be divorced from its defence implications.

This spring we shall be debating the Political Committee's report, with Lord Gladwyn as rapporteur, on the options open to the Community in the field of defence. In this connection the European Conservative Group have been much encouraged by paragraph 8 of the Declaration on European Identity, made at the Summit,

which warns that the Community neglects its security at its peril, points to our military vulnerability and urges the need for constant efforts to ensure that the Nine 'have adequate means of defence at their disposal'. This was a statement of historic importance though, for some curious reason, it has gone largely unremarked.

I want briefly to paint in the background to the Security Conference. As long ago as 1954, Mr Molotov proposed that all European countries should conclude a 50 years' security treaty. At regular intervals since then, Soviet leaders have urged that a security conference should be held. There were two very serious setbacks. The first was when the Soviet Union intervened in Hungary in 1956 and the second when they invaded Czechoslovakia in 1968, something that Mr Brezhnev sought to justify on the ground that common laws govern Socialist construction, deviation from which might lead to deviation from Socialism itself. In 1964, between those two terrible incidents, the Rapacki Plan was put forward at the United Nations. NATO Ministers observed that the basic causes of East-West tension persisted and would continue so long as Communist countries aimed to extend their own system to the whole world. None the less, by December 1971 the North Atlantic Council agreed to hold preparatory talks on the CSCE, although regretting Soviet failure to respond to their invitation to hold preliminary talks on mutual and balanced force reductions. There was a proposal by the Six that a freer exchange of information should be a main subject in Helsinki, and this was brusquely dismissed as an attempt 'to smuggle hostile ideas into the Socialist countries'.

This is a brief chronology, and shows the Kremlin's two voices—one for our ears, cooing like a dove, the other for home consumption, screeching like a hawk. Since 1973 Soviet leaders have been at great pains to explain at home and in Eastern and Central Europe that there has been a change of tactics and not a change in strategy. Marshal Grechko, the Soviet Defence Minister, last month made a speech in Prague in which he said that they would pursue *détente* with the West while building up their own strength militarily and economically. He said that there was no contradiction in this, and that the two things were complementary.

The Helsinki Conference started with a rather unfortunate comment in the Soviet Union. *Red Star* said: 'The move towards *détente* creates no illusions in the Soviet people.' A senior Czech Minister said that the conference was 'not a diplomatic tea-party, but a new platform of the class struggle', which *Pravda* stated would con-

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tinue 'up to the complete and final victory of Communism on a worldwide scale.'

So we can be under no illusions, if we believe what the Soviet Union says, as to what they want. It seems to me to be quite plain. Their objectives can be listed like this: First, to get the free countries to put the rubber stamp of respectability on what they call the '*status quo*' in Eastern and Central Europe. Secondly, to freeze the favourable military situation on the European front both in manpower and weapons. Thirdly, to obtain the assistance of the leading non-Communist powers in the development of the Soviet Union's backward industrial, technological and agricultural sectors and in the exploitation of its huge natural resources. Fourthly, to make the creation of a genuinely united European Community more difficult and, lastly, to try to drive a wedge between the United States and the European Community.

Naturally, all this will be easier the more they can lull people in the West into a false sense of security by engendering a mood of wishful thinking and escapism.

These tactics are consistent with the famous advice of Lenin at the Second Comintern Congress in 1921, when he said that to refuse to manoeuvre and utilize the conflict of interests among their enemies was 'ridiculous in the extreme', that they might have to go in zig-zags, sometimes retracing their steps.

So, what are the prospects for the Security Conference and the Mutual and Balanced Force Reduction Conference with this somewhat inauspicious background? We welcome the fact that both these conferences are taking place, and we are greatly encouraged by the fact that the Community is speaking with one voice at the CSCE. There is no need to reply to paragraph 6 of my question. The answer has already been given, and we like it. Our group thinks that the Soviet attitude to the freer flow of people and ideas and information will be the main touchstone of their sincerity at this conference, but the impediments are formidable.

Censorship in the Soviet Union is absolute. No fewer than 70,000 censors are employed by *Glavlit* in the Soviet Union. We must never forget what Karl Marx once said in an incautious moment: 'A censored Press remains bad even when it produces good things.'

Soviet citizens have no constitutional right to go abroad. Foreign broadcasts by Communist countries total about 6,000 hours per week in 84 languages, while most foreign broadcasts to the Soviet Union and Eastern Europe are jammed.

Radio Free Europe, which seeks to replace a responsible opposition newspaper behind the Iron Curtain, is short of funds. I find that worrying. Foreign journalists and foreign visitors to Communist countries are severely restricted and supervised. Penal conditions are grim. The courts are still used as a political weapon. Anti-religious propaganda is still rife. There is no freedom of assembly. The mockery of democracy which poses as free elections is there for all to see. The trade unions are an instrument of Party and State.

All these things, and many more besides—most of them reflected in one way or another in Eastern and Central Europe—fly in the face of the Universal Declaration of Human Rights. Yet the Soviet Union poses as a champion of these rights in non-Communist countries while refusing any investigation into their violation on the other side of the Iron Curtain.

So what do we conclude under this heading? Surely, we must insist that any move towards honourable *détente* would be a sham and a deceit unless it includes freer movement of people and information in both directions. Dramatic progress is obviously out of the question, but some progress is surely essential as a token of Soviet goodwill and sincerity.

There are those who argue that what the Soviet Union does within her own legal boundaries is none of our business, though I think few Members of this Parliament would agree with that. But nobody can argue that what the Soviet Union does beyond her frontiers in other countries is none of our business.

Hence paragraph 1 of my Oral Question, to which I am sure the only answer that can be given is an unequivocal 'yes'.

I want to make it absolutely clear that I and my friends would regard any agreement with the Soviet Union which even implied their right forcibly to prevent independent countries from holding free elections without foreign interference or the threat of it as altogether unacceptable.

This leads me to make just a passing reference to *Ostpolitik*. I note with pleasure that the preamble to the Treaty between the Federal Republic and the GDR includes a statement that everything in the Treaty—and I am quoting—is 'without prejudice to the different views of the Federal Republic and the GDR on fundamental questions, including the national question'. We were all very pleased to see that.

'From antagonism through neighbourliness to togetherness' is a sentence that will have a familiar ring in Mr Scheel's ears. It is a splendid

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ideal to which we can all subscribe. But I am sure that Mr Scheel will not mind my being very frank here: I cannot help wondering whether too high a price has been paid for full recognition of the GDR by the Western Powers and for their admission to the United Nations with no questions asked about self-determination or human rights.

I fully accept the good faith in which *Ostpolitik* was pursued, but I ask whether the bargains that were struck with the Soviet Union, with Poland and with the GDR relied too much on Soviet good faith, perhaps gave too much in return for too little and therefore created a somewhat dangerous precedent for the Community as a whole.

I want now to say a few words about military security and something about trade with the Soviet Union. I hope that Sir John Peel, the President of the Western European Union Assembly will say something on the subject of military security, and other Members also may wish to do the same.

I would simply like to make a comment, arising out of the second, fifth and seventh paragraphs of my Question, on the overwhelming conventional military superiority of the Warsaw Pact forces. This needs no emphasis. We all know that their forces are greatly in excess of those that would be required for purely defensive purposes. We in our group feel that progress in Vienna on the force reduction Conference will be a crucial test of the Kremlin's stated wish to reduce the level of armed forces and armaments in Central Europe without diminishing security for either side—the same as the stated wish of NATO. But we feel this will be impossible unless there is a completely reliable system of verification, a word we hear too seldom these days. We think that the willingness of the Warsaw Pact countries to supplement satellite observations with verification on the ground will be another acid test of their good intentions.

Lastly, before I come to my conclusion, may I say a word about trade with the Soviet Union and with Eastern and Central Europe? There are many problems that will come under this heading. I hope that Mr Ortoli may feel able to contribute to the debate on this subject.

None of these questions will be safely solved if we risk allowing our commercial appetites to give us chronic political indigestion or to put our security at further risk. Many of us make a sharp distinction between bilateral trade with the formerly independent countries of Eastern and Central Europe and trade with the Soviet Union, the latter still remarkably autarkic with external trade accounting for only 3 per cent

of the Soviet Union's GNP. The rather astonishing figure for the aid given to developing countries in 1973 by the free world was in excess of all the aid given by the Communist countries in the past 20 years. I feel this also is something which has been remarked upon too little. We very much hope the Soviet Union will be in a more generous mood when giving aid to the developing countries.

We feel it is important to avoid any commercial arrangements with the Soviet Union which would make it easier for them to increase their huge military expenditure, to tighten their grip on the economies of Eastern and Central European countries or to maintain and strengthen the oppressive measures to which I have referred regarding personal liberties. In this respect, let us all salute the extraordinary gallantry of men like Solzhenitsyn and Mr Sakharov and the great courage they are showing.

Where trade is concerned, some excellent advice was given by Foreign Commissar Chicherin at the time of Lenin's new economic policy. He was a Marxist-Leninist economic pundit, much in vogue today. He said: 'It is necessary to create confidence. Without it the capitalists will not open their purses.'

So we have been warned.

I want at the beginning of my conclusion to draw attention to the fact that I have specifically asked in my question that Parliament should be kept regularly in the picture where both these important conferences are concerned. We were much encouraged in our group by the urgent Summit injunction to the nine Foreign Ministers to decide on the means—I pick that word out deliberately—by which the Community can speak with one voice in important world affairs. I am referring, of course, to paragraph 4 of the Summit Communiqué. We feel that the Davignon procedure on which the Political Affairs Committee will shortly be reporting has been overtaken by events, and we see an urgent and growing need for a political secretariat with very close links indeed with the Community institutions.

So I come to my conclusion. Mr President, the Community, as a great economic power doing, I think I read recently, 42 per cent of the world's trade, has still failed to realize its great political potential. The Community must strive for durable and honourable peace. But not for peace in our time at the expense of future generations, nor peace at the price of furthering the sufferings of peoples who look to us to demonstrate our belief in the freedoms which we enjoy but too often take for granted, freedoms which they have lost.

Beamish

Has my analysis of the prospects for these two historic conferences been too pessimistic? I do not think so, but time will tell. Have the 'iron laws of history', a favourite piece of Marxist jargon, altered? Is their strategy the same? Is it only their tactics that have changed? No one will be more delighted than I and my friends if my gloomy predictions are proved wrong by events.

But one thing is certain. There will be no *détente* without genuine *entente* and there will be no *entente* until there have been worthwhile measures of verified asymmetrical disarmament and an advance towards freer movement of people, information and ideas in both directions. For *détente* to be meaningful it must be world-wide. The late President Kennedy was prophetically right when he warned the free countries that the risk they ran was one of being 'nibbled to death in a state of nuclear stalemate'.

What, I ask, if the Kremlin simply wants a 10- to 15-year breathing space, which is how it looks to me at present?

Mr President, the survival and progress of the Community and the democratic principles in which it is rooted are at stake in these two extremely important conferences. Their outcome could alter the whole course of history. This is the best Parliament we have. We speak here for the peoples of nine free countries in Europe, and we rely on you, Herr Scheel, to make sure that our collective voice is heeded.

(Sustained applause)

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

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, Rule 46 (2) of the Rules of Procedure states:

'Questions shall be brief and relate to specific points, not to problems of a general nature.'

What has just occurred here, on the initiative of the European Conservative Group, is an attempt to hold a general foreign-policy debate in this House. There is nothing against holding a comprehensive foreign policy debate here, Mr President; but it should not follow upon a specific oral question to the Council, otherwise it contradicts Rule 46 of our Rules of Procedure.

I should have liked to hear from you, Mr President, whether we are now in the middle of a general debate on foreign policy ranging from Lenin, via the treaty between the Federal Republic and the GDR, to this conference, or whether the actual, real matter in question is,

as stated on the agenda, the Conference on Security and Cooperation in Europe, and whether the President of the Council's answer should not be confined to that question, as should the debate in this House.

President. — Mr Fellermaier has cited Rule 46 of the Rules of Procedure. I, for my part, shall quote Article 47, of which the first subparagraph of Paragraph 1 is worded as follows:

'Questions may be put to the Commission or Council by a committee, a political group or 5 or more Representatives for placing on the agenda of Parliament in order that they may be dealt with by oral procedure with debate.'

In this case, a question has been submitted to the Bureau, and the Bureau has approved it.

The second subparagraph of Paragraph 1 goes on:

'Such questions, which may also relate to problems of a general nature, shall be passed in writing to the President, who shall place them before the enlarged Bureau at the next meeting held for the purpose of drafting the agenda.'

The Bureau has applied this provision, approved the question and included it in the agenda. That is why we now have a debate on the problem which Sir Tufton Beamish has just presented.

I must, therefore, now give the floor to Mr Blumenfeld, author of the second question.

I call Mr Blumenfeld to speak to question No 138/73.

Mr Blumenfeld. — (D) Mr President, I hope that you and Mr Fellermaier will be pleased to hear that in my introduction to my question and in giving my reasons for it I shall be very brief: firstly, because Sir Tufton Beamish, who spoke before me, said a good deal of what I wanted to say in his excellent introductory speech and, secondly, because my question to the Council, through its president, deals with one part of a complex whole, although it is a part which seems very important to us.

I hope, Mr Fellermaier, that you will be able to agree with me, although—if you will allow me to make this remark directly and personally to you—I have so far not found that in explaining your questions you have experienced difficulties in developing your theme and saying everything that you would like to say. I have therefore understood your intervention as a professional politician was bound to interpret it.

Beamish

Mr President, the question that my friends and I have raised is closely connected with our central theme in this Parliament, i.e., the question how far the Community in these big international conferences keeps, through the Council, the right not only to be present in practice but also to take its lawful seat and to make its voice heard. Since the conference in Geneva began, there has been a series of developments which I, at least, interpret as a small positive step towards the Community's being represented as a full member at these conferences in line with the competence which it has been proved to have.

I referred in my question to the decision in Copenhagen last year. But I have since established that the predecessor of the present President of the Council, the Danish Foreign Minister, at the beginning of the conference in Geneva made an important fundamental statement in favour of the Community's being represented. I should now like to read this to the honourable Members in the English original text.

Mr Andersen said in July:

'At the same time, I draw the attention of the participants to the fact that, depending on the subjects, the Community may become involved, according to its own competence and procedures, in the future work of the conference, and that the implementation of any possible outcome of the negotiations on these subjects will depend on agreement with the Community. In order to give expression to the Community's views in those areas mentioned in the statement, representatives of the Commission of the European Community appear on the list of the Danish delegation.'

Mr President, I should like to pursue this suggestion a little further. I should like to ask whether this is the best method of representation. I have heard that the tenacity of the members of the Commission and of its president and vice-presidents—Mr Ortoli, Sir Christopher Soames and the others—have brought it about that the delegates from the Commission are recognized as such and no longer sit at the conference table under the name of the current presiding delegation in Geneva. If this practice should not be observed, Mr Council President, I should consider it a definitive step backwards; for what we wish to achieve is that as far as possible the Community is represented in all committees. Of course, we know that in Committee 1, which deals with military and security questions, the Community cannot yet be represented. But in Committee 2 and Committee 3 this must, I think, be possible. Questions of trade and economics, with which Committee 2 deals,

quite clearly come within the competence of the Community. I have been informed that the Commission is also represented on all the subcommittees. This was not the case at the time that our question was drawn up. If confirmed, this change certainly represents a step in the right direction.

I must, however, Mr President, nevertheless admit that the results which we see in practice are not so encouraging. The fact is that, as Sir Tufton Beamish has already pointed out, the individual member countries of the Community are, in commercial, industrial and financial negotiations with the Warsaw Pact countries, with the Soviet Union and with other East European countries, going very much their own individual ways. Trade agreements are being made bilaterally; credit negotiations are taking place bilaterally. All this seems in practice to be somewhat bypassing the deliberations of the Conference in this sector.

Mr friends and I also understand that with regard in particular to Committee 3 (free movement of persons, information and ideas) neither the President of the Council nor the President of the Commission itself has proposed that the Community should be represented at least by an observer. If this is true, I would submit that, although it may be a correct situation from the purely legal point of view, nevertheless politically seen it is intolerable. I think that the great majority of this parliament is of the opinion that, if on this decisive point of free movement of persons, information and ideas no tangible progress is made in the coming months, it would be better for the Council of Ministers and the countries of the Community to leave the conference and not to return there until the Soviet Union and the East European states were ready on this fundamentally important point to take a positive and constructive stand for peace and cooperation.

Mr President, the Soviet Union—and I will finish on this theme—has from the beginning of the resumption yesterday of the Geneva Conference, Phase 2, more or less forced the participants into the position of having to agree that the Conference has been a success, in that in an official article in *Pravda* it has stated that the conference is well on the way to reaching agreement and that only a few marginal questions remain to be cleared up. I hope that in your reply to us today you will make it absolutely clear that this is far from being the case.

I should just like to mention in conclusion that there is no need for you to answer Point 2 of our question, since through the Energy Conference

Blumenfeld

in Washington it has become clear that in this field the Community is represented and playing an active role.

(Applause)

President. — I call Mr Scheel.

Mr Sheel, President-in-Office of the Council of the European Communities. — (D) Mr President, with your permission, I will answer the two questions at the same time and in reverse order, first the question of Mr Blumenfeld and then that of Sir Tufton Beamish, since the latter covers in part the same ground as that covered by Mr Blumenfeld's question. What I am going to say represents the answer of the President of the Council to your questions.

The steps taken by the Ministers of Foreign Affairs on 10 September 1973 in Copenhagen with regard to the representation of the Community at the Conference on Security and Cooperation in Europe have been communicated to the Council of the Communities. The Council took note of these at its meeting of 20 September. The steps taken will be known to you, since the Council had an opportunity to explain them to you on 24 October in its answer to Written Question No 251 by Mr Patijn. The most important of these steps was that—in so far as the Community's responsibilities and procedures call for this—a Community standpoint will be agreed on and will be put forward by the representative of the Community in the second committee of the Conference and particularly in its subcommittee on trade. In accordance with the usual practice in international organizations, the standpoint of the Community is laid down at meetings held in Brussels in the Community's appropriate departments and at co-ordinating meetings which the delegations of the Nine regularly hold on the spot in Geneva. Naturally, the Commission takes an unrestricted part in these meetings.

The Council is of the opinion that this practice is in line with the arrangements made by the representatives and by the Heads of State or Government at the Paris Summit Conference, whereby at the Conference on Security and Cooperation in Europe the Community and its Member States are called upon to make a coordinated and constructive contribution. The Council furthermore took the view that this provided the Community with the possibility of taking an authoritative stand on all questions of interest to it. Practical experience of the Conference's work has confirmed the correctness of this view.

Secondly, the Council can assure honourable Members that the Community, in accordance

with the provisions of the Treaty, is represented in the contracts with the United States on all questions coming within its sphere of responsibility. I can also state that in the course of preliminary work on the drawing up of a fundamental declaration by the United States on the one hand and the European Community and its Member States on the other hand, which is at present being pursued by the Nine and by the American authorities, a common standpoint on matters falling within the sphere of responsibility of the Community is being worked out by the appropriate authorities.

And now, Mr President, I should like to answer the question put by Sir Tufton. Points 2, 5 and 7 put forward by the honourable Member concern the Conference on Mutual and Balanced Forces Reduction and the corresponding work being done in the North Atlantic Council. They do not, therefore, fall within the competence of the Community.

On the other hand, points 1, 3, 4 and 6 concern the Conference on Security and Cooperation in Europe, which, as you know, embraces many political as well as economic subjects. Some of these questions also fall outside the responsibilities of the Communities.

With regard to the other questions, which do fall within our competence, I should inform you that the Council, firstly, in its reply to Mr Patijn's Written Question and, secondly, in its answer to the Oral Question which I have just given, has already given detailed information on the representation of the Community and on the drawing up of the Community's standpoint at the conference—naturally, on questions falling within the Community's sphere of responsibility.

I myself am convinced that the application of the procedures agreed on by the Nine ensures that the Member States in such questions take up a common position and will continue to do so.

Finally, with regard to Point 4 of the question, I can inform you that the Council will certainly keep the European Parliament informed, in accordance with the usual procedures on which our two institutions have mutually agreed, with regard to developments at the conference in so far as these involve the Community as such.

Mr President, with your permission and that of the honourable Members who submitted the questions, I should like in conclusion (as I think the Rules of Procedure allow) to make a few additional remarks and to comment on points made by the two honourable Members in their oral statements.

Scheel

I shall refer first to the anxieties of Mr Blumenfeld about the second phase of the Conference Security and Cooperation in Geneva, and about the Community's representation there. Mr Blumenfeld has already mentioned that the Community is represented there, in particular in the sector in which questions are discussed which come within the responsibility of the Community. This does not apply to Part 3, where the Community as such is not concerned. This does not mean, however, that the member countries of the European Community cannot work out a common position with regard to this important—perhaps the most important section of the conference in Geneva. This takes place according to a procedure which we introduced at the beginning whose aim is to harmonize the opinions of the Member States of the Community.

The conference itself is, as we all know, a conference of States. It has political aims. And we were at first uncertain how we could ensure the participation of the Community institutions required under international law. Decisions were taken on this in the course of the first phase, and during the second phase we put them into practice at the conference table, where the representatives of the Commission put forward the position of the Community. These representatives are admittedly, included in the list of the country which assures the presidency in the Community; but they are listed separately as the representatives of the Commission, with full title and functions within this institution of the Community, and they speak.

I think that it already represents an important development that among the 35 states taking part there is no longer any doubt who speaks for the Community on trade questions or on each of the other fields for which the Community has some responsibility. That is a development which we in this House several years ago would certainly not have been able to envisage: we all know the fight which the Member States of the Warsaw Pact, above all, put up against the very existence of the European Community—against its existence as a customs union and its future existence as an economic and monetary community. The controversial discussions about transforming this Community into a political Community still lie a head of us, ladies and gentlemen, since we have not yet reached that stage; and I am convinced that is something which we shall have to carry through together.

Mr Blumenfeld, you said that now, at the beginning of the second phase of the Geneva Conference, through publications in the press of particular countries, we were being forced into the positions of having to agree that the conference was proving a success. This is not the

first time that we have had this experience; and it is not something which occurs only on one side in Europe. On the contrary, this method—suggesting through publications in the press that success is inevitable—is, it must be said, a perfectly legitimate method of promoting political aims. How often have I myself, simply through striking a particular attitude in one or other committee of the European institutions, tried to achieve this very result by appearing to be optimistic, and suddenly the others said to themselves: 'We must help him, we must at least have a partial success in order not to spoil his optimistic frame of mind!' It is, you see, quite legitimate.

Quite another matter is the assessment of the chances of this conference, when you consider that there is a relationship between the success (and I mean real success) of a phase, on the one hand, and, on the other, the chances for final success of the whole of the Conference or the level at which the next phase will have to take place. Here one must say that our original—by no means exaggerated, nevertheless high—expectations have in Helsinki in recent months been somewhat dampened. It has to be admitted that the atmosphere has not rapidly improved, but rather it has become somewhat depressed. But this is a natural result of the development of the overall political situation in the world and of the political situation in which Europe is directly interested.

We have even sometimes been confronted with the question at very critical moments, you will remember them: 'Is there any point in continuing with these efforts at all?' But we have all—including the United States—come to the same conclusion: 'Yes, it does make sense.' For even in spite of the difficulties in the Near East this year which have not been overcome, we must not abandon our aim of achieving a *détente* between the two sides which are still working against one another. It is an aim which, incidentally—Sir Tufton Beamish referred to this—has been pursued for many years and found a brilliant advocate in the late President Kennedy. We have decided to push forward with this policy, but with all necessary prudence, and also bearing in mind that all the themes being discussed in Geneva must have their proper place. We cannot restrict ourselves to speaking about principles, particularly in such a way as to arouse the suspicion that we want to expand or even replace the existing international law in a particular area. This cannot be the case, for the Conference on Security and Cooperation in Europe cannot be directed towards developing a body of international law for Europe or supplementing the Charter of the United Nations in any way. By no means! The really important

Scheel

part of the conference is that which is designed to bring practical results for the people of Europe. I said at the opening of the conference in Helsinki that our policy is guided solely by the needs of humanity, which is the *raison d'être* of all politics. We do not wish to apply any abstract theses to world politics, but to reach practical solutions from which individual people will gain some advantage.

We shall continue to work towards this aim, and with great tenacity. I think Mr Blumenfeld said the same. We will not allow ourselves to be put under pressure with regard to either time or eventual success. When we enter the third stage of the conference, we shall be able to talk about whether the conference has been a success, whether it must proceed further and what is to happen after it is over.

I wanted to say this in amplification of what Mr Blumenfeld said in his introductory remarks. I think he said, at least by implication, that in principle the way things have been developing, in so far as they concern the interests of the Community, can be said to have been positive with regard both to form and to content. I repeat: in so far as the interests of the Community are concerned. I would not say that the conference as a whole can yet be judged positively. We must wait and see how it develops.

One thing I must, however, say: the Member States of the Community and the Community itself will do everything possible to make this conference a success. For it would really be an absurdity to have agreed on this conference and then not to proceed with the energy necessary for reaching its goals. We are determined to reach these positive goals.

Perhaps I may be allowed later in the debate to return to certain elements of general policy in Europe to which Sir Tufton Beamish has already referred and on which I should like to make a few remarks.

Thank you, Mr President.
(*Applause*)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (*F*) Mr President, I do not intend to make a long statement on a question raised with the Council about something which in any case often goes beyond the Commission's competence.

I should simply like to say something in reply to Mr Blumenfeld's question about a conference of states. The Community has done what it had

to do, i.e., it has made sure that the Community point of view on Community questions is expressed in Community form, and we have always insisted on this. This covers all the questions that are likely to arise. Basically, these are, of course, economic problems, as they are here.

We are therefore present, contrary to what the question says, not in a sub-committee, but in the Committee for Economic and Monetary Affairs and in all the sub-committees—of which there are five—in which economic problems are debated. In this committee and these sub-committees the reply given is a Community one if the subject concerns the Community as a whole, according to the usual custom.

This is what has happened on many occasions, in the sub-committee on trade, for example. But there is no reason why it should not happen either in the committee itself or in any other sub-committee, and I believe that this will shortly be the case.

I do not need to tell you as well that the Commission is particularly vigilant on this subject, and we are bound to say that the Council and the Member States are in perfect agreement with this point of view; if we want to talk about the Community at all, this would seem to me to be obvious.

President. — Before giving the floor to those entered on the list of speakers for this debate, I would remind the House that it has been decided that the maximum speaking time is limited to 10 minutes.

I call Mr Radoux to speak on behalf of the Socialist Group.

Mr Radoux. — (*F*) Mr President, I shall not be using up the speaking time that you have given me, for the very good reason that I did not think that we should be taking part in a real foreign policy debate. Obviously I was wrong.

If I had realized that we should be having this kind of debate, Mr President, I should have prepared something and, since the matter is a very important one, you would probably have had to stop me from overrunning my ten minutes.

Consequently I shall only make three remarks. It is beyond all doubt that neither of our Community institutions—neither the Council nor the Commission—is competent to deal with the MBFR Conference.

Work on the Security Conference began again the day before yesterday, as we know, and I do not think in this present state of affairs that

Radoux

it would be possible to have a very full debate on this work, since it is not very far advanced. As is generally known, and the German minister has just said so with admirable timing, an attempt had been made to end this conference earlier than it would now seem to be going to. In fact, a preliminary date had been put forward: 31 December 1973. We might ask ourselves today whether the Security Conference will be finished by 31 December 1974 at the rate things are going.

For all that, should we complain, Mr President? I think that as far as *Ostpolitik* is concerned, what we have done for *détente* has been done well, since it was discussed in parallel with the subject of defence. What I shall confine myself to saying today is that *détente* is not yet twenty years old and will not be forty tomorrow.

We have got to go back through a quarter of a century not merely of misunderstanding but, let us say, of absence of *entente* and absence of contact. We shall certainly not succeed in making up lost time in a few months through international conferences. The German Minister of Foreign Affairs also said that neither of the two conferences could afford to fail, which seems to me to be an extremely important point.

Mr President, colleagues, when it is a question of not failing under these circumstances, given the participants and the nature of the negotiations, we must, in the words of a great statesman, 'go easy'.

We have not yet had any setbacks at these two conferences, even if we have marked a lot of time. I think we should be pleased with that. During the coming weeks and months, we shall have to try and find some solutions. We think that there are possible solutions, particularly as far as MBFR are concerned, since, I recall, under the terms of the treaty on the non-proliferation of nuclear weapons we are due for a very big meeting in March 1975. We must not, therefore, waste our time now in recriminations; we should be glad about what has been accomplished and take the necessary steps to advance further.

That, Mr President, is what I wanted to say today. I shall confine myself to these remarks, at the same time pointing out that there is obviously still a vast amount to say about all the points dealt with (quite adequately, of course) by Mr Blumenfeld and Sir Tufton Beamish. On the day when this Assembly decides to have a full-scale debate on foreign policy, we shall each need at least a morning or an afternoon to give our opinions: and hour would certainly not be enough.

(Applause from the Socialist Group)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — The seven points embodied in the Parliamentary Question of Sir Tufton Beamish amount, as I see it, in general to a request to the Council of Foreign Ministers to take Parliament more into its confidence on at least some of the major political foreign issues of the day. I think that that is the general intention. I say at once that the Liberal Group, as far as it is concerned, entirely supports this general request. There is no reason why these questions should be shrouded in mystery, as they sometimes are, and if there should be, as doubtless there will be, a difference of opinion among members of the Council, it should be frankly recognized and not simply allowed to leak out at press conferences given by members or by other means. The Political Committee, for its part, might very profitably discuss some of these differences at some time, and indeed so might Parliament itself on occasion. I think that we all, including Mr Radoux, agree on that.

Paragraphs 4 to 6 of the question suggest, more specifically, that Parliament would do well to consider the existing situation as regards the Security Conference and the Conference on Mutual and Balanced Force Reductions in the light of ministerial progress reports. I rather think, from what the Minister said, that as regards the freer exchange of persons, referred to in paragraph 3, that might be so and that he will at some stage come back and tell us what is the position in that regard. If Parliament is to be taken seriously, it must be deemed to be representative of public opinion in all the countries of the Community, and it would presumably be advisable for Ministers, in their own interests, in these negotiations to take such public opinion into some account.

Paragraphs 1 to 3 of Sir Tufton's question are clearly indicative of a suspicion that the governments may have attempted to take an unduly soft line in the two major negotiations now in progress. Whether that is justified or not, I do not know. But that is the suspicion, I think, in Sir Tufton's mind.

The Liberal Group would certainly hope that such suspicions are unjustified. It would surely, for instance, be outrageous if Ministers were ever to accept, as is perhaps hinted in paragraph 1 of the question, in any way the validity of the Brezhnev doctrine. They should not do this either explicitly or implicitly. If, indeed, the West, and, notably, the Community, should ever admit that it was right in principle for a government to overturn by force of arms the government of an independent country, a member of

Lord Gladwyn

the United Nations, for the simple reason that that government was repugnant to it from a political point of view, it would be destroying the whole philosophy on which the collective action of the West rests. The Liberal Group cannot, therefore, imagine that the Ministers would do any such thing.

On the mutual and balanced force reductions, I hope that the President of the Council, although he can hardly be able to voice the opinion of the entire Council on this matter, since France is not represented in these negotiations, will be able to confirm that any undertaking on the part of the Soviet Union to reduce some of her overwhelming force as a result of the negotiations will be subject to supervision by international authority of some kind.

How otherwise can there be any confidence in the agreement on reduction of armaments? Clearly there cannot be. I should hardly have thought that it was sufficient to rely entirely on information provided by satellites, but perhaps when he sums up the Minister will be able to make some allusion to this rather crucial consideration.

As for the paragraph in Sir Tufton's Question regarding the 'freer exchange of persons and information with the Soviet Union' and its satellite states, however optimistic one may be it is hardly possible to imagine that the Soviet Government will willingly agree to expose themselves to what they always refer to as 'capitalist infection'. The Minister gave some information about this, but perhaps he will be able to tell us whether, in spite of such apprehensions, we are still right in maintaining a certain optimism in this regard.

The question put by Mr Blumenfeld and his colleagues is also, as the Liberal Group sees it, very pertinent. In spite of what the Minister and Mr Ortolí have said, it seems, on the face of it, a slightly strange way of treating members of the Commission to transform them effectively into members of the German Delegation. Perhaps that is not the present intention, but if it ever were it does seem rather incongruous. Would not the Minister agree that this general attitude towards the Commission in these negotiations is symptomatic of a certain suspicion of the Commission on the part of one or more members of the Council and of an extreme reluctance to admit that it can play any role in foreign policy? Yet the Commission, as we all know, deals with very important aspects of foreign policy such as negotiations with outside countries.

Therefore, is it not time that the Minister made greater use of the Commission in matters affect-

ing foreign policy, even if that should be technically rather outside their terms of reference?

Mr President, I trust that the Minister will take note of some of our apprehensions, since I feel that they are shared, if not by all, at any rate by many, honourable members of this Parliament. On all hands we hear stories of how inefficiently the machinery of the Community is now working and of the tremendous rows they have right into the small hours, of the necessity of stopping the clock, and so on.

Surely we cannot go on like this. How much more simple and more satisfactory it would be if the Council of Ministers could only abide by the Treaty of Rome and accept in the last resort, and after full discussion, a system of qualified majority voting! I think they will have to come to that fairly soon unless this whole thing is to break up. No one would lose by this and everyone would gain.

Even granted that the Ministers cannot go so far as that at present, could they not, in the event of a real *impasse*, hand over the disputed points to Parliament for the time being, anyhow for an advisory opinion? That is something they could do. That procedure would at least be better than nothing; anything is better than a real failure to decide on some crucial issue.

It is indeed arguable that decisions on foreign affairs and defence could not for some time—we can all agree on this—be subject to any majority vote or any other mechanical means of arriving at unanimity. Of course they could not. But even here, would it not be a good thing to arrange for a timely discussion of some disputed points in this field in the European Parliament just as they could be discussed, and undoubtedly will be, by all the national Parliaments?

In other words, it is high time, as we see it, for Ministers to recognize that Parliament, even if it is not directly elected, is an adult and responsible body which they can, without any danger, as often as not take into their confidence, as Sir Tufton Beamish effectively recommends.

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

Mr Bordu. — (*F*) Mr President, ladies and gentlemen, peace, security, cooperation: words which evoke the means of living—and the very need to live—in a quiet, brotherly world, where the clash of arms would be a thing of the past.

Will the European states set an example by expressing the will to work in this direction? We can understand that there are still many

questions unanswered, many problems unsolved and many assurances still to be given. We can understand that there is still a long way to go before an armed world can become a world in which human understanding can at last start to be mutual and were universal agreement is not complicated by arbitrary interference.

Naturally, this humanism must take account of the very different economic and social systems of which the world is made up.

But here, in this assembly of responsible political men and women, our colleagues in the Conservative Group still seem to be so distrustful that they cannot even begin to accept the overtures made for peace on our continent.

How can we not welcome with open arms the prospect offered by the Conference on Security and Cooperation in Europe? No one is claiming that the road is an easy one, but who can say 'no', or just 'perhaps', to anything which gives us the chance to develop peaceful coexistence and international understanding?

We must realize that two different worlds are coming face to face: capitalism, which will never again, in our time, be able to make any physical crusade against socialism because of its own crisis; and this new world, whose progress is now a matter of fact, a part of history.

So why not accept the process which has begun to establish the necessary relations between the countries of the two systems? To slow down *détente* now, after the agreements which have been made between capitalist and socialist states both within Europe and throughout the world, would be to take on a heavy responsibility. On the contrary, shouldn't we be concerned with making this new trend irreversible?

The defenders of capitalism may think that they are right to continue a system of exploitation. But are they afraid of a peaceful confrontation in the form of competition on a large scale with the socialist countries?

If we get rid of the sinister implications of nuclear weapons, we could know tomorrow through this competition which of the systems would have the consent of the peoples of the world.

Can the defenders of capitalism claim European solidarity when they are so intolerant as to exclude that part of Europe in which a new society is being built? Do they want to stick to a policy of military blocs and exacerbate it with plans for a Europe dominated by the nuclear arms race? Will they go on defending their privileges to that point?

There is a clear trend towards international *détente*. The way is open for a cooperating

Europe, one which includes the whole continent. Why not step in bravely and support this initiative—the first like it in human history?

I shall not start here on a polemic against the periodic resurrection of anti-Sovietism, which, incredibly enough, is being poured out by various people here who wish the Cold War had never ended. The so-called free countries have involved the proud people of Vietnam in a bloody war, and have reacted in an extraordinary manner to the crimes still being committed today in Chile. In Vietnam, 200 000 patriots are still imprisoned by the Thieu régime and are tortured and murdered with the support of you-know-who. In Chile, the patriots are oppressed by the fascist junta. In Indonesia, 350 000 Communists have been physically eliminated and yet another of their leaders was condemned to death yesterday.

Mr Corterier. — (F) What about Czechoslovakia?!

Mr Bordu. — (F) Sir Tufton Beamish's words have put us back 25 years, instead of giving us an honest view of the *détente* situation, and in so doing have reduced the benefits that we could have brought to it.

One might even add that if it had not been for the unprecedented sacrifices made by the Soviet Union during the Second World War, this parliament would perhaps not be sitting today.

Fortunately, Western Heads of State who have visited the Soviet Union speak in a very different language.

Détente requires us to accept countries as they are, as the Soviet Union accepts other countries which often have guilty consciences.

This debate also shows that we are right to appeal to the people's vigilance in matters of peace, although elsewhere and even here there are, fortunately, people who care about peace.

By definition, the future is before us, and while it is true that if we approach the Conference on Security and Cooperation with Sir Tufton Beamish's attitude it will be thrown away, basically it is an adventure. For these reasons we are entirely in favour of the success of this great negotiation.

President. — 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 3.15 p.m.)

Bordu

IN THE CHAIR: MR BERKHOUWER

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

The next item is a resumption of the debate on Oral Question No 101/73, with debate, on the Conference on Security and Cooperation in Europe, and Oral Question No 138/73, with debate, on Community representation at the Conference on Security and Cooperation in Europe and in relations with the United States of America.

I call Mr Corterier.

Mr Corterier. — (D) Mr President, I should like primarily to express my opinion on two points which were raised in Sir Tufton Beamish's question, but before I do so I shall say a brief word about the debate up till now. Mr Scheel has given us a very clear, interesting and relevant presentation of the problems relating to the Security Conference and the progress of the conference so far.

The debate has, however, been one-sided in some respects, and this I find unacceptable. For example, Sir Tufton described the Security Conference and the Soviet Union's aims in such a way that one wonders whether the West has not been ill-advised to take part in this conference at all. And it is not clear from Sir Tufton's description why he concludes by stating that he is basically in favour of this conference and participation in it by the West.

I should like to add something to what Sir Tufton said about the Federal Republic's *Ostpolitik*. He asks whether the right of self-determination should not have been insisted upon as compensation for what was conceded to the DDR in the treaty by the Federal Republic. Obviously we still abide by this part, and shall do so in the future. But to ask why in the present situation the implementation of this right was not insisted upon is, I think, to completely overlook the facts. Anyone who asks this question, who demands such a policy, is, in fact, demanding a policy of 'all or nothing'; for if we had negotiated in these terms, we should never have concluded the basic treaty or even the Berlin agreement and the other treaties.

I should also like to comment on Sir Tufton's assessment of our *Ostpolitik*. He said in fact that if one weighed up all the factors, one would have to ask whether the West had not undertaken advance commitments one-sidedly, and whether the balance had not turned out to our disadvantage. I don't quite understand,, Sir

Tufton, why in your analysis you simply ignore Berlin and the Berlin agreement. I think this often happens with critics of *Ostpolitik*, and they forget—as you do—that this Berlin agreement was a very important step forward in East-West relations as a whole. They forget that the problems of Berlin have, several times since the Second World War, brought us to the brink of a third world war, whereas since the agreement the situation has improved considerably. This should be borne in mind when assessing the *Ostpolitik*.

May I comment briefly on what Mr Bordu said? In his remarks he rightly talked of human rights and the political persecution of innocent people. These are precisely the topics that must be discussed in package III of the Security Conference. But if, like Mr Bordu, one only mentions countries like Chile, Indonesia and Vietnam—and we all believe that the atrocities being committed in those countries should be discussed in this House—and completely ignores what is happening in the Soviet Union, the hundreds of thousands of persecuted citizens who are imprisoned in camps there, and what has happened in Czechoslovakia, then one is not being very honest, and cannot be taken very seriously.

I should just like to make brief comments on two points which Sir Tufton rightly touched on in his question. One is the inviolability of frontiers, which plays a part in package I of the Security Conference. The Soviet Union has placed more and more emphasis on this point in recent years, and committed itself very strongly to it at the Security Conference.

It has, however, restricted this principle in one sense, that the inviolability of frontiers is taken to mean that they cannot change in any way, so that even a peaceful alteration as a result of self-determination or West European union is to be excluded. I feel that this is a dangerous tendency; the Soviet Union has already gone into this question once, at the negotiations on the Moscow Treaty with the German Federal Republic. I should like to quote Mr Gromyko on this point. He said at the negotiations that when two States voluntarily decide to unite or to change their frontiers, as we ourselves have done several times with Norway, Afghanistan or Poland, or when States abolish their joint frontiers and wish to unite, like Syria and Egypt for example, it would not occur to us to criticize them; for this is an expression of sovereignty and is one of the inalienable rights of States and peoples.

That is what Mr Gromyko said, but unfortunately there has clearly been a reversion in Soviet policy. What it could not implement

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bilaterally with the Federal Republic it is trying to implement multilaterally at the Security Conference. Consequently, Sir Tufton was right to raise the problem. We note, however, that the representatives of the West have so far stated very clearly at the Security Conference that they are not prepared to accept the principle of inviolability of frontiers in the Soviet sense, but that this principle is acceptable to us all only as part of the package to be adopted at the Conference, that it does not stand in the way of changing frontiers by way of self-determination or the policy of Western European union.

It will depend on our diplomats finding such effective and watertight formulae at the Conference that there can be no subsequent misunderstandings and the principle cannot possibly be wrongly interpreted.

Finally, I must stress that I too feel that point 3 of the Security Conference is of great importance and that to some extent the success or failure of the whole Conference will depend on it. I also think that the *détente* would be incomplete if there were agreements only in the military or economic fields while the barriers in Europe between East and West remained unassailable. If the people of Europe could not come together the *détente* would be incomplete; in particular, it could at any time be reversed, since it would not then be built on a solid foundation.

But I do not think that one can go as far as Mr Blumenfeld and say that, because of the difficulties experienced at the conference, we should now slam the door and withdraw from the conference. If we did this, the conference would probably break down. This view, I think, reveals the rather negative attitude of Mr Blumenfeld and many of his colleagues towards the conference.

The present difficulties should be a matter of concern to us, and we should try to overcome them, but I think we must show rather greater tenacity and patience than Mr Blumenfeld showed in his speech, if we want to promote *détente* in Europe. I should like to stress once more that point 3 is of great importance for me and my colleagues, and we believe the West should insist that tangible progress is achieved in this sphere at the conference.

(Applause)

President. — I call Sir John Peel.

Sir John Peel. — Mr President, in congratulating my friend, Sir Tufton Beamish, on tabling his very pertinent and comprehensive question,

I should like first to underline very firmly the first sentence of paragraph 8 of the Declaration of the Heads of State or Government at Copenhagen on 14 December. The first sentence reads:

‘The Nine, one of whose essential aims is to maintain peace, will never succeed in doing so if they neglect their own security.’

Therefore, I think we do not need to apologize in any way for debating foreign affairs and defence in Parliament.

One of the reasons why we are in rather a mess today is that economically we may be a giant but, alas, politically we are still a pygmy, and the sooner we put that right the better.

I cannot help being rather astonished—and I am sorry that he is not in the Chamber at present—at what Mr Radoux had to say this morning, for it was in complete contrast to what he said yesterday. He said this morning that MBFR was clearly not within the competence of discussion by the Community, the Council of Ministers or the Commission. But when I suggested yesterday that it might not be entirely within the competence of the Council of Ministers and Parliament to discuss an unspecified recommendation of the Assembly of Western European Union, Mr Radoux stood up and said that of course Parliament was entitled to discuss anything it liked. Well, of course, he cannot have it both ways. However, I think it is fair enough that we should be discussing this very important subject today.

My colleague, Sir Tufton Beamish, in his opening remarks, has given us a very full picture of some of the main issues arising from the European Security Conference which is progressing at Helsinki and Geneva. He also made some remarks about the need for adequate international verification procedures to control force reductions that might be achieved within the context of mutual balanced force reductions negotiations at Vienna. As he had not time to cover some of the other aspects of MBFR raised by his question, I wish, if I may, to point to some of the main problems of the Vienna discussions.

I personally do not view MBFR with enthusiasm. Whereas the Security Council talks at Helsinki may leave little scope for harm and offer some positive, if modest, hope for improving East-West relations, MBFR may have something to offer to the Russians but nothing to the West.

First, the Russians themselves have indicated that they do not consider that the reductions to be achieved at Vienna should be balanced in the sense that this phrase is understood in the

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West. They have proposed a reduction of forces in the first stage of 20 000 on each side with appropriate cuts in arms and equipment. All countries on both sides would make some reduction. There would be a further 5 per cent reduction by each side in 1976 and a final 10 per cent reduction in 1977. But the Soviet proposals do not make clear how many American and Russian troops would be cut in each phase. They do not contain any provision for verification. This means that the USSR, starting from a point of considerable conventional superiority in Europe, as the latest edition of 'The Military Balance' shows, will succeed in increasing its superiority if cuts are made on a man-for-man basis.

The Warsaw Pact countries have on the central front some 920 000 men and 15 500 tanks, half of them Russian. NATO has 770 000 men and 6 000 tanks in the area, a quarter of them American. Little account will presumably be taken by the Russians at the conference table of the geographical difference which gives Russia such a position of strength *vis-à-vis* Western Europe in military terms, since they can reinforce the front line forces from their homeland with little difficulty whereas the United States is obliged to transport reinforcements to Europe across the thousands of miles of the Atlantic.

NATO has proposed that in the first stage the United States and the Soviet Union alone should reduce their forces by 15 per cent or by about 29 000 Americans and 69 000 Russians. NATO wishes to retain the right to withdraw men selectively and not necessarily whole units or formations. After the first stage, further reductions covering the United States, the Soviet Union and the forces of their allies would be made, bringing the total on each side down to 700 000 without specifying the mix of remaining forces. This means a cut of about 10 per cent by NATO and of 20 per cent by the Warsaw Pact. The arrangements would have to be reviewed every five years.

Many Europeans feel that any discussion of American troop withdrawals represents a lessening of the American commitment to European security. President Nixon himself has recognized this fear. He has said:

'The United States will not subordinate the security of the Alliance to Soviet-American relations. We are aware of European concern in this regard. Repeated American reassurances, however, have not relieved these concerns. Mutual confidence within the Alliance will develop only through an agreement on the basic security framework of the negotiations.'

Another European fear is that this is simply not the right time to be talking about troop reductions. At a time of increasing East-West contacts, it is felt that Western Europe can speak profitably to the East only if it does so from a position of confidence and security. A change in the security position, even a reciprocal one, could have divisive effects in NATO which would weaken the whole negotiating position of the West.

There is a further danger that the parliamentary democracies of the West will make concessions in order to show results which could weaken Western military strength without reciprocity. Past instances of the mutual interests of the two superpowers coming before adequate West-West consultation in NATO or elsewhere also spotlight the crucial problem of inter-Alliance consultation—an issue of major importance in the context of MBFR.

Quite apart from the geographical difference already mentioned, there is a further difference of some significance. In force reductions, the side whose forces are designed for the offensive will benefit compared with the side whose forces are constituted for defence. The former can maintain the initiative and can concentrate for an attack while the defence must continue to defend the same geographical front with fewer troops.

All these problems are major ones for the West and I thoroughly support the plea made by Sir Tufton Beamish in calling upon the Council to keep Parliament and its Political Affairs Committee fully informed about the progress of the talks on these and related issues at Vienna.

If MBFR does, after what could be many years of complicated discussion, lead to force and weapon reductions by East and West, we may end up in a situation in which, in view of the dangers I have outlined previously, the real security of Europe is lessened whilst public opinion, and maybe even the opinion of governments and parliaments, is lulled into euphoria by the very fact that the negotiations have taken place and have achieved some so-called 'results'.

I fear these dangers, Mr President ; and I am not alone in fearing them. To my mind, security and the military balance are functions of politics. It is only if we can improve the political relationship between East and West that it is safe to gamble with our military security.

Finally, Mr President, I wish only to add—in reply to those who argue that if the Americans are going to make some reductions in Western Europe it is better that we achieve some Russian reductions in compensation that it might

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well be better for Western Europe to take an American force cut as a straight blow on the chin and face the consequences rather than to delude itself that a badly-conceived negotiation can maintain the present minimal degree of security that we have.

IN THE CHAIR: MR COUSTÉ

Vice-President

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, I am extremely grateful to Sir Tufton Beamish and Mr Blumenfeld for their questions to the Council on the Community's attitude and objectives in regard to the Conference on Security and Cooperation in Europe and for the President of the Council's partial answer to the questions. This has given us an opportunity for a comprehensive exchange of views, which I think we would all welcome.

I feel that we are all a little disappointed that no answer has been given to points 2, 5 and 7 of Sir Tufton's question. The CSCE and MBFR negotiations are indirectly, if not directly, linked, and as we move towards political union we need regular information on the situation in regard to security policy and on the progress of the negotiations, as Lord Gladwyn and Sir John Peel mentioned yesterday.

A Community like ours, which is open to all European States who accept our aims, must state quite clearly that neither economic nor political union can be delayed, let alone hindered or prevented, by the CSCE; one can gather from the Soviet press that this is the object being pursued.

The peoples of the European Community naturally respect the sovereignty of all States, but they have repeatedly expressed their intention to cede their sovereign rights gradually to the Community. The aim is still to renounce sovereignty in favour of political union. When the inviolability and immutability of frontiers is mentioned in the CSCE programme, this does not preclude our wishing to break down frontiers in our Community, and beyond it for those countries wanting to become new Member States, so that perhaps in our generation, or at least in future generations, frontiers will be talked of only in the history books. Mr Corterier rightly said—and I think we all agree with him on this point—that we must make it absolutely clear to the Soviet Union that the inviolability and immutability of frontiers does not mean that frontiers cannot be changed through the right

of self-determination. This right, ladies and gentlemen, and the right of abode, are essential rights, in the opinion of any democrat, for individuals and peoples.

This report is pervaded by the idea of every man's right in free elections to determine the social system he lives in (as laid down in the UN Declaration on the Rights of Man, made 25 years ago). I need only refer to Articles 13, 14 and 15 of this Declaration, where the freedoms of the individual, and in particular the right to live in his own country but at the same time to be able to move freely from one country to another, are established for all time—perhaps we should say according to immutable rules.

When speaking of the right of self-determination and human rights, I must remind the House that this right of self-determination is even now withheld from one section of the German people

At the negotiations in Geneva, our Community must never forget that at the European Human Rights Commission we declared our support for the free exchange of persons and information throughout Europe. Some Member States have already ratified this declaration, and in previous CSCE negotiations it was decided that in regard to cooperation in the humanitarian field for future negotiations the following objects should be pursued: contacts, regular meetings on the basis of family connections, the reuniting of families, marriages between members of all European states, freedom of movement for goods and persons, contacts between young people and comprehensive information in all spheres. This was laid down in the final communiqué in Helsinki. We must never lose sight of this goal in Geneva. I am grateful to my colleague Mr Blumenfeld for emphasizing this point. Unless we acknowledge this fundamental principle we cannot bring any CSCE negotiations to a conclusion.

This was made clear to the Soviet Union during a meeting conducted in a single language in Helsinki, and the Soviet Union had to agree to this and accept it. I am very grateful to the President of the Council for having openly stated—I think this is the kind of language we must adopt with one another—that hopes for the CSCE have been considerably dampened of late and that the mood is somewhat gloomy. We all hope that this, with an eye to the final goal, will not last. But we must know where we stand, and the other side must know what conditions we think it essential should be fulfilled, if we are to achieve our goal.

We are grateful to the President of the Council because he and the entire Council attach

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importance to achieving practical results on behalf of the individual. Human beings, their rights and their dignity, must be the focus and the end of all such negotiations, not least the CSCE negotiations, in which our common aim must be to bring them to a successful conclusion. *(Applause)*

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — I am delighted to be able to support my colleagues, Sir Tufton Beamish, Mr Blumenfeld and Sir John Peel in particular, because they have been colleagues in one international assembly or another for a number of years. I give full support to the points they have made and I need not go over them again. In passing, however, I want to remark on the extraordinary speech of Mr Bordu. Perhaps he will read it again and see what he said to this Assembly. It rather reminded me of a dinner that I gave to Mr Vyshinsky and Mr Togliatti in the summer of 1944 before the Soviet Union had gone back on the Yalta and Potsdam agreements—before Hungary, Czechoslovakia and the Brezhnev doctrine.

Mr Bordu entirely ignores this series of events and seems to expect this sophisticated Assembly to take his speech seriously. The points raised by my colleagues in the democratic centre of this Assembly show that all of us here—including, I often believe, Mr Bordu and others—are as keen as ever to reduce tension between the Soviet Union and the free world. The burden of armaments on all our peoples, who have suffered in two world wars in the lifetime of most of us in this Assembly, is becoming intolerable as the cost of armaments continually increases.

Since I was involved in the mid-fifties, when, following the establishment of NATO, the Soviet Union made a gesture towards the disarmament conferences then going on in Geneva, the two words 'inspection' and 'control' will be found engraved on my heart one day. I do not believe, as Lord Gladwyn said, that satellite inspection will be enough. We must have something more specific. But those points are to be left to those who are, we hope, negotiating some agreement that will stop this extraordinary waste of resources, the latest example of which was in the recent Middle East war, the cost of which was astronomical compared with the resources of those concerned in it. Although there has been a moderate advance since the mid-fifties we are all looking anxiously in this Assembly for a specific sign that, as Sir John explained in some detail, the 'B' in the MBFR—*balanced* force reductions—is taken into account and that

it is not just a token gesture which will mean very little.

When I was in China, 18 months ago, the Chinese made it clear that they reckoned that the Soviet Union would be trying for the next decade to lull the West into a sense of false security while it—the Soviet Union—turned to deal with the Chinese.

It is difficult to find a long-term consistent policy in the West, or individuals who are interested in it. The Soviet Union hopes that in the course of the next 10 years or so, when many of those who went through the last holocaust will not be there to sustain the cries for freedom, it can count on others who might not be quite so firm in standing up with determination to the expense of maintaining our free world.

I want to put two proposals for action. The first, as Sir Tufton Beamish mentioned, refers to Radio Free Europe and Radio Liberty. Mr Blumenfeld, as chairman of the Political Committee of the Council of Europe, took a prominent part in sustaining our American friends who were trying to keep these two radio stations going. From my experience in Eastern Europe and the Soviet Union they are doing a marvellous job, if you take the large amount of pop music in Central Asia as being one of the advantages of modern civilization. They are spreading the word of the free world, and taking the line of a responsible opposition newspaper. I believe that not this Assembly but, possibly, the Council of Europe is a better medium to take action, but our governments are concerned in making certain that the voice of freedom in Communist and Eastern Europe and the Soviet Union is sustained through these stations and not through our own national ones.

My second point—I am sure there is no need to dwell on this—is that we must keep up our guard in the present and coming difficult economic circumstances, with the increased burden and cost of manpower in the forces and the enormous figures that Sir John has just mentioned, because in my experience there is a close link between the economic situation and defence.

In the 1920's we had a situation of inflation followed by deflation. At that time, if the rest of Europe had supported Dr Brüning as the Chancellor of Germany we might have avoided what happened afterwards. The assistance given to each other in the last 20-25 years and by the Americans, too, is different from the story of the 1920's and 1930's. I put it to the Assembly that in the months and years immediately ahead we must watch that history

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does not repeat itself. We are suffering a situation now which might lead to deflation. Those who, in the 1930's, took advantage of this and said, 'We must get on with our domestic affairs' might find themselves in the position of allowing the Soviet Union to take advantage by expanding its armaments while we reduce our own.

I say to my colleagues—if there is any need to do so—and to the Ministers that we must take advantage of this experience and ensure that we maintain our defences and, even more, our determination—I repeat, our determination—to keep at full readiness to sustain our freedom. As Sir John said, we in Western Europe can do more to defend ourselves, in conjunction with our American allies, than we did before, both psychologically and in specific terms, if we are determined to defend our freedom.

I put it to the Assembly that it is only those who have lost it—I am thinking now of our friends in Eastern Europe—who know what it means when freedom has been lost. That must remain the supreme consideration for all of us. We as parliamentarians who value this freedom must urge our governments when we return to our domestic parliaments to advocate the policies which are set out in these two questions by Sir Tufton Beamish and Mr Eric Blumenfeld. *(Applause)*

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, ladies and gentlemen, I should also like to express my appreciation to our colleagues, Sir Tufton Beamish and Mr Blumenfeld for their questions enabled us to have a very important debate, just as I should also like to thank Mr Scheel, President-in-Office of the Council, for the contributions that he has made, thereby expanding the entire dimensions of our discussion. The problems at the heart of our debate concern some of the most vital aspects in the political construction of Europe. The problems of freedom, economic cooperation, *détente* and security are central factors in the European problem, seen at its broadest; and even if, as some of our colleagues have pointed out, we are only 48 hours away from the beginning of the second phase of the Geneva negotiations and have not therefore many factual data on which to base a judgement, it is only right that our parliament should have the opportunity to take up a position of its own and to make its own contribution, so that this second phase may be a step forward towards the hoped-for positive outcome of the conference.

The conference is stalled largely on two important points: the problem of greater freedom in the movement of people and the exchange of information, and the problem of effective security at the military level.

When trying to deal with these difficulties we are faced with very delicate problems, which have been rightly stressed by all the speakers and which Mr Scheel has explained very clearly. In particular, he told us that at the end of the first phase and the beginning of the second, not a few of the hopes that were entertained when starting out on this venture are now felt to have been dashed and that, even if the climate has not deteriorated, neither has there been any concrete evidence as yet of any thaw or any forward movement on the more difficult points being covered in the negotiations.

This being the case, I believe that our Parliament must take a more decisive stand when assuming its political responsibilities. In particular, as we have seen, the Commission can be actively represented in Geneva on one committee only and must limit its activity to matters of an economic nature. The Council, for its part, has only a rather limited degree of freedom to manoeuvre, being obliged to bear in mind the policies advanced by the States, even if fortunately, as Mr Scheel told us this morning, there has so far been a very substantial degree of agreement on positions taken up, at least in their broad outlines.

In my view, the European Parliament has not yet played its role of bringing pressure to bear and taking policy initiatives as fully as it might have done, seeing that, as an institution, it has a perfect right to do these things: It is an institution which feels itself to be not only the conscience and the critical voice of Europe in the Community but also is aware of its obligation to be the motor sparking off general policy, a moving force in regard to both economic and political problems.

I should like therefore, Mr President, to make a formal proposal namely, that our Parliament should instruct its Political Affairs Committee to draw up a thorough and detailed report affording at once information and guidelines for future action. Such a report, periodically brought up to date, would enable us to play an active part in relation both to the Geneva conference and to the conference in Vienna.

At this point there is one responsibility which is imposed upon us by the very nature of things. We do not suffer from any limitations foisted upon us by others; on the contrary, by our very nature as representative of the peoples of Europe, we have the task and the duty of pressing

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on towards the solution of all the social and political problems. Those problems we are discussing are undoubtedly central to the building up of Europe.

Mr Scheel has said that we must, on the one hand, take more vigorous action as a Community in these negotiations, making use of all the opportunities offered us on various levels, and on the other hand, revive our hopes for a successful outcome to these conferences. Such a successful outcome will be a vital contribution to peace in Europe and in the world. I fully corroborate this two-fold statement by Mr Scheel. However, if we do not wish to confine ourselves to vague and abstract hopes, the influence and initiative of Parliament must be brought to bear on specific and appropriate measures.

Finally, I should like to make some remarks on Mr Bordu's speech. It is precisely because over the years I myself have not been sparing in my criticisms of many of the economic and social aspects of our own system that I wish to say to him that I do not believe that we are going to make any serious contribution to improving the entire situation by speeches defending the political and social system of the Soviet Union in a dogmatic and one-sided manner.

As democrats, in any case, we remain more than ever convinced especially when we consider the purpose of this conference and are concerned that it should have a positive outcome which will serve the interests of all men and all peoples that human rights, the right to liberty and the other rights that are fundamental to the democratic way of life are the only valid premise and the only reliable guarantee for the consolidation and development of all other social and economic advances, which are themselves no less important, all of them being linked together within a framework of liberty, cooperation and guaranteed security for all.

(Applause)

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

Mr Blumenfeld. — *(D)* Mr President, thank you very much for allowing me to speak again. I am now speaking not as co-author to the question, but on behalf of the Christian-Democratic Group, and in this connection I should first like to thank the President of the Council for so promptly dealing with the written answers to Questions Nos 101 and 138. I believe that I am speaking not only on behalf of my group when I point out to the President of the Council and

his staff that the official answers given to this Parliament can no longer in future be regarded as acceptable by parliamentarians, many of whom are now old hands at the job.

Mr Scheel, I am aware of your concern. It is plain to me, when I read the interviews given by you before assuming the presidency, and now immediately before this sitting, that you also share our concern; you certainly act as if you did. In any case, since we have known each other so long, I accept that you do so.

But I now also ask you, as President of the Council, to take the whole thing a step forward during your six-month term of office—I hope it will be about six months. The rest may be found in the Report of Proceedings. We are grateful to you, however, that you have not only shown your concern but have also entered into a political debate with us.

I should like now to pursue the debate further on three points. Mr President of the Council, you said that in Geneva we took a step forward. It is my belief, however, that we must say to the Soviet Union very clearly and with great emphasis that security and peace in Europe cannot be achieved if we merely sit at the negotiating table in Geneva under the symbol of the Picasso dove, complete with olive branch, and talk, as they do, whilst at the same time, just a few hundred kilometres away in the Middle East, the policy pursued is the very reverse of *détente*.

We debated this matter here in Parliament on the occasion of the Middle East conflict, and we feel that the answer which you gave this morning, Mr President of the Council, to the question by Sir Douglas Dodds-Parker is not satisfactory. I should be grateful if you could lay somewhat greater stress on the European commitment to peace, a genuine peace in the European Mediterranean, rather than just remark that at the moment this is something which concerns the American Foreign Minister or the policy of the USA in its capacity as one of the great world powers involved, the USSR being the other. We in this Parliament, including the members of my group, believe that the European commitment—and also a firm realization of the political risks at stake—should now find expression, specifically at the Geneva conference table. We cannot have the various subcommittees there uttering fine sentiments about peace and co-operation in Europe at a time when extreme tension and new conflicts develop or spread on the threshold of Europe. That is the first point.

Mr Scheel, you are undoubtedly right when you confirm, and I thank you for this, that in your view, too, Soviet policies are not exactly

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designed to promote European development and cooperation. You realise this, we realise this, and we take it into account in formulating our policies.

But it is precisely in the light of the recognition of this Soviet position that I was surprised by the remark you made earlier on, after I had pointed out to you that the Soviet Union was trying to force us into acknowledging the success of the conference and after I had drawn attention to the statements published in the Communist or Soviet press. I was certainly taken aback when you told us that, of course, Western politicians and statesmen also used the press and press statements to further their policies. There is, after all, a fundamental difference, in that we have a free press which publishes everything written anywhere in the world, including what the Soviet government publishes in *Pravda*, whereas, conversely, what appears in the French, British and German press does not reach the Soviet public through *Pravda*. Moreover, if I have understood you correctly, what the West has said constitutes proposals designed to reach a negotiating position. In the light of the 'pressure-for-success' position into which the Soviet Union is trying to push the West, this is undoubtedly not the case.

My last point, Mr President of the Council, is this: you have with some justification pointed out that the Community's position is on the face of it satisfactory, by virtue of the Commission's involvement in the Geneva negotiations. I gladly go along with you insofar as the formal relationship and contribution of expertise is concerned. But I would ask you to reconsider the political significance; for on the one hand I see the Commission in Geneva speaking and acting on behalf of the Community and taking part in the discussions, but, on the other, I see the Member States there enjoying complete sovereignty as if 1 January 1973 had never happened and as if Sir Christopher Soames were not the Commissioner responsible for the common external trade policy of the Community.

Mr President of the Council, I should like to ask you, if I may, to what extent you can and wish to exert influence on the totally independent trade, investment and finance policies of the Member States, including the German Federal Republic, France, Italy and other West European countries, vis-à-vis the Soviet Union, Poland, Rumania and other East European countries.

The Commission must feel very strange in Geneva, being entitled theoretically to some say from the second or third row of the benches, although in practice the Soviet Union is in a position to declare that what the Commission

says is actually quite invalid; for in fact it is with President Pompidou, Chancellor Brandt and Prime Minister Heath with whom negotiations are pursued; all these gentlemen come to the Crimea, and that is where the real business is done. Let the Commission say what it likes in Geneva!

I detect here a glaring discrepancy between the words of the President of the Council and the Commission's views as to what it hopes to achieve and what is in actual fact feasible. Looking at it in depth, and this is my last point, we can perceive here the dangerous virus of the continuation of individual, bilateral initiatives and negotiations in the realm of East European policy.

This is where the real problem lies. And, Mr Corterier, I would point out, if I may, that the whole thing would be much more credible, to me and to all my European colleagues here in this Chamber—to take up your own example, namely, that Ostpolitik has also succeeded in securing the position of Berlin—if it were borne out by actual events, if we did not see on German television the sullen face of Minister Egon Bahr as soon as the question of Berlin and cooperation with the German Democratic Republic or its negotiators comes up, or if I did not, like many others, hear the mayor of Berlin taking a radically different view on the security of Berlin in the framework of the East European agreements from that propounded in Bonn, thus giving eloquent testimony to his anxiety.

Mr President, all this leads my group to conclude that it really is high time for us not only to say that we have a common European policy on dealings with the East, on peace and cooperation in Europe, but also to practice it. *(Applause)*

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — *(D)* Mr President, at the close of this extra-ordinarily interesting debate, which has been extremely stimulating for me, will you please allow me to make a few comments on the contributions of speakers who took the floor this morning and this afternoon?

Let me begin with my colleague, Erich Blumenfeld, who has evidently noticed that I am obviously working under a handicap in having, for once, to answer questions formally in this Parliament in the capacity of President-in-Office of the Council, and from a prepared text, which may have been drafted—I constantly have that impression—in a language with which I

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am not fully familiar and then suffered somewhat in translation. But we have now in political writings and in the latest speeches of politicians a new word, which is 'compassion'. It can, I think, only be expressed in English: 'compassion'. I seem to detect, honourable colleagues, something of this sort, a feeling of pity on your part for the difficult position in which I find myself. But I shall try to correct this now, by taking advantage of the opportunities provided by your procedure to say a few things on particular questions. You will see, however, that I still have to restrain myself.

First, I should like to comment briefly on the specific question raised finally by Mr Blumenfeld. He pointed out once again that there was a contradiction between negotiations in Geneva conducted in the name of *détente* and the obviously increased tension in other parts of the world, geographically very close to us. This is true, and all thinking and responsible politicians have asked themselves whether this contradiction can be resolved or whether it must inevitably lead back to a state of confrontation.

All responsible politicians known to me have nevertheless continued along the road they had set out on—that of trying to reduce further, even under the present, obviously more difficult, conditions, the tensions which exist in Central Europe. Things are perhaps made easier for the Europeans in that at the Geneva conference table, where we are striving for *détente*, we have sitting next to us two other countries, the United States and the Soviet Union, who are the antagonists in the world-wide game to decide on a global policy of confrontation or a global policy of *détente*. And these two powers, no doubt because of their greater awareness of the dangers of modern developments in military technology, have decided, despite the obstacles, to go on, to promote *détente*, to eliminate and overcome what we hope is merely a temporary deterioration of the political atmosphere, to attain that aim which is also shared by you and me: a peaceful world—with this one reservation, which we have to accept: that this world is ideologically divided into large-scale groups.

On the second point, Mr Blumenfeld asked me whether he had understood me correctly when I spoke of the use of pressures to achieve success, or, to put it plainly, had I tried to play the matter down. What I said was: It is not improper in politics to try to exert the pressure of anticipated success on someone through the Press. I did not say anything about the nature of the Press that may be involved. There is, of course, a difference between using the Press in France, in the USA, in the Federal Republic, in

Czechoslovakia or in Spain as an agency. But I did not want to examine the relative freedom of the Press throughout the world, only to say that the point at issue concerns a legitimate device which is available to us too. The essential point is simply whether the person on whom I use such pressure of anticipated success through the Press yields to it. I am sure I made it clear that we are not disposed to submit to such pressure when it is not warranted either by the time factor or anything else. I believe this needed saying again.

The third point raised by Mr Blumenfeld is his regret that here we are, so to speak, letting a couple of respected representatives of the Commission sit in the limelight at Geneva in places labelled 'EEC Commission', while individual Member States, exercising and loudly proclaiming their sovereignty, are everywhere briskly concluding all sorts of treaties which contravene the Treaties of Rome. Here I must protest. There is not a single treaty between a Member State of the European Community and any country belonging to the Warsaw Pact that infringes a single comma of the Rome Treaties.

I speak from experience, for at the time—I believe it was some three or four years ago, when France concluded the so-called co-operation treaty with the Soviet Union for a period of ten years—I carefully studied this treaty. It was clinched literally at the last minute—for Member States' sovereign right to conclude individual trade agreements was coming to an end—and, perhaps, laid down for a period of ten years something which subsequently, within three years, was to come under the sovereignty of the Community. My investigation showed that this agreement, for instance, dovetailed perfectly with the Community's prerogatives, not contravening a single item of the Rome Treaties, not infringing an iota of the Community institutions' competences, though taking advantage of every loophole, to the very last.

There are other agreements which have been concluded or negotiated in this way. And here I can say, in full agreement with the honourable representatives of the Commission, that these things are known to us, and that we are aware that even co-operation agreements which do not infringe the letter of the Treaty are not always in the best interests of the Community's development.

For this reason, the Commission has been endeavouring to set up a consultation procedure for such agreements, that is, to harmonize the policies and attitudes of Member States. When we have achieved this we shall have made a step forward; for in this respect no Member

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State wants to get out of line. But one cannot forbid Member States to conclude agreements which are not opposed to the Treaty of Rome and which may be important for their own interests and perhaps even for the whole of Europe and its future.

Now I should like to comment on what has been said by Mr Jahn, who once more expressed concern—and he is not alone in this, these fears have been the subject of discussion for many years now—whether the CSCE and MBFR have not been thought up and set in motion by certain people with the express aim, if not of preventing, then at least slowing down, the political unification of Europe. I can solemnly assure Mr Jahn that even if some people have or have had such ideas, they will not bear fruit: all the European countries' efforts to come to an understanding with the countries of the Warsaw Pact are based on the fundamental principle that such an arrangement must be sought, but not at the cost of slowing down the pace of European unification.

I will even say more. Agreement with the Warsaw Pact countries and enhanced co-operation in Europe are only conceivable on the basis of faster progress towards integration in our Community and—I mention this only in passing, since it is not part of the Council's competence—on the basis of that security which for all of us is guaranteed by the defensive alliance to which we belong—that is, NATO.

Here, I should comment on the problem which was brought up by one of the questioners in today's debate, the problem of progress towards a political union.

Sir Tufton Beamish has said that he wished we had a Political Secretariat to speed us up a little on this way. We do not yet have a Political Secretariat. But we have something else: the decision of the Paris Summit that by 1980 a political union must come into being. And we have the decision of the Heads of Government in Copenhagen that the preparatory work for such a political union should be speeded up.

Progress towards this political union is at present taking place on two levels, or in two marching columns, if you like.—Which makes the whole thing rather complicated (I say this parenthetically, without wishing to go into details). It makes things complicated in our relations with the outside world—with the United States, for instance, who are quite unable to appreciate the full range of nuances of which one must be aware when viewing the matter.

Europe is moving forward, then, in two marching columns. First on the basis of the Rome

Treaties. That is relatively easy to grasp. In a nutshell, it is federalism with supranational institutions. You are sitting here, the representatives of another institution somewhere else, and the Council is another institution. The other column is the co-operation of the Community Member States in the area of day-to-day policy. This is carried out through intergovernmental, or if you like, confederative, co-operation.

I have nothing against either kind of European progress. It can be federative or confederative—and there may be yet other terms in the vocabulary of political science. As far as I am concerned it can move as it will, but move it must, and move forwards! This is why I have always supported everything that, in whatever way, contributes to progress. And this is what we must do now.

But one thing we know: what we call European Union and what we want to have by 1980 is a Europe which has a government, a common government. And if my relatively poor command of the names for all these concepts does not deceive me, I should say it will be a Europe with a federative structure.

I say this with all the necessary reservations, and I would ask the Press not to quote anything that might give rise to objections. But this is how it is, ladies and gentlemen; if we want a union with a common government—I say this in my own name—then this is how it is. I would only add for information that most, if not in fact all, European politicians see it this way; but I will not quote them all here to support my contention.

This is the road we are travelling. We must, in the first place, try to keep up the forward momentum and, secondly, we must do everything to see that the meeting in 1980—when the two marching columns must come together—is not a head-on collision, but a 'docking'—I believe that is the term used in space-travel today. We must take care that it is such a true coupling. We must therefore develop on both sides, and particularly on one (this again in confidence), techniques which will gradually bring us to our destination. I can tell you that all the Member States are trying to do this. The concept of European Union was, after all, coined by the French President, who has inspired many efforts to prepare for European Union. I must tell you that I am happy to have the opportunity still to co-operate very actively in these; at all events, I shall do my utmost to do so.

Now I come to what Sir Tufton Beamish has said and to some fundamental considerations contained in his question. First, the inviolability of frontiers. I am not sure whether Sir Tufton

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actually mentioned this. Let us be very clear that inviolability of frontiers in relation to the Conference on Security and Co-operation in Europe means quite unambiguously that frontiers may not be altered by force. Equally unambiguously, it means that frontiers can, of course, be altered by virtue of the self-determination of peoples or by agreements between peoples. This is, above all, valid for the European Community. It is also accepted unquestioningly by all the participants in the Conference; and even if the press in this or that country occasionally maintains the opposite, that is of no significance. What will the press not write?! When such claims are made they are utterly and completely false, and we should not allow ourselves to be upset by them.

In conclusion, I should like to state the following: Sir Tufton Beamish said that he wanted to make some observations on the German Federal Republic's *Ostpolitik*. You will understand, Sir Tufton, if I do not go into this. I would not do so even if I wanted to abandon the role of President of the Council, because I am reluctant to bring before the European Parliament 'the snows of yesteryear'—as a popular expression has it—which are now long forgotten. I shall say only one thing on this subject: In politics, there is never a balance of give-and-take resembling a profit-and-loss account or the balance-sheet of a firm on 31 December. Normally, it is history that judges what was right in a policy and what was not. But one thing is certain: there can only be political progress when the strait-jacket of a 'policy' has been shed and the transition to movement made—this only when it can be done without endangering the people for whom one is responsible.

I believe that on this score we can rest relatively assured. But there is something else behind it: for what you have called *Ostpolitik* is no longer what it used to be, namely, steps taken by a country which was the especial victim of the difficult conditions that were affecting Europe; now, this policy is part of a common European policy. It was not through chance or friendship, which is rare in politics, but from rational choice that the countries of Europe supported the Federal Republic in this policy, because the other countries understood that this policy was in the interests of the whole of Europe, that it was in Europe's interest to attempt to get away from a rigid confrontation between two ideologically disparate groupings into a stage where greater co-operation was possible, while preserving—that perhaps is the wrong word, but at any rate: while fully recognizing—the difference between the political and social systems prevailing in the two groupings. That is what Sir Tufton was saying today, and he quoted some-

thing I said. It is true that I am still of the opinion that this policy can only be seriously pursued if this difference between the two systems is recognized. Indeed, I maintain—and now I am no longer the representative of the Council or of my country, I have now become a party politician; forgive me for saying this, I am not saying which party I belong to—

(Laughter)

Mr Fellermaier. — That has leaked out!

Mr Scheel. — (D) ...I maintain that the two political and social systems in question cannot be reconciled and are indeed permanently irreconcilable. Nevertheless, ladies and gentlemen, I must make the attempt to organize cooperation in the interests of peace and of the people who live in the two great areas of Europe, and in the interests of Europeans between these two groups. 'Organize' is the right word for it, for cooperation will not arise spontaneously. After all, it is characteristic of our social order that encounters between people in this social order should take place spontaneously. Everyone can live according to his inclinations and everyone can do things on his own initiative, and that is why, in our world, trade arises spontaneously and governments should stay out of it as much as possible. The same applies to the Commission. It does this anyway, but does it very discreetly. Governments should keep out of it, because spontaneity is an essential, positive factor in this. But there is no spontaneity in the encounter between our socio-political system and that other, politically and socially different world. Nevertheless, in the interests of the people, we must intensify these encounters, we must organize them. For my part, we begin with economics and then pass on to technology. The interests of the participants must be very accurately assessed and we may even have to entice them, if you like. Thus far, I believe, we agree, more or less. But our estimates of what has so far been achieved differ. And let me say quite matter-of-factly that I am well aware that I cannot persuade the representatives of this other group of countries—as I will call them—to alter their political system by offering them economic advantages. God knows I can't!

I am not a magician, but what I can do is to bring about greater cooperation between the parties, greater mutual understanding, by nurturing the feeling that this world can live in peace only if these differently organized countries behave peaceably towards each other and develop formulas to this end. That, I think, is the whole background to the current *détente*, or—if you like to put it that way—to the new European policy. It is based on responsibility for

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security and thus for the freedom of the people in our sphere; hence it is based on our world's total readiness to defend itself. But in a positive spirit its goal is to put an end to the confrontations which exist in Europe and to introduce a anything better than the political goal which policy of *détente*. I do not think there can be NATO has set itself in recent years: to create the second, political leg of *détente* and to undertake this—very limited—venture. And the Community, with its overall policy, has played a great part in this.

(Applause)

President. — Thank you, Mr Scheel.

I call Sir Tufton Beamish.

Sir Tufton Beamish. — Having exercised my full right to introduce this subject, I shall be extremely brief in reply. On behalf of us all, I thank Mr Scheel for the speeches he has made. His formal replies were much less interesting than his informal replies, when he was not wearing any hat. We listened to him with great interest.

The Community's foreign policy is rapidly developing. There is a common policy towards the Conference on Security and Cooperation; there is a common policy towards the Middle East; there is a common policy on the negotiations with the United States. A common policy is developing quite fast in other directions as well. That is why I said that we in the European Conservative Group feel that the Davignon procedure has been overtaken by events and that we must have the unfettered right, which we have exercised today, to debate foreign affairs and defence, which is inseparable from foreign affairs, in the presence of the responsible Minister. We are grateful to Mr Scheel for the forthcoming way in which he has replied.

I shall reply to only one or two members who questioned our reasons for initiating the debate. Of course we want success in the movement towards *détente*, but we want to move towards it with our eyes wide open. The cold war will not go away simply by people shaking hands and making speeches.

I am sorry that Mr Radoux is not here. He and Mr Fellermaier expressed surprise that such important matters should be debated as a result of an oral question with debate placed on the agenda. We think it a very good thing that they should be. Not only that, we think that such debates should become a regular feature of our proceedings. If the Heads of State or Government are going to develop a common foreign policy and take full account of the defence implications, we must have the right in

this Parliament to debate these matters in the presence of the responsible Minister. This is something on which we must insist.

Mr Bordu said nothing which surprised me, except for his remark that it was the policy of the Soviet Union to leave it to the people to decide what system they would prefer. For a fleeting moment I almost thought that he was going to say that the 60 000 Soviet troops in Hungary were to be withdrawn and free elections held there. But, of course, I was disappointed.

Mr Brezhnev, whose words were relayed by radio to the Soviet Union unlike the statements and comments of his American hosts said in Washington:

'In politics, those who do not look ahead will inevitably find themselves in the rear among the stragglers.'

It is because we want Parliament to look ahead and not be in the rear among the stragglers that we initiated this debate, which has been a very good one. We have broken some new ground, have made a little history, and are most grateful to Mr Scheel for replying in such a forthcoming way.

President. — Does any one else wish to speak on these two questions?

The debate is closed.

8. Oral Question No 157/73, with debate:
*Improvement of relations
between the Community and the USA*

President. — The next item on the agenda is Oral question No 157/73, with debate, by Mr Jahn, Mr Aigner, Mr Artzinger, Mr Früh, Mr Klepsch, Mr Memmel, Mr Mursch and Mr Schulz to the Commission and Council of the European Communities on the possibilities of improving relations between the Community and the United States of America.

The question is worded as follows:

- Having regard to the marked deterioration in relations between the Community and the United States of America, particularly recently, following the critical phase of the Middle East war,
- having regard to the—in the opinions of many observers—belated submission of the Community's initial draft declaration on 'European Identity' and
- having regard to the talks held in Washington in October between important United States political figures and a delegation of the European Parliament,

President

what plans have the Commission and Council formulated, despite the legal restrictions on their powers in areas covered by the Paris and Rome treaties, to make a concrete political contribution—particularly within the framework of the impending GATT negotiations and future summit conferences of Heads of State or Government—to improve relations between the Community and the United States of America?

I would remind the House that, pursuant to Rule 47 (3) of the Rules of Procedure, the speaker on behalf of the authors of the question is allowed 20 minutes to speak to the question, and that after the institutions concerned have answered members may speak for not more than 10 minutes and only once. Finally, the speaker on behalf of the authors of the question may, at his request, briefly comment on the answer given.

I call Mr Jahn to speak to the question.

Mr Jahn. — (D) Mr President, ladies and gentlemen, the year 1973 brought about a development in the relationship between the Community and the USA which might almost be compared with the development in the exchange rates. After some slight discord at the beginning of the year, the weather seemed 'set fair' for a time, although this was reversed in early autumn by a radical drop in the rate. Our ears are still ringing with the joyous prospects which the Commission, in particular, proclaimed to us in the early summer of last year through the medium of the Vice-President. On the American side, events ranged from the very far-reaching proposals made in April last year by Henry Kissinger—at that time still special adviser to the President—on the elaboration of a new Atlantic Charter, to his comments last October on the conduct of the Member States.

The Community must not regard American policy here simply as a consequence of the Middle East conflict and thus, as it were, shift the responsibility onto the Member States. It is inescapably true that the dissension arose during this conflict and subsequently contributed to a deterioration in Atlantic relations, yet the cause of the disagreement lies far, far deeper.

When on several occasions—also in the presence of delegates from this Parliament—towards the end of October Henry Kissinger was sharply ironical in Washington over the fact that Europeans no longer even wanted to talk about partnership with the USA, this was aimed directly at the spirit displayed by the Community towards the USA last year. The text drafted by the Foreign Ministers on 10 and 11 September 1973 on relations between the Community and the USA is anything but the outline

of a long-term programme of cooperation with the USA.

I very much hope that Council and Commission will take the opportunity, when replying to our question, to describe in detail what progress has now been made in the discussion between the nine Member States on the one hand and the USA on the other hand, with a view to making a meaningful statement on this subject.

Mr President, ladies and gentlemen, the next document to be considered is the declaration of the Copenhagen Summit Conference on the European identity. This declaration does refer emphatically to the common heritage of the European nations and its spiritual values; but the harder its authors try to make tangible statements on Europe's identity in the world, the more and more vague it becomes.

A single paragraph of this declaration is devoted to relations with the United States, and even this concentrates on the retention and preservation of relations at their present stage. Only at the end of this Copenhagen declaration is it vaguely indicated that cooperation with the USA should continue—I quote the historic phrase—'to develop on the basis of equality and in a spirit of friendship'.

Ladies and gentlemen, I cannot avoid the impression that this assembled Heads of State or Government did not quite hit the mark with this statement. After such a dramatic year in relations with the USA, one could have expected clearer statements which did justice to the historic moment. I think we in the Political Affairs Committee and in other committees too have, in many a discussion, expressed our astonishment at these Copenhagen papers. We shall see later, in the Radoux report, how little material content for further integration there is in the entire declaration.

A European identity cannot be conjured up by constantly reiterating it as a new concept and postulating in every paragraph that Europe must present an unmistakable entity. A European identity can be created only by making unmistakable political statements, which are then converted in fact.

Within the framework of its weak powers, this Parliament is trying to make its contribution to the dialogue which is demanded from all sides, namely, a continuous dialogue with the United States, so that if difficulties arise they may be taken in hand instead of taking us by surprise when they are already beyond our control.

The delegation of the European Parliament which met representatives of the American

Jahn

Congress in the autumn of last year had extremely fruitful working talks with the representatives of the Government, with Foreign Minister Kissinger, Trade Minister Dent, Finance Minister Schultz, Minister for Agriculture Butz, representatives of the White House and countless Congressmen. In the case of Foreign Minister Kissinger one should, perhaps, make the one reservation that the 'exchange of views' took place mainly from one of the two sides.

Our American partners will be returning to Europe at the end of March and continuing their discussions with the delegation of the European Parliament on specific working areas such as energy problems, multinational companies, world trade and agricultural questions, as well as East-West relations and matters of security. Mr President, ladies and gentlemen, I mention this example only because I should like to point out that we already have a working model of the necessary dialogue here in the parliamentary field.

Since, as we have heard today, the Council of Ministers agreed yesterday to accept President Nixon's invitation and go to the USA under the conditions which I believe the President of the Council adopted in agreement with his colleagues our difficulties regarding energy policy will also in this House, we hope that the talks there about our difficulties regarding energy policy will also extend to the difficulties which interest us all, namely, to what extent we can continue our dialogue with the USA, not only as a continuous operation but also as an established institution.

In conclusion, my specific question to Commission and to Council is, therefore, this: What ideas have these two bodies on giving concrete form to the dialogue with the USA? Are we to be satisfied with periodic, non-obligatory talks, or is an institutional establishment of the dialogue under consideration?

I will not conceal the fact that in my opinion we cannot, in the end, help but turn these talks into an institution if we are really to achieve harmonization of relations in the sense of an Atlantic harmonization or partnership. When we hear from the United States that the American President has told Europe through his spokesmen that he will not come to Europe until a declaration has been composed which is worthy and ripe for signature, then I think it is time that the Council and the Commission should inform us (a) what their opinion is on this basic problem, and (b) what they think about institutionalization. We are very interested in hearing the ideas of the Council and Commission on this point today. My friends and I are grateful for the opportunity to raise this matter today in the presence of the President of the Council.
(Applause)

President. — I call Mr Scheel.

Mr Scheel, President-in-Office of the Council of the European Communities. — (D) Mr President, if you will allow me, I will answer, as the first of the bodies to which the question has been directed; after me, I think Sir Christopher will give the Commission's answer.

The relations between the Community and the United States are among those questions which particularly concern the Council, following the decisions of the Paris Summit Conference. I should like to remind you that Point 12 of the Paris communiqué deals with the relationship between the Community and the industrialized countries and stresses in particular that the Community attaches great importance to multi-lateral trade under GATT and intends to hold a constructive dialogue with the United States—as also with Japan, Canada and the other industrialized trade partners.

The Council worked out the Community's overall design for trade negotiations within the time limit set by the Summit Conference—that is, 1 July 1973—so that the Community was able to play its part fully and completely at the meeting of Ministers in Tokyo which led to the adoption of the declaration known to this House.

The Council is able to assure the European Parliament that the Community is prepared to enter into actual negotiations as soon as its other chief partners in the negotiations are in a position to do so.

As far as the dialogue with the United States is concerned, the appropriate means of continuing and improving it with regard to the aspects concerning the activities of the Community have been thoroughly discussed for many weeks, both in the Council and in direct talks with the American authorities—in which the Commission is also taking part.

These consultations form part of the work of elaborating a declaration of principle by the United States of America and the European Community as well as its Member States—a declaration which is to be signed when the President of the United States makes his proposed trip to Europe. I think I can say that the negotiations have been making satisfactory progress up to now.

(Applause)

President. — Thank you Mr Scheel.

It has been agreed that the Commission should speak at the end. I shall now therefore give the floor to speakers on behalf of the political groups.

President

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

Mr Fellermaier. -- (D) Mr President, ladies and gentlemen, I think that the brief but very pertinent reply by the President of the Council really shows that one is entitled to wonder whether it was right of our esteemed colleagues in the Christian-Democratic Group to conduct a debate here and now on the relationship between the United States and the European Community.

This House defined its attitude after a motion for a resolution had been submitted by the Political Affairs Committee in the late autumn of last year. Since the legislature must also make its contribution to the dialogue with the United States, a delegation from the Parliament visited the American Congress and tried—successfully—through common consultation on a number of specialized subjects to create a consensus of views between the American Parliament and the European Parliament. But, my dear colleague Mr Jahn, to complain now, this month, in retrospect about all the things which did not develop in 1973 in our relations with the USA is really futile; many things might, after all, have developed differently if the internal political scene in the United States had been different.

There is also the consideration that perhaps the European Year announced by Kissinger himself at the time was right, but actually incapable of implementation, no matter how much goodwill was shown by both partners in 1973. And world political developments at the end of the year also taught us clearly how difficult it is to proclaim one's intentions and at the same time link them to a specific date. I think that the dialogue between the United States of America and the European Community will have to remain a permanent dialogue in the spirit of our traditional friendship, but also a dialogue on the basis of equality between two partners and a dialogue—if equality is rightly understood—in which two partners, if they have to, speak out frankly and clearly to each other.

I believe that here and now, what matters far more is that in the deciding round for mastery of the world-wide energy crisis, Europe and the United States become aware, through genuine cooperation, of their world-wide common responsibilities. The Socialist Group wishes you good luck and success in Washington, Mr President of the Council, and representatives of the Commission, in this world-wide responsibility. (Applause)

IN THE CHAIR: MR BERSANI

Vice-President

President. -- I call Mr Sandri to speak on behalf of the Communist and Allies Group.

Mr Sandri. — (I) Mr President, ladies and gentlemen, we should like to pay tribute to the authors of the question for having raised an extremely important problem, even if, in spite of the vast dimensions and numerous interesting aspects of the matters under discussion, we confine ourselves in our speech to some few observations, for reasons so obvious as not to require explanation.

The text of the question begins by bluntly stating the fact that relations between the two areas in question have considerably worsened. This is an undoubted fact; but if we are to single out the key factors in this situation in order to arrive at the hoped-for improvement in relations, it would seem to us to be necessary that we ask ourselves what are the causes of this deterioration, how it originated and who is responsible for it. We are convinced that an objective analysis, although impossible here, would lead us to the conclusion that this deterioration derives mainly from the overall policy of the Nixon Administration and, in this case, from its attitude to the European Community. This attitude, as I think we were able to gather from the words of the colleague who explained the question, when he recalled the speeches of Mr Kissinger, then Special Advisor and later Secretary of State, was one of reducing the Community to a subordinate role in the strategic plans of the United States.

On the other hand, I should like to recall that it was the Secretary of States, Mr Kissinger himself, who last October rebuked the European Parliament delegation visiting Washington; and his rebuke can be summarized in a phrase he used which I am now reading out *verbatim*: 'I do not claim that the Europeans cannot make their own decisions, but it would be desirable that they should explain their point of view before arriving at these decisions'. This is a very remarkable rebuke in our opinion, when one considers that in the very same month of October the United States government decided to place all its forces in Europe in a state of alert and expected the territory of many European countries to be turned into stages along its air bridge with Israel without even the slightest consultation with the governments of the Community. I have mentioned this only as an example—a very illuminating one, it seems to me—of the political and military strategy of the United States and of the role assigned within

Sandri

it to Europe. At a different, though no less significant, level this role is highlighted by the convening for next February in Washington of the Conference of Energy Producing Countries, which, behind the mask of centralization, may be threatening a new attempt to subordinate the independence of the countries of Europe to the grand world designs of the United States super-power.

It should be added at this point that, in my judgement, the Community for its part has opposed these designs and this approach, with its schemes and plans and ambitions which may have the effect of embittering relations and are certainly not calculated to lay the foundations for any change in the quality of EEC-USA relations or for the effective improvement in them which we also should like very much to see.

The truth of the matter, in our opinion, is that it is no solution to the present situation to link the hope of improvement in Community-United States relations too rigidly with the philosophy of unity of the Western bloc or with thinking along the lines of Atlantic solidarity, extended even to Japan, if the case should arise.

All the major negotiations have been mentioned here today—energy negotiations, trade negotiations, monetary negotiations. It seems to us that in thinking of these important encounters, by means of which it can be said without any descent to florid rhetoric that history is affording the European Community an opportunity to tackle the matter we are discussing today, the first thing that should be clarified is what steps forward have been taken in reality in the process of building up European autonomy *vis-à-vis* the independence of the States of which Europe is composed.

Secondly, we must assign the problem of relations with the United States its proper place in the wider context of Community relations with the rest of the world. If we look at the problem in this light, we can see quite clearly how the Community could strengthen its hand in its dealings with the United States, not by institutionalizing its relations but instead by developing a more open relationship with the socialist countries, a relationship calculated to overcome the bloc philosophy and the logic of the forces which faced each other in the Cold War and its aftermath. It is this line of thinking that makes the Community so feeble in its dealings with the United States. We can see clearly what a help and a strength it would be to the Community if it were to open itself more fully to the problems, the anxieties and the dramatic potential of the Third World, especially in its efforts to limit and reduce the power of the

multi-national companies, which are truly benefiting on a large scale from the present crisis—and we all know where the vast majority of these companies are based. We can all see with what a powerful voice the European Community could speak in dealings with the United States or with any other power or region of the world if it were, boldly and imaginatively, to make itself the champion of *détente* and promote a farsighted policy of disarmament leading to coexistence on a universal scale in our continent.

In conclusion, Mr President, I should like to renew our gratitude to the colleagues who have put down this question. I should also like to say that we feel that we can safely state that relations between the European Economic Community and the United States of America can be greatly improved in quality to the extent to which the Community itself can assert its own independence within the framework of a completely new vision of relations with the socialist countries, an attitude of complete openness to the developing world and genuine initiatives calculated to contribute to the emergence of a pluralistic and peaceful balance on the international scale.

We are convinced that in this way the foundations can be laid for the improvement which we all hope for unreservedly in relations between the European Community and the United States of America. Such an improvement is all the more feasible if relations between the two sides are based on complete equality and designed to serve not merely commercial exchanges between the various economies and mutual understanding between the peoples but also the harmonious coexistence and independence of all the States concerned.

(Applause from the left)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — I fully understand and share the preoccupations of the honourable Members who put this question down on the agenda of the Parliament towards the end of last year. I think that the House knows full well the importance which we in the Commission have, throughout, placed on Europe's relationship with the United States, which is, and must and will remain, a primordial one on both sides.

At the same time, I hope that no one will accuse me of complacency—I certainly feel no complacency on this subject, but I think one can take altogether too alarmist a view about these issues—I hope that no one will accuse me of complacency if I say that I, for one, do not

Soames

share the assumption underlying this question, namely, that there has been a marked deterioration in our relations with the United States. And I shall say why.

I know that at the beginning of last year—in early 1973—there were fears that the differences between the United States and the Community on commercial and monetary affairs might spill over and affect other aspects, including political and security aspects, of that vital transatlantic relationship. I had this fear very much in the forefront of my mind. But it was clear by the early summer that that danger had, for the time being at least, been averted.

I know that there were also fears, late last year, of the inverse process—that differences of view over political and security matters, deriving (as Mr Jahn's question pinpointed it) specifically from events in the Middle East, might spill over and affect our economic relations. Certainly that could be a possibility, and it is one of which we are acutely aware on both sides of the Atlantic.

At the same time we should remember—particularly at times such as in recent weeks when there has been much press speculation about troubles in European-American relations—that these relations are concerned not only with the immediate dramatic things that hit the front pages. There are strong ties of non-controversial cooperation, plans for furthering such cooperation, and a constant dialogue at all levels and almost all walks of life, particularly in the realms of commerce and economics, between the United States and Europe.

What we face at the moment is to some extent a psychological problem. On both sides of the Atlantic there was built up during 1973 a certain expectation that relations between Western Europe and the United States would somehow very consciously be redefined. Perhaps a redefinition of relations can be of dramatic usefulness between old adversaries, but it is a much more delicate and complicated process when old friends are involved together, and a process from which it would be misconceived to hope for dramatic results.

In any case, towards the end of the year the events in the Middle East and the subsequent energy crisis rather cut across that process of formal and somewhat abstract redefinition of our relations, and faced us with some specific and immediate tasks. This surely brings home to us a fundamental truth, namely, that it is not merely by drafting texts, however constructively, however cleverly and effectively, that the satisfactory development of transatlantic relations will be secured. It is much more by

the way in which we handle the often unforeseen events and the problems we both face that this relationship will really be defined.

I was interested to hear Mr Jahn's question on this subject of the European-American Declaration and also Mr Scheel's reply to him. This has, of course, been done in the context of Political Cooperation. The Commission is not in any way taking the lead on this, but we are involved in it when it comes to certain economic matters. Mr Scheel gave us his thoughts on that in answer to Mr Jahn.

But perhaps our most urgent preoccupation at the moment, both in the United States and even more so in Europe, is the world supply of energy, its quantity and its price. This, as Mr Fellermaier said, will be a key issue between us which we have to treat together in the very near future. But it is not simply the most urgent of the problems on the international agenda; it is also, as I think underlay Mr Fellermaier's remarks, at the same time something of a test case in our relations with the United States. It is one that exemplifies, indeed, the very nature of that relationship in that on the one hand there is the difference in our respective situations, and on the other hand the larger congruence of our ultimate interests.

On the one hand, we in Europe are, at least in the medium term, far more dependent than the United States on Middle East oil. Some at least of our Member States have rather different historical and political relations with that area. Thus some divergence, as I would see it, is bound to occur in the way in which the United States on the one hand and Europe on the other hand see the present situation.

However, at the same time, we share a common concern for the future which must bring about a meeting of minds across the Atlantic. None of us as energy-consuming countries will wish to see, for instance, a competitive auction with each bidding up the price against all the others. None of us can afford to see the beggar-my-neighbour return to protectionism which would follow if each consuming country tried to cut down on non-energy imports in order to devote increasing proportions of its shrinking export revenues to paying for its oil imports at the higher prices. None of us would want to see the economies and the societies of countries of the developing world shaken, not to say destroyed, by the heavy impact which the vastly higher cost of their oil supplies would have upon their economies (and oil forms such a very large share of imports for so many developing countries), and all the dangers this would trigger off. None of us would wish to see international monetary

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anarchy as tidal waves of unprecedentedly large internationally mobile liquid funds poured from one currency into another.

That is why the Commission takes the view that this looming crisis is at the same time a challenge. It is a challenge to our imagination, to our solidarity and to our generosity. Indeed, it is an opportunity that must be seized for closer, more far-reaching and more forward-looking cooperation between the industrialized countries of Western Europe and North America and the Pacific, with the threatened interests of the developing world and the legitimate interests of the oil-producing countries also very much present and, of course, represented.

The United States, Dr Kissinger recently announced, is prepared to make a very major financial and intellectual contribution to the objective of solving the energy problem on a common basis. The United States President has proposed, as the House knows, a meeting on 11 February as a first step in the consideration of the problem on an international plane. I need hardly stress how warmly the Commission welcome the decision of the Council yesterday to agree to the Commission's proposal that the Community as such should accept this invitation. Now we face—and let us realize it—the more difficult task, but an essential one, of preparing the Community's position for that meeting.

At the same time, we are engaged on the multi-lateral trade negotiations in GATT about which Mr Jahn and his colleagues have specifically asked in their question.

As the House knows, the Community adopted its overall line of approach to these negotiations as early as last June. I was able at the formal opening of the GATT negotiations in Tokyo in September to present the Community's viewpoint to our negotiating partners.

But it has always been obvious that until our chief partners in these negotiations obtain powers to negotiate and a mandate for the negotiations, there can be little substantive progress, only preparation. The Commission is therefore glad to note that the United States House of Representatives has passed the Trade Reform Bill and has sent it on to the Senate. We hope that once the Senate has passed the Bill we can get on as soon as possible with the mutual reduction of barriers, whether tariff or non-tariff barriers, in industrial products and also with a significant increase in the mutual exchange of agricultural goods.

So we may look forward, I hope, to substantive negotiations beginning some time this year. They will no doubt be long and complicated—

the more so as the world economic climate has changed a lot since we met at Tokyo, and major problems have arisen which we had not foreseen and could not have foreseen at that time.

I earnestly believe that it is true that what we are seeking and groping for is a new level of equal partnership between the United States on the one hand and the European Community on the other. This will inevitably be a relationship of a totally different kind from what was the relationship between the United States and any one of the individual member countries before the creation of the Community. I know what Mr Fellermaier meant when he talked of equal partners—that to arrive at this situation is going to demand a high degree of understanding on both sides of the Atlantic.

First, let us consider it from the United States' point of view. The Americans, as I see it, must appreciate that the purpose of a united Europe is not merely that the countries and the peoples of Europe should enrich themselves further; it is that Europe, with all the long experience which goes so far back into the past, can bring that experience to bear on the major problems of the world, using it and offering it to the world in all the great problems with which we are going to be faced. This is why we are pursuing it, and the fact must be appreciated by the United States, with the United States understanding that the relationship can no longer be the same as it customarily has been between the United States and individual member countries.

Secondly, from the European point of view, I offer this thought. We talk about a dialogue between equal partners. But when we do so, we had better put ourselves in the position where we can be equal partners. If we do not, it is our own fault and no one else's, and it is no good blaming other people. This does not mean merely that we can talk about commerce or negotiate in the GATT. That is all very important, but it is by no means enough. It means that we have to superimpose, and to have the will to do so—my experience over the last year has not given me that encouragement which I hoped I would get in our ability so to do—to superimpose on our national interests, which may be selfish, or I know not what, the realization that it is in all our interests that Europe should succeed. This means, as I have said, superimposing a European interest and realizing that what may look bad in the tactical immediate future for an individual country may still be the right solution for Europe.

At the moment, when proposals come from the Commission, on whatever topic—I do not say whether any particular proposals are good or

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bad—at least they come out as European proposals and are conceived as such. They are then discussed in the Council of Ministers and in the Member States as national problems and are thrown into the national arena. What has to happen if we are to ensure that the European interest dominates is that, somewhere along the line, such proposals have to return to being discussed in a European context.

(Applause)

We owe this not only to ourselves but to our partners.

Let us realize just how difficult it is for our partners. The European-American relationship covers an enormous spectrum. Yet in probably about 80 per cent of that spectrum we cannot talk with a European voice. Let us realize how difficult it is for them when they do not know to whom they should address themselves—and when they do address themselves to the President-in-Office of the Council of Ministers, all he can say is, 'I take note of what you say and I will report to the Council of Ministers.'

We have progressed—I go a long way here with what Mr Scheel said—but how we progress and how we manage it, and what sort of concept we have, are very secondary compared with the basic realization that we must progress, not only in our own interests but also if we are to get into a position in which we can claim to be equal partners.

I believe that the vast majority of Members of this House share with the Commission the conviction that if a close relationship and a mutual understanding between Western Europe and North America were vital in the years of war-time danger and of peace-time political tension, they are no less vital now, when the world's economy has to adjust itself to a highly uncertain future.

(Applause)

President. — Thank you, Sir Christopher Soames, for your statement, which, as the applause shows, is greeted by this House with warm approval.

I call Mr Jahn.

Mr Jahn. — *(D)* I have no intention of making any great declarations, but as co-author of Question No 157/73 I should like to thank the President of the Council, as usual, for his clear explanations, particularly in relation to intensifying the dialogue with a view to institutionalization. I should also like to thank Sir Christopher Soames, who has spoken here with such

feeling and sense of commitment that we feel encouraged to believe that we can advance united along the road, so that relationships can be harmonized in such a way as to be of the greatest possible service to American-European and European-American relations in the future.

President. — I have no motion for a resolution on this debate.

Does any one else wish to speak?

The debate is closed.

9. Outcome of the Copenhagen Summit Conference of December 1973

President. — The next item is a debate on the report drawn up by Mr Radoux on behalf of the Political Affairs Committee on the outcome of the Conference of Heads of State or Government held in Copenhagen on 14 and 15 December 1973 and on measures taken as a result (Doc. 317/73).

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

Mr Radoux, rapporteur. — *(F)* Mr President, honourable members, I could, when presenting the resolution by the Political Affairs Committee, make a routine speech. But I should be betraying the spirit of the members of the Political Affairs Committee if I were to take the easy way out now. We regard the year which had just begun as more than just an important year; each year has been important, and each year will be important until complete European Union has been achieved. This year will be decisive.

We have never had to work so hard or in such a hurry to solve problems both internal and external to our Community. Rarely have so many Heads of States or representatives of their diplomatic services throughout the world been perturbed, for various reasons, by the silences of the European Community, by its actions or by its reactions. Presumably, since there is so much talk of us, we must be of interest to many people. And so, despite the many setbacks encountered on the road to unity, we have reason to believe even more strongly in the future of our peoples, our states and the union which is their aim.

In its concern to talk of current events, the Political Affairs Committee has not confined itself to expressing an opinion on the outcome of the Copenhagen conference. My colleagues have asked me to refer also to the action taken since then, and this is what we have tried to incorporate in our resolution. But in view of the

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speaking-time allowed I shall intentionally not refer to all the aspects of Community policy with which we have dealt in the resolution.

First of all, an appraisal of the forthcoming Summit conferences.

As regards future meetings, to be called 'presidential meetings', the Heads of State or Government were no doubt inspired by the resolution passed by our Assembly on the eve of their December meeting. We are delighted at this. But in carrying out its duties the Political Affairs Committee nevertheless remains vigilant. It has strengthened the terms of previous resolutions passed on this subject and has in fact been more specific in stating its position as follows:

'The Parliament stresses that henceforth it falls to the State filling the office of President of the Council of the European Communities to convene "presidential meetings" when these are considered desirable. This procedure should make it possible, when exceptional circumstances demand:

- (a) to provide the policy suggestions necessary for the continued stimulation and development of the Community;
- (b) to produce lines of action likely to resolve major problems on the basis of thorough preparation by the relevant Community bodies.'

Secondly, the work of the Council of Ministers.

The paragraph dealing with the Regional Development Fund in the Copenhagen communiqué and what has happened since enable us to stress once again one of the great defects of the working methods of the Council of Ministers. It must be said as often as necessary that in the Council there is still a great temptation to haggle. It would be unfair to place the blame on any particular state. But the Council should, as a Community body, make a greater effort to settle differences. And the essential feature in these difficulties is state of mind. The Member States are not traditional negotiators, they are members of a club in which there is a fair division of advantages and disadvantages, but without the former and the latter necessarily offsetting each other simultaneously. The Council of Ministers will not resume its function as the true decision-making centre which the Community needs before it can make any progress unless it, the Council, considers that what is good for one Member State is good for the Community as a whole. On the other hand, it must be convinced that what one Member State requests is reasonable. If this is the case, its request can in the short or long term only be of advantage to the Community. Arguing among ourselves

and among our countries in terms of the balance of forces, which is a necessity when thinking in terms of reasons of State, is merely childish and undermines the very concept of Community.

On the other hand, let us stress once again that it is unacceptable that one unresolved problem should hinder the examination of another question and prevent a decision's being taken on it. The forty-eight hours which the members of the Council have just been through are hardly designed to rejoice this Assembly.

Finally, let me add that the inefficiency of the Council affects not only itself but also the Commission. The Commission must, among other tasks, make proposals so that laws can be made. The permanent diplomatic conference which the Council of Ministers has become—and some of its own members have expressed this opinion publicly—forces the Commission to sacrifice its innovatory role for the sake of achieving compromises. It must, however, be understood that when the Commission makes a proposal there can be no question of its doing so for the sake of compromise, otherwise it may sink to the level of a general secretariat. It is true that a diplomatic conference resorts to haggling, but it is equally true that the role of the executive body of a Community is to direct.

Finally, with reference to both the Council and the Commission: the invitation to Washington.

The decision to accept this invitation is welcome. There is no doubt that it represents a success on energy questions, but it must be followed by action, and everything must be done at top speed so that the representatives of Commission and Council do not arrive in Washington empty-handed.

The President-in-Office of the Council and the President of the Commission will participate together at these discussions. This is exactly how the Parliament intends the Community's affairs to be conducted, because it is the presence of the Community which assures each of its Member States that they are being represented. We should also like to be assured that this decision has not been taken just as an emergency measure, but that it means that a precedent has been set and that Community representation will be the rule each time until the Commission has been recognized as definitely empowered under the Treaties to represent the Community.

It would have been deplorable to have declined this American invitation. One can only blame oneself if one rejects an offer. By that I mean that if the Community sometimes criticizes the attitude of certain powers, it too often does so because of its own weaknesses. In this connec-

Radoux

tion, I should like to thank Sir Christopher Soames for the speech he has just made and, in his absence, Mr Walter Scheel, President-in-Office of the Council, for the way in which he expressed his views on foreign policy.

I should now like to make a few remarks on relations between the Community bodies and the social partners, the two sides of industry. The Summit Conference talked—and I quote—of 'growing participation by the social partners in the Community's economic and social decisions'. If the reference to the existence of the social partners—employers' organizations and trade unions—is a good thing, the adjective 'growing' linked to their participation in Community proceedings seemed to us inadequate. Heads of State or Government are aware that, because of recent international events and the novel character of economic circumstances with which we are all familiar, governments are no longer always in control of the situation in their own countries, that such control as they have is diminishing, and that throughout the Community we are likely to be faced with conflicts between employers and labour in certain sectors of industry in several countries at once.

It is for this reason that we have called for Community action designed to bring about, not 'growing participation', but an association in the form of a tripartite conference bringing together the Commission, the governments and the two sides of industry for the necessary discussions. It would then, of course, have to be decided how arrangements could be made for the social partners to participate in the discussions after being invited.

The final point: European union.

While expressing satisfaction with the decision taken by the Summit Conference to speed up the achievement of European Union, the committee noted that the Summit Conference addressed the President-in-Office of the Council, whereas in October it addressed the Community organs as a whole. The Political Affairs Committee wanted to preserve the Parliament's right of initiative and to prevent any machinery from interfering with the rapid implementation of the decisions taken.

I therefore firmly believe that we as a Parliament should take the initiative. Let us not forget that in the past we were present at what was called the launching of Europe. Today, because of the circumstances, one should rather talk of reanimation. In these circumstances, how can one be sure that the methods chosen will be the most suitable? In my speech last December I said that in several countries leaders of political parties looked to Europe and not to their

own countries for a solution to all the present events and their consequences.

One of our main tasks in these extraordinary circumstances seems quite clear to me. Parliament must immediately define the content and the political substance of the constitution of European Union, and in that task it should collaborate with the leaders of the democratic parties so that together, as direct representatives of our peoples, we can act in a balanced fashion.

We can dispense with questions of procedure. We can also dispense with preliminaries. There is no lack of material, draft constitutions exist already. This is one of the items which the Political Affairs Committee has already placed on its agenda, but it is also an item to which, in view of the conditions which I have just mentioned, I would urge its rapporteur, Mr Bertrand, and its chairman, Mr Giraudo, to give priority attention. This initiative on the Parliament's part in no way means that it will stop working with the Council or that it will not collaborate in the proposals which the Treaty requires the Commission to submit to us. By doing this, we shall involve the whole of the political world in an action which, by nature, runs counter to academic exchanges of views or exchanges of views on preliminaries.

We no longer have time for discussions. We must submit drafts which must, of course, be reasonable and which, if necessary, will represent a preliminary experiment. But in any case let it be understood that this experiment supersedes a situation in which we may be marking time in respect of European Union.

The Heads of State or Government spoke in the future tense about the European Union. We must act in the present. Our work can reassure public opinion in our countries of our determination to achieve Union within the time-limits set. Mr President, honourable members, there are some phrases which become completely meaningful only when one is spurred on by events. We must cope with difficulties both within and without the Community. Mr Ortoli recently summed up a whole speech by saying: let us stop pretending to believe that we do not have the same interests and the same problems!

Who could dispute the justice of this view or that from now on, with the power of a well-organized Community behind us, nothing can be done without Europe and nothing can be done against Europe? In the motion for a resolution which they have submitted to this Assembly, the members of our Political Affairs Committee have expressed this idea of a future which can be achieved in the short term if our willingness

Radoux

remains intact. They approved this motion unanimously.

Honourable members, I ask you to follow their example. I ask you to share their determination by voting in your turn for the text they have proposed. Thank you.

(*Applause*)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, it is now one month since the Copenhagen Summit Conference, and in view of what has happened in that time I can only approve of the main points of Mr Radoux's speech and the motion for a resolution which the Political Affairs Committee has submitted to the House today on the outcome of the Summit conference.

It should be said that after the Copenhagen Summit Conference there was less feeling of satisfaction than after the Paris Summit Conference. The circumstances were different, the object was different, the problems we had to deal with were much more clear-cut, and the difficulties of Europe were much more in evidence. However, some progress was made and we should draw a lesson from what was achieved.

Progress. What was the object of this Summit conference in Copenhagen? When it was first proposed, the idea was that the Heads of State or Government should discuss openly the problems of Europe away from the pressure of events. The idea was that the future of Europe is so essential to each of our States that the Heads of State or Government should become acquainted, understand each other and put themselves into a position to provide an impetus and initiative for Europe to go forward. This was not unavailing one year after the Summit conference in which the concept of European union had been launched.

Then other events occurred, including the energy crisis, and pressure was exercised on the Summit conference so that other problems were discussed. Current problems, particularly the energy problem, were dealt with.

I should like to draw a few conclusions from those two action-packed days.

The aspect which strikes me most is not—perhaps I am wrong—that which will have the greatest effect from the point of view of future European Summit meetings—that is, the principle of regular meetings of Heads of State or Government. It is very important, I admit, and

I will add that in my opinion good use is being made of these Summit conferences, which should be respected. In any case, it is essential that discussions of this type should be opened just as the Community has to perfect itself and fulfil its mission, and just as it is trying to find, as Mr Scheel said, the form it must assume. I do not have to tell Parliament how important this problem is. When European Union is being studied, immense problems will have to be tackled: the content of Europe and the institutions of Europe.

The aspect which struck me most is that at the Summit conference we were able to tackle seriously the problems of the energy crisis, to decide that there would be a common energy policy, and to take certain measures towards starting to work together.

As I have said, in a perhaps very short-sighted view of the problems, I personally considered that one of the real questions facing Europe at the end of December was whether it was capable or not of giving a common response to a common challenge. This is why, as President of the Commission, I would give priority not only to present but also to future energy problems. I am glad that a decision has been taken to start collaborating on the subject of energy, with a common energy policy as the goal. We, the Commission—and I say it clearly and with some pride—have made a large contribution. Questions have often been raised in this House on the way in which the Commission tackled the energy problems, and during the rather difficult period in November and December we were questioned and sometimes criticized for what we were doing.

What we were doing was trying to arrange for the energy problems to be handled jointly by the States, for procedures to be adopted and for the Commission to play an effective role. I say 'the Commission'. I could also say 'the institutions', including Parliament, and for Henri Simonet and myself and for the entire Commission, the fact that this emerged at Copenhagen and that our responsibilities were defined was—I must say—rewarding. Mr Radoux has referred to these problems and spoken of the developments which have taken place since—including, as an example, the fact that we are going to participate as a Community in the discussions in Washington.

I am well aware that there is much ground still to be covered; the problems of a short-term as well as a medium—and long-term energy policy are difficult, and Member States' ideas of the way in which we can deal with them are far from being identical.

Ortoli

For our part, the fact that the principle of Community action and a Community energy policy has been raised appears fundamental to us, and we have made every effort since then, a month ago, to ensure that the Commission can submit its proposals in order to meet the challenge presented. As Mr Radoux has just said, this is one of the biggest problems we have to share. It is therefore normal that Europe should take up this problem which is proper to it. I regard this as one of the main results of the Summit conference, and I was full of joy when I left Copenhagen. Had we not obtained that decision to collaborate on those problems, I should have felt very disappointed, to say the least.

The decisions taken yesterday at the Council of Ministers—and you know that the Commission had adopted a definite position on the way in which problems of cooperation should be handled in May, in July and again last week—are also an encouraging sign.

The second thing which I regard as very important about the Summit conference is the document on European identity, since it clearly indicates that we are becoming more committed to unity than has been the case for the Community in the past. We are in fact now entering the field of true politics, and you cannot fail to see that from our point of view it is a process which is essential to the progress we hope to achieve in European Union.

This must, of course, invest Community action with the close unity which is indispensable.

The Commission, and I in any case, consider it essential for this close unity to be respected, and we hope to participate fully in achieving the aims of Europe.

This is perfectly clear. We are happy that after a rather delicate period our participation should have been better assured. We are glad to have been able to express ourselves freely in some meetings, to state our point of view on the prospects of Europe and the position we thought should be adopted.

The third important point is the fact that it was decided to hold regular meetings to discuss the problems of Europe.

Mr President, I should now like to talk of what I called the good use of Summit conferences. As I have had the occasion to say in the Political Affairs Committee, if Europe really is important to our peoples, it would be most peculiar for the Heads of State or Government to be the only people among those responsible for it who never discussed it.

That is very logical. These men must assume responsibilities for their countries and for Europe, and it seems perfectly normal and even obvious to me that they should consult together on the future of Europe. But this procedure must not lead to the creation of a sort of super-institution or super-Council in which each of the other bodies lost a little of its contribution, which is today one of the riches of Europe. I use the word 'today' because I am convinced that we shall see the institutions changing and the work towards European Union offering an opportunity for reflection.

Today, one of the forces of Europe resides in its institutional machinery. We cannot accept anything which might weaken it. But I do not think there is any risk because of the Summit conferences. If I had believed there might be such a risk, the Copenhagen Summit Conference would have proved the contrary, for it clearly showed that the Heads of State or Government could meet to give an impetus to and discuss the future and see what the state of Europe was. But their role cannot be to refer to the various documents on the table and to deal with them all. It is to be hoped that if Europe undergoes any crisis or if a new major problem arises, the Heads of State or Government will say: we want this problem to be dealt with by Europe, we want these difficulties to be settled, and this is the way. Conversely, it seems obvious to me that our daily bread, which is part of the difficult creation of Europe—for, let us not be naïve, it will not be easy to create Europe with all that is implied in combining the problems, interests and hopes of our States—cannot constitute the agendas for Summit conferences, and that is precisely what this Summit conference has shown us. No, these men must meet, get to know each other, trust each other; those responsible must discuss the problems of the Europe which is our highest hope, they must discuss the future, they must decide on the impetus to be given where necessary they must consult the files which are necessary for directives, but they cannot be a substitute for the institutions.

This has been proved. These, very simply, are the conclusions I have drawn from the Summit conference. But there are other problems. The Summit conference is behind us, the future is before us. To conclude, I should merely like to say with Mr Radoux that I regard 1974 as a decisive year for Europe. I know that each year is a decisive year for Europe. However, we are now faced with a number of considerable changes. Our States and our peoples must assess them and adopt a position on their future. They must decide either to do so together as Europe or not.

Ortoli

If they decide to do so as Europe, Europe will have made considerable progress and how satisfying it will be to have talked of speeding up the consideration of European Union!

Should they decide not to work together then I think Europe will be in grave danger. This is what I mean when I say that the year which has just begun will be a decisive one for Europe. My hope for the ambitious aim that we have set ourselves is founded on the Copenhagen Summit Conference and on those still to come.

I hope Europe is capable of reacting to the difficulties before us. But let me use a phrase with which I had intended to conclude and which Mr Scheel used the other day during a debate: 'Europe must not react, it must act!'

That is my feeling. We are Europe which is capable of understanding that it has common problems, capable of giving consideration to common solutions which it must adopt. We are at the same time a Europe which is able to take the initiative and act.

In any case, that is what we must be and that is what the Commission will make every effort to bring about.

(Applause)

President. — Thank you, Mr Ortoli.

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

Mr Bertrand. — *(NL)* Mr President, I should first of all like to thank Mr Radoux for the lucid way in which he has been able to explain to this Parliament the difficult decision reached after long discussion in the Political Affairs Committee. I also thank the President of the European Communities, who has once again demonstrated his confidence in the potential of Europe.

I fear, however, that after the two preceding speakers I shall strike a somewhat different note in view of the mood of the people of Europe after the Copenhagen Summit Conference. If we claim that there is great enthusiasm and confidence in the further development of European cooperation, we are disregarding reality as it confronts us at the present time one month after the Copenhagen Summit Conference.

On this occasion I should also like to recall the position adopted by the Christian-Democratic Group in December 1973, when the European Parliament was debating the report by Mr Giraud in preparation for the Copenhagen Summit Conference. At the time our Group was very doubtful about the expediency of the

Summit Conference to be held in Copenhagen on 14 and 15 January.

We were hesitant because this Summit Conference had been called in an unusual way, because preparations had not been thorough enough and because the idea had been launched that the heads of government had to meet every now and again to discuss political problems together. We said in December that we doubted whether this was a good formula for solving the problems which faced us.

We are all well aware—there was no secrecy about the fact—that three things had become pressing in the Community's institutions at that time. The first was the regional policy, on which the Council was unable to make any progress. The second was the advance towards a new stage of economic and monetary union, on which the Council was unable to make any progress. The third was the energy policy, on which the Council was unable to make any progress after the Commission had submitted a proposal in April 1973. It was expected that a solution to these three problems would be found at the Summit Conference in Copenhagen, and that this would impart new impetus to the Community's institutions.

Today we have been cured of our illusions. Still no decision has been taken on regional policy. It has not yet been decided that a new stage of economic and monetary union should be entered. And despite all the efforts of the Commissioner responsible for energy, a start has still not been made on a common energy policy. The fact that we do today have the information required to make a start on an investment programme is due to the goodwill of the governments, and not because the Council has made a Community decision. That is the truth of the matter!

It is a good thing to stress this point. The conclusion which I draw from all this is, firstly, that it has been shown that the formula of the Copenhagen Summit Conference was a failure, and that European unification should be sought by other methods. It has been proved that a formula of this kind offers no solution.

Secondly, I wish to express my pleasure—on behalf of the Christian-Democratic Group—that, and I make no bones about it, the Summit Conference was a failure in respect of the hopes which people had placed in the formula. After all, it was hoped that by regularly convening a Summit Conference of this kind there would be the beginnings of a kind of European government, leading to European union.

The failure of the talk has shown that a regular meeting of heads of government is at all events

Bertrand

no longer worth considering as a means of creating the first beginnings of a European government.

I wished to draw attention to this because I do not believe that everything which emerged from Copenhagen was bad. I would nevertheless add that if, as was the original intention, the nine heads of government had been alone in Copenhagen the outcome would have been nil.

It was fortunate for the Copenhagen Summit Conference that the Commission of the European Communities was able to participate in the deliberations, and that the nine foreign ministers were also invited; otherwise it is certain that no information would have been published. This is clear to everyone.

The fact that the heads of government were able to emerge with positive results in Copenhagen is thanks to the work of the Permanent Representatives, who are so often the butt of scorn. This had to be said in public today. The public, must, after all, be told what we think of what has been going on behind the scenes.

Four positive results emerged from the Copenhagen Summit.

The fact that it was decided that work should continue on the definition of European Union is a positive decision which we can accept as such.

The fact that, last Monday, the Council at last established a kind of procedure whereby the President is empowered to set up a study group to enquire into how cooperation with the other institutions can be carried out, while respecting their right to initiate, as a basis for working out a model for European Union is certainly a positive element which we should not underestimate.

I should, however, like to join with the rapporteur in saying that the European Parliament wishes to be free in this respect to take independent initiatives and that the Political Affairs Committee will be debating a draft report on a detailed concept of European Union during the coming weeks.

The powers of the European Union, and the powers of the national governments which will have to be transferred to the European Union, the mode of operation of European Union and the institutions required for this are all set out in the draft report, which has already been completed.

We shall be debating the draft report as a priority item at the end of this month, at the request of the rapporteur.

We hope that there can be a debate in plenary session in April on the views supported by this Parliament in respect of European Union and the institutions required, so that the Summit due to take place in June will be aware of the European Parliament's conception of European Union, which is to be created, if possible, by 1980. If this deadline is to be met, the present Community institutions must at all events experience a development parallel to the economic, social, commercial and political developments which have taken place in the Community and in the world at large. Our European bodies are not adapted to the new situation. They are not in a position to carry out those duties which the Community is expected to carry out in 1974. It all ran smoothly in 1958, and even in 1960. But now the customs union has been completed and the next step is economic and monetary union, and there are even prospects of a European Union. In view of this, no further development is possible if the institutions are not adapted to the circumstances. We cannot expect to advance if the Summit Conference does not provide any impetus for the adaptation of the institutions.

It cannot be denied that it is a good thing that the heads of government in Copenhagen solemnly published the document on European identity prepared by the foreign ministers. These words recall, to a Fleming, the style used by Hendrik Conscience in his books on the Flemish struggle. The same element of romanticism is found in this vague statement about European identity. It is not for us, and it is not for the institutions, to present a practical formula instead of this vague text.

We are happy to learn that the Council accepted, last Monday, President Nixon's invitation to the Community as such to take part in the Washington Conference; the Community is to be represented by the President of the Council and the President of the Commission. At the same time it must be remembered that we are still far from creating a common energy policy, and that the Nine will all be represented as individual countries, as well as the Community. This is a positive development which may contain a practical embryo of European identity as referred to in the statement. However, much water will pass under the bridges of the Scheldt, Seine and Rhine before any practical results emerge. The functional machinery of the Council will have to be adapted to this development.

One positive element in the Copenhagen communiqué is, we believe, the fact that a procedure and methods were established to provide the first basis for a properly functioning energy market in the future. If we consider, on the

Bertrand

other hand, the attitude of the various governments to the decisions, and if we bear in mind that the bilateral discussions with Arab countries are all still being continued with the aim of acquiring the greatest possible advantage, it is evident that we are still a long way from the application of the political decision taken in Copenhagen. We can only regret having to be a party to this play-acting. It demonstrates national selfishness: each country thinks it can solve its own problems and will not accept the fact that a sense of common purpose is required if we are to develop a European identity. This European sense of common purpose is still lacking. The Copenhagen decision has done nothing to change things.

The attitude of the Copenhagen Summit and the attitude of the various governments now expressed in the Community's Council seems to be: Listen to our words but turn a blind eye to our deeds! This is the sad state of affairs in which we at present find ourselves. I consider it urgently necessary that the Parliament should begin with those matters which it can deal with on its own. There must be a dynamic approach. I am thinking now first and foremost of solutions to questions related to European Union.

It is sad to see that the Council had no time this week to talk about the strengthening of Parliament's budgetary powers, and yet this is an essential component of normal progress towards the realization of a European Union. The Council has had no time to discuss even its own procedures and working methods in order to speed up the decision-making process. I remain convinced that one of the most revolutionary steps which could be taken at the present time is acceptance of the principle that the Council may take decisions by a qualified majority, as happens in the Commission. It is precisely because of this procedure of majority voting that the Commission is in a position to follow up promptly all the directions issued by the Conference. It submits its proposals promptly so that the Council can take its decisions. The Council, however, blocks everything by maintaining the veto, so that no decisions can be taken on regional policy, or energy policy, or the various stages of Economic and Monetary Union. Moreover, everything is inter-linked and so the whole thing is blocked. If one or two states of the Nine do not agree, it becomes impossible to take decisions as the Council is the only organ of the Community which does not operate democratically.

We Christian Democrats conclude that it has now been clearly demonstrated that regular Summit conferences on the Copenhagen model cannot produce positive results without

thorough preparation. It would be better to allow the normal Community institutions to carry out their tasks connected with the implementation of decisions for the consolidation of the Community taken at the Paris Summit Conference and to hold Summit conferences at appropriate times to take decisions which go beyond the terms of reference of the Treaty. Such decisions must make it possible to build up a European Community directed by an organ responsible for political decisions which could in future take a different path from the one which we are following at the present time.

With reference to developments which are now affecting the world as a whole, we no longer need to convince anyone that we have no influence on developments anywhere any more. Europe, with its rich technological experience, its abundant culture and its great influence throughout the world, is not even being consulted on the Middle East and is unable to contribute to the creation of peace. If a new world energy policy had to be worked out tomorrow, Europe would not be represented. If Europe had to bear full responsibility for its own defence, it would prove incapable of doing so.

If we consider why this fertile Western world, with all its knowledge, culture and rich historical past, has dropped to such a low position in world affairs, there can be only one answer. It is because of national selfishness, national chauvinism and the short-sightedness of a number of leaders who are unable to conceive politics in universal terms. It is high time that we as a Parliament, representing public opinion, made this clear to the responsible leaders in the individual states.

It is in this spirit that the Christian Democrats approve the present resolution. It does, after all, state in diplomatic terms what I have endeavoured to put over in more direct language.

(Applause)

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

Mr Vals. — *(F)* Mr President, honourable Members, I should like, in my turn, to congratulate the rapporteur of the Political Affairs Committee on his oral statement and on the motion for a resolution he drew up which has been submitted to the European Parliament.

I must say that before speaking I was a little worried: having heard with unconcealed pleasure, last December, the German Federal Chancellor make his well-known speech, having wel-

Vals

comed the statements made throughout the day by the President of the Council, having heard the President of the Commission's hymn to Europe, I wondered whether my group, which is fairly reticent with regard to the European political situation, was on the right road or whether we were pessimists who only saw the dark side of things.

Fortunately, Mr Bertrand, speaking on behalf of the Christian-Democratic Group, restored the debate in our Assembly to the right level. In music, we are familiar with hymns to joy. Since 1958, we have heard hymns to the glory of Europe; but at the same time we note that Europe's development is at present arrested. A second look at the various communiqués published after the Summit conferences held since 1961 only increases my worry.

After the Bonn Summit conference—in 1961 or 1962, if I recall rightly—a communiqué which gave us all great satisfaction was accepted by the Heads of State or Government. Unfortunately, if we compare actual results with what the Heads of State or Government have decided since 1961, we are far from fulfilling these decisions.

The 1969 Summit Conference at The Hague took place in special circumstances, i.e., in the light of enlargement of the Community; and we must admit that at that level it produced excellent results, since the door which had been slammed in the face of Great Britain, Denmark and Ireland for some years was now opened and these countries then became associated with us in a common cause.

Then, in 1972, we had the Paris Summit, which marked a turning point in Summit conferences since, in spite of the grandiose ideas and the splendid principles affirmed in the communiqué, the ensuing lack of action or positive results showed that one had to be cautious in respect of such conferences.

The Copenhagen Summit Conference moved in the same direction as that held in Paris. In our opinion, it confirmed the breakdown of the system; although reaffirming certain fundamental principles governing the construction of Europe, it proved practically impossible for the Council of Ministers to achieve the aims set at Copenhagen.

Mr Bertrand has rightly expressed our disappointment, which is shared by the public whom we represent.

That is why the Socialist Group, although in favour of Summit conferences when a new impetus is necessary and new directions must be pursued, feels a certain scepticism as to their effectiveness. In fact we do not think that the

Summit conference can act as a kind of super-Council, a body designed to alleviate the inadequacies of existing institutions or of their working methods. Nor do we wish to see Summit conferences institutionalized.

We believe that the existing political institutions must improve their working methods. Here I refer mainly to the Council of Ministers, which holds hundreds of documents it has not yet examined. I am also speaking of the working methods of the European Parliament. Indeed it is strange, to say the least, that the Paris Conference and the Copenhagen Conference insisted on the need to strengthen Parliament's powers, that the Council had this problem on its agenda in December, that it was on the agenda again last Monday and Tuesday, and yet it has still not been tackled!

We believe that it would be much more important, rather than holding Summit conferences, for the European Parliament, invested with full powers, to be able to give further impetus to the building of Europe, because it represents the peoples of the Community.

The results of the Council of Ministers' meeting yesterday were indeed disappointing. Certainly they discussed the major problems, the questions of energy policy and regional policy, and we were happy to see the President of the Commission, Mr Ortoli, and the President of the Council of Ministers, Mr Scheel, delegated to go to Washington and speak on behalf of the Community; and we hope that by 7 or 11 February a common energy policy will be established so that the representatives of our Community in Washington can put forward a proposal on which the present Member States agree.

That, I repeat, is cause for satisfaction, especially since the decision taken will be supplemented by a common energy policy.

But even if some progress has been made in the regional policy decided upon long ago in Paris and Copenhagen, the implementing decision has been postponed to February—and this time without any hypocritical reasons being given for putting back the clock.

It appears likely that in the near future, between 7 and 14 February, elections will be held in Great Britain, and the Socialist Group hopes that a new delegation will then represent Great Britain in the Parliament. (This is not meant as an attack on the Conservatives, but I believe that at present we are only hearing one side of British opinion in the European Parliament. To us democrats it seems essential for all voices to be heard, and I should be happy if these elections solved that problem for Britain.) In

Vals

any case, even if elections are soon held in Great Britain, it is likely that the question of regional policy will remain before the Council until the end of February, or rather, until March.

That is the reason for the Socialist Group's concern: the gap between declarations made following Summit conferences and tangible results of Council meetings!

In brief, honourable colleagues, these are my group's reservations about Summit conferences. However, in agreement with the entire Political Affairs Committee, it will vote in favour of the motion for a resolution submitted to it.

(Applause)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — Mr President, I was very interested in what Mr Vals had to say about the British elections. As I understood, his position was that only if the Labour Party wins the election can Labour Members find it in their hearts to come to this Assembly. I think that that is a rather rash statement; because if the Labour Party does not win the election Labour Members ought to come anyhow. Indeed, they should come now. So the election ought to have no effect on them. If Labour does come into power, it is possible that many Labour Members at any rate will do their best to take Britain out of the Community, which would hardly be satisfactory from the point of view of this Parliament, though it might possibly be satisfactory to Mr Vals, for all I know.

May I say, speaking for the Liberal and Allies Group, that we agree in general with Mr Radoux's excellent report, more especially since it was our vice-chairman, Mr Achenbach, who helped to reach agreement on this powerful document by working literally far into the night last Thursday in my temporary absence. Therefore, I think that I may say that the Liberal and Allies Group agrees with this. We have, however, a dissentient voice on one point—that of Mr Petersen, who is in a minority of one on one point and who will no doubt explain his point of view.

If I had to express a personal point of view on the proceedings of the Copenhagen Summit it would be one of considerable disappointment and dissatisfaction. I agree with a great many of the criticisms which have been expressed this afternoon. It is true, as Mr Radoux said in his report, that we have certain grounds for satisfaction. The document called 'European Identity' is welcome. It is rather prosy in places. It rather

gives the impression of having been composed under very great difficulties—*cela sent l'huile*, as the French say.

But it has two points which I think are to be commended. In paragraph 2 it says:

'On the basis of the Luxembourg and Copenhagen reports, the Nine Governments have established a system of political cooperation with a view to determining common attitudes and, where possible and desirable, common action. They propose to develop this further.'

That means, if it means anything, that they propose to develop the so-called 'Davignon' procedure and perhaps they might even get so far as to contemplate in the reasonably near future the famous secretariat. Anyhow, that is a hopeful sign.

In paragraph 8 they approach the delicate subject of defence, and it is true that here the wording is extremely tortured. It says at the end that they agree that 'in the light of the relative military vulnerability of Europe, the Europeans should, if they wish to preserve their independence, hold to their commitments and make constant efforts to ensure that they have adequate means of defence at their disposal.' That may mean almost anything. It may mean that the 'adequate means of defence at their disposal' would be the American army or the American nuclear weapon. It is unclear. What it should mean, and should say, is that they are determined to have adequate European means of their own to add to the common defence and make it as credible as possible.

The paragraph, however, is, generally speaking, satisfactory. What is quite unsatisfactory about the Copenhagen Conference is that the procedure was, so to speak, an upside-down procedure. At the end of the meeting the general public—I will not say the technicians—thought that at least the Ministers had arrived at some kind of decision on regional policy and, indeed, on energy policy. But what happened? Having made a dramatic statement saying that a Regional Fund would be established by 1 January, they then left it to their Foreign Secretaries, who cannot agree and have not agreed yet.

That is an absurd system. What might happen in theory is that if, by chance, there can be no agreement on these technical problems, the Heads of State or Government could meet to settle them. But in practice they cannot do so. It is no good thinking that these very complicated matters which have defeated Ministers, with all the *Coreper*, the Commission and the advisory committees and everybody else consulting for days and weeks and nights and stop-

Lord Gladwyn

ping clocks, can be settled by Heads of State or Government. If the Ministers cannot settle them how can a lot of tired Heads of State or Government chatting round the fireside with very few or no officials present, settle such great issues as these? It is out of the question.

That brings me to the thought—which has been mentioned by others—that the whole idea of making Summit Conferences regular and establishing them as a kind of eventual Government of Europe is absolutely unjustified and totally wrong. You just cannot act in that way. If you are to have anything like a Government of Europe you must make the Council of Ministers work, and at the moment it is working extraordinarily badly. Of course, if you had qualified majority voting it would work. There are other means of doing so, besides working all night and stopping the clock. But there is no reason to think that if you cannot make the Council of Ministers work you can make this kind of government—a kind of *deus ex machina*—work. It simply does not make any sense.

Ministers should recognize that, and I hope that they will, as a result of the lamentable experience in Copenhagen. Another thing that the Ministers did not do there was to tackle the important question—important to us—of the budgetary powers of this Parliament; they merely referred to it and said that there should in principle be some increase in budgetary powers. They then left it to the Ministers, who had not examined it and may not for some time yet. That shows how wrong the present procedure is and how it should be changed without delay.

When there is a crisis in foreign policy in which there is no means at present and cannot be for some time of reaching agreement in the Council of Foreign Ministers by anything like a majority vote, or any mechanism to get unanimity, there is admittedly a case for having a meeting of Heads of State or Government. It might be in a time of crisis, to meet a specific issue in foreign affairs. That is possible to imagine. It might even be successful.

Again, if you come to a moment when the whole system is breaking down, and, owing to the absence of facilities or mechanism for getting agreement in the Council of Ministers, there is a real prospect of the whole Community collapsing, then there is also a case perhaps for Heads of State or Government to meet and try to see whether they could not agree, for instance, on qualified majority voting, even on direct elections or something like that.

I agree that some great issue might be considered by them with advantage in the time to

come. At present, however, I hope there will be no question of having regular Summit Conferences. I cannot see that they are the slightest use. Let us have them occasionally, and for consideration of the great matters such as I have suggested.

(Applause)

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

Mr Ansart. — (F) Mr President, ladies and gentlemen, I should like to speak, in this debate, of our view of European policy, formed on the basis of recent reflection on the matter—where, incidentally, we often find ourselves in agreement with other political forces in France, especially with the Socialist Party and the left-wing radicals, whose social aims we share.

Our joint programme clearly states that a left-wing government in France should take part in building the Community, its institutions and its joint policies, inspired by the resolve to democratize these institutions, to support the claims of the workers and to guide Community action along the lines of their interests.

This is a fundamental principle. In brief, it aptly summarizes our intention to participate in building a Europe which shall be the Europe of the workers, democratic, independent and peaceful. Our criticisms and reservations *vis-à-vis* the existing Europe do not, therefore as is sometimes said, imply a refusal to work towards a new Europe. On the contrary, we propose a different solution, one which is clearly credible in the light of past experience and events.

The past shows that Europe, as conceived at present, is passing through a grave crisis which affects every sphere of its activity. It is a fact that this Europe, because of its technocratic nature and the aims it sets itself, has not managed to face up to the great democratic changes and has not inspired that wide popular approval which is essential to any large scale enterprise; and this is because the Community is dominated by monopoly capital.

Moreover, from the social point of view, the Copenhagen Summit has confirmed what we said at the last part-session of the European Parliament, namely, that we have moved from the Europe of social objectives to the Europe of sacrifices; and now the energy crisis is succeeding in making the people pay the consequences of a policy for which they are not responsible. We must realize that the time has passed when social policy could be a residual factor of economic progress.

Ansart

In Copenhagen it was affirmed that Europe, in the search for its identity, was now capable of speaking with one voice, or at least that it aspired to do so. But no one can deny that the Europe of the Nine is composed of thirty-five multinational groups who make the laws. In that case, the Nine will no doubt assume the same identity as the large multinational companies, with all that this implies in the way of domination and with an increasingly tight stranglehold by the United States through the intermediary, among others, of the American companies and their thousands of subsidiaries.

As for the situation in the Middle East, the Political Affairs Committee's motion for a resolution stresses 'the resolve of Europe as a community to contribute to a just and lasting peace in that part of the world'. Naturally, we have noted this position and this resolve with interest. It is questionable, however, whether a large-scale European policy in that part of the world can be based on more or less open support of the Arab cause simply because the Arabs own the sources of oil. We believe that a large-scale Community policy must take account of the new situation created by the accession to national independence of peoples who were still colonized yesterday. It must grant them aid and propose a form of cooperation free of neo-colonialist undercurrents, inspired by new relations based on equal rights.

We must openly and unreservedly call for strict respect for their territorial integrity, whether these peoples are Syrians, Egyptians, Palestinian Arabs or Israelis.

After the Middle East war, some people seemed to try to interpret these events as confirming the notion of two 'super-powers', and used this as a justification for taking a pessimistic view of the *détente* which we noted here last year. Some people think that the *détente* between the Soviet Union and the United States brings the danger that they will acquire 'condominium over the world', to use the phrase of our Minister of Foreign Affairs.

But why worry about agreements between the United States and the Soviet Union, the most significant of which is the nuclear arms agreement? This represents a considerable step forward for humanity on the road to lasting peace. The spectre of atomic war is receding; this is surely welcome.

On the other hand, could one say that this European Community is, as it were, a third force holding the balance between the Soviet Union and the United States of America? Those who say so are members of the Atlantic Pact

who call for the maintenance of American troops in Europe as a privilege!

In the final analysis, this would mean moving towards the creation of a new political bloc of the capitalist states of Europe, or rather of a sub-bloc closely dependent on the Atlantic bloc, in which a supranational authority would deprive all the peoples of that State of their sovereign right to determine the policy of their own country, to determine their own fate freely. The establishment of such an authority would certainly satisfy the desire of the European bourgeoisie to confront the democratic workers' movement with a front which can only be described as that of the interests of monopoly capitalism.

It is a grave matter that just when the Conference on Peace and Security in Europe is meeting, voices are raised asking the Community to assert that it wants rearmament. That policy runs counter to the world trend. If the Community intends to speak with that voice, it will not be followed by the people.

What do we propose?

We are among those who think that a European Community based on democracy, free from its dependence on the United States, could play a world role in working for cooperation between nations and peoples at all levels, for the elimination of blocs, for establishing relations based on equality and the interests of the peoples, both with the United States and with the Soviet Union.

We have already expressed the hope that Europe is being offered a great opportunity, not to increase further its arms burden, but to transcend the bloc system towards a larger Europe based on peace and security, on cooperation between free and equal nations, a genuine Europe of the peoples and workers.

We are living in a world in flux: profound changes are taking place, new ideas are emerging and shaping the world of tomorrow. What will the politicians then do? Will they accept the peaceful coexistence which must come into being between countries with different social systems?

Competition will develop in a spirit of peace. Europe can become a land of peace, based on non-violation of the frontiers of states, non-intervention in domestic affairs, the independence of nations, their equality under the law, and the absence of force.

The resolution proposed to us does not satisfy the fundamental principles I have stated. Nor can we support it. But I must add that we would

Ansart

support any proposal that moved in the direction I have outlined. Indeed, if the Community affirms its belief in democracy, in true independence, its wish to cooperate with all countries, on the basis of a bold new social policy, if it makes patient efforts to achieve peace and coexistence then the Community will reach maturity and obtain what it lacks: the support of the peoples.

(Applause from the extreme left)

President. — I would remind the House that if we are to cope with volume of work we shall probably have to hold a night session today, as has already been decided.

With the agreement of the committees and all those concerned, we shall therefore continue the debate on the Radoux report until 8.00 p.m. and resume the proceedings at 10.00 p.m.

As to the other items on the agenda namely, Mr Armengaud's report on the admission of securities (Doc. 186/73) and his Oral Question No 173/73, with debate, on the development of nuclear technology for peaceful purposes, I propose deferring these until tomorrow.

Are there any objections,

I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — On a point of order, Mr President. As I understand that there are to be no votes after the Radoux report, that there is a need to conserve electricity, and in consideration of the staff, and since it is estimated that the rest of the business could take only an hour if Members of the House are not refreshed by dinner, would it not be better to see the business through without a break?

President. — Sir Douglas, I am not in a position to state exactly until what time the debate on the Radoux report is likely to go on. You are also aware that the agenda for tomorrow and the day after tomorrow is very full, so I think we scarcely have any choice.

Are there any objections?

That is agreed.

I call Mr Lenihan.

Mr Lenihan. — I intend to be very brief, having regard to the exigencies of the situation. But there is one matter to which I would draw attention and which is very important to the credibility of the institutions of the Community now and in the future. First, we have had the welcome Summit Meeting of Heads

of State or Government of the Community. But in my view it has not been a success, and a matter which we must watch between now and the preparation of the next meeting of Heads of State or Government is that there must be thorough research and preparation beforehand. Indeed, Mr Radoux emphasizes that point when he says, in paragraph 8, that if lines of action likely to resolve major problems are to be productive they can only be produced '...on the basis of thorough preparation by the relevant Community bodies'.

While a Summit Conference is a welcome innovation within the overall umbrella of Community activity, it is very important to the credibility of the Community and to the people we represent that such a meeting should be properly organized, and only organized on the basis of thorough preparation and research by the Community institutions. I do not think that having a Summit Conference in a crisis manner, or just for the sake of having one, in any way helps us forward, because our people, looking at the situation, see, as they saw after the last Summit, that the various actions or non-actions depend subsequently on the Council of Ministers, so that there is nothing except inaction in practice, failure to agree and a general diminution of respect for the Community and its institutions as a result.

We cannot afford to have Summit Meetings in future where Heads of State or Government come together until the ground has been thoroughly prepared by the Community institutions to the extent that, when the meeting does take place, the matters before it will have been so fully processed that positive decisions can emerge from it. Otherwise the Community and its institutions will simply be brought into disrepute in the minds of our peoples in the various Member States. In the committee we considered this matter. The theme runs through the report of Mr Radoux in various ways. In paragraph 2 he talked of the need to make the European identity to which we all subscribe more tangible by having more efficient and compelling procedures for common action.

In paragraph 6 of the report Mr Radoux says, and rightly so, that regret was felt by the committee that the strengthening of the European Parliament's powers and the improved functioning of the Community's institutions were dealt with only in a declaration of intent. Furthermore, paragraph 6 reaffirms that the Conference of Heads of State or Government cannot take the place of the Community institutions.

Thus we must look at this innovation of a meeting of Heads of State or Government in two lights. First, it cannot in any way supplant the

Lenihan

existing Community institutions, which must be strengthened in regard to their decision-making. It should meet as a Summit only when there are matters on which it can make positive decisions arising out of thorough research by Community institutions, and it should not meet in any other circumstances. It should not meet just because a crisis arises and there appears to be a need for a Summit Meeting, nor should it meet just as a matter of routine to do nothing.

When Heads of State or Government come together it must be for something important that must be thoroughly prepared and researched; they must be in a position to make positive decisions and show to the peoples of our Community that, when Heads of State or Government of Member States within the Community meet, they have some positive business to do and that business is based on the constructive work of the institutions of this Community.

Every one of us in each of our countries is well aware at present of the denigration of the Community and its institutions that one reads in the public press. This denigration arises from what the public view is. Nevertheless, there is some substance for this view that we are grinding down and running to a halt in regard to decision-making processes.

That is why one of the very important decisions made by Parliament in a part-session before Christmas was to institute a joint conciliation committee between Parliament and the Council so as to have Parliament in on decision-making at an early stage.

We must also increase the budgetary powers of Parliament. We are moving in this direction, and must complete the move before 1 January 1975.

However, the paramount need at every level within the Community at present is to improve the procedures and display to the public to whom we are responsible that we in Parliament, the Commission, the Council of Ministers and the innovation of occasional Summit meetings of Heads of State or Government are all effective working institutions. We must show that they are not institutions that meet for the sake of meeting and appear to be unable to come to decisions. This can only bring all the institutions of the Community into greater disrespect and disrepute.

All of us, whether in our own national parliaments, in our own national democracies or within the broader democracy of Europe, are fully aware that fundamentally our power and authority resides in the people. Unless we can

show to our respective peoples that the institutions to which we subscribe within the Community are functioning effectively, are seen to make decisions and meet for specific purposes only from which decisions can be made, and unless the whole procedure between the institutions of the Community and by decision-making at the top by Heads of State or Government is in an efficient working order and seen by the public to be such, then this Community in my view is heading for very serious trouble. Fundamentally we depend for our support on the respect and the regard of the peoples of this Community for our authority to speak here and our authority in the various institutions of the Community to act in the overall interests of the Community.

I wish to congratulate Mr Radoux on the report. This theme runs through his report. I feel it should be emphasized again that unless, at the next meeting of the Heads of State or Government, there is a thoroughly researched programme for them before they meet, and unless the Community's institutions have thoroughly prepared the ground before they meet, then there will be more failure and disrespect arising out of the meeting if it is a fruitless one. To put it bluntly, there is no point in having such a meeting without the groundwork having been well prepared by Community institutions so that the Heads of State are in a position to make positive and definite decisions.

President. — I call Sir Tufton Beamish on behalf of the European Conservative Group.

Sir Tufton Beamish. — Mr President, the European Conservative Group thinks this is a well-worded motion and we are pleased that there was such a large measure of agreement in the Political Affairs Committee. We are grateful to Mr Radoux for an excellent drafting job and for the way in which he presented the report.

I am sorry that Mr Vals is not here. Like Lord Gladwyn, I should have liked to comment on his hope that the British Socialists would soon be joining the Social Democratic Group here. I should be grateful if someone would be kind enough to pass this message on to Mr Vals, namely, that a few weeks ago a leading Socialist in the United Kingdom said that the only good reason for sending a delegation to the European Parliament was to wreck it, in which event Mr Vals and I will find ourselves comrades in arms standing shoulder to shoulder in defence of Parliament.

Mr Lenihan has taken all the words out of my mouth as regards Summit Conferences. I agree with what the motion for a resolution says.

Beamish

In our group, we feel that Summit Conferences must be very carefully prepared indeed, that they must not try to do too much, nor to comment on anything and everything.

I will not elaborate on that point beyond saying that we realize, of course, that a certain amount of 'horse-trading' is part and parcel of moving forward in the Community—this is inevitable—but not at a Summit, please. For heaven's sake, when Summits are about to be held, let us make quite sure there is sufficient common ground for the Heads of State or Government to agree, to point the way, to lay down the guidelines, to decide on strategy, to move a log jam if you like, but let us not go into another Summit Conference without a sufficient measure of agreement on the major matters that will be discussed.

I say this not only because of the natural disappointment in the United Kingdom that the Regional Fund was not set up when we had thought there was almost complete agreement about it, but far more because we are Members of the Community, like all the other countries, as much for what we can put into it as for what we get out of it.

I wish to comment on two other points only in the report. First, I wish to say a word about foreign affairs and defence. We were very glad in our group to see the forthright way in which the Communiqué speaks of the need for the Community to speak with one voice in important world affairs. The first four lines of paragraph 1 of the Communiqué say just that. There are other references to it in the Declaration on European Identity issued by the Nine Foreign Ministers at the same time that the Summit meeting was taking place in Copenhagen.

Paragraph 9 of the Declaration on European Identity makes three references to the importance of the Europe of the Nine speaking with one voice. The Europe of the Nine is aware that as it unites it takes on new international obligations. The Nine intend to play an active role in world affairs. In pursuit of these objectives, the Nine should progressively define common positions in the sphere of foreign policy. I am there paraphrasing and leaving quite a lot out of paragraph 9 of the Declaration of European Identity. We warmly welcome this.

We were very pleased also that there is no limit to the Community's horizon and to find in paragraph 17 the clear statement that the Community is conscious of the major role played by China in international affairs and that the Nine intend to intensify their relations with the Chinese Government and to promote exchanges

in various fields as well as contacts between European and Chinese leaders.

All this is a substantial step forward and things are quite obviously moving in the direction in which our group wishes to see them move, with the Community increasingly becoming a real political force for good in the world.

Next, we were pleased to see—and I mentioned this when I spoke earlier today on my Oral Question with debate—the very positive references to defence. This is the first time that the naughty word has appeared in any declaration by the Members of the Community, although it does not appear in the Treaty of Rome. In paragraph 8 there is a very clear statement indeed of the need for the Nine, if they care for the maintenance of peace, to work together in order to preserve it and defend it. The last sentence says that the Nine have got to make constant efforts to ensure that they have adequate means of defence at their disposal.

This, too, is splendid and means that there is a real prospect of progress in this field as well. Parliament, of course, has always made it clear that it simply cannot contemplate the development of a common foreign policy unless full account is taken of its defence implications.

Lastly, I should like to say a brief word about the Middle East. We welcome the unequivocal statement in paragraph 7 of the Communiqué, and we are particularly glad to see that the Nine Governments are ready to assist in the search for peace and in the guaranteeing of a settlement. This was the question which my honourable friend Sir Douglas Dodds-Parker asked today, although he did not get a very clear answer to it for reasons which we understand. However, it is in the Communiqué and we think that it is an excellent thing; because the Community, unlike the Soviet Union and America, is in a neutral position with a vested interest in peace and stability in the Middle East.

This is not a question of self-interest. Resolution 242 takes up a positively neutral position, and we greatly regret that it was only at the last minute that it was possible for the Community countries to agree on their joint attitude to peace in the Middle East. Now that they do agree, we want to see some genuine follow-up and we hope that when we read in the Communiqué that it is 'the intention to inform the Secretary-General of the United Nations thereof'—that is, of the views stated in paragraph 7—this means definitely that the Community recognizes that it has a political role to play in bringing about peace in the Middle East and is prepared to play that role to the full.

Beamish

I will say nothing about Parliament's powers except how disappointed we are that more progress was not made in 1973. We hope for more progress in 1974. Certainly in 1974 we must give some intense thought to the whole question of European union to give it political substance. It is very encouraging that Mr Bertrand has been appointed rapporteur of the Political Affairs Committee. We know that he is hard at work on his report and that when it comes before us it will be something of real interest.

On the subject of energy, I should simply like to say that it is very regrettable that the Community has never had a common energy policy as regards oil and oil products. Hastily throwing a policy together is never a satisfactory way of carrying on, and I am afraid that it is inevitable in these circumstances that individual Member States will make bilateral agreements with the oil-bearing countries. We know that the United Kingdom, France, Italy and Germany are all engaged in this process at present.

If there were a common energy policy and the Community could speak with one voice here, that would be different: but there is not. It is therefore encouraging to find in the special text on EEC energy which was issued in Copenhagen that certain deadlines have been laid down for the Commission and for the Council of Ministers to make positive decisions in trying to achieve a common energy policy. Obviously one cannot be achieved on the basis of equal sharing of equal misery. That would mean getting the worst of all worlds. However, we certainly support the firm intention expressed in the special Communiqué to produce a common energy policy for the Community as a whole. I am sure that the United Kingdom will not be found backward in cooperating in that field.

So I would like to conclude by thanking Mr Radoux very much indeed for his good work, by telling him that his motion for a resolution has our full support and that we do not wish to see it amended or emasculated in any way. I should like to say, finally, that we in our group hope that 1974 will be a better year than 1973 was and that we do not think that that should be very difficult.

(Applause)

President. — The next speaker listed is Mr Nørgaard.

Before giving him the floor, I should like to welcome him warmly on behalf of this House. I believe I am speaking on behalf of all my colleagues when I say that we shall be very happy to pursue, in a new form, the excellent

relations with him that have been established during the six months that he represented the Council.

We wish him a long and happy period of work in this Assembly.

I call Mr Nørgaard.

(Applause)

Mr Nørgaard. — *(DK)* I should like to thank the President for welcoming me so warmly and at the same time express my own hope that close cooperation will continue in Parliament, which it has always been a great pleasure for me to attend. I should like to say, into the bargain, that I have felt more at home here than in the Council.

As one of the hosts at the Summit Conference in Copenhagen, I was naturally pleased about the degree of interest aroused by that meeting here today, and I am looking forward to the rest of the debate.

However, I should like on behalf of those three who proposed Amendment no 1 to make a few remarks, since I believe that they will be relevant to the continued discussion.

The Danish Social Democrats can fully support the motion for a resolution prepared by the Political Affairs Committee, with the exception of paragraph 2, and I shall give the reason for this.

Reference is made in paragraph 2 to the principles of European identity affirmed by the Heads of State or Government with the insistence that they should rapidly be made tangible by more efficient and compelling procedures requiring more common action, particularly in the fields of foreign policy and defence.

I regret that I must draw attention to the fact that the resolution on European identity adopted in Copenhagen by the Foreign Ministers and published on 14 December gives no grounds for paragraph 2 of the motion for a resolution. It is a mistake to refer to the declaration on identity and then insist on the implementation of common action in the fields of foreign policy and defence.

I also regret that I must tell Sir Tufton Beamish that there is no mention in the declaration of identity—therefore it has not been brought up for the first time by the Ministers, the first time it was brought up was in this Parliament—that a decision in this matter should be taken if possible.

Nørgaard

May I quote paragraph 8 of the declaration of identity, where it is stated:

'The Nine, one of whose essential aims is to maintain peace, will never succeed in doing so if they neglect their own security.'

It goes on:

'Those of them who are members of the Atlantic Alliance consider that in present circumstances there is no alternative to the security provided by the nuclear weapons of the United States and by the presence of North American forces in Europe.'

This means that in the declaration of identity adopted by the Summit in Copenhagen there is no basis for paragraph 2 of the motion for a resolution.

Of course this Assembly is quite free to take decisions that it wishes to, on matters such as these, and urge common action in these sectors. But in my opinion it is misleading to refer to the declaration of identity.

As the honourable Members of this Parliament know, the Danish Social Democrats are opposed to using the Communities as a basis for a common defence policy. In our opinion, which is similar to that emerging from the declaration of identity, NATO is the best framework for those who are members of NATO.

We also feel that it is wrong to refer to the declaration of identity and demand common action in the foreign policy sector. In the declaration of identity the aim is to seek a common attitude in which the Member States may be united—and it is extremely difficult for the Member States to agree as a number of aspects of foreign policy. We do not have the same attitude to Spain and its relations with the Common Market. We do not have the same attitude in the various Member States to relations between the Arabs and the Israelis, and we do not have the same attitude to liberation groups in Africa and elsewhere where there are oppressed countries. The governments do not have the same attitudes. We should attempt through consultations to reach such an attitude, but it is only through negotiation that results will be achieved.

This does not mean, of course, that the Community must not take foreign policy into consideration. When we reach an agreement with Turkey, when we discuss trade with the Eastern bloc, when we decide whether Romania should have a special agreement with the Common Market as one of those countries which is to enter the UNCTAD group, there are, of course,

also political considerations behind these dealings both in the Council and in discussions in the Assembly.

In the opinion of the Danish Social Democrats an attempt to promote common action in these sectors would, however, prevent Europe from reaching a united attitude to foreign policy.

Therefore we submitted the proposal for an amendment in which it is suggested that the last words in paragraph 2 of the motion for a resolution be deleted, as well as the words 'particularly in the sectors of foreign policy and defence'. I would stress, though—and to Sir Tufton Beamish in particular—that this does not, of course, mean that when taking decisions in Community policy we do not take into account a number of foreign policy considerations in a great many fields. But it would be particularly difficult for, for example, Sir Tufton's government and social democratic régimes in Europe at present to reach the same point of view on foreign policy in relation to the world as a whole, and as long as this remains the case it is also expedient that we should consult each other only in order to reach a common attitude on foreign policy, and not to urge action in the foreign policy sector.

(Applause)

President. — I call Mr Giraud.

Mr Giraud, chairman of the Political Affairs Committee. — (I) Mr President, I waive my right to make a speech in view of the late hour and also because I should be speaking on topics which have been already dealt with at sufficient length this evening. As chairman of the Political Affairs Committee, I shall confine myself to thanking the rapporteur, Mr Radoux, and all my colleagues on the committee for the splendid work they have done in drawing up this resolution, which, as the rapporteur has told you, was received with unanimity in the committee itself. I hope that it will meet with equal approval in this Chamber.

I should like to make two observations. The first is on the subject of Summit Conferences, which, as you could hear in the various speeches, are now being put on the defensive. Today we hear people suggesting that there should be two Regular Summit Conferences per year, but it is clear that if the Summit is to be something exceptional called forth by circumstances or events of major significance, then I would say that two Summit Conferences per year is too much. On the other hand, if the Summit is to form a kind of embryo of a European government, then it seems to me that two Summit Conferences per

Giraud

year are too few. I say this because the whole topic seems to be only increasing the confusion which already exists within the Community. It is now more opportune than ever that we should press on with the project of European union, and Parliament should spare no effort to submit Mr Bertrand's report as soon as possible

I should like to associate myself with what has been said by Mr Radoux in this regard. At the political level, it is very important to interest all the European Democratic Parties in the project that we are now working on in such a way that when we have assembled the points of agreement between the Democratic Parties of the Nine countries and possibly also the points on which they disagree, as well as their proposals, we can then get down to work in this preparatory phase, that is, if we really want to arrive at political unity. We have heard our colleague, Mr Nørgaard, ask that defence policy be excluded from the concerns of the European Community. When we deprive the Community of any interest in foreign policy, which is the same as defence policy, we deprive it of the capacity to be a political entity.

I have nothing further to add. I believe that Parliament's Bureau itself could take the initiative in communicating the draft on European Union that we shall be examining in the Political Affairs Committee to the European Democratic Parties so that they may know what it is we are discussing and be able to take part in this discussion, which is a noteworthy political event. We shall then be in a position to cooperate with the Council of Ministers and the Commission in drawing up a final version of the single draft to be presented to the Heads of State or Government for their consideration.

President. — I thank the Chairman of the Political Affairs Committee for his contribution to the debate and also for helping us to speed up the pace of the proceedings. We shall thus be able to vote at about 8.00 p.m.

I call Mr Scelba.

Mr Scelba. — (I) Mr President, ladies and gentlemen, in the Copenhagen document there are two very significant statements which have won unanimous approval.

The first deals with the definition of European identity, or better still, the definition of the European Community.

The second deals with the plan to speed up the work on European Union with the evident intent of hastening its implementation, for which the

Paris Summit set the deadline at 1980 at the latest.

The two statements are mutually related and must inspire the future actions of the governments of the Member States. Despite this, however, we cannot accept the Copenhagen document entirely and without reservation. The reasons for our reservations may be sought in the realization that in this same document the statements of basic principle are followed by decisions which may lead to developments opposed to these principles.

European Union can only mean political union. And you cannot have political union without monetary union and a union of foreign policy and defence policy, also without a Community government and a genuine Community parliament.

Common sense, then, would have demanded that the practical decisions taken by the Conference should have been along these lines and should have laid the foundations for political union to be implemented, according to the Conference's own proposals, as speedily as possible and certainly before the latest deadline set by the Paris Summit, that is to say, 1980. Moreover, events subsequent to the Paris and Copenhagen Conferences make it more imperative than ever that the nations forming the European Community should act as one and should speak with one voice. This is the only way in which we can make progress and exert some influence on world events.

But common sense does not seem to be the strong point of those who govern the Member States. Not only do some practical decisions taken at Copenhagen lend themselves to being implemented in a manner contrary to the principles enunciated but some events subsequent to the Conference—I refer to the oil policy—seem to be at variance with the proposals for a broader Community policy. I shall confine myself to the institutional problems.

In this area there have only been repetitions of what has previously been said with regard to the strengthening of the powers of Parliament, and that notwithstanding the precise commitments undertaken in the Treaty of Luxembourg and the Paris Summit meeting.

On the other hand, in deciding to make Summit conferences a normal and regular occurrence, to be called in future 'presidential conferences' in order to allow the Head of the French Government to be deputized for, if necessary, by his Prime Minister, the Copenhagen Conference has opened a crack in the institutional system of

Scelba

the Community which, at least on the formal level, is not calculated to strengthen the powers of the existing institutions : Council, Commission and Parliament.

While recognizing the various attitudes of mind which the participants at Copenhagen brought to the Conference with them, we are justified in feeling that this was not the Conference's wish nor its line of thinking, but events may have been stronger than the resolves of the individual parties concerned, if these resolves are not going to be put into operation by means of an interpretation more in line with the principles enunciated.

The fact is that by institutionalizing the Conferences of Presidents or Prime Ministers and their frequency, whether twice a year or more or less than that, and by giving them the task of giving greater impetus to Community policy and laying down new guidelines for the construction of Europe, we ended up by creating, in fact, a kind of fourth power over and above those already existing, namely, Council, Commission and Parliament, even though the tasks now assigned by Copenhagen to the Conference of Presidents or Prime Ministers are by no means foreign to these three institutions also.

But it is precisely because the tasks entrusted to the Conference of Presidents already fall within the competence of the institutions provided for in the Treaties that we run the risk of seeing a weakening of the powers of these latter. It is not overstraining the imagination to foresee, for example, that there will be a strong temptation for the Council of Ministers to refer to the Conference of Presidents disputes for which it is struggling to find a solution. It is the authority of the Council itself which is being called in question. Given the tasks envisaged for the Conferences of Prime Ministers and the regularity of their meetings, the Council of Ministers will be reduced to a mere executive body carrying out policies decided on by the Heads of Government.

The Conference of Presidents, therefore, will end up by taking on the role of an effective government of the Community, with the Council of Ministers and the Commission as its executive organs.

Now all this would even be acceptable in the light of the fact that we all recognize the need to provide the Community with a government as one of our primary needs.

I personally have been maintaining for some time that in the Community's present situation, and bearing in mind the evolution of ideas,

the proposal that the Community's government should be formed of ministers actually acting as ministers in their national governments should not be rejected out of hand. But certain conditions should be imposed, and amongst them I would include the following, firstly, that the members of the Community government should be free of any commitments of a national character, that they should reside in one of the seats of the Community and that they should be given genuine governing powers of their own to promote and coordinate Community policy; secondly, that *vis-à-vis* this government we should have a parliament endowed with the power to take at least a share in the making of decisions in regard to legislation, in particular in regard to provisions with financial implications, and that this parliament should be elected, to begin with, by direct universal suffrage, even if only in part; Thirdly, that we should have an extension of Community powers to matters of a more marked political character.

The form of government to which I refer is not the supranational government towards which we are tending, but it is the first stage on the road towards it. This institutional order then, strictly and completely supranational, will be the result of the efforts of previous generations.

The decision of the Copenhagen Conference on the Conferences of Presidents means that there is not only no strengthening of the existing institutions nor any step forward along the road to European Union, but in fact we run the risk of helping to weaken the powers of these institutions.

The fruitful relations established between Parliament and the Council of Ministers and the endeavour to give a responsible dimension, by democratic means, to Community policy by calling the Council to answer before Parliament for its decisions, might even be compromised if the Council could henceforward take shelter behind the guidelines and directives laid down by the Conference of Heads of Government, a body less answerable to Parliament than even the Council itself.

Everything will depend, of course, on how things will be worked out in practice, but if we are to move in the right direction it is essential that the European Parliament should appreciate the dangers and not confine itself merely to denouncing them but promote concrete measures, as my friend Mr Giraudo has said, to ensure that the actions of Members States' governments and the Community institutions are consonant with the ultimate goals of European construction. For a start we should request that, as from the next conference, Conferences of Presidents

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should be summoned and an agenda drawn up and that the opinion of the Community institutions should be sought and obtained, also that representatives of Council and Commission should take part in these conferences and that decisions should not simply be taken on their behalf.

The urgency with which this resolution was drawn up and voted upon did not allow certain very important aspects of questions arising from the Copenhagen decisions to be gone into in any great detail, and it is in order to emphasize the fact that such problems do exist that I have taken the floor.

It will be the Assembly's task to weigh up the remarks that have been made, and above all to be vigilant in seeing to it that future events take the course that would be wished for by all the peoples of Europe.

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, we are often faced with an extraordinary situation here in the Assembly. We have before us a series of Summit declarations—from the Paris and Copenhagen Summit Conferences—declarations about our goal which are in fact quite strongly phrased and fairly progressive. However, when it proves that in practice these declarations cannot be carried into effect Parliament sees the occasion to remind the Heads of State or Government that they have not reached the goals that they themselves have set. Sometimes this leads to extremely pathetic conflicts.

Mr Radoux's report represents a sort of clash with the Summit meeting, and the discussion in this Chamber can also be seen in the context of the clash with much of what is going on in this sector.

I shall be brief. I merely wish to say, Mr President, that I have no objection to the majority of the points made in the report. I feel that there are a number of sound observations. I do, however, have a remark to make with regard to paragraph 2 which is partly an objection to that paragraph.

Paragraph 2 expresses satisfaction with the way in which the concept of 'European identity' is formulated in the declaration of the Copenhagen Summit, and the attention paid by the Summit to the identity programme. I wish to say that I do not believe that European identity is exhaustively described in the declaration of the Summit—in any case not to such an extent that the concept can rapidly be transformed into a reality. I believe that we must go still deeper into

what we mean by 'European identity'. What do we understand by that with respect to our mutual relations? What do we understand by it when we think about our relations with the outside world?

I listened with great interest to the observations made by Commissioner Soames, in which he strongly emphasized the obligations we have towards the world as a whole.

I feel that it was perhaps a task for Parliament's Committee on Cultural Affairs and Youth to deal with this question and help to decide what we mean by European identity. It has something to do with history, with our cultural heritage, it has something to do with the way in which we appear to each other and it has something to do with our relations to the outside world. We should get on with all these things as soon as possible.

Nevertheless, I am against the fact that in paragraph 2 a pronouncement is made on foreign policy and defence, in which a speedy solution is urged. Here I refer to the observations made by Mr Nørgaard. On the whole I am in agreement with what he said.

There is a question I should like to raise. Why cannot we wait until we know what a European union would entail before we drag this problem over and over again into our debates? So far we have seen no finished proposals. We have not even seen a draft of what we believe should really be included in 'European union'. It might be something much more all-embracing or, on the other hand, it might be something of much narrower scope, according to the decision we take. Most of us feel that it should be something with a wide scope, but the time has come for a proposal—and more than a proposal: once that has been achieved, we shall get on with the difficult task, which we have not yet even begun, of presenting such proposals to the people for discussion. It is certainly very good to say that we have the people behind us, but have we? Have we discussed this in the various Member States? And surely it is now one of the most important tasks to prepare for our debate which has to take place—and Willy Brandt emphasized this in his speech here in Parliament in November—since it is absolutely necessary to have this support. The people must take a stand in this matter, they must declare themselves in favour of European union if it is to become a reality.

I have therefore prepared a proposal for an amendment on the basis of the view that we should let this matter lie. It goes a little further than Mr Nørgaard's proposal for an amendment,

Petersen

but it is not so different that it cannot be brought into line. I propose the elimination from the text of half a line more than Mr Nørgaard proposed, but I believe that it would be correct to eliminate this in order to avoid bringing this question into the debate at a time when we are in no way clear about what we mean by 'European union'.

President. — I call Mr Maigaard.

Mr Maigaard. — (DK) Mr President, I should like to make a few short remarks on Mr Radoux's report and Mr Nørgaard's proposed Amendment No 1.

Since however, this is the first time that I have spoken in this Assembly. I should briefly like to make clear my own and my party's views—the view that the Danish People's Socialist Party (SF) holds on these problems. This is that my party is a Danish party, and that means that it is our prime conviction that the Danish people should decide on their own future, should decide for themselves the shape of things to come.

Then again my party is a socialist party, and that means that we are against capitalism and for an evolution of society towards socialist democracies.

Finally, we are a people's party. We try to take into account the people's interests. We wish to build on the majority of the people, in particular the majority as shown by free and secret ballot

So much for the background, and the basic attitude. I should like now to mention the context of the debate within which Mr Radoux's report and Mr Nørgaard's proposal for an amendment should be examined. All this should be seen in the context of what is known as European union.

The remarks that were made so forcefully at the 1972 Paris Summit Conference, where the Member States told each other that they would arrange themselves into a European union before 1980, are remarks—and I feel I must be quite clear about this—which were discussed by the government of which Mr Nørgaard was a member for the last few years. When dealing with Mr Radoux's report and Mr Nørgaard's proposal for an amendment—particularly given the fact that Mr Nørgaard has tended to support this European union—one must ask the question what European union really is. What is it? What do we mean by it? As far as I can see, the only thing we know about it is that—as stated in the declaration of the 1972 Paris Summit Conference—there is to be a coordination of rela-

tions towards a European union. What relations are these? It can be understood as meaning all relations. It can be understood as covering very few relations. It is very vague.

When, after the 1972 Summit Conference, we asked the former Danish Minister, Anker Jørgensen, who had taken part in the summit conference—what European union really was, he had to refer to a dictionary to explain it. He had to take the dictionary down from the shelf in order to explain to the Danish Parliament what a union really was. I should therefore like to ask this Assembly—Mr Radoux, Mr Nørgaard, or anyone else—the following question: What is European union? In what context are we discussing these things? The Danish Parliament and the Danish people have still not received a reply. Mr Nørgaard's interesting proposal for an amendment is based on a very precise difference between three different attitudes.

Firstly, there is cooperation between the Member States of the Community under the Treaty of Rome, and that is first and foremost economic.

Then there is cooperation between the Nine, which is currently based on the Copenhagen report, the former Davignon report, and this is political cooperation.

Finally, there are a great many people, here too, who desire the third possibility: one or another form of military cooperation between the Nine Common Market countries.

As may be seen in Mr Nørgaard's proposal for an amendment, he makes a very precise differentiation between these three things. It supports the economic cooperation but does away with the political and military and transforms them into something else. I should very much like to say a few things about this, since I am partly in agreement with Mr Nørgaard, but also partly disagree.

First of all, I think it is a matter of common knowledge that we have economic cooperation on the basis of the Treaty of Rome. It is also well known—like it or not—that there is political cooperation between the Nine Common Market countries, which is currently based on the Copenhagen report. This, in my opinion, should be our starting-point—the common knowledge that these two things are developing parallel to each other. It seems to me—I should like to say this as a deliberate attack against Mr Nørgaard's proposal for an amendment—formalistic to separate these indisputably well-known facts. There is economic cooperation under the Treaty of Rome, and there is political

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cooperation currently based on the Copenhagen report. In my view it is extremely formalistic to separate them.

As far as I can see, the only reason for separating the two so sharply, as Mr Nørgaard has done in his proposal for an amendment, is to enable the Danish Folketing to control political cooperation within the Nine in the same way as it is possible to control economic cooperation within the EEC. As far as I can see this is the only result of the extremely formalistic separation in the proposal for an amendment, and since formalism is really alien to our people—Mr Nørgaard knows that better than anyone else—one wonders what is the idea of cooking up this very un-Danish difference between economic and political cooperation? It seems to me—speaking quite frankly, Mr President—a little hypocritical to lay such weight on the formal distinction. I should therefore like to say on this proposal for an amendment, which I otherwise support, that the distinction is too heavily stressed.

Otherwise Mr Nørgaard is against military cooperation. On this point, I fully agree with him. I believe that it is a very important aspect of developments in recent years that we have seen a *détente*. This is very important, because there is no alternative to *détente*. In my view, it would be a downright tragedy if *détente* and the possibility of a more sensible, more harmonious and more normal international cooperation, i.e. between East and West, were followed by the construction of a new bloc, a military bloc, out of the Nine EEC countries.

I therefore warmly support that part of Mr Nørgaard's proposal for an amendment which omits the military cooperation, leaving economic cooperation within the framework of the Treaty of Rome and political cooperation on the basis of the Copenhagen report. It would be no less tragic if, faced with the tremendous opportunities offered by *détente* and the paring down of military power, possibilities of a more harmonious and sensible international cooperation, we should react by constructing a new military bloc.

There is something in this proposal for an amendment which slightly astonished me—and I shall mention this briefly. I see that Mr Dalsager is a co-author. Mr Dalsager is one of my best colleagues from the Danish Parliament. He has, I think, almost all the outstanding characteristics of a good colleague. However, it surprised me that Mr Dalsager should first be a co-signatory of Mr Radoux's report—it is written in the document that it was unanimously adopted on 11 January 1974 and it is also noted

that Mr Dalsager was a co-signatory, that he took part in the preparation and supported it. This is understandable. It is a viable attitude. I don't share that attitude but I can understand it. What I do find it hard to understand, though, is that someone can submit a proposal for an amendment to a proposal that he made himself. Perhaps I have misunderstood something in the Rules of Procedure. I am new here. Maybe I have made a mistake. I wonder whether this self-contradictory attitude is only one of many in this extremely contradictory world that we live in. But in any case this Assembly and the public, which follows the work here, would certainly like to know how this can come about. How can one support a proposal and then propose an amendment to the same proposal? I don't understand it, but then again I am new here. Allow me to say that the Communist and Allies Group—let us not forget the 'Allies'—support Mr Nørgaard's proposal for an amendment unanimously. I think Mr Nørgaard should take it as an indication that the communists and their allies lend his proposals their wholehearted and unanimous support.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Doods-Parker. — I was not quite clear on whose behalf Mr Nørgaard was speaking. He claimed to speak for Denmark. But of course he is no longer Foreign Minister. Could he explain to the House whether the views which he expressed as being his and his party's were, perhaps, the reason he no longer sits among the gods but is a frustrated backbencher like the rest of us?

President. — I call Mr Dalsager.

Mr Dalsager. — (DK) Mr President, it was not my intention to take part in this debate. Mr Nørgaard has, in fact, said on my behalf exactly what I think myself—more or less, in any case. But since Mr Maigaard, of the Communist Group, now wants to draw me into the debate I feel bound to answer him on the questions he has had such difficulty in understanding.

This is not the first time that Danish domestic political problems and the Danish election campaign have been brought into this Parliament. I can see that this is something we shall have to try to live with, and I am ready to do so.

Mr Maigaard finds it difficult to understand that I am a member of the Political Affairs Committee and subscribe to the report before us. I could talk about a whole mass of proposals for

Dalsager

amendments which I have submitted to the Political Affairs Committee but have had rejected, etc. Mr Maigaard does not understand this. I should like to tell Parliament that this does not necessarily mean that the facts are particularly complicated. This is not the first time that Mr Maigaard has not understood what I have been doing in political respects. It will probably not be the last time, either.

May I add further on this matter that with regard to the report before us, it is of course perfectly true that it has come from the Political Affairs Committee, of which I am a member. The final form was decided on after I had left the meeting—I had to travel. However, it is quite obvious that I submitted precisely the same proposal for an amendment as the one now submitted by the Danish Social Democrats. There is nothing at all strange about that.

When our English friends and colleagues reproach us for our attitude to this question—and they do so frequently—I should like to give the answer I have given to this Parliament many times: it is not Denmark which is blocking the progress of the Communities. When we come to all the things contained in the Treaty of Rome, it is not the Danish delegates who are blocking the regional policy. It is the big countries in the Community who are unable to agree. We are prepared to pay, whatever the cost may be.

It is not Denmark which has destroyed the Community's opportunity to create an energy policy. It is the big countries who have the opportunity to make agreements for themselves and don't worry about the Community. Let there be no mistake about us, Mr President. Danish politicians and the Danish delegation are prepared to do just exactly what is in the best interests of the Community. There are certain large countries of whom we have the impression that they think more about themselves, and that is why we say, with regard to the problems which people try again and again to impute to us, the problems of defence and foreign policy, that they may be solved in five or ten or fifteen years' time. But first let us solve the problems which exist here and now, which are blocking the development of the Community, which are blocking all our cooperation, which we regard as very important and which we think it is absolutely essential for this Community to deal with, and find a solution and not allow them to be shelved because the ministers in the Council cannot get the necessary authority from their governments.

Mr President, I did not want to take part in this debate, but I believe it was necessary for these comments to be made.

President. — I call Mr Nørgaard.

Mr Nørgaard. — (DK) Sir Douglas Dodds-Parker asked on whose behalf I was speaking, and I should like to answer him. I drew attention to the fact that I was speaking specifically for the three Social Democratic members from Denmark in Parliament. However, I am quite well able to expand my explanation to Sir Douglas by saying that I am speaking for a very large majority in Denmark who hold the views that I have expressed.

Perhaps the piquant thing is that the representative of the government party in Denmark here today—the one that has taken the place of our government—will be voting for our proposal for an amendment. I rather think he will. In any case, if he does not, he will find himself in difficulties in Denmark.

President. — I do not want us to become involved in personal polemics. We have discussed the matter fully enough, and I invite you to close the debate.

I call Mr Maigaard.

Mr Maigaard. — (DK) A reference was made to me by a member of the Assembly, Mr President. I should like to reply to it. I will keep it short.

President. — No, Mr Maigaard, I think everyone has had an opportunity of speaking and clarifying certain aspects of an internal nature.

We shall now proceed to a consideration of the motion for a resolution.

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 two amendments, Nos 1 and 2, which can be considered jointly:

— Amendment No 2 is tabled by Mr Petersen and worded as follows:

'Section I, Paragraph 2

Amend the end of this paragraph to read as follows:

"... but insists that they should rapidly be made tangible by more efficient procedures;"

— Amendment No 1 is tabled by Mr Nørgaard, Mr Knud Nielsen and Mr Dalsager and worded as follows:

President

'Section I, Paragraph 2

At the end of this paragraph, delete the words

"... particularly in the fields of foreign policy and defence."

I call Mr Petersen.

Mr Petersen. — (DK) Mr President, for practical reasons I should like to withdraw my Amendment No 2. The two amendments proposed are so close that I should be prepared to vote for Mr Nørgaard's amendment. That therefore leaves one proposal for an amendment.

President. — Amendment No 2 by Mr Petersen is withdrawn.

I call Sir Tufton Beamish to speak on behalf of the European Conservative Group.

Sir Tufton Beamish. — I wish to make a brief explanation of my vote. I make it clear that the whole of the European Conservative Group has discussed this amendment, and we are all opposed to it.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put to the vote Paragraph 2.

Paragraph 2 is adopted.

On paragraphs 3 to 10, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote .

Paragraphs 3 to 10 are adopted.

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

The resolution as a whole is adopted¹.

10 Change in the agenda

President. — Mr Fellermaier has asked to speak on the proposal I made a short while ago for suspending our proceedings at this juncture until 10. p.m.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, colleagues, when we look at the position of this House in relation to the Rules of Procedure it is clear that *vis-à-vis* the preparations for this part-session we have already saved time today on the difficult questions of foreign policy by exercising strict control of the discussion. If tomorrow Mr Scott-Hopkins had had to go into the complex of problems of agricultural policy, with all the proposals for amendments which could be anticipated, and with the quality of the Green Front from all the political groups which shows up on such days, that would have taken up at least three or four hours. We shall gain this time tomorrow, because there will only be a communication from Mr Lardinois, the Commissioner responsible for the agricultural sector, if the Commission—and we don't yet know about this—has made any decision at all by then on agricultural prices for 1974-75.

This means that tomorrow—quite apart from the scanty agenda for Friday—we shall have time to examine what was originally supposed to be discussed at a night-sitting today. I think this Parliament is always ready to hold a night-sitting when it is urgently needed. But, Mr President, I don't think the mere fact that it is there in print is a good reason. We should recognize the saving in time and our obligations to our colleagues on the staff, and resort to a night-sitting only when it is unavoidable. Since the foreign policy debate today was strictly conducted and time was saved, in my view the remaining items might just as well be discussed on Thursday and Friday without our becoming short of time.

For this reason, Mr President, I move on behalf of my group that this House resolve to set aside the night-sitting and to begin tomorrow morning with the remaining points on the agenda.

(Applause)

President. — Ladies and Gentlemen, the agenda for the current part-session, adopted on Monday, provided for a night-session today. An hour ago, I consulted the House on the question of this night-sitting, and there were no objections to my proposal to continue the general debate on Mr Radoux's report until 8.00 p.m. and to resume the proceedings at 10.00 p.m.

I did, it is true, reserve the right to consult the House once more at the conclusion of the general debate on the Radoux report. It now turns out that, thanks to the cooperation of the entire House, we have completed the debate and the voting on the report. I therefore think we could reconsider the proposal made by Sir Douglas

¹ OJ No C 11 of 7. 2. 74.

President

Dodds-Parker and Mr Fellermaier. For my part, I leave the final decision to the House.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I do not want to cause any dissension in the House, but we reached a decision an hour ago about what we were going to do. Of course I understand Mr Fellermaier's very laudable wish to save the staff of the House—the interpreters and others—from working late in the evening. Nevertheless, there is a possibility that if things go as he has suggested that they will, we might even finish our sitting by tomorrow evening and therefore save the necessity for the House to meet on Friday morning. That is possible, though I doubt it. If we start chopping and changing the entire time from what we decided an hour ago, which was to start again at 10 o'clock and continue with two important items on the agenda, we shall get into an awful mess, because people have made their plans. Some have left—I can see many empty places.

I suggest that, if we are as assiduous in attending to our duties as we have been today, we might well finish and save a whole day's plenary sitting, greatly to the benefit of everybody. I put that alternative point of view so that everybody will have this in mind if you, Mr President, should decide to put the matter to the vote.

President. — The remarks just made by Mr Scott-Hopkins are very important, for if we push on with the proceedings this evening we could in fact make a beginning on tomorrow's agenda and then tomorrow deal with the rest of the agenda for the current part-session, which will enable us to gain a whole day. I am grateful to Mr Scott-Hopkins for pointing out this possibility.

Nevertheless, when I consulted you an hour ago, I pointed out that it was a matter of principle and that I reserved the right to put the question once more at 8 o'clock, bearing in mind the stage that we should have reached

It would therefore, I think, be logical to consult the House once more. I would add that certain members of the Commission will not be able to be present tomorrow; this applies in particular to Mr Cheysson, who was expecting to speak on two occasions this evening.

I think the House is now acquainted with the situation and can make a clear decision.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Thank you, Mr President. I only wish to add that my colleague Mr Simonet will certainly be present tomorrow, so that matters that concern him could very well be dealt with tomorrow rather than this evening. It will be very difficult, on the other hand, for my colleagues Mr Cheysson and Sir Christopher Soames to be present tomorrow.

President. — Mr Fellermaier, do you maintain your proposal and do I have to put it to the vote?

Mr Fellermaier. — (D) Mr President, now we have been told that Mr Simonet will be present tomorrow morning, which is very important, there is no reason, I think, to hold a night-sitting just because two other Commission members cannot be present. We have already frequently had one of the Vice-Presidents of the Commission representing another member of the Commission.

Mr Scott-Hopkins, your argument that we might be able to do without a sitting on Friday if we could be finished tomorrow evening, thereby gaining a day, may be valid for the honourable Members who fly from Strasbourg to London, but for all the rest who have to make a train connection from Strasbourg, it will in any case be Friday before they can leave. Hence nothing is gained. This argument is therefore not convincing. For this reason, and on behalf of my group—we have consulted during this sitting—I still move, Mr President, that we vote now on whether the night-sitting can be set aside and the agenda discussed tomorrow, with ample time in hand.

If I am correctly informed, the European Conservative Group has in any case proposed only to deliberate on the Armengaud report on private investments in third countries tonight and not to vote on it until tomorrow. So this is a further argument for dealing with the agenda tomorrow, when we are fresh, rested and wide awake.

President. — The situation seems to me to be perfectly clear.

I put to the vote Mr Fellermaier's proposal to suspend the proceedings until 10 a.m. tomorrow.

The proposal is adopted.

11. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Thursday, 17 January 1974, with the

President

agenda as already adopted, to which must be added, in accordance with the House's decision, the items that could not be dealt with this evening:

10.00 a.m. and 3.00 p.m.

- Oral Question No 108/73, with debate, on credit aid to State-trading countries
- Armengaud Report on a Community guarantee system for private investments
- Oral Question No 137/73, without debate, on energy policy
- Seefeld Report on food aid (vote without debate)
- Armengaud Report on the admission of securities to the Stock Exchange
- Oral Question No 173/73, with debate, on the development of nuclear technology

- Oral Question No 176/73, with debate, on the EAGGF financial report
- Oral Question No 165/73/rev., with debate, on EAGGF payments
- Jahn Report on the report of the Mines Safety and Health Commission
- Motion for a resolution on the situation in the move towards economic and monetary union
- Früh Report on aid to hop producers
- Hunault Report on agricultural products in travellers' luggage
- De Koning Report on tobacco

The sitting is closed.

(The sitting was closed at 8.20 p.m.)

ANNEX

**Oral Questions which could not be answered during Question Time,
with written answers.**

Oral Question No 177/73

by Mr Jahn

to the Commission of the European Communities

Subject. Medium and long-term Community energy supply programmes. Is the Commission prepared to submit to the European Parliament medium and long-term energy supply programmes to include the liquefaction and gasification of Community oil resources?

Answer:

Security of energy supplies is one of the main objectives of the Community energy policy. Recent events have underlined the importance of this aim and the significance of energy sources within the Community—in particular coal—cannot be ignored.

Liquefaction and gasification of Community coal may be a useful method of exploiting it. The Commission has already taken certain steps in the matter and will give details thereof when answering Oral Question No. 181/73 by Mr Noè, during the February 1974 part-session.

Oral Question No 183/73

by Mr Frehsee

to the Commission of the European Communities

Subject: Fraud connected with the use of Community funds.

Is there any truth in press reports that Mr Cheysson, Commissioner responsible for financial affairs, has stated that serious instances of fraud occur in connection with the use of Community funds?

Oral Question No 184/73

by Mr Laban

to the Commission of the European Communities

Subject: Fraud connected with the use of Community funds.

Is it true that Commissioner Cheysson has told journalists, in connection with his statements in Question No. 183/73, that the judicial authorities of the Member States had failed in the past to take action in cases of fraud, had abandoned their enquiries and discontinued criminal proceedings?

Oral Question No 185/73

by Mr Fellermaier

to the Commission of the European Communities

Subject: Fraud connected with the use of Community funds.

Is it true that Commissioner Cheysson has told journalists, in connection with Questions No. 183 and 184/73, that in proceedings instituted by the judicial authorities of the Member States in cases of frauds connected with the

EEC's agricultural market organization the undertakings concerned have used their political and personal contacts to escape prosecution?

Joint answer to Oral Questions Nos 183, 184 and 185/73.

I am most grateful to the honourable Members for attaching enough importance to the statements made during my press conference of 30 November 1973 to warrant three oral questions. This is a great honour. Unfortunately, the reports are all inexact. I did not say that 'serious instances of fraud occur'. I did not deplore that 'the judicial authorities of the Member States had failed in the past to take action...' And it is wrong to state that I said that the 'undertakings concerned have used their political and personal contacts to escape prosecution'.

I could confine myself to this triple negative reply to the three questions. Out of respect for Parliament, however, I shall try, Mr President, to quote what I said on these three points at the press conference of 30 November as exactly as possible.

In reply to a journalist who asked whether, in my opinion, more frauds were occurring and whether there was 'an annual increase in frauds corresponding to the increases in the budget', I replied in so many words that in 1971 nine cases of irregularity were reported, involving eight million u.a. In 1972 33 cases were reported, i.e. about three times as many, but only involving two million u.a., i.e. about a quarter of the sum involved the previous year.

Another journalist quoted the figure of 10% of frauds involving the EAGGF, referring to the opinion of the European Parliament's Committee on Budgets.

Apart from the fact that we found no traces of such a statement in a report of the Committee on Budgets, I pointed out to the press that any estimates of frauds at the present moment were based on fantasy or imagination, and declared that I found it inconceivable how these figures could have been arrived at. Certainly, there have been frauds; but at present we have no means of knowing exactly what they involve, nor even of discovering it by spot checks. Our flying squads will make systematic spot checks. Once we have covered one sector in this way, we will be able to give an initial estimate, naturally with some margin of error.

To pass to Mr Laban's and Mr Fellermaier's questions, may I point out that it was not I but a journalist who, during the same press conference, asserted that 'there were very often political pressures to prevent the judicial authorities from prosecuting, especially in the case of frauds which falsified the composition of a product so that its tariff position would be changed'. This journalist then asked whether the Commission intended to take measures to force the judicial authorities to take action in cases of fraud.

This is what I replied: 'The present system of detecting and preventing frauds is inadequate. Governments report to us very late, so that it is very difficult for us to follow up the matter. Once we have flying squads, we will be able to approach the governments ourselves in cases of presumed irregularity and observe very closely the action they take within their terms of reference. And I can assure you, considering the importance of this matter, that if—as I very much doubt—a public authority is slow to take action on an irregularity or fraud, the Commission will take all appropriate measures; it would not hesitate to appeal to public opinion, since such an attitude would be a scandal.'

It is quite deplorable that the prestige of certain Community policies should be damaged by criticisms about frauds. Irregularities are intolerable. We shall never manage to prevent them entirely, no more for that matter, than any national administration can. But we must suppress them sufficiently for them not to affect the approval which would normally be given to the policies

themselves. That is why we decided never to propose a new policy without calling for the simultaneous setting up of an effective control system. I am certain that if a Community control system had been introduced at the outset of the Common Agricultural Policy, our difficulties today would be much smaller.

I can promise that we shall do this in future for all new policies.

Oral Question No 187/73

by Miss Flesch

to the Commission of the European Communities

Subject: Participation of all the main industrialized Member States of the OECD in the granting of generalized preferences.

What steps has the Commission taken to encourage certain major industrialized states to meet their commitments, especially those given in UNCTAD, by introducing systems of generalized preferences?

Answer:

I and my officials have missed no opportunities in UNCTAD itself, in the OECD, and on my visit to the USA and Canada last autumn, to urge the industrialized countries which do not yet apply a Generalized Preference Scheme to introduce the necessary legislation.

The Commission has therefore been very glad to note that the United States Trade Reform Bill has now been passed by the House of Representatives and sent to the Senate. It contains provisions to give the United States President authority for ten years to grant tariff preferences (subject to certain procedures and certain limitations) on goods imported directly from the developing countries where the value added in the developing country is at least between 35% and 50% of its appraised value.

I confidently hope that once this has become law in the USA, Canada will follow suit.

Oral Question No 191/73

by Mr Schuijt

to the Commission of the European Communities

Subject: Introduction of summer time in the Community.

Is the Commission prepared, as part of the efforts to overcome the present energy crisis, to undertake a study on the possibility of introducing a system of summer time in the Community such as is already operated in Italy and the United Kingdom?

Answer:

In the course of its work on the rational use of energy, the Commission has already concerned itself with the question of introducing summer time and with possible methods of saving energy. The information it has obtained on the application of summer time in certain Member States showed, however, that this change-over does not substantially affect energy consumption.

The Commission does not, therefore, consider it necessary to study this question further in its work on the current energy crisis.

SITTING OF THURSDAY, 17 JANUARY 1974

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 10.15 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed. Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents:

- (a) from the Council of the European Communities, a request for an opinion on the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of aid to producers for the 1972 harvest (Doc. 324/73).

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

- (b) report by Mr I. Früh, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respects of hops, the amount of aid to producers for the 1972 harvest (Doc. 325/73).

3. *Texts of Treaties forwarded by the Council*

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

- Notice of the completion by the Community of the procedures necessary for the entry into force of the interim agreement between the European Economic Community and Turkey by reason of the accession of new Member States to the Community;
- Agreement between the European Economic Community and the People's Republic of Bangladesh on the supply of skimmed milk powder as food aid;

- Agreement between the European Economic Community and the People's Republic of Bangladesh on the supply of common wheat as food aid.
- Agreement between the European Economic Community and the Republic of Indonesia on the supply of common wheat as food aid;
- Agreement between the European Economic Community and the Hashemite Kingdom of Jordan on the supply of skimmed milk powder as food aid;
- Agreement between the European Economic Community and the Hashemite Kingdom of Jordan on the supply of flour of common wheat as food aid;
- Agreement between the European Economic Community and the Malagasy Republic on the supply of flour of common wheat as food aid;
- Agreement between the European Economic Community and the Islamic Republic of Mauritania on the supply of common wheat and maize as food aid;
- Agreement between the European Economic Community and the Republic of Niger on the supply of maize as food aid;
- Agreement between the European Economic Community and the Republic of Peru on the supply of common wheat as food aid;
- Agreement between the European Economic Community and the Republic of Senegal on the supply of common wheat as food aid;
- Agreement between the European Economic Community and the Democratic Republic of the Sudan on the supply of common wheat as food aid;
- Notice of the conclusion by the European Economic Community of the protocol laying down certain provisions relating to the Agreement establishing an Association between the European Economic Community and the Kingdom of Morocco by reason of the accession of new Member States to the Community.

The documents will be placed in Parliament's records.

4. *Authorization of reports*

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

Committee on External Economic Relations :

- report on a commercial cooperation agreement between the EEC and the Republic of India;

President

- report on a non-preferential trade agreement between the EEC and the Federal Republic of Brazil;

Committee on Cultural Affairs and Youth:

- report on the Convention signed on 19 April 1972 by representatives of the Member States, establishing a European University in Florence.

5. *Reference to committee of a petition*

President. — I remind the House that Petition No 3/73, presented by Mr Barel, concerning the extradition of Klaus Barbie from Bolivia was referred to the Legal Affairs Committee on 12 November 1973.

The Legal Affairs Committee declared the Petition inadmissible and decided to draw up a report on the subject. At the request of the Legal Affairs Committee, the Petition was then referred to the Political Affairs Committee for its opinion.

6. *Oral Question No 108/73, with debate:
Credit aid to State-trading countries*

President. — The next item on the agenda is Oral Question No 108/73, with debate, by Mr Blumenfeld, Mr Artzinger, Mr Bertrand, Mr Burgbacher, Mr Noè, Mr Van der Sanden and Mr Springorum to the Commission of the European Communities.

The question is worded as follows:

Subject: Credit aid to state-trading countries

Is the 'gentleman's agreement' of 1964, whereby Member States' Governments undertake to consult the Commission before granting financial and credit aid to state-trading countries, still in force, and if so, did the Federal Republic of Germany consult the Commission after Bundestag member Wischniewski's visit to Warsaw where he held out the prospect of credit aid for investment and trading purposes on behalf of the Federal Government?

I would remind the House that, pursuant to Rule 47 (3) of the Rules of Procedure, the speaker on behalf of the authors of the question is allowed 20 minutes to speak to the question, and that after the institution concerned has answered members may speak for not more than 10 minutes and only once. Finally, the speaker on behalf of the authors of the question may, at his request, briefly comment on the answer given.

I call Mr Blumenfeld to speak to the question.

Mr Blumenfeld. — (DK) Mr President. I should like to speak quite briefly on this question and add that three months have passed since I submitted it, so that it now seems to have been rather overtaken by events. However, this is really only true of the concrete question as to whether there was an obligation to consult when the representative of the Federal Government of the Federal Republic of Germany, Mr Wischniewski, visited Poland. Following on from this visit and other talks, the Polish Minister Olszowski was in Bonn at the beginning of December, and negotiated among other things the granting of credit to Poland, in the context of a cooperation agreement. No further details are available from the announcements made to date; in particular I have no information on the amount of credit or the conditions on which it is to be granted.

I consider that my question requires an answer from the Commission, since it seems to me that there is an obligation to consult in this case in accordance with the Council Decision of 26 January 1965 on the consultation procedure in matters of credit insurance, credit guarantees and financial credits, which states that, as soon as possible after the competent authorities have commenced their consideration of the credit guarantee in question, the information shall be transmitted by telex to the Secretariat of the Councils which will then forward it to the Commission. I believe that an answer should be given today to the question I am asking Sir Christopher Soames, as the responsible Member of the Commission, namely whether this obligation to consult is applied to those credits which are agreed in the context of a cooperation agreement, or whether the Commission considers that they can be applied in such cases.

A few months ago, Mr President, I believe during the October sitting, an answer was given to an oral question from Mr Jahn and his colleagues. Sir Christopher Soames announced on that occasion that a proposal for a Council Resolution on the introduction of a consultation procedure for cooperation agreements would be put forward—I hear that it has been submitted in the meantime—but the Commission has not yet commented on whether obligations to consult already exist by virtue of the existing legal position, i.e. the Decision of 26 January 1965.

Mr President, the granting of credits in the context of a cooperation agreement—and this applies not only to the current case of the Federal Republic of Germany and the People's Republic of Poland, but to all Member States of our Community—which, in the opinion of some of the Member States, do not come within the

Blumenfeld

terms of the common commercial policy, must not be allowed to lead to the abandonment of the obligation to consult imposed by the Council Decision. My colleagues and I consider that this is nothing other than a way of bypassing Community decisions by juggling with terminology. This attitude betrays an excessive concern for the policies of the State-trading countries, which, with the exception of Yugoslavia, have hitherto refused to recognise the Community as the sole authority competent to conclude trading agreements, and which, moreover, have tried to avoid the issue by making cooperation agreements into "package deals", including agreements on customs tariffs, quantity restrictions and credits.

Mr President, the Commission itself bases its proposal on Article 113, but, in my opinion, has not been definite enough in making it clear that cooperation agreements have a bearing on import and export policies. If the Commission wishes to adopt this view, with all its consequences, then it must demand that as from 1 January 1973—the date of the complete transfer of authority for commercial policy with regard to State-trading countries also—such agreements must be concluded by the Community and not by Member States. The Commission does not seem determined to adhere to its proposal of 6 December 1972 for a regulation on public control measures affecting interest rates in State-trading countries.

This proposal provided for a ban on the reduction of interest rates for credits to finance export transactions in State-trading countries to below 6 1/2 %.

I should like, Mr President, to say in conclusion to Sir Christopher Soames that it seems to me imperative that the Commission should strongly urge all the Member States finally to adopt a Community attitude to these important questions. In the last few days, in fact, the volume of credits for non-European countries and the Soviet Union has been reaching levels of many thousands of millions of DM or dollars.

President. — I call Sir Christopher Soames to answer the question on behalf of the Commission.

Sir Christopher Soames *Vice-President of the Commission of the European Communities.* — I listened with great interest to Mr Blumenfeld, and should like to reply as precisely as possible to the Questions he put on the order paper and the expansion of them that he has made in his speech.

Really he is asking two questions. The first is whether the 1964 'gentleman's agreement' is

still in force; and then he asked in his Question whether the Commission was consulted about the details of Mr Wischniewski's visit to Warsaw—but, as he said, that has become slightly *dépassé* owing to events and to time. He went on to talk specifically about the Commission's attitude towards Member States' making loans to East European countries, in particular in the context of cooperation agreements. I will, if I may, try to deal very briefly with all three of these.

Where the 'gentleman's agreement' is concerned, this stated that credits by suppliers to State-trading countries would be limited to five years and that governments would consult if ever credits were given for longer than five years. But in the event, of course, that voluntary 'gentleman's agreement' about length of credits came to be honoured much more in the breach than in the observance.

However, I should explain that over and above this 'gentleman's agreement' of ten years ago, there existed until the end of last year a much more important consultation procedure under which all Member States agreed to inform and consult whenever they envisaged granting credits of whatever type to any third country at all.

It was under this consultation procedure that the German Federal Republic informed its partners in the Council's Coordination Group for Credit Insurance that it was studying the possibility of giving State-trading countries in Eastern Europe, and particularly Poland, certain credit facilities.

This leads me to the second part of Mr Blumenfeld's Question, where he asks about Mr Wischniewski's journey to Warsaw. As I have said, the German Government informed its partners in the Council's Credit Coordination Group that it was considering the possibility of making certain arrangements, but it stressed that no decision had yet been taken on the nature of those facilities. The Federal Government also emphasized that Mr Wischniewski went not as a representative of the Federal Government but of his party, the Social Democrats.

Since then, the situation within the Community has somewhat changed. As from 1 January last, we have a new consultation procedure which applies to all types of credit granted by Member States to all third countries. The Federal German Government, like all other member governments, will in future be subject to this new procedure, and I have no doubt that under it they will consult if they decide to go ahead with the granting of credits to Poland.

Soames

Mr Blumenfeld asked specifically whether any further information had been given or request made to the Commission. As far as I know at the moment, no further information has been given to us, but I am confident that the Federal German Government are aware of their responsibilities in this regard and will live up to them if they intend to take this matter further. I am sure that, if they do intend to do so, they will consult in the appropriate fashion.

Mr Blumenfeld asked what the Commission's attitude would be. It would be wrong for me to say here and now what it would be in a hypothetical situation when we do not know the figures. Of course we will examine them, and when we are informed, we will consult the Federal German Government.

In the view of the Commission, the new arrangement whereby all member governments are to consult before giving credits to third countries applies equally to credits given under the umbrella of a cooperation agreement—every bit as much as in any other way. Cooperation agreements are important, and are supported by all the Member States and all the Community bodies as being an important feature of Community relations and of the relations of Member States with other countries, particularly those of Eastern Europe. But such agreements should not take such a form, or be used in such a way, that the Community could try to get around its obligations and, indeed, its determination—which we have often stressed—to have a common Community commercial policy towards the countries of Eastern Europe. I believe that these cooperation agreements, including agreements between individual Member States and individual countries of Eastern Europe, have a considerable part to play in the general life of the Community. Nevertheless, the Commission is well aware of the dichotomy between the two statements put side by side at the Summit Conference, one saying that the Community must have a common commercial policy towards Eastern Europe, and the other saying that Member States will continue to make their cooperation agreements. We agree with both of them, but cooperation agreements must not be used in such a way as to find ways round having to arrive at a common commercial policy.

It was with that in view that the Commission last October put forward its proposals to the Council of Ministers to ensure, by various means, that cooperation agreements were used for the benefit of the Community and not against the interests of the Community as such. I put this proposal to the House in October. In November I explained to the Council of

Ministers what was in the minds of the Commission, what prompted us. Since then there has not been a debate on it—there have been other things occupying the minds of the Council of Ministers in the past few months. However, we hope the Council will have a debate at the next meeting on 4 and 5 February.

I should like to feel—indeed, I think that we do feel—that we in the Commission have the support, not only of the honourable Member who has just spoken—indeed, we know that we have that, for he said so in his speech—but of the vast majority of the Members of the House when we say that, given that we agree with the importance of these cooperation agreements and that we do not want to get in the way of cooperation agreements being made between individual States and third countries, nevertheless it must be under a certain umbrella or *chapeau* of a Community character and that they must be used to further the interests of the Community as a whole and not to work against those interests.

(*Applause*)

President. — Thank you, Sir Christopher.

I call Mr Nørgaard to speak on behalf of the Socialist Group.

Mr Nørgaard. — (DK) Mr President, we of the Socialist Group regard Mr Blumenfeld's question as only a small part of a big subject, namely, the Communities' attitude to the State-trading countries and the formulation by the Communities of a policy such as Sir Christopher was discussing a minute ago.

I understand from Sir Christopher's answer concerning the consultation procedure that the West German Government has followed the same procedure as other countries and that this problem naturally concerns not only West Germany but also every Community which makes credit arrangements.

It is obvious that it will do a great deal of harm to the Common Market if commercial relations with the individual countries of Eastern Europe are distorted by offers of cheap, large or long-term credits which countries with softer currencies are unable to offer, and we should therefore obviously be on guard against such arrangements.

But the essential problem, which we should have time to discuss thoroughly on some other occasion on the basis of the Commission's statement, which may be expected to come here after it has been debated by the Council in February, is the question of these cooperation agreements

Nørgaard

and their relation to the trade agreements. Cooperation with the Eastern European countries will, of course, gradually supersede—and have, in fact, already superseded—the traditional trade agreements.

At the time when the regulation about the Communities' joint trading policy was made, when the Treaty of Rome was signed, the state of the world was quite different. Then trade policy consisted in making bilateral agreements in which the individual countries promised to grant the Eastern European countries import quotas. But in the meantime the Community countries have liberalised commercial relations to a very large extent, even with the Eastern European countries, and we are now getting closer to a harmonised process of liberalisation. The problem is therefore what attitude we are to take to the cooperation agreements which many countries entered into a long time ago.

I also think—and I particularly draw Sir Christopher's attention to this—that this matter is of topical interest not only in relation to the Eastern European countries but also to other countries with which agreements are being made. The agreement which France has just made with Saudi Arabia shows how difficult it may be for the Common Market to pursue a uniform policy if the individual countries themselves go so far as to make barter agreements. In reality, the French agreement with Saudi Arabia is, of course, a kind of old-fashioned trade agreement on barter principles, with a bonus of balanced prices of goods supplied in exchange for oil. This may create sectional markets in the Common Market and so help to undermine the real Common Market, if by "common market" we mean a market with free movement of goods and fixed or equal prices determined by supply and demand.

For this reason, I think that this Parliament should obtain, as soon as possible, a statement from the Commission. I understand that the problem is to be discussed in the Council in February, and it would be extremely useful for Parliament to receive a statement about the extent to which it is intended to incorporate these different cooperation agreements, which are now also concerned with prices, so that the Common Market does not fall apart but adheres to the decision to pursue a joint trading policy.

(Applause from the Socialist Group)

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, I am very grateful to my colleague

Mr Blumenfeld for putting his question and also to Sir Christopher Soames for his informative reply. Despite the verbal homage paid by the Member States of the Community to the European idea and the aims and tasks of the Treaties of Rome, there are still differences of opinion with regard to the common commercial policy, and different countries act in different ways. As my colleague Mr Nørgaard has very clearly pointed out, this is specially true of cooperation agreements, which are admittedly not specifically covered by Article 113 of the EEC Treaty, but which must be included within the meaning of this Article.

It must be emphasised that Article 113 does not contain a specific, exhaustive enumeration of the instruments to be used in the common commercial policy, but instead allows scope for new developments and instruments.

Despite the general nature of some cooperation agreements, which in part cover fields other than trade, or possibly contain no clauses dealing specifically with commercial policy, it surely cannot be denied that cooperation in its various forms is given practical effect in the economic field by the transfer of goods and services, and therefore—as you will confirm, Sir Christopher—gains political significance.

Cooperation is thus not only an economic factor in external trade relations, but also constitutes a political instrument. Most Member States, therefore, hold the view that this instrument should not be misused for selfish national reasons. This applies particularly to the tendency to undermine the common commercial policy by attempting to extend bilateral trade between Member States and the State-trading countries under the umbrella of cooperation agreements. There can be no doubt that the pursuance of national trading policies in this way contravenes the provisions of the EEC Treaty. The Commission must therefore be reminded of its responsibility as guardian of the treaties on which the Community is based, so that it may take appropriate steps in the event of breaches of the treaties, in accordance with Article 169 of the EEC Treaty.

Careful study also reveals that the State-trading countries have managed to have inserted into most cooperation agreements clauses providing for the importation under recognised cooperation agreements of goods in excess of the stipulated quotas. In this way the compulsory cooperation coordination procedure introduced by the Decision of 19 December 1972, and applying to all changes in import regulations, can be bypassed. The common commercial policy demanded by the individual Heads of Government and decided

Jahn

by the Council cannot operate if it is repeatedly undermined or if, as I have just said, goods limited by quota, for example, are liberalised in a roundabout way via cooperation agreements.

Community consideration of these cases as part of the consultation procedure is therefore imperative.

As Sir Christopher has just pointed out, there must be an exchange of information on this matter and, above all, agreement between the Member States on credit policies, which are an important feature of cooperation. Here again, the countries of the Eastern bloc are still managing to play off their Western trading partners against each other, and to obtain credit conditions—some have just been named—which could be much more favourable to the Western countries if the latter were to adopt a common EEC-Community policy, and accept the same basic negotiating position expressed in certain minimum norms. Thus, Mr President, ladies and gentlemen, the large projects being carried out in the State-trading countries on the basis of credits involve corresponding risks which must be insured against. In the field of credit insurance, differences in state intervention on the part of Member States lead to distortions of competition. This is obvious, cases can be pointed out today, and a stop must be put to it as soon as possible.

Since appropriate proposals have already been put forward, Parliament is requesting the Council in February, as has just been announced, to make the necessary decisions. In bilateral cooperation agreements, the partners generally agree to grant each other preferential treatment, and this affects tariff provisions rooted in Community law which apply to the finishing trade, both incoming and outgoing. The Commission must therefore watch carefully to ensure that no EEC tariff provisions are contravened. A Community-oriented ruling should be worked out, to meet the requirements of international industrial cooperation in this field.

Please do not misunderstand me. I am all for cooperation agreements; but I am for cooperation agreements which are harmonised with each other. There must be collaboration and coordination. I appreciate the importance of cooperation in international trade and the contribution which this policy of cooperation can make to international détente, and I therefore have a basically positive attitude to cooperation agreements, but I would like to see them harmonised. These agreements not only have far-reaching effects on competition and activity within the Community. They also have a similar influence on external trade. I believe the European Parlia-

ment must oppose certain attitudes which see in cooperation agreements ways of getting round the common commercial policy as it is developing at the moment.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen. My honourable friend Mr Blumenfeld, who actually put this question, but who unfortunately appears to be no longer in the House, has in his well-known charming and affable fashion, but at the same time against his better judgment, made an assertion in the text of his oral question to the effect that Mr Wischniewski, a Social Democratic Member of the Bundestag, was acting on behalf of the Federal Republic when he held out the prospect of credit aid for investment and commercial transactions in Warsaw. I am grateful to the Vice President of the Commission, Sir Christopher Soames, for correcting this error.

Yes, my dear German Christian Democrats, if you want internal politics in this House, you can have them. After Mr Wischniewski's return from Warsaw, he himself, and his party, and the spokesman of the Federal Government declared that he had been invited to Warsaw not as a representative of the Federal Government but as a representative of the Social Democratic Party executive. I ask you now, what is the point of putting a question to the Commission weeks and months after the event, suggesting that Mr Wischniewski was negotiating on behalf of the Federal Government? The intention is perfectly clear and the German Social Democrats in this House are extremely annoyed about it.

Moreover, ladies and gentlemen, I must point out that even the Christian Democratic Union of the Federal Republic—this question was, of course, initiated by the German Christian Democrats—need not act as if only the Government of the Federal Republic of Germany were at fault, simply in order to give the Commission an opportunity to say something on this matter. If anyone belongs in the dock, it is all nine countries of the Community, large and small, since all nine countries are still striving to make use, via the route of cooperation agreements, of any loopholes in Article 113 of the EEC Treaty.

According to NATO Council statistics, the total amount of credit granted by Community countries to the State-trading countries of the Eastern bloc currently stands at eight thousand million dollars. These commitments can be broken down as follows: 30% for the Federal Republic, 25% for France, 25% for Italy, 15% for Great Britain, which is leading the field in

Fellermaier

the lowering of the interest differential, and 5% for the Benelux countries together. It is thus clear that the Commission has a long way to go before its common commercial policy is a reality.

I am grateful to my friend Mr Nørgaard for mentioning the long-term agreement between the French Republic and the Kingdom of Saudi Arabia. I believe that in this matter of loans and cooperation agreements we should not look only to the Eastern bloc, thereby closing our eyes to plans which are now under way for bilateral agreements in the Middle East, and which can present an even more serious threat to the solidarity of the Community. If the Community is to overcome the energy crisis and demonstrate its solidarity by genuinely supranational decisions, Parliament must now make clear to the national governments, the Council and the Commission that it views with great concern this trend towards long-term commitments made without Community consultation, some of which involve arms deals, and which in the long run can do nothing to serve the interests of peace in the Middle East.

For the rest, Mr President, I consider that this House should ask Sir Christopher Soames to ensure that the figures and the economic consequences are disclosed without delay in a private session of the Committee on External Economic Relations so that we who have Parliamentary responsibility can say at the proper time and with the necessary emphasis that we cannot allow the common commercial policy to be even further undermined than it already appears to be.

President. — I call Mr Schulz.

Mr Schulz. — (D) Mr President, ladies and gentlemen. Since Sir Christopher Soames and most of the other speakers in this debate have expressed views which are basically my own sentiments, I can limit myself to a few brief observations. As far as Mr Fellermaier is concerned, however, I can only agree with the views he expressed in the second part of his speech, not the first. When he warns against allowing internal political battles to be waged in the European Parliament, I cannot but agree with him, but really it was he who introduced these internal politics into the debate by the type of arguments he used. But I agree all the more readily with Mr Fellermaier and other speakers that it should be repeatedly stressed here that it is not one particular government which is at fault, nor one particular Member State, but all Nine. The painful contradiction

between the theoretical concept of Community responsibility for external trade since 1 January 1973 and the practice of the governments of the various Member States has become a matter of such immediate importance that we cannot discuss it often enough.

This problem cannot be dealt with by words alone. We must move on to action.

Allow me to make one observation at this point: while I have serious misgivings about the economic activities of my own government with regard to the countries of the Eastern bloc and view them with considerable concern, I have also a right, as a European, to state that I was shocked by the much quoted agreement between France and Saudi Arabia.

I regret that the Commission, as the Community institution which should deal with such cases, has no executive authority to call to order the Member States which disregard the Community's responsibility for external trade. I ask the honourable Members of this House and the Members of the Commission whether—if this contradiction becomes even more acute in future—the remedy provided for in the Treaties of Rome should not be applied, namely, an action in the Court of Justice.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-president of the Commission of the European Communities. — I thank honourable Members who have intervened in this debate for the general feeling of support that they have given the Commission in its effort to get a certain element of both discipline and self-discipline brought into this game of cooperation agreements.

First, I want to take up a point made by my friend Mr Nørgaard. Incidentally, I believe this to be his maiden speech in his reincarnation as a Member of this Parliament, and I take this opportunity to say how delighted we are to see him back here and what happy memories we have of the time when he was presiding over the discussions as the President-in-Office of the Council.

His point was that we had to think of cooperation agreements not only with Eastern countries; that this was becoming more and more a fashionable form of agreement between Member States and various countries, not only State-trading countries. I very much agree with this. It was an added reason for the Commission's feeling that it needed to act to give Member States the opportunity of accepting, in the European interest, the degree of discipline necessary

Soames

in cooperation agreements. The fact that these were being extended outside the sphere of State-trading countries was an added reason for the Commission's putting in the paper that it did. We did this in October. It will apply to all cooperation agreements. It is not limited to those with State-trading countries. My plea to honourable Members is that this will be discussed finally—we hope—at the next Council of Ministers on 4-5 February, and I hope that Members will bring their influence to bear with their member governments, because there is a considerable amount of hesitation on the part of member governments who seek freedom here to get round the rules and regulations.

Let us face it, there are good and bad elements from the Community's point of view in cooperation agreements. The greater the influence that can be brought to bear on Member Governments to see that, in the European interest, they must be ready to have imposed on them a certain discipline of consultation together and of coordination in these cooperation agreements, the better.

As to the other point made by Mr Nørgaard, regarding consultation with Parliament, I assure him that it will certainly be the Commission's intention to keep in close touch with Parliament, both directly and through committees, on how our proposals are received, what comes out of them, the extent to which we should try to harmonize, and how things go. We will keep in the closest touch. That was a point Mr Fellermaier also made in his speech.

That, I think, more or less covers it all—including the points made by Mr Jahn in his interesting intervention—apart from the internecine strife which seemed to be taking place between the two sides of the House, of which, of course, I am totally ignorant. Apart from that, I think I have covered the major points in the debate.

I am so glad that fortuitously, as it were, the fact that this Question was put off and put off has resulted in its coming at an opportune moment just before this whole matter is discussed in the Council of Ministers. I hope the theme of this debate and, indeed, the strong feeling expressed by honourable Members who intervened on the importance of bringing a certain Community discipline into these matters, will be hearkened to by the Member States concerned.

President. — I have no motion for a resolution on this debate.

Does anyone else wish to speak?

The debate is closed.

7. Change in the agenda

President. — I inform the House that Mr Lardinois will make a statement this morning on agricultural prices.

8. Tabling of a motion for a resolution and adoption of urgent procedure

President. — I have received a motion for a resolution, tabled by Mr Aigner and 32 others, concerning the increase in the guide prices for beef and veal (oc. 326/73), with the request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

Are there any objections?

I call Mr Bourges.

Mr Bourges. — (*F*) Mr President, ladies and gentlemen; I am not speaking on behalf my group but on my own behalf, as one of the sponsors of this motion for a resolution, which we have drawn up because the Community is faced by urgent and serious problems concerning stock breeding and, especially, production and sales of beef and veal.

After personal contact with a good number of my colleagues, I had the impression that this motion for a resolution would meet with wide approval if some of the points or some of the wording in it were revised. This was why I took the liberty of submitting several amendments, in my own name because of the urgency of the matter.

Mr President, under our rules of procedure, you will shortly call a vote on whether this motion for a resolution should be entered on the agenda, and I trust that the House will agree this topical problem should be debated.

However, if we decide to include this motion on the agenda, I think it would be wise, and more logical, to hear Mr Lardinois's statement on agricultural prices first, and then to discuss the motion for a resolution in detail.

These are comments I wanted to make, Mr President, on this point of procedure.

President. — I call Mr Scott-Hopkins to speak on the question of urgent procedure and nothing else.

Mr Scott-Hopkins. — I understand the anxiety of the sponsors of the motion asking for urgent procedure to be taken, but I submit that we should not comply on either of the two grounds which Mr Bourges has suggested—either that of

Scott-Hopkins

dealing with the question now and putting it to a vote or of waiting for Mr Lardinois to speak and then voting. Surely the latter course would be out of order. The question has been submitted to us and we have to decide upon it.

We are today to hear Mr Lardinois concerning the Commission's proposals on the price determinations for 1974. Judging by the press reports which have been widely leaked, it seems that the particular difficulty in the minds of those who have signed the motion concerns a rise in beef prices and whether such a rise will be included in his proposals. In any event, of course, it is wrong to take one particular item of the Common Agricultural Policy out of the context of that policy.

I therefore urge the House not to follow the procedure requested. Let us hear Mr Lardinois and then get on with dealing with the ordinary question-and-answer process after his statement. Our next part-session, if Mr Bourges and his colleagues are still anxious about the situation, is the right time to have a motion, because the Council of Ministers will probably not yet have decided the matter and the views of this House and of the Commission can be conveyed to it.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, I can well understand why some Members wanted to table this motion. On the other hand, it is surely not necessary to invoke urgent procedure for every urgent problem in the Community or part of the Community, especially when it has been announced that the Member of the Commission of the European Communities who is responsible for agriculture is going to make a statement. If this statement does not allay the fears of the Members who tabled this motion, then they should, I feel, be able to submit a resolution afterwards according to some kind of urgent procedure.

Mr Scott-Hopkins has quite rightly pointed out that in a few hours the whole problem may well have ceased to exist, as Mr Lardinois' statement may incorporate proposals which will give some encouragement to the Members who are uneasy about this matter. Also I think it would be wrong—and here I agree with Mr Scott-Hopkins—to hold a debate on just one aspect of the whole complex of agricultural problems. I would warn Members against taking this course. As a democrat I am essentially in favour of urgent procedures but I also feel that it would be unwise to anticipate a statement which is scheduled to be given today. Should it be necessary, Parliament can take up the problem

once again after hearing Mr Lardinois' statement and will then be able to deal with it in the proper context.

President. — The present discussion may refer only to the request to deal with the motion for a resolution by urgent procedure, and not the subject of the motion. Consequently, I propose to close the list of speakers, which already includes 5 names.

I therefore propose that the House decide upon the adoption of urgent procedure immediately after Mr Lardinois has made his statement, unless the authors of the motion for resolution insist that it decide the question immediately.

I now call Mr De Koning to speak on the question of procedure on behalf of the Christian Democratic Group, and ask him to be as brief as possible.

Mr De Koning. — (NL) Mr President, the Christian Democratic Group largely shares the concern which prompted some Members to table this motion for a resolution, and does so for the reasons which are clearly stated in the first paragraph of the motion.

However, the great majority of this Group considers that, as Mr Lardinois is here today to present a statement, this is not the moment to deal with the motion for a resolution as urgent procedure. Furthermore, most of the members of our Group are opposed to a decision being taken on just one product from a whole series of products on which we will have to take a decision anyway in a few weeks.

We are therefore in agreement with those Members who feel that the motion for a resolution should not be discussed at the present time.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, although I, too, would prefer that we should deal with the agricultural prices at the one time, nevertheless I subscribe to this resolution because of the extreme difficulties that people producing winter beef, in my country especially, have experienced by virtue of the fact that the prices of compound feeding-stuffs have risen drastically in the last couple of weeks and by 75 per cent in 11 months. Therefore, it is reasonable that those who have asked for a resolution in this way should be heard, because many people throughout the Community have a specific and very definite problem.

McDonald

Although we all look forward to the Commissioner's statement and his price reviews, nevertheless I think that it is our duty as parliamentarians to impress upon the Commissioner and all concerned urgency when urgency exists throughout our Community.

President. — I call Mr Cipolla to speak on behalf of the Communist and Allies Group, on the question of procedure only.

Mr Cipolla. — (I) Mr President, I would just like to state that we in the Communist Group are in favour of Parliament discussing this matter as urgent procedure, for two reasons. The first concerns the importance of the problem of beef production at the present time, and the second is of a political nature. In fact, the House can hardly refuse to make a statement on this matter, at a time when public opinion in Europe is perturbed by all that has happened in the Council of Ministers, without losing all credibility in the eyes of that public. For these reasons we are in favour of the matter being discussed as urgent procedure.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) We are in a rather complicated situation from the point of view of procedure. It would perhaps have been better if Mr Lardinois had been given an opportunity to report on the Commission's decision, in which case the sponsors might not have tabled this motion. However, this was not done and we are now discussing urgent procedure, and before we tackle the agenda item, we will have to take a decision on this.

I am sure the sponsors of the motion will agree that a discussion of this matter would make excessive demands on the time available here. I therefore suggest that Parliament decide to adopt urgent procedure in accordance with Rule 14, stating that it must forego discussion of this point and moving reference of the motion to the Agriculture Committee as provided for in Rule 32.

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I should like to suggest a compromise, out of loyalty both to Mr Lardinois and to the European Commission. I propose that we maintain the request to discuss the motion as urgent procedure, but that first of all we hear the statement by Mr Lardinois and then decide on the matter of urgent procedure.

Seeing that the Commission wishes to make a statement on this and other problems, and on the discussions in the Council, I should be rather surprised if Mr Bourges and his colleagues were not prepared to postpone the decision on urgent procedure until after Mr Lardinois's statement. I believe that this compromise proposal is completely compatible with the Parliamentary procedure we normally follow, and I would like to know if Mr Bourges can go along with it.

President. — Mr Bertrand has proposed that the House await Mr Lardinois' statement before deciding on the question of urgent procedure.

What is Mr Bourges' view on this proposal?

Mr Bourges. — (F) Mr President, ladies and gentlemen. I should like to emphasize once again that I am giving a purely personal opinion and have no special rights or claims as regards this resolution.

In my opinion there are many sound reasons for tackling this problem, but we do have certain rules of procedure and we will have to follow them. I should like to say straight away I am completely in agreement with the proposal made by Mr Bertrand and other Members who suggested that it would be better to discuss this matter after hearing Mr Lardinois. This was always my intention.

I must make it clear that this motion for a resolution was drawn up at the beginning of this session. The reason for the delay in tabling it was that we were not sure that Mr Lardinois was going to attend. Yesterday evening, when no-one seemed to know whether a statement was to be made by Mr Lardinois, as the Commission was due to meet after dinner, the tabling of the motion seemed fully justified. This is, after all, as several speakers have pointed out, a problem of great topical importance.

I should like to point out to Mr Baas that it is perhaps rather contradictory to acknowledge the existence of a problem calling for our attention, on the one hand, but then to say, on the other hand, that we should be content with hearing Mr Lardinois' statement.

I even feel, ladies and gentlemen, that this motion for a resolution will be extremely useful to us, because—if we are all in agreement—it will give us an opportunity to hold a proper debate on this important and pressing problem of agricultural prices, whereas Parliament would otherwise have only been able to listen to Mr Lardinois and then ask him a few questions within the 20 minutes allowed.

Bourges

And because this is a serious problem, not just for one Community country, but for them all, this motion tabled by a specific group of Members—but, we hope, supported by many more—will be doing Parliament a very great service.

Mr President, I hope that once we have heard Mr Lardinois you will enter this motion for a resolution on the agenda so that we will have an opportunity to debate the serious and urgent problem of agricultural prices.

President. — In view of the statements made by Mr Bertrand and Mr Bourges, I propose that the House defer decision on the request for urgent procedure until the end of Mr Lardinois' statement.

Are there any objections?

It is decided.

9. *Commission statement on agricultural prices*

President. — The next item on the agenda is Mr Lardinois' statement on agricultural prices.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, the Commission's farm price proposals for the year ahead are always a major annual event in the Commission's programme of activities. They are not always an easy matter.

I am extremely pleased that this year the Commission's decision on these proposals coincides with a part-session of the European Parliament. This means that we are able to announce our proposals formally before Parliament this year. I think we ought to be able to do this every year.

The new price proposals—and I want to make this quite clear—are by no means always the prices which the farmers will get in the course of the year which follows, even if the Council gives its full approval to them.

The prices proposed are usually by way of being guarantee prices or guide prices or both. As such they are different in nature from current market prices. I am emphasizing this fact right from the start so that it can also be brought home to the general public.

The Commission of the European Communities has taken a decision on a number of proposals and has also submitted some proposals to the Council and the Parliament concerning a first series of measures to implement the memorandum on the improvement of the common agricul-

tural policy which we laid before Parliament at the end of October last. Unfortunately it was not possible in these proposals to reflect the final conclusions of Parliament on this memorandum, as these will only be made known in the next part-session. Some points, however, incorporate aspects discussed in the appropriate committee of this Parliament.

Allowing for a number of accompanying measures, the Commission proposes an increase in prices of approximately 7%, based on the so-called 'weighted average'. There is of course considerable variety in the percentages for the various products, and I shall go into this now.

For cereals the Commission proposes an average price increase of about 4%. Within the cereals sector the Commission, however, attaches greater urgency to raising the price of feed grains than to raising that of soft wheat. The Commission proposes raising the guide price for soft wheat by 2%. Moreover it suggests that nothing be changed in the system and level of the intervention prices for soft wheat. As regards feed grains the Commission proposes an increase of 4% for barley with a radical change in the intervention machinery, namely a uniform intervention price for the entire Community. The proposed increase for maize is 6%.

As regards the other breadgrains, the Commission proposes a price adjustment of 4% for rice, 4% for rye and 8% for durum wheat. At the same time, the Commission proposes changing the existing system for durum wheat and bringing it roughly into line with that for the other cereals. In other words, we propose abolition of direct subsidies and introduction of the market machinery. This system already applies to all other cereals.

For beef and veal, the products which prompted this debate, the Commission proposes an increase of 10%. The Commission sees this increase as justified, given the need to stabilise the development of beef production for the somewhat longer term also. In the last few years such stability has been noticeably lacking. At the same time drastic changes in the existing import regulations for beef and veal are proposed, as outlined in our memorandum on improvement of the agricultural policy.

The price proposals for dairy products are much more modest than those for beef. We propose an increase of 4%, which will be achieved by further raising the intervention price for powdered skimmed milk and by cutting the price of butter. The present ratio in our guarantees for butter and milk is 58:42. We propose to aim at a new ratio for the coming year of 52.5:47.5. We also

Lardinois

propose, again along the lines of the memorandum, that this 4% price increase should in fact be 1% lower for the farmers, if the intervention stocks of butter exceed a certain level next season, following a certain preliminary period. The minimum level needed to go over to the so called '*taxe de co-responsabilité*' is reached when butter stocks in public warehouses total 300,000 tonnes.

The tax we propose in this connection is 1%. We have, however, dropped the idea of setting a threshold of 10,000 litres for each producer, at least for the first year. Secondly, we propose to introduce a 1% tax on dairies which sell too much of their total butter and skimmed milk powder production to intervention agencies. This means that after a certain reference period a 1% tax will be levied if these dairies sell more than 15% of their total output to intervention agencies.

Our other proposed price increases are as follows: pigmeat 8%, fruit and vegetables 6%, wine 6% and olive oil 6%. Here too we propose a change in the existing system with, however, producers being able to choose between a fully integrated system of theoretical market prices plus a premium—this premium would be set at about the level decided by the Council at its last meeting—and a completely different system, whereby the price would be allowed to find its own level on the market but farmers would have to make do with a premium which would be fixed afterwards and would be equal to the difference between the guaranteed price and the current market price.

Mr President, I should now like to say something about the new proposals for proteins.

I shall deal first, however, with the prices of products already covered by this sector: for rapeseed we propose a price adjustment of 3% for the North of the Community. We propose, however, to introduce a new regional breakdown different from the current one. This means that the price proposals for the North of the Community will in the end be 3 + 2%, or an increase of 5%. We propose to raise the price of sunflower seed by 6% and at the same time to introduce the same system for soya beans as for rapeseed and for sunflower seed. The soya price will end up somewhere between the existing prices for rapeseed and sunflower seed.

For lucerne and other high-protein green fodder, we propose the introduction of a temporary production subsidy for four years under a system of contracts. We also propose an incentive premium for high quality seeds from certain types of beans.

As far as the compensatory amounts are concerned, we have no spectacular proposals this year. We are simply going along with the decisions adopted on this subject by the Council last year. Consequently we have no extra adjustment to propose, except for one product. This is durum wheat, for which we wish to abolish all compensatory amounts within the Community.

I can also inform Parliament that despite these sizeable price increases, prompted chiefly by the accelerated pace of cost increases in the course of the past year, we do not think it will be necessary to submit a supplementary budget for 1974, particularly in view of the development of the market situation in a number of sectors.

However, we shall give Parliament more details of this next week, once the documentary material is available.

Mr President, we also propose—and this is extremely relevant for the debate to follow—that the new prices for milk and beef should not be effective from 1 April as is usually the case, but that the initial date for them be brought forward to 1 March next. This would seem to us to be in line with the discussion held in the Council at the beginning of the week and to provide a satisfactory answer to the concern voiced in many regions on the development of beef production.

I should like to leave it there for the moment.
(*Applause*)

President. — I thank Mr Lardinois for his statement.

I remind the House of the provisions applicable to the proceedings following statements made by the Commission:

'After a report or statement has been presented in plenary sitting by a member of the Commission or Council, the chairman of the parliamentary committee responsible may speak for 5 minutes. Members of Parliament may then put brief and specific questions in order to clarify certain points in the statement, for a total of not more than 15 minutes. It is to be understood that this shall not lead to a debate, and that the total procedure must not take up more than 20 minutes.'

The chairman of the Committee on Agriculture has already indicated that he does not wish to speak.

I shall therefore give the floor to speakers desirous of putting brief and specific questions. I ask them to keep the number of these questions to the minimum.

President

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I first want to thank Commissioner Lardinois for his proposals. My first question is this: in view of the fact that part of the difficulty of the beef and dairy farmer has been the high rise in the price of feeding stuffs and the components that go into compounds, does he think that it is necessary to have a rise of as much as 4 per cent, on average, over the cereal field? Will not this aggravate the problem?

I welcome what is advocated for beef and milk, but can Commissioner Lardinois be more specific in what he says about the import system concerning beef and beef products into the Community? Will he be more restrictive, or will he stick to the memorandum? Is he content that he has the right balance between dried milk and butter when he says that it should be 52.5-47.5, or does he really wish to go further and have a 50-50 relationship between the two?

Finally, can he state that it is economically worth while to keep on trying to increase the production of soya beans throughout the Community? It is not as profitable as we thought. We cannot get this product produced economically compared with its cost of import into the Community.

On the whole, however, I congratulate Commissioner Lardinois and thank him for what he said.

President. — I now have 13 names inscribed on the list of speakers, which means that the speaking time for each will be limited to 1 minute.

The list of speakers is closed.

I call Mr Héger.

Mr Héger. — (F) Mr President, I shall take care not to talk for longer than the minute allocated to me.

Mr Lardinois has announced an increase in dairy products of 4 %. I should like him to break this down for us, and specifically, to say how much the price of butter will go down by.

Secondly, I should like to know his proposals for farm butter.

There you are—thirty seconds flat!

President. — I call Mr De Koning.

Mr De Koning. — (NL) Mr President. I should like to ask Mr Lardinois how far these price

proposals are in accordance with paragraph 30 of the memorandum on improvement of the agricultural policy. This states that price proposals should take account of rising costs and incomes in other industrial sectors to ensure a comparable revenue for modern farms.

The same paragraph says that account must be taken of market conditions. I should therefore like to ask the price proposals, particularly that for cereals, have taken account of the changes in conditions on the world market.

President. — I call Mr Martens.

Mr Martens. — (NL) Mr President, as I understand it Mr Lardinois has made allowance for the increase in farmers' prime costs. Has he also made allowance for increased processing costs, particularly in the dairy industry? After all, prices here have risen considerably too.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr Lardinois, you hinted that a supplementary budget may not be necessary in 1974. Can you assure us that the 1974 budget estimates will in every case cover the proposed average increase of 7%, or will the Member States have to put up more funds at the end of the year?

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I wish to ask two very brief questions of the Commissioner.

First, does he really think that the 8 per cent increase proposed in the price of pigs is sufficient to compensate farmers who have had over the last 11 months to pay a 70 per cent increase in the prices of compound feeding stuffs?

Furthermore, will the Commissioner consider investigating the particular difficulties that the pig-producing farmers in the Republic of Ireland are suffering at the present time?

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

Mr. Cipolla. — (I) Firstly, on the subject of abolishing the compensatory amounts, I should like to ask whether the possibility has been considered of extending this measure to all products, particularly those from the deficit countries.

Secondly, in connection with wine and fruit products, I should like to ask whether the Com-

Cipolla

mission has proposed changes to the basic regulations, as it has done for a large number of other products, and if not, why not.

The Commission is in fact proposing changes to virtually all the basic regulations, whilst for those on wine and fruit, which are of concern to millions of Community farmers, I don't recall hearing any proposed changes which would provide producers with greater guarantees.

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

Mr Frehsee. — (D) Mr President, I feel I should recall the storm of protest in the European Parliament last April when we objected to the fact that the farm price proposals had been leaked to the press before they were announced to this House. This has not happened this time, and I am sure that the applause we have heard from almost all sides of the House today was a tribute not only to your proposals themselves but to the way in which they have been presented.

For the rest I should like to say on behalf of my political colleagues and the Socialist Group that our first impression is this: the proposals would appear to maintain a balance among the various requirements to be borne in mind—among, for example, the valid claims of the farmers faced with rising production costs, the interests of foodstuffs consumers affected by the present inflationary trend, and the requirements dictated by the need to guide and direct production.

We are also pleased to note, Mr President, that the Commission's proposals are consistent with those of the memorandum, as becomes particularly clear in the proposed taxes on milk and dairy products. We also note with interest the proposal to bring forward the date of the new beef prices to 1 March and are glad to see that it does not envisage a freeze on imports.

It also follows, Mr President, that the matter to be dealt with by urgent procedure can be referred to the committee, because the Commission proposals just outlined by Mr Lardinois already provide answers to some of the points it raises.

President. — I call Mr Baas

Mr Bass. — (NL) Mr President, could Mr Lardinois tell us something about the percentage by which the cost of living will now rise? What percentage of the skimmed powder stocks will go in food aid and animal feedingstuffs? Is this a package deal which doesn't leave much room for political compromise of the kind often reached in the Council?

President. — I call Mr John Hill.

Mr John Hill. — Would Mr Lardinois confirm that, when public stocks of butter approach 300,000 tons, the 1 per cent reduction in price to which he referred will be achieved by a straight 1 per cent reduction on the intervention price? Secondly, what does the 7 per cent overall to the farmers mean in terms of consumers prices?

President. — I call Mr Brewis.

Mr Brewis. — I congratulate the Commissioner on withdrawing the proposed tax on milk deliveries to the dairy over 10,000 litres. This would have been a blow to efficient milk production.

Has the price review been agreed with COPA on behalf of the farmers? Secondly, I echo Mr Hill's request to be told the cost to the consumer of the overall 7 per cent increase.

President. — I call Mr Gibbons.

Mr Gibbons. — What precisely is meant by the 'drastic changes' which Mr Lardinois referred to as being applied to beef imports? As he must know, one of the reasons for the critical situation of beef producers within the Community at present is the enormous size of imports into the Community of meat supplies from elsewhere. Does Mr Lardinois really think that an increase of 4 per cent is sufficient to stabilize the production of feeding barley in the Community? Does he not agree this inadequate increase of 4 per cent for barley will inevitably lead to a turning away from barley production within the Community itself?

Lastly, I ask you, Mr President, to look favourably on the acceptance of our motion on the question of beef prices in order to provide the House with an opportunity to discuss these price changes at greater length.

President. — I call Mr Liogier.

Mr Liogier. — (F) Mr President, some of the questions I had intended to ask have already been raised, so I shall not repeat them.

As regards wine, paragraph 64 of the agricultural memorandum proposes changing the present intervention system in such a way that the Commission will have power to decide that wine should be distilled during the first two months of the marketing year. All in all, this Community measure is an advantageous one. But I should like to know why the Commission pro-

Liogier

poses a buying-in price, for the wine to be distilled, of only 50 to 60% of the guide price. This price is far too low to yield results, and carries the additional risk that it may also push the market price downwards.

As far as fruit and vegetables are concerned the Commission is aware that as a result of the surpluses from the last harvest, the bottom has dropped out of the apple market to such a point that it is necessary to withdraw extremely high production percentages from the market. These withdrawals are apparently largely scapped, which means in practice simply destroyed, and this, of course causes general intellectual and moral indignation.

Furthermore, the current restrictions on fuels and their derivatives should induce us to leave no stone unturned in the search for alternative fuels. One of these is alcohol. In this situation, could the Commission not take the necessary to ensure that those fruits—today apples, but tomorrow other fruits—which have to be withdrawn if it proves absolutely impossible to maintain the market by other means, are channelled into distilling or other uses instead of just being scrapped?

President. — I call Mr Lemoine.

Mr Lemoine. — (*F*) Does the Commissioner think that the proposed 10% increase for beef and veal will really satisfy the hundreds of thousands of stock farmers who are suffering as a result of the considerable rise in production costs and the declining livestock prices?

If these price proposals are upheld, does he not fear a new turning away from stockbreeding, precisely at a time when the world beef and veal market is growing tighter?

President. — I think those who have just spoken for not exceeding 15 minutes.

I now call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (*N*) Mr President, let me reply first to Mr Scott-Hopkins' question. I consider that the Commission's proposal for a 4% increase in the price of cereals is carefully thought out and justified, given that the increase last year was only 1% and that we are faced last year with a sharp rise in costs. This is all the more true now that we are in a position where we shall require at least an equivalent level of cereals production in Europe next year, to put it no more strongly than that.

Since it is our firm intention to abolish the so-called denaturing premium we propose, now that market conditions permit, a price relationship which will greatly simplify this operation: we shall not raise the intervention price for wheat but shall considerably raise the price for maize, which is precisely the factor which decides whether to denature or not. Thanks largely to economic factors on the world market during this year and, in all probability, a large part of next year, we hope to reach a stage where—and in any case we are making a proposal along these lines—the denaturing system for soft wheat can be abolished from the start of the next season.

Some of you have asked whether the 10% rise in the beef price is not too high. Given the Community's singular lack of success in its beef policy over the last few years, I think that a 10% adjustment is required if the necessary stability is to be achieved next year. In any case, we did give notice last year that we should be making an increase on this scale in 1974.

Any higher adjustment might conceivably lead to a situation whereby beef was no longer produced for consumption but for intervention agencies. We've had trouble enough that way with butter, and I don't want to see the same thing happening over a product as important as beef.

The figure of 10% is in my view not altogether without risk, but all in all justified.

On the subject of the ratio of butter to powdered skimmed milk I should like to say this. We considered that the ideal fifty-fifty ratio of butter to powdered skimmed milk was not feasible in the space of one year, but would take two years. For if tried to achieve it in one year the difficulties involved in adjusting the price levels would simply be postponed *en bloc*. If we did that, it would create greater risks for the British butter market than the rather more gradual adjustment we are now proposing.

As regards soya beans, we propose to begin production and to encourage this, no more but certainly no less than production of rapeseed and sunflower seed.

Our proposal will not lead to a reduction in import requirements, which have risen in the last few years, but it will probably help to slow them down a little. Soya bean production in certain Community regions will also improve the competitive position of animal processing products somewhat *vis-à-vis* the port regions where this production is largely concentrated at present.

Lardinois

In reply to Mr Héger, I should like to say that we have not yet completed our study of the real problem of farm butter. Further discussions are needed on this in the regions and in particular with the government of the country in which the largest part of this production is concentrated. In other words we cannot at the moment fully implement the proposals of the memorandum on this point.

In reply to Mr De Koning's question let me say that in past years we have used a particular system for measuring cost increases, a system which does not take net cost increases from one year to the next as its basis but follows a certain trend evident over the past few years. This system means that our proposals this year carry the clear stamp of the anti-inflationary policy which the Council and the Parliament, at the Commission's suggestion, urgently requested last autumn.

Our proposal for cereals would, in my opinion, have little chance of being adopted by Parliament and the Council if we had a completely different market ratio for cereals.

To this extent the proposal takes account of the current situation. Partly because of this situation we felt we had to propose an increase in the production guide price for wheat, having proposed none in the intervention price.

Mr De Koning and the chairman of the Socialist Group have asked for a supplementary budget. Basing myself on the estimated costs which these increases entail, particularly for beef and milk, and on the present trend of the market, I have said that we do not think it will be necessary to ask for a supplementary budget for 1974. I cannot guarantee that one will not be needed at a later date. In any event, we do not expect it to be. If the Council should change essential parts of our proposals, this may create additional costs, which will mean that the Council will have to rule on a supplementary budget, in accordance with the new rule of the House; this was agreed with Parliament.

The value of all our guarantees in the agricultural sector totals some 50,000 million units of account. If the market ratios fluctuate by even the slightest percentage, the effect on our budget is considerable. A fluctuation of just one per cent involves 500 million units of account. No-one can guarantee that the budget will not be exceeded. No-one, for example, can control the weather. I repeat, we do not think our proposals will cause the budget to be exceeded, provided at least that the Council adopts these proposals.

Over the year, our proposals may lead to a considerable structural saving in our budget. We shall give Parliament full details in our documents, together with commentaries on them, bearing in mind what we stated in our memorandum last October.

Mr McDonald asks whether an 8% increase for pigmeat is enough. I can only say that our proposal applies to the Community as a whole, taking account of prices in the Community. We have not made allowance for additional difficulties arising in new Member States such as Ireland and Great Britain, which are further exacerbated by the devaluation of the pound sterling. These countries have a further problem. In the transitional period, prices can be adjusted by means of an extra percentage. These countries' problems cannot be solved properly, of course, until a decision is reached on how to adjust the pound following the de facto devaluation. The time has not yet come, however, to expect a decision on this point.

I move on now to Mr Cipolla's questions. We have not made any price-linked proposals for the compensatory amounts. We shall be putting forward proposals—but independently of this price package—for the more or less total abolition of the compensatory amounts between Italy and the rest of the Community. Total abolition of them will not be possible until there is a formal relationship between the Italian lira and the currencies presently inside the so-called 'snake'.

As regards vegetables, fruit and wine we have produced no proposals to change the system. In the case of wine we do plan to make changes on one count, but we still need certain information and figures first. The time is not yet ripe for putting forward proposals, but the ones I have in mind—for distillation—will certainly be laid before Parliament this spring. As far as the prices were concerned, we could not wait until we had worked out all the details for the proposals contained in the memorandum for the next four years.

Mr President, I come now to Mr Baas' question regarding the effects on the cost of living. We have no reliable figures for this as yet, but the effects will be minimal, since the current market prices of the great majority of products are higher—sometimes far higher—than the proposed new prices. Only in the case of products whose current market price has reached the intervention level will the effects be somewhat greater. This is the case with milk, but this is precisely the sector for which we have proposed, relatively speaking, the smallest increase.

Lardinois

I think I can also say that the direct effect of our proposals on the cost of living is negligible. In these inflationary times I am glad of this. With agricultural products it must also be constantly borne in mind that our proposals apply to the unprocessed product—the raw material—whilst the gap in price between the unprocessed product and the end product which the consumer buys is unfortunately widening all the time. We have calculated what would have happened if we had set the wheat price at nil 15 years ago. We should have found that in these 15 years the price of bread had risen much more steeply than it has in fact done.

In reply to Mr John Hill's question, our proposal is for a tax of 1%, to be levied whenever milk surpluses on the scale I mentioned occur. This is not, therefore, a reduction of the intervention price.

Mr Gibbons asks whether the increase of 4% in the price of barley is enough. It is not enough to maintain barley production in every region, including the regions less suited to it, but it is certainly enough to maintain the overall production of barley in the Community at least at its present level and probably even to expand it.

I can assure Mr Martens that we have taken account as far as possible of rising prices in the processing industry. In the sugar industry, particularly, prices have risen appreciably this year, largely owing to the additional stocking requirements which we introduced for sugar. Consequently we have proposed a price increase of 6% for white sugar and 3% for sugar beet. In this way the price increase for white sugar is in fact divided between industry and agriculture.

(Applause)

President. — I thank Mr Lardinois for his statement and for the answers he has given to the supplementary questions put to him.

Does anyone else wish to speak?

This item is closed.

10. *Tabling of a motion for a resolution and adoption of urgent procedure (continued)*

President. — In accordance with the decision taken a short while ago, we must now decide on the request for urgent procedure in connection with the motion for a resolution tabled by Mr Aigner and others.

In view of the statement made by Mr Lardinois, do the authors of the question maintain their request for urgent procedure?

I call Mr Bourges.

Mr Bourges. — *(F)* Mr President, in these circumstances I am sorry that I agreed to the proposal by yourself and other Members, from which I understood that we would vote on the motion for a resolution after the statement by Mr Lardinois. It would surely have been better to hold a vote then on the proposal to include the resolution on the agenda so that we could have had a debate, as I feel sure that Community farmers will not be satisfied with the set of proposals Mr Lardinois has made.

This means that we in the European Parliament will have to launch intensive discussion on a whole set of problems, and above all on the one particular problem which is most urgent and topical at this moment, as I had hoped to demonstrate to the House. I must stress that this problem does not only affect France, but is a general one — as, indeed, Mr Lardinois acknowledged when he said that Community policy on dairy products, and thus on animal products generally, had not been very successful. As far as beef and veal are concerned, I would say that the policy today is no better.

I think Parliament should be able to discuss this burning issue and would welcome some detailed explanations from Mr Lardinois.

President. — The authors of the motion for a resolution in effect maintain their request for the adoption of urgent procedure.

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

Mr Scott-Hopkins. — Briefly, I suggest that we are changing the ground on which the original motion was drafted. The House will see that the motion concerns beef and veal prices. Mr Bourges has just requested a debate on the whole of the price determinations. This may be right or wrong, but it is not—I repeat 'not'—the motion that he and his friends have put before the House. If we were to adopt and debate this motion now we should be confined solely to beef and veal—assuming, Mr President, that you keep us in order, as I am sure you would.

It would be out of order to talk about milk, cereals and the rest. I suggest that it is wrong now to take one element out of a price proposal deal which covers the whole field.

Going back to what Mr Fellermaier suggested earlier—that the proposal from Commissioner Lardinois should now be referred to the Committee on Agriculture to debate and consider at its earliest convenience before coming to this House and delivering its report on these matters—I understand the desire of Mr Bourges and

his colleagues to have this question debated, but it should not be done in this way. In my view, it would be out of order and quite wrong to deal with just one element of a price review which is important and needs due consideration from all of us before we start giving rapid and unconsidered verdicts on it.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen. Mr Bourges, I am sure you will agree with me that we cannot use the loophole of applying Rule 14 of the Rules of Procedure—adopting urgent procedure—to embark on an agricultural debate of major economic significance. I think Members would probably agree on the 10% rise on meat but the motion tabled for discussion as urgent procedure does contain some other points which would have repercussions on Third World countries and deserve thorough discussion, a discussion, however, which must be set in the full context of the proposals made by the Commission today. The central point of the motion has really been covered by Mr Lardinois' statement about the 10% rise in beef and veal prices.

For this reason, Mr President, I now repeat my proposal to adopt urgent procedure on this motion, but to pass it on immediately to the Committee on Agriculture, without discussing it in the House, so that the Committee can study it in the context of the whole price package proposed by the European Commission.

President. — I call Mr De Koning.

Mr De Koning. — (NL) Mr President, we have heard the Commission's price proposals which include proposals for beef and veal. We have also been informed that the price rises for beef and milk will be effective as from 1 March. This means there is only a very short period between now and the date when the price rises will be effective, and this will demand considerable decisiveness on the part of both the Council and the European Parliament.

In my opinion it is extremely unwise to take one product from the whole set of price proposals and to take a decision on this without previously obtaining the opinion of the Committee on Agriculture.

I therefore feel, Mr President, that the motion for a resolution should not be dealt with today. I would be prepared to compromise and agree to the solution proposed by Mr Fellermaier, although I must say that I would prefer not to see this motion taken up at all.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, after hearing Commissioner Lardinois' statements, we still maintain that the document should be discussed—not because it requires amendment or criticism by us, but because it is essential to discuss it at this moment, for two main reasons.

In his speech, Commissioner Lardinois said, among other things, that there would not be a supplementary budget and that prices would be effective from 1 March.

As one who is acquainted with the Community's mechanisms, I do not think that any of us, in view of the present situation, can have any illusions on either account. For example, surely none of us can really believe that it will be possible to find an easy solution to the problem of olive oil and durum wheat by 1 March, along the lines proposed by Mr Lardinois, as these and other proposals are bound to cause conflicts between national interests and between the interests of the various sectors. This is why we feel it would be wise to bring forward the discussion in Parliament of the problem this document raises.

As far as my country is concerned, I must point out that hundreds of thousands of head of cattle are being slaughtered. It is well-known that this worsening of the situation is the direct consequence of Community policy.

But apart from this there is another reason which is more specifically political, and in fact all the European papers have reported on the rift which has occurred within the Council of Ministers on this matter.

This all points to the fact that unless Parliament wishes to abdicate its responsibility as the political voice of the Community, it cannot refuse to give its opinion on these problems here and now.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I ask the House very urgently to accept this motion. In particular, I ask the House to bear in mind that in four of the Member countries of the Community beef producers are now selling at prices less than intervention prices.

President. — Mr Gibbons, you may only speak on a point of order. We are not dealing with the subject of the motion.

Mr Gibbons. — I am sorry, Mr President, I was in the process of saying that I urge the House to accept this notion.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, in my opinion, the statement that Mr Lardinois has just presented is going to create a market situation where the supply of meat in the next few weeks will be too low, because stock farmers will hold on to their stock in anticipation of the price rises on 1 March. In the Committee on Agriculture, discussions are sometimes held without sufficient preparation, and it is a remarkable experience, I can tell you. If we now start allowing this to happen in this House, by debating without careful preparation, I think we will be doing farmers a disservice, in the most concrete sense. Although it goes against my democratic convictions, I must therefore say that I, too, am in favour of rejecting the motion.

President. — I call Mr Yeats.

Mr Yeats. — Mr Lardinois has already been congratulated on having made his statement today without the usual preliminary leaks to the public media, and I add my congratulations. I hope that this will continue to be the procedure. Nevertheless, it seems contrary to what we would wish for Parliament that a statement of this importance should be allowed to take place without debate. It is clear that we ought to discuss a matter of this importance. If we do not discuss it today, the next opportunity will be in the middle of February. I suppose that these prices are to operate from 1 March. It is clear, therefore, that the middle of next month will be too late for us to discuss the matter. In the interests of the right of Parliament to discuss matters of this kind, we should debate the subject today, because this is the only opportunity we shall have.

President. — I call Mr John Hill.

Mr John Hill. — I oppose the motion. Mr Lardinois's statement has robbed it of its urgency. He has concerned the main objective of the motion, which is a 10 per cent increase in price, and he has said that he is putting it to the Council of Ministers. Thus, the purposes of the motion have largely been met. I cannot believe that it would be possible to have a debate and remain in order on one facet only of this recent statement.

President. — I now have two proposals submitted.

The first, submitted by the authors of the mo-

tion for a resolution, is for the adoption of urgent procedure.

The second, introduced by Mr Fellermaier, is that urgent procedure be adopted and the motion referred to committee.

I put Mr Aigner's proposal to the vote.

The proposal for the adoption of urgent procedure without referring the matter to committee is rejected.

Mr Fellermaier, do you maintain your proposal?

Mr Fellermaier. — No, Mr President, the matter is settled.

President. — I put to the vote the proposal to refer the motion for a resolution to committee.

Are there any objections?

It is agreed.

I call Mr Bourges on a point of order.

Mr Bourges. — (F) Mr President, I would agree that since the motion for a resolution has been tabled it should be referred to the Committee on Agriculture as laid down in the Rules of Procedure.

However, Mr President, I am sorry that you did not give us an opportunity to outline the reasons why this motion was tabled, and I want to state this publicly.

(Mixed reactions)

The only speaker you interrupted was one of our group. But what he was saying was not out of order. He was explaining why an urgent situation exists—because in Germany, the Netherlands, Ireland and Italy, meat prices being paid to producers are currently 6% below the intervention price, because this does not benefit the consumer in any way, and because meat is still being imported from third countries, so that considerable stocks have accumulated. There is no doubt that certain persons are exploiting the situation. In spite of this, the House does not deem it necessary to take urgent action to stop imports, which is what we were really aiming at in this resolution.

(Mixed reactions)

President. — I repeat that, in accordance with the House's decision, the motion for a resolution has been referred for consideration to the Committee on Agriculture, which on the same occasion will consider Mr Lardinois' statement.

This item is closed.

11. *Regulation on a Community guarantee system for private investments in third countries:*
Postponement of discussion of a report

President. — The next item is a debate on the report drawn up by Mr Armengaud on behalf of the Committee on Development and Cooperation concerning the proposal from the Commission of the European Communities to the Council for a regulation establishing a Community guarantee system for private investments in third countries (Doc. 208/73).

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

Mr Armengaud, rapporteur. — (F) Mr President, I should like to draw the attention of the House to a delicate matter by reminding it that the report on the guarantee for private investments in third countries, notably in developing countries, was to have been included in the agenda for last December. As the result of an agreement between the Committee on Development and Cooperation and Mr Cheysson, and owing to changes made in the agenda, the examination of this question was deferred until January...

President. — Ladies and gentlemen, may I have your attention for Mr Armengaud.

Mr Armengaud. — (F) As I was saying, this report had been deferred to a date fixed a month in advance by mutual agreement between the responsible Commissioner, Mr Cheysson, and the Committee on Development and Cooperation.

Mr Cheysson was here yesterday for the examination of this report, but because of a last-minute change in the agenda, it was not dealt with; instead, it was deferred to today, when Mr Cheysson has had to return to Brussels, a fact about which he had, moreover, given ample warning.

Since my report raises not only a purely technical matter but also an important political question concerning the role of private investment in the economic development of developing countries, and since the Commission's memorandum on development policy dates from the beginning of 1973, Mr Cheysson was to have made a statement to the House not only on the technical aspects of the report itself but also on the political aspects of the whole problem of development aid.

Therefore it is my personal feeling—and, I think, that of the Committee on Development and Co-

operation also—that, in order to ensure that the House is fully informed of all the aspects of the question and of its importance and interest, it would be better for Mr Cheysson to be able to reply in person to the rapporteur.

In these circumstances I request, in agreement with the Commission of the Communities and on behalf of the Committee on Development and Cooperation, that this discussion be deferred until Wednesday, 13 February, the date suggested to me by Mr Cheysson.

That, Mr President, was what I wished to say concerning my report.

President. — I call Mr Van der Hek.

Mr Van der Hek. — (NL) Mr President, I think I can speak on behalf of the entire Socialist Group in endorsing Mr Armengaud's proposal.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — Mr President, having been on the committee, I support what Mr Armengaud says. At the same time I express my regret, with great respect to the Chair, at Parliament's having altered the business last night, when we were all here and prepared to continue after 8 o'clock to see this through.

President. — I put to the vote Mr Armengaud's proposal to defer the discussion of the report to the next part-session.

The proposal is adopted.

Mr Armengaud's report on a Community guarantee system for private investments in third countries is consequently deferred to the February part-session.

12. *Oral Question No 137/73, without debate:*
Energy policy

President. — The next item is Oral Question No 137/73, without debate, by Mr Blumenfeld to the Commission of the European Communities. In agreement with its author, I shall now read out the question:

Subject: Energy policy

1. Member States' Governments negotiate individually with the oil-exporting countries on petroleum deliveries and the share of the national oil companies of these exporting countries in refineries and in the distribution of oil products in the relevant Member States. As far as the general public is aware, there is no coordination and no prior consultation within the Community. This uncoordinated procedure

President

on the part of the Governments of the Member States may lead to unnecessary rivalry and makes subsequent integration of their individual actions into the Community's Mediterranean policy or the Community's policy of cooperation with the Near East countries impossible.

What measures does the Commission intend to take and what proposals will it make to the Council for coordinated and active steps to promote the security of oil supplies and the economic development of the oil-exporting countries?

2. The Communication from the Commission to the Council on a first implementation of the 'Guideline and priority measures in the field of Community energy policy' only makes statements of intention concerning the policy of cooperation between oil-importing and oil-exporting countries—an area important for the security of mineral oil supplies from overseas.

Does the Commission not consider it essential, in view of the situation described under Point 1, which is merely one aspect of a trend that has continued for several years, to propose to the Council to draw up immediate practical agreements between the main oil-importing and oil-exporting countries and to propose appropriate measures to the Council?

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 10 minutes, after which a member of the institution concerned will reply briefly. The questioner may then put one or two supplementary questions, to which the representative of the Commission may then reply briefly.

I call Mr Jahn to speak to the question in Mr Blumenfeld's absence.

Mr Jahn. — (D) Mr President, honourable Members, this question by Mr Blumenfeld was asked four months ago, and I can see that it is still not yet out of date; it has become even more topical. The trend towards bilateral oil-supply arrangements is increasing from week to week. My colleagues Mr Blumenfeld, Mr Nørgaard and Mr Fellermaier have pointed out the risks involved in this. Its natural consequence will be to upset the efforts to achieve a common energy policy, and it can and will bring about price distortion.

As an additional consequence of these selfish bilateral protective measures, the oil-producing Arab states are trying to play off the Member States against one another. Moreover, long-term industrial, oil and arms deals are being made.

All this is not only alarming for the Community, it is also dangerous. Therefore it is essential to tackle these problems. A common oil-supply policy is the basis for a common energy policy.

I say this especially bearing in mind our Dutch colleagues, who are particularly suffering as a result of this bilateralism and selfishness, and await the Commission's reply.

IN THE CHAIR: MR McDONALD

Vice-President

President.— I call Mr Simonet.

Mr Simonet, *Vice-President of the Commission of the European Communities.* — (F) Mr President, Mr Blumenfeld's question obviously raises an extremely important point of principle, namely to know whether Western Europe, the United States and, broadly, all the industrialised countries will continue to be supplied with oil by the international companies, which for many years have as good as monopolised not only the production of oil but also its transport and distribution, or whether, instead, these companies are going to find themselves increasingly stripped of the powers they have acquired, these powers passing into the hands of governments which, from then on, will try to enter into bilateral agreements with the governments of the producing countries. The anxiety expressed by Mr Blumenfeld and voiced in his name by Mr Jahn obviously reflects the concern felt by all those who fear that the growth and spread of this phenomenon may lead to a decline in international trade, and above all that the conditions of supply to all industrialised countries may be seriously jeopardised if each of them attempts to protect itself individually.

The Commission naturally shares this concern, but before giving a definite reply to Mr Blumenfeld's question, I should like very briefly to remind you of the development that have taken place over the last two years and have accelerated in the last three months, and which we can take, it seems to me, to be largely irreversible.

The producing countries have asserted in no uncertain terms their desire henceforward to seize upon any means of controlling the production, export and even distribution of oil products, that is to say to put into operation machinery enabling them to create conditions regulating quantities and, on the other hand, also to establish certain methods of price fixing.

We saw that they were capable of doing this, with respect to both prices and volumes when they decided to impose an embargo, general for some countries, partial for others, on oil supplies.

Simonet

On the other hand, as far as the consuming countries are concerned, the economic interests of all of them have to varying degrees been adversely affected and may well continue to be so. Some of these countries feel that the routes by which the oil is, or was, conveyed, which means basically the supply routes controlled by the multinational companies, do not provide any safeguard against the possibility of a relative shortage which would hit them harder than other countries.

Thus, both in the producing countries and in the consuming countries voices are raised to deprive the multinational companies, at least to some degree, of the role of indispensable middleman which they have performed for almost half a century.

In themselves, these trends seem to me to be irreversible, and the question we must ask ourselves is this: at a certain stage in this political development, will we not be faced with a more serious economic situation, not only for the industrialized countries as a whole but also for each of them individually, than the situation we are trying to deal with by this sort of political discussion?

I think it is all a question of degree and that, if this practice were to become widespread, there would firstly be a very great risk of its resulting in a decline in international trade, particularly if this kind of bilateral arrangement took the form of actual barter agreements. Secondly, it is clear that the spread of this practice of bilateral agreements involves the risk of a system of competitive bidding emerging not only between the large consumer areas, such as Japan, the United States and the Community, but even within these areas.

So it is all a question of degree. On the other hand, I have said that the phenomenon is irreversible. It must not, therefore, be the concern of the Commission to try to prevent this development, but to keep it within reasonable limits and to subject it to certain conditions.

To keep it within reasonable limits means that, if a specified proportion, but not the greater part, of certain countries' oil requirements is allowed to be covered by bilateral political agreements, then the rest, i.e. the greater part, could continue to be covered, for reasons of international trade and also to avoid competitive bidding, by arrangements which are not necessarily those offered by the oil companies but which at all events guarantee a unified approach by the industrialised nations—the countries of the Community—possibly as the outcome of an agreement with other consumers, and certainly as the outcome of discussions with the producing

countries on the general conditions of supply, including the system of price fixing.

This condition seems to me essential. This is why the Commission will shortly present to the governments—certain of whom it feels are attaching far too much importance to bilateral agreements as a means of solving the problem—a list of proposals which should enable us to keep the practice referred to within reasonable limits and subsequently to make it subject to a certain number of conditions, the most essential of which seems to me to be this unified, multinational Community approach to the political negotiations, which are going to be increasingly important as compared with the purely technical negotiations or actions by the international companies.

The Commission is studying the problem and in a few days will adopt a certain number of proposals which, in the ordinary course of events, will be submitted to the Council of Ministers before the end of the month.

President. — Thank you, Mr Simonet.

I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, I am sure we are all grateful to the Commission for this information. We expressed our concern in this same matter to the President of the Council yesterday and gained the impression that it was more of a statistical synopsis of the treaties summarised by the Council for the sake of clarity. However, it seems to me after your remarks, Mr Simonet, that the main thing is indeed to fix the limits and conditions. In my view, the multilateral and Community approach should be given priority and we should only allow a narrow margin for bilateral arrangements, otherwise we shall again disrupt the whole external trade procedure to which all the governments have committed themselves.

President. — I call Mr Van der Hek.

Mr Van der Hek. — (NL) Mr President, I should like to ask another question. We have seen that all sorts of bilateral agreements are being concluded and that in the meantime steps have been taken to arrange a meeting in Washington with the countries of the Community. Does the Commission consider it advisable to take steps to arrange a conference at this stage between the producing and consuming countries, on the basis of equality, with the chief aim of regulating the market for oil products?

President. — Mr Simonet, do you wish to speak?

Mr Simonet, Vice-President of the Commission of the European Communities. — (NL) Mr President, this is in fact a proposal made by the Commission itself. When the American Government proposed the holding of talks on relations between the consuming countries, we at the same time raised the problem of relations with the producing countries. It is the intention of the Commission, together with the President of the Council, to present a Community view at the Washington meeting. One of the most important points we shall be defending there indeed concerns the problem of the relations and the direct negotiations between the producing and the consuming countries.

President. — I remind the House that this is an Oral Question without debate.

I hope that honourable members will bear with me and be brief.

I call Mr Nyborg.

Mr Nyborg. — (DK) One brief comment.

I feel we are taking a rather one-sided approach to the problems raised by the oil situation and that as regards other forms of energy we should be more concerned to examine and assess our own resources. I have in mind coal, natural gas, etc. For we must realize the need to intensify our search for possible ways of changing our energy consumption habits.

President. — This item on the agenda is closed.

13. *Regulation on the supply of skimmed milk powder as food aid*

President. — The next item was to have been a vote without debate on the motion for a resolution contained in the report drawn up by Mr Seefeld, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation on the supply of skimmed milk powder as food aid (Doc. 315/73).

Since, however, the rapporteur has asked to make a brief statement, the procedure of voting without debate is abandoned.

I call Mr Seefeld.

Mr Seefeld, rapporteur. — (D) Mr President, ladies and gentlemen, when the Commission of the European Communities submitted to the Council its proposal for a regulation on the supply of skimmed milk powder as food aid, no

problems arose, and I hope that this will also be the case here. The Committee on Development and Cooperation, on whose behalf I am making this report, has given its unanimous support to the Commission's draft text. Therefore I ask you to approve the motion for a resolution.

I should like to add that the Committee on Development and Cooperation also advocates in this motion for a resolution that a full report be made at some convenient time on all the problems related to food aid. I hope that this will happen soon.

Mr President, ladies and gentlemen, I ask you to approve the 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.¹

14. *Directive and recommendation on the admission of securities*

President. — The next item is a debate on the report drawn up by Mr Armengaud, on behalf of the Legal Affairs Committee, on the proposals from the Commission of the European Communities to the Council for

- I. a directive concerning the content, supervision and distribution of the prospectus to be published when securities issued by companies or firms within the meaning of the second paragraph of Article 58 of the Treaty are officially quoted on the Stock Exchange for the first time;
- II. a recommendation concerning the content, supervision and distribution of the prospectus to be published when securities issued by States or their regional or local authorities are officially quoted on the Stock Exchange for the first time (Doc. 186/73).

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

Mr Armengaud, rapporteur. — (F) Mr President, ladies and gentlemen, one of the fundamental objectives of the Common Market is to develop the capital market and create a common capital market for the Community, in order to prevent a compartmentalization by country of companies and their members. Even if European business ventures are not incorporated in the form of

¹ OJ No C 11 of 7. 2. 74.

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"European companies", the concept itself is a *sine qua non* if investors are to trust and approve companies of this kind.

This directive follows other directives on European companies which were laid before the European Parliament—three of these have already been adopted—and then submitted to the Council. It is designed to ensure that in all Member States of the Community the fullest and most objective information is made available on the economic and financial position of the issuing company and the nature of the securities issued, before they are officially quoted on a stock exchange in the territory of a Member State.

This immediate objective is an important part of a more general one aimed at safeguarding the interests of shareholders and others. This is designed to make it easier for securities to be admitted to official listing on stock exchanges in the Member States and, as regards the capital market, to meet companies' capital requirements more efficiently and to ensure they are suitably distributed over the entire Community.

The inherent drawback of the present compartmentalised nature of markets is that it limits capital investment to nationals of the country in which the companies are situated, except in the very rare instances where the shares of a large European company are quoted on several European markets at once.

The actual text of the proposed directive provides essentially for the following objectives:

- when securities are quoted for the first time, compulsory publication of the prospectus drawn up on a standard pattern for the entire Community, with the exception of certain particular cases set out in Articles 4 and 5;
- indication of the content of the prospectus in certain particular cases;
- definition of the procedures for supervision and distribution of the prospectus;
- definition of procedures for cooperation among Member States in the implementation of the directive.

These provisions are examined systematically in the written report.

In addition to these directives there are outline plans showing what detailed information the prospectuses should supply with a view to determining ways of attaining the set objective, i.e. full and objective information for company members and others who already hold securities or may do so at a future date.

Most of these outline plans need no special comment and I have only drawn attention to certain headings which I felt might have been differently worded and to moving amendments. These, drawn up after detailed discussion with the Commission, are included in the written report.

The directive comprises a number of sections.

The first part deals with the general provisions and the scope of the directive. It covers all company shares, except those issued by public investment companies and "open end" investment trusts and securities issued by States or their regional or local authorities.

The directive is designed to harmonize the issuer's obligation to disclose information at the time of the first official quotation on a stock exchange, and not at the time of issue. This does not mean that other directives or Community provisions cannot also specify Community obligations to be fulfilled by the issuer at the time of issue.

Article 3 provides that the outline plans for prospectuses should be compulsory minima for the entire Common Market given that each of the Member States will be required to take measures which will not be absolutely identical but will make the guarantees enjoyed by shareholders and others sufficiently equivalent.

This is in fact a first step toward total harmonization of issue prospectuses, the question of stock exchange listings being only one aspect of the matter.

The second section deals with the content of the prospectus in special cases. For example, in the case of stock exchange listing of securities issued continuously or repeatedly, or prospectuses for guaranteed loans, the guarantee contract or an excerpt from it with sufficiently clear information for those concerned should be appended to the prospectus. In the case of stock exchange listing of a security issued as a result of a company takeover or merger, the prospectus should indicate clearly the nature of the operation and the way in which it is being carried out. Other special cases are the conditions for stock exchange listing of foreign share certificates and the case of public enterprises, which is also an exceptional one.

Section III concerns procedures for supervision and distribution of the prospectus.

The quality of the guarantees extended to investors will, in fact, depend primarily on the quality of the control exercised on the content of the prospectus. This control is maintained by national authorities which are either already in

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existence or are appointed to this end: in France, to quote just one example, the Commission des Operations de Bourse.

Article 13, which forms part of this section, provides that no prospectus may be published or made available to the public without the consent of the competent authority.

The authority appointed to supervise prospectuses must be vested with all the necessary powers.

Article 14 sets out the procedures for distribution of the prospectus.

Article 15 sets out the minimum time limits for distribution of the prospectus.

Section IV sets out the procedures for cooperation among Member States in the implementation of the directive.

As I have already mentioned, the purpose of the directives is not only to provide investors with better information and protection at national level, but also to enable securities to be quoted on several Community stock exchanges, in such a way that capital investments are not confined to the countries in which the companies concerned are based.

Article 18 recommends that the competent authorities in the Member States should cooperate to ensure that information provided in one exchange which might influence assessment of the value of securities should also be provided in the other countries where the security is quoted.

Article 19 provides for the setting up of a liaison group for the purpose of institutionalising cooperation among the competent authorities of the various Member States, in such a way as to guarantee smooth implementation of the directive and, if necessary, to help the Commission to draft new proposals to the Council. Lastly, Section V contains the final provisions.

Under the terms of Article 20, the directive will come into force twelve months from the date of its notification to the Member States.

Then we have the outline plans, the proposal for a recommendation by the Council and the proposed amendments to the text of the directive. I shall not discuss these here, to avoid drawing out the debate. I should simply like you to know that certain specific points concerning the outline plans, which are minimum compulsory standards in the Common Market as a whole, were discussed in detail in committee and in meetings between the departments of the Commission and myself, with the aim of improving the first version, particularly in the

case of share issues by companies where part of their assets consist of industrial property rights. My suggestions on these various points were accepted by the Legal Affairs Committee, following approval by the Commission.

The Legal Affairs Committee thus submits to Parliament this motion for a resolution on the proposals before us and some amendments to the outline plans. I call upon Parliament to approve the proposals put forward by the Legal Affairs Committee.

President. — Thank you.

I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — I had not expected to be called to speak at this juncture, Mr President. May I ask whether you are thinking of suspending the sitting for lunch, or do you wish to dispose of the whole of this business before we adjourn?

President. — It would be desirable from the point of view of the Chair if we were able to dispose of this business before we adjourned.

Sir Brandon Rhys Williams. — I am delighted to have heard Mr Armengaud's introduction of this extremely interesting and important report. I should like to open my remarks on the amendment which I have suggested on behalf of the European Conservative Group with my congratulations to him on the report and the general approval which I know members of my group and members of the Committee on Economic and Monetary Affairs feel for the general intention of the whole movement towards the improvement of Community regulations governing the issue of company prospectuses. I think that the document presents the case—which, indeed, is self-evident—extremely well and Mr Armengaud has made the essential points. Therefore it is not necessary for me to speak at great length now. But I wish to draw attention to an aspect on which he himself touched—that this is an important step towards the creation of a united capital market for the Community.

I am interested in it from that point of view primarily partly because I recall the interesting discussion we had on the subject in the committee, which was condensed in the observations which appear in the name of Mr Kater. If we are looking at this primarily from the point of view of opening up the freedom of movement of savings for investment throughout the Community, obviously we want to press on and

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make it much more readily practicable for private and institutional investors to widen their portfolios and to have new investment projects and to establish companies throughout the Community.

But we have to be cautious and make sure that we do not introduce what, in American divorce law, I believe, is known as a Reno situation. At least, it used to be known as that many years ago, when it was possible to go to Reno and obtain a divorce more easily than anywhere else in the United States. We do not want to open a way for companies which are not willing to comply with the best practice in publishing a prospectus to obtain a stock exchange quotation in one financial centre or another within the Community and then to demand, later, that their shares should automatically be quoted in all the other Community financial centres.

It is clear that the Commission has seen this danger, and Mr Armengaud also, but it is necessary to emphasize the two sides of this from the point of view of the economic objective, namely, that we should welcome the opening up of the entire Community for the protection of funds for investment, but, simultaneously, we think in the Conservative Group that it is vital to improve the rules which govern the relationships between companies and shareholders.

Had this debate not taken place today and had it not been obviously necessary to remain in Strasbourg I would have hoped to take part in the Second Reading debate which is due to take place today at Westminster on the Government's proposals for a major reform of company law, which include lengthy and detailed provisions on the question of the disclosure of information to shareholders. There are some respects in which British practice in regard to the protection of investors is ahead of that which applies in other parts of the Community.

When one examines the different systems of company law which apply in different countries in the Community, one sees that there are many things that we wish to reproduce in company law because they afford special protection for investors, which it is desirable to obtain. We must work towards the highest and best system of protection and not the lowest and simplest system applying on any point. I am thinking of the rights of shareholders in situations such as the issue of new shares, which may arise frequently and which are not harmonized across the Community. Then there are questions of the rights of shareholders in mergers and takeovers which have been exercising many minds in London for a long time.

We must deal with the question of the disclosure of information, because different interpretations can be put on the requirements in respect of such disclosure. One needs to examine accounting procedure. One might have certain rules about what is to appear on a balance sheet, but unless one has minute details about the way in which the figures are to be calculated in the balance sheet and made public one might find that one had grasped the shadow and lost the substance of shareholder protection.

I mention these points because they do not seem to me to have received quite enough emphasis in this otherwise excellent report.

I hope, therefore, that Mr Armengaud may be willing to accept the suggested fourth recital which I have put in this way, because one does not wish to cross swords with him in any respect on the general tenor of his resolutions but only to alter the emphasis of the document from the beginning to take account of these considerations, which were the particular subject of our debate in the Economic Committee.

The text we suggest—it might have been more happily expressed perhaps, but I think the meaning is clear—emphasizes the urgent necessity to remove the barriers preventing free movement of savings for investment throughout the Community, while recognizing that the advantage of stock exchange quotation must entail the most scrupulous observance of the best practice of the presentation of company data. I wish to place emphasis on the words 'the best practice'.

This was reflected in Mr Kater's report, where he says, on page 47 of the English text, that one can look forward to securities quoted on an exchange in one Member State automatically being admitted to quotation on all other exchanges in the Community, provided that by then the other rules on admission to quotation have been brought into line.

We envisage, after the stage of the adoption of the particular recommendations set out by the Commission in this set of proposals, that we must get down to work to deal with the details in much greater depth. I know this work has already begun. I know encouraging progress has been made in drawing up agreed rules on accountancy procedures, which is perhaps in some ways the most difficult of all the problems that have to be tackled.

I therefore wish good luck to the Commission in the work which is to continue after this document has been approved by Parliament, as I feel sure it will be. I hope we shall see good progress in this most important matter.

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Speaking now in my capacity as rapporteur on the Economic and Monetary Union, I cannot feel that there is anything more important, if we are to involve individual investors in the idea of the Community as a single capital market, than that we should open up prospects for them to look at the Community as a single investment opportunity, at the same time giving them confidence so that they know what they are doing when they entrust their funds to a company quoted on a stock exchange outside their own country.

(Applause)

President. — I call Mr Simonet to inform Parliament of the Commission's position regarding the proposed modifications approved by the Parliamentary Committee.

May I say that as regards the amendment moved in this plenary session to the Parliamentary Committee's text, I shall be calling Mr Simonet during that debate.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, I can be very brief because the excellent work done by Mr Armengaud and the text of the resolution have made the Commission gratefully aware of all the help afforded by Parliament.

But there is just one point. We did not think that the problem raised by Mr Armengaud, securities issued by companies of the open-end type, could be settled in the directive presently under review, which deals with the prospectus to be published when securities are first quoted on a stock exchange. To deal with this question we are preparing a directive concerning the sales prospectus, which we shall shortly be laying before Parliament.

The other requirements, particularly some of those mentioned by Sir Brandon Rhys Williams, are also covered in a directive which, all being well, should be finalised and submitted to the Council of Ministers before the end of the year. I should like here to endorse the statements made by Sir Brandon Rhys Williams, and I agree with him that the work we are discussing is extremely important for the financial integration plan, which is basic to the Community and the achievement of economic and monetary union.

My thanks are due to Mr Armengaud for the high standard of his work and for the cooperation which the Commission has received from him and his colleagues.

President. — Thank you, Mr Simonet.

I now call the rapporteur, Mr Armengaud.

Mr Armengaud, rapporteur. — (F) Mr President, I should like to say a word or two in reply to Sir Brandon Rhys Williams and Mr Simonet, but first I should like to thank Mr Kater, rapporteur on opinions for the Committee on Economic and Monetary Affairs, for his unofficial comments to me before I was officially informed of his report. As you know, the suggestions put forward by this Committee have been embodied in the resolution.

I entirely agree with Sir Brandon. It goes without saying that the widest possible grouping of capital from all the member countries is fundamental to the operation and development of the Common Market. Unfortunately, a succession of provisions and individual interests has so far prevented this free movement of capital.

As to Sir Brandon's amendment, I shall comment on this now in order not to waste Parliament's time. I have only one reservation: I should like to have the word "absolument" omitted from the French version since it adds nothing to the firmness of the intention.

I should also like to point out to the author of the amendment that quite apart from the technical points raised by him and referred to subsequently by Mr Simonet, regarding all the problems involved in issuing and quoting securities, the free movement of capital depends on the one basic need to align Community policies. It is self evident that until such time as the Europe of Nine has adequate regulations ensuring the free movement of capital, currently hampered by the events familiar to all of us and in some countries, my own included, by the lingering spectre of exchange controls, we shall continue to encounter difficulties in the free transfer of capital we all wholeheartedly support.

With this reservation and more general comment, I should like to thank Sir Brandon Rhys Williams for his helpful suggestions and his amendment which, subject to my reservation, I shall be glad to see incorporated in the resolution.

President. — Thank you, Mr Armengaud.

Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

On the three recitals in the preamble, I have no amendments or speakers listed.

President

Does anyone wish to speak?

I put these texts to the vote.

They are adopted.

After the third recital of the preamble, I have Amendment No 1 tabled by Sir Brandon Rhys Williams on behalf of the European Conservative Group and worded as follows:

'Preamble

Add a fourth recital worded as follows:

"— emphasizing the urgent necessity to remove the barriers preventing free movement of savings for investment throughout the Community, but recognizing that the advantage of Stock Exchange quotation must involve the most scrupulous observance of the best practice in the presentation of company data,"'

I call Sir Brandon Rhys Williams to move this amendment.

Sir Brandon Rhys Williams. — I move that formally.

President. — What is the rapporteur's position?

Mr Armengaud, rapporteur. — (F) I agree to the amendment, Mr President.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, it is not my intention to ask for a vote by roll call now that my group's benches and those of most of the other groups have emptied to such a degree that hardly anyone is left except members of the Conservative Group. I should just like to say that I find the amendment harmless enough in itself and we have no objection to its being incorporated into the resolution. I intend to vote for this resolution so that the honourable Members of the Conservative Group can now go to lunch.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On paragraphs 1 to 24, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 1 to 24 are adopted.

I put to the vote the motion for a resolution as a whole, incorporating the amendment which has been adopted.

The resolution so amended is adopted unanimously.¹

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

The House will rise.

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

IN THE CHAIR: MR BERKHOUWER

President

President. — The sitting is resumed.

15. *Composition of committees*

President. — I have received from various groups the following requests for appointment to committees:

at the request of the Communist and Allies Group:

— Mr Maigaard as Member of the Committee on budgets;

at the request of the Group of European Progressive Democrats:

— Mr Lenihan as Member of the Legal Affairs Committee, to replace Mr Yeats;

— Mr Gibbons as Member of the Committee on External Economic Relations, to replace Mr Lenihan;

at the request of the Liberal and Allies Group:

— Mr Jørgen Brøndlund Nielsen as Member of the Committee on Economic and Monetary Affairs;

at the request of the Socialist Group:

— Mr Nørgaard as Member of the Committee on Social Affairs and Employment and the Committee on Public Health and the Environment;

— Mr Knud Nielsen as Member of the Committee on Development and Cooperation and the Committee on Cultural Affairs and Youth;

— Mr Mortensen as Member of the Legal Affairs Committee.

Are there any objections?

These appointments are ratified.

¹ OJ No C 11 of 7. 2. 74.

16. *Oral Question No 173/73, with debate:*
Development of nuclear technology for peaceful purposes

President. — The next item on the agenda is Oral Question No 173/73, with debate, by Mr Armengaud to the Commission of the European Communities on behalf of the Liberal and Allies Group.

The question is worded as follows:

Subject: Development of nuclear technology for peaceful purposes

EURATOM has the task of ensuring that the Community is supplied with fissile materials and coordinating national efforts to develop nuclear technology for peaceful purposes.

However, EURATOM is faced with the problem of indiscriminate competition between its members in the matter of uranium enrichment, although one country has already perfected a technique which has proved itself over a number of years. This technique is available to its partners, particularly where the manufacture of equipment is concerned. Moreover, the rival technique is far from ready for wide-scale industrial application, and there is doubt as to production costs.

The following questions are therefore put to the Commission:

1. Does the Commission not consider it advisable to come out firmly in favour of the gaseous diffusion technique—at least for an initial period—thus putting a stop to current equivocation which benefits solely foreign suppliers of enriched uranium to the detriment of security of supply and economic freedom in Europe;
2. If not, is it prepared to leave certain Community partners free to continue the systematic erosion of Community industrial policy in the nuclear sector?

I would remind the House that, pursuant to Rule 47(3) of the Rules of Procedure, the questioner is allowed 20 minutes to speak to the question, and that after the institution concerned has answered members may speak for not more than 10 minutes and only once. Finally, the questioner may, at his request, briefly comment on the answer given.

I call Mr Armengaud to speak to the question.

Mr Armengaud. — (*F*) Mr President, colleagues. As some persons might consider it chauvinistic for a Frenchman to put such an oral question, I will state straightaway that this is not the case, and for two very good reasons.

The first is that this request was tabled on behalf of the Liberal and Allies Group, which, as you all know, is multi-national.

The second is that, as the author of this question, I am making a renewed appeal for European cooperation, without which, even if there were now no energy crisis, Europe, bedevilled as it is by private interests which are all too often divergent and the frequently partisan attitudes which are adopted by the Governments and labelled either European or Atlantic, cannot help being politically powerless against the superpowers, and what is more, somewhat despised by the nouveaux riches of the Third World.

As you have read the question put by the Liberal and Allies Group, I consider that this debate is now properly in focus.

Gentlemen, why should we ask Europe to come out in favour of the isotope separation project for enriching uranium by the gaseous diffusion technique, which the EURODIF Group, with its multi-European economic interests, strongly favours, when, on the one hand, the ultracentrifugation method which serves the same purpose, namely the enrichment of uranium, and is favoured by the URENCO and CENTEC companies, backed by the British, German and Dutch governments, is not only about to be started up but used in two proposed limited production plants, and when, on the other hand, American offers of enriched uranium will in theory be sufficient to ensure our needs during the interim period until 1981?

This is, in a nutshell, the problem which had been raised even before the oil crisis, but which has become considerably more important since October 1973 in view of the massive increase in the cost of petroleum products.

The first reason is that it is imperative that sooner or later the Europe of Nine should cease either begging energy aid from the United States, which already has heavy commitments in Europe and which could not be increased indefinitely without paying dear for them, or seeking the goodwill of the Arab world, with which relations cannot but deteriorate if we continue to be too dependent.

The second reason is that any technological delay on the part of a nation or a group of nations in a field as new as advanced technology may have serious social repercussions, simply because we are still so dependent when it comes to energy supplies. The social questions arising from this dependence affect the Community's overall political stability.

The third reason is that we must make sure of our energy supplies as quickly as possible and in such a way that despite the increasing cost of energy we can still finance research on new,

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even more advanced techniques, such as geothermics, the use of hydrogen, solar energy, the high-efficiency steam engine, or even the direct conversion of heat into electrical energy. Lacking energy sources of our own, we risk remaining dependent, and not being in a position to finance our research needs in new fields of technology. The fourth reason is that I have always maintained that, with techniques involving very heavy investment, it was unwise to stress the virtues of competition, and that in fields like this, we should make sure that the work was shared out and an investment programme drawn up which would avoid duplication of work wherever possible.

For years I have been taking this stand in this House, believing that, in areas where vast investments are required, free competition is not always the best solution and that it should be controlled.

What is the current position, and what plans for the production of enriched uranium are now under way in Europe?

First question: what are the West's enriched uranium requirements in 1974? According to my information, we should reckon on 8 million SWU per annum, at the rate of 0.23 million SWU per annum for a thousand megawatt reactor core. What will the West need in the near future, based on the work of the Atomic Energy Commission before the oil crisis? United States: 7 million SWU in 1975; 17 million SWU in 1980; 30 million SWU in 1985; 40 million SWU in 1990. Europe: 4.5 million SWU in 1975; 14 million SWU in 1980; 24 million SWU in 1985, and 37 million SWU in 1990. And that is not including Japan, which will probably increase its consumption from 2 million SWU in 1975 to 14 million SWU in 1990, and the Third World, which is expected to increase from 0 to 13 million SWU.

Faced with these requirements, what options do we have? On the one hand, there are possibilities of expanding American production, at present fluctuating around 17 million SWU per annum and to be progressively increased between now and 1980-1984 to 28 million SWU per annum. But according to data compiled by experts of the Atomic Energy Commission, and also published in the United States, it appears that the West's separative work requirements will outstrip the available enrichment capacity around 1980, even if the development of nuclear power stations in years to come favours techniques which use less enriched uranium than at present.

If, in fact, one accepts the theory that it will be possible for breeder reactors to be in use by

about 1985, we could forecast a reduction in enriched uranium requirements for this period, but nobody yet knows, nor will know until the large power stations now planned are brought into use between now and 1980, what the real possibilities are in this field and if we can be sure, from the technological point of view, that breeder reactors will be as reliable as the present pressurised water or boiling water reactors.

Whatever happens, it seems that between now and 1982 or 1983 we shall find that requirements will be so great that America's production will be insufficient for her own needs.

Having said that, even assuming American production to be sufficient to supply the needs of both Europe and the United States, we now have to examine whether American supplies, or even Russian supplies, as witness the contract just drawn up between Belgium and the U.S.S.R. for supplies in 1980, can provide satisfactory solutions.

According to data received from the same sources, it seems that as far as concerns the price of enriched uranium, the SWU priced 26 dollars in 1969 now costs about 50 dollars, which is a considerable increase. Moreover—and the Atomic Energy Commission has been quite open about this—even assuming that enriched uranium production in the United States will be in the hands of private concerns, there will be a case for requiring from customers who buy enriched uranium on a more or less long term basis contracts which are to be signed now but will not come into effect for another five or six years, and would provide for a down payment of 33% during the fifth, seventh and eighth years before the first delivery. Furthermore, the Atomic Energy Commission also indicates that it will have the right to refuse any order as soon as its production capacity reaches saturation point.

Hence our position is even more uncertain in view of the steep rise in the SWU price, now standing at 38.5 dollars, for long-term contracts at present in force and entered into many years ago.

Consequently, with regard to the United States, the main possible supplier at present, there is on the one hand uncertainty as to the possibility or guarantee of delivery between now and 1981 or 1983 and, on the other, complete uncertainty as to the price, added to the risk of a refusal to provide supplies at all if the American nuclear industries, which are given priority, are not supplied first.

Next, as a second possibility, there are ultracentrifugation projects. As far as one can find out,

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although some definite technological progress has been made during the last few years in the pilot plants in Britain, Holland and Germany, URENCO and CENTEC plans for 1980 include one plant which would produce 200,000 SWU in 1980 and another one which would produce 2 million SWU in 1981, compared with minimum requirements for Europe of about 11 million SWU in 1982.

It seems, therefore, that, as far as ultracentrifugation is concerned, these two projects will not be sufficient to ensure that Europe has the necessary capacity between now and 1983.

There is also a technical problem here. Merely for the 2 million SWU a year plant as planned by CENTEC and URENCO, it will be necessary to manufacture 1 million centrifuge machines, which means that each centrifuge machine will have a maximum production of 2.5 million SWU per annum at the current level of technology.

Consequently, however efficient the ultracentrifugation technique—and I do not dispute its efficiency for a moment—it has been proved mathematically that Europe's requirements will not be met between now and 1983.

There remains the gaseous diffusion technique, which has now been thoroughly tried and tested and which the CEA in France has been using for more than ten years, improving it considerably in that time. Moreover, from now on the French Atomic Energy Commission will be in a position to supply small quantities of enriched uranium, to provide some fuel elements for existing power stations.

The EURODIF project, which I do not need to describe in detail to this House, will enable us to ensure production between now and 1981 of the order of 8 to 9 million SWU a year, which, in addition to the much smaller amounts it will be possible to obtain from ultracentrifugation, would give us the minimum figure of 11 million SWU needed for 1983.

Concerning technical progress in the gaseous diffusion method, I can state that the reliability rate at Pierrelatte plant is 99%, an entirely satisfactory result. As far as the membranes are concerned, continual progress has been made in their manufacture, with considerable price reductions. Manufacture is now fully controlled by computers. Notable progress has been made in the consumption of electricity per separative unit. The heat exchanges have been redesigned and the valves have also undergone considerable improvements.

It seems—at least according to the information I have been able to obtain—that the file submit-

ted to EURODIF should guarantee us, from a technological point of view, a regular supply between now and 1979 or 1980 of 88,000,000 SWU per annum.

As far as the commercial aspect is concerned, information I have obtained suggests that the ultracentrifugation and gaseous diffusion processes will cost more or less the same, viz. around 200 francs per SWU unit, or about the same as the current American price.

In the gaseous diffusion process, 40% of the initial outlay would have to cover plant depreciation, 9% operating costs, 6% working capital and materials and 45% energy.

In the ultracentrifugation process, according to the data supplied by URENCO to the EURODIF directors, depreciation would account for 65%, operating costs 23%, working capital and materials 6% and energy 6%.

Thus the prices would seem comparable, at least according to current estimates.

This, then, is the situation today. Judging by the report to the Permanent Committee in Brussels on uranium enrichment, it seems that on the one hand the EURODIF project and the technology of gaseous diffusion, already very advanced, must be borne in mind, and on the other hand, the possibilities which will be opened up tomorrow by ultracentrifugation must also be considered.

I now come to an aspect which certain of our colleagues consider very important, that of competition between suppliers when, in about ten years' time, the two techniques will coexist on the market. There is no doubt that the supply possibilities open to European electricity producers would be much more flexible and less problematical than they would be in the hypothetical case of a single supplier and one single technique.

In fact, the extent of the contribution made by the URENCO project would depend on economic and technical factors which we shall be able to assess more readily as experiments are conducted in Great Britain and Germany.

It would seem, therefore, as stated in the report on uranium enrichment sent to the Permanent Committee in Brussels, that the real solution would be to continue with two parallel operations, combining as far as possible the advantages of both, by the mechanism of joint interests in both projects, so that the work done by EURODIF would be approved and evaluated by those in charge at URENCO and CENTEC, and vice-versa. In the meantime, we would at least

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be sure, until 1980, that Europe would receive the necessary supplies from the projected gaseous diffusion plant.

These are the brief remarks I wished to make on technology and economics. If you will allow me, Mr President, I should like to conclude with a purely political consideration.

Do you not think, ladies and gentlemen, that the time has now come when we should realise that in this field, as in many others, our policy should be a joint political effort? On this subject, I should like to refer you to a recent booklet by Jean Guilton in which he recalled, as Leibniz used to say to Louis XIV, that people were only united in the face of grave and imminent danger. We have already encountered this danger, and if we fail to bear it constantly in mind the outlook will be very serious for all of us.

Lastly, I would add that another German philosopher, Ludwig Bauer, wrote a book about 40 years ago whose title "Welt im Sturz" was based on the breakdown of the philosophy of cooperation between Western countries. I consider therefore, that, on this point also, we should have the sense to take a cool look at our problems and not keep telling each other that one man's project is better than another's and vice-versa.

(Applause)

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

Mr Nørgaard. — (DK) Mr President, ladies and gentlemen. The Copenhagen Summit Conference was also concerned with the question of uranium enrichment. The following statement was made:

"With a view to securing the energy supplies of the Community the Council will adopt a comprehensive Community programme on alternative sources of energy. This programme will be designed to promote a diversification of supplies by developing existing resources, accelerating research in new sources of energy and creating new capacities of production, notably a European capacity for enrichment of uranium, seeking the concerted harmonious development of existing projects."

The Socialist Group gives its wholehearted support to this paragraph on energy in the Summit communiqué, precisely because it spells out the need to create these alternative sources of energy but without settling for any one of the existing projects. We do not think the question has hitherto been technically and economically investigated to the point at which we can confidently say whether we shall use the French

system or the system the British, Germans and Dutch are working on. We think it is important for the Communities and the Commission in particular to make further detailed investigations of the economic and ecological aspects of these two projects.

Without being an expert in this sphere, I imagine that eventually a balance must be struck between the economic and technical aspect on the one hand, and the ecological aspect on the other. This is a matter for the experts to determine, so that the politicians can make up their minds.

One might assume that it will be necessary to make a choice from the purely economic point of view, as it will presumably be too expensive for Europe to operate both systems at the same time, but at the moment we do not know enough about this either.

I am therefore of the opinion that Mr Simonet should continue the detailed studies the Commission is already engaged on and should refrain from giving a definite answer to this question today.

However, there is another aspect of the matter, namely, the question whether, when we in the Communities have made a choice, we should support the idea of an open or closed market.

We have discussed this problem in the Socialist Group but not finalised it. But there was a strong feeling that we shall probably need a certain training period, a certain period during which Europe can invest funds, build up these enrichment activities and, simultaneously with this build-up and the first few years of production, protect itself from being undersold by producers outside Europe. The Socialist Group's present view is that it should be possible to have a shorter transitional period in which production is protected but with the clear aim that it should naturally be competitive, and that systems which presuppose continued protection against American and Russian competition are quite unacceptable.

However, we think that at the present time the matter is clear enough to enable us to adopt a definitive attitude to the question of an open or closed market. But we entirely agree with the questioner that it is very urgent for Europe to get it clarified. The present oil situation obviously points up our own projects, and it is taken for granted that Community politicians should press for decisions which may enable Europe to create effective alternative sources of energy.

As I have said, in our view the question is a topical one, but we do not think that we should demand definitive answers from the Commis-

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sion today; in fact we do not think the Commission is in a position to give such definitive answers. However, we gladly support a request to the Commission to speed up the necessary investigations so that we may choose the methods to be used and the economic system which will be the most practical with regard to the market mechanism.

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

Lord Bessborough. — I am very much intrigued by Mr Armengaud's question. He is a very versatile debater on many subjects, as witness today's agenda. Had I myself been drafting this question, I might have used almost identical words, with the exception, of course, of two words in the first paragraph. There I would have substituted for the words 'gaseous diffusion' the words 'gas centrifuge'.

As I have said on many occasions in this House—first last March but also on other occasions since then when we have debated energy, and I have also said it in the House of Lords—I believe that the centrifuge process is the cheapest, most efficient and flexible system of enriching uranium.

As Mr Armengaud has said, pilot centrifuge plants are already operational at Capenhurst in England and Almelo in Holland. On 20 December, the tripartite Governments of the United Kingdom, Germany and Holland took the decision to proceed with the construction of the first 400 tons of capacity per annum to be erected at the two places I have mentioned. They should be operational by 1976. Plans, as I understand it, are also in hand to increase the output to 2,000 tons by 1980 and 10,000 by 1985.

I also understand from a press release issued on 7 January that letters of intent have been obtained from URENCO-CENTEC, the centrifuge company, for the supply from 1977 onwards, rising to some 1,200 tons in the year 1980. Members may also have noticed that the Central Electricity Generating Board in Britain is so convinced of the efficiency and economy of this method that it has declared its intention of ordering 1,300 tons of centrifuge-enriched uranium over the period 1979-1983.

Centrifuge machines will be manufactured by Maschinenfabrik Augsburg-Nürnberg, by Ultra-Centrifuge in Holland and by British Nuclear Fuels Limited in the United Kingdom. It is clear from all this that, regardless of any Commission papers on the subject, production by the centrifuge process is going ahead, and I must admit that I consider that the Commission has been perhaps a little weak in its paper SEC (73)

4065. I received a copy on 14 November, and a revised edition, which is available to Members, came out just before Christmas.

I feel that the Commission has perhaps been a little weak in supporting the idea that both techniques should proceed simultaneously. I felt—although the Commission contradicted this when we spoke of the matter—that the Commission took the easiest way out of this problem by saying that it was not up to it to pronounce on the merits of the two techniques. None the less, in the spirit of Sir Christopher Soames's remarks yesterday, and, indeed, in the spirit of what I believe to be Mr Simonet's European ideals, I recognize that the Commission's proposals are European rather than purely national in character. To that extent I would not wish to reject them out of hand.

I agree that we must compete with the United States in the production of enriched uranium, but I do not want to see Europe over-producing—creating, indeed, not a butter mountain but a mountain of enriched uranium by letting both techniques go ahead. Clearly, if they do both proceed the Commission is right in saying that it hopes that both groups will restrict their production over the first years. But I should have much preferred it if the Commission had come down firmly and unequivocally in favour of proceeding with the centrifuge.

I understand from the press that in so far as the French diffusion method is concerned—and the EURODIF consortium—Sweden has indicated that it has doubts about involvement in this process. I do not know precisely what is the attitude of Italy, although I have heard that perhaps it is not so enthusiastic now and may reduce its participation in EURODIF. I do not know, either, the present attitude of Belgium or Spain—the other members of the EURODIF consortium—to the French plans. I understand, however, that no decisions have yet been taken on the location of the proposed diffusion plant, whereas the location of the centrifuge plants has already been decided and the purchase of land in Holland and Britain has already been completed, or is well under way.

After considering this matter for many months—even years—I am now completely convinced that priority should be given to the centrifuge process, even if the diffusion technique is well known.

I am with Mr Nørgaard in saying that I hope that the Commission will examine the merits of both techniques more closely and make up its own mind. I fully appreciate its difficulties in this respect and that it may not be politically practical or realistic for it to do other than

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accept both methods, but I greatly regret that it has felt obliged to take up what I can only describe as this somewhat nebulous and non-committal position.

The only point on which I am somewhat reassured—the Commission gave me this reassurance in committee—is that if both techniques proceed in parallel, at least when it comes to the allocation of the 200 million u.a. mentioned in the Commission's paper, the money will be allocated according to the costs of the different methods, which I took to mean that the Commission will allocate money to the technique which proves the most economic.

Mr President, I hope I am right about this and that Mr Simonet can also reassure me on that point, for if that is to be the principal criterion, I feel sure that the centrifuge will win.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, when I took the liberty of asking you if I could take advantage of a little-used procedure and postpone my reply until after the speakers who wished to join in the debate had expressed their opinions, I was guided by a rather puckish instinct and a desire to conserve what strength I have left after the long debates in this House. In fact, I foresaw that Lord Bessborough would partly answer Mr Armengaud's proposals and, in any case, that the conflict between these two arguments when they are put in extreme terms (not that this was the attitude of the two speakers) would illustrate perfectly that the position which the Commission has taken is the only politically and economically feasible one.

I should like to begin by saying—and this is a very general reflection—that, if there is not free political choice, and sometimes the choice is inevitably made more difficult by the pressure of technical limitations, the choice of technique in such vital matters is not a free choice either. It is not simply a matter of weighing up the pros and cons of two different techniques in order to deduce from them, almost automatically, the most rational choice. This means that even if one may have, I repeat, on the technical level, a preconceived opinion which leads one to plump for one formula rather than another, I do not think that political considerations are absent from this choice, however much one may believe it to be a technical one.

This is true to the extent that, if I re-read the question which Mr Armengaud was pleased to put to the Commission on behalf of the Liberal

group, and if I compare the wording which was a little radical (no pun intended!) with his speech, I notice that the tone of the written text, which was perhaps a little severe, was rather different from the conciliatory tone he adopted in his speech. If I understood him correctly, having urged the Commission to come out firmly in favour of one given technique—which is the impression one gains from reading the written question—he finishes up, in fact, (with certain reservations, of course, but which I consider minor) by expressing a view akin to that of the Commission. This view, I may say in passing, happens to be that finally adopted by the Copenhagen Summit. It has its basis in political fact, and proposes that both techniques should be put into operation jointly, even if this cannot be done promptly, since they are now out of phase, one technique having reached a more advanced stage than the other. But the basic idea of both the Commission and the Summit is, as Mr Armengaud also indicated, that both techniques should be put into operation jointly. The problem is, therefore, not that one should take precedence over the other, but to ensure that their joint application should be the result of a joint desire for concerted efforts and harmonisation.

Thus it is not a question of now making a definite choice or eventually preferring the gaseous diffusion technique to ultracentrifugation, or vice versa. There are excellent technical arguments on both sides for keeping open both options. The problem is to decide whether both techniques are to be implemented jointly and, let us admit, in a more or less disorganised way, or whether they are going to be implemented jointly by almost daily concerted efforts and harmonisation between the two promoters, between them and the users, and lastly, on a more general basis, between the users, the promoters and the Commission, the latter providing overall financial support for these joint operations.

I should like to insist on this point. Contrary to what certain speakers appear to think, there is no free choice. Both techniques will be perfected simultaneously. The question is, will they be perfected separately, by two parallel efforts and with certain serious political and economic consequences of which I will speak in a moment, or will there be a desire on the part of promoters, users and public authorities to cooperate, which seems to be the desire of Mr Armengaud, the Summit and the Commission, and which, I believe, Lord Bessborough himself, the declared champion of the ultracentrifuge technique, does not exclude, since, even though he began with a moving plea for ultracentrifugation, he afterwards took on a more moderate tone and finally

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adopted a position which seemed less opposed to that of Mr Armengaud and the Commission.

If we are in favour of this kind of cooperation, what are the opposing interests? I will not dwell on conflicts of national interest and national prestige, not that I think they are unimportant but because I believe we are all familiar with them and because, even if we consider them purely on the technical level, we must realise in all fairness that, as I have just said, a real political concern always underlies the technical argument. I do not, therefore, underestimate this opposition, but believe that I can deal with it summarily.

But apart from all this, very serious principles are at stake, and I will attempt to sum these up very briefly.

For those in favour of ultracentrifugation, and, moreover, those in favour of the gaseous diffusion technique, several considerations of general political importance are involved. The essence of the difficulty lies in the difference, and in some ways profound difference, between the two concepts which they express.

To put it clearly, and to start with those who favour ultracentrifugation, they have a different idea of the place of the European Community in the international economic community from that on which the partisans of the gaseous diffusion technique base their position, and it is also rather different from the idea officially adopted by the Commission.

Those who favour ultracentrifugation are obviously suffering from what I may call the "butter syndrome" and to which Lord Bessborough referred. They fear, and say so quite clearly, that at a given moment we might find ourselves in the same situation as regards nuclear policy as that which resulted from the application of the agricultural policy, when we saw hundreds of thousands of tons of butter piling up. The calculation is quite easy: since a kilo of enriched uranium or one kilo SWU costs relatively much more than one kilo of butter—even at Community prices, not to mention the prices at which we sold to the Soviet Union—(laughter), the dreaded bill is so huge that nobody wants to take responsibility for it. Consequently, say those in favour of ultracentrifugation, we must give up a process which, in their view, even if not already obsolete, is extremely costly.

True, it is very costly, because the technique of enriching uranium by gaseous diffusion requires a vastly greater basic investment than the ultracentrifuge technique.

The second argument, to which I have already alluded, is that this technique must one day become obsolete. Of course it may be eventually outstripped, like all other techniques, but I note that it is still being used by the United States and that even if, at the present time, the US Atomic Energy Commission favours a possible changeover to the newer technique of ultracentrifugation, no official position has been taken as yet, and there is reason to believe that perhaps for some considerable time it will be possible to use both techniques jointly. In other words, the United States may be able to do what we want to do.

There is a third problem. Those in favour of the Community solution consider—and at the moment they have even better grounds for doing so now we have seen where our energy dependence may lead us—that we should attempt to make Europe relatively independent as regards its energy supplies and enriched uranium in particular.

I should like to make it quite clear that, in the spirit intended by the Commission, energy independence, or autonomy, does not mean autarchy. It is not a question of making sure, over an indefinite period of time, that the Community becomes self-sufficient as regards production of enriched uranium but of devising within a limited period of time a method of protection which would not be to the consumer's detriment. This period would be four or five years, that is, the time during which both techniques will become operational and during which, even if the market's absorption capacity has increased, it will be impossible to support two techniques working in conjunction, added to imports from the United States or the USSR; a limited period, therefore, during which American, or even Russian exports, and European production would exceed the market's absorption capacity. In other words, we should not organise a protection system of the conventional kind, involving customs barriers or quantitative limits, since in the long run this would increase the price of enriched uranium for the European consumer. We must devise—and it is here that the Commission comes in—a method of stock-piling uranium which makes it possible to free stocks as and when the market expands. I repeat, there is no question of adopting a policy which would mean an increase in the price of uranium for the European consumer compared with conditions offered by the United States and, possibly, the USSR.

All the same, there is an obvious difference in the concept of economic policy as seen by those who refuse, or at any rate, are very unwilling to admit the possibility of protection such as

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I have just described for the European market over a limited period, and those who believe that this protection and its cost—Lord Bessborough mentioned 200 million u.a.—is the price which must be paid for the progressive development of both production techniques.

This is the situation which the Commission has attempted to clarify by proposing that both techniques should be put into operation in conjunction, but within the framework of regular cooperation, primarily between the various promoters, and on the understanding that financial risks involved would be borne by the promoters. This would allay fears expressed by certain Member States that they might be forced to finance—and they were thinking in particular of the gaseous diffusion process—part of the considerable investment involved in this production technique.

At this level, therefore, the Community would not intervene. It will intervene in the stock-piling work which will be necessary and which, I repeat, seems to us to be the price of our autonomy—an autonomy, I add, which is not to be confused with autarchy. But this is, first and foremost, a political problem, which is why the Commission came to the conclusion—and it made this wish known to the Heads of State or Government—that the problem should be settled once and for all at government level. Even if the text of the Summit declaration is somewhat enigmatic at this point, it is still true to say that the Heads of State or Government desire that both of these processes should be implemented jointly in the context of this kind of cooperation.

This is exactly what the Commission wants. It is convinced that there is no other way out. I believe also, and I repeat this one last time, that despite the views expressed during the course of this debate, which were perhaps rather too forceful, this must also, on the whole, be the wish of Members of this House, even if, at times, they made a fervent plea for the system of their choice.

President. — I call Mr Bousch.

Mr Bousch. — (*F*) Mr President, most of us will agree with the point of view expressed by Mr Simonet, moved as he was by a desire for conciliation and a wish to promote all possible techniques, with the idea that, faced with increased requirements, Europe would be able to derive most benefit from the technique enabling it to cope with the situation.

In fact, an analysis of the situation in Europe suggests that, unless we cooperate and attempt to correct past errors, we shall be risking a

shortage of facilities for enriching uranium from 1980 onwards, when our present facilities, which have only just begun to be increased, will be fully employed.

In view of the future shortage of enriched uranium, consumers are in danger of having to sign contracts immediately with the present leading producer of enriched uranium.

Owing to American commercial regulations, the contracts signed cover long-term deliveries—a minimum of ten years—thus capturing an important part of the future market and strengthening the dominant position of the present supplier. There is therefore a danger that the resulting imbalance in the supply market may impair the development of more recent techniques, which, as has already been said, could be a considerable asset in the future. This is the complicated situation to which we must find a solution.

In fact, the enrichment techniques available to Europe are far more complementary than mutually exclusive. Not only could the existence of a number of them provide us with greater independent sources, but it could also help to expand them. After all, when the time comes, it is the size of the market which will be the most important factor. If the available market offers a wide choice, it becomes possible to diversify internal sources, and at the same time improve the economics of the projects involved, all of which more or less depend on plant size.

This is the important aspect of today's debate. It is to be hoped that the proposed cooperation between European producers of enriched uranium will materialise and that the users of European enriched uranium will impose upon themselves a certain voluntary discipline with regard to their local suppliers.

This means, in the last analysis, that we are in favour of developing both methods, believing that for reasons of security processes which use tried and tested techniques should be brought into operation as quickly as possible. But it should not be forgotten that other techniques may subsequently have specialised uses and that instead of abandoning them, it would be expedient to give them every chance of developing on an adequate industrial scale.

If this is how the Commission sees the situation, we can find ways of coming to an agreement on its proposals.

President. — Does anyone else wish to speak?

The debate is closed.

17. Oral Question No 176/73, with debate:
First financial report on EAGGF — 1971

President. — The next item on the agenda is Oral question No 176/73, with debate, by Mr Pêtre to the Commission of the European Communities on behalf of the Committee on Budgets.

The question is worded as follows:

Subject: First financial report concerning the European Agricultural Guidance and Guarantee Fund Year 1971¹

1. Auditing of accounts for the transition period

Would the Commission contemplate closing the accounts for the financial years 1967-1968 to 1970 inclusive by negotiating an overall arrangement based on a flat-rate formula which might, for instance, involve a deduction from advances, covering up to 90 % of expenditure.

Does it not consider that a proposal for a regulation of this type to apply to the financial years of four or five years ago would mean considerably less work for the EAGGF's departments, thus releasing staff to deal with the financial problems of the definitive period?

2. Allocation of credits granted by the Guidance Section

Does the Commission not feel that the financial policy of the Guidance Section should be reviewed to adapt its provisions to the de facto situation?

Does it not consider that the constitution of reserves for the joint measures decided on in April 1972 (reform of agricultural structures)—of which little or no use has so far been made—significantly limits the funds available for projects to improve agricultural structures and that the practice of financing specific measures should be widely followed?

Can the Commission allow the allocation of annual appropriations, which is essentially a 'budgetary act', to be fixed by regulations, outside the budgetary procedure? Does it not consider that this is primarily the responsibility of the budgetary authorities, rather than of the Council alone?

Could this annual allocation not be more finely adjusted by having recourse to Article 16 c) of the Financial Regulation of 25 April 1973 which provides that the budgetary 'comments may be binding in which case it shall be specifically mentioned'?

3. Financial control

In verifying the expenditure of the two sections of the EAGGF, how does the Commission apply the principle that the roles of authorising officer, financial controller and accounting officer are incompatible?

Were the *in situ* checks referred to in paragraph 51 of the report carried out by the EAGGF authorizing officer or by the staff of the Directorate-General for Financial Control?

Does the Commission think that the *in situ* checks should be carried out in the presence of an official of the host Member State, by the authorizing officer, the financial controller and, if possible, a member of the Audit Board?

4. Anti-fraud flying squads

Could the Commission make a statement on the working relations which could be established between the anti-fraud flying squads which, as recently announced to the press, are soon to be set up, and the Commission's authorized officials whose responsibilities are laid down in a proposal for a regulation not yet adopted by the Council?

5. Does the Commission agree that the fraud figures quoted in its first report do not seem to reflect the general opinion?

Could it make an estimate of the amount involved, based on the press articles of which it is certainly aware?

I would remind the House that the provisions applicable in this case are those of Rule 47 (3) of the Rules of Procedure, to which I have already drawn attention.

I call Mr Pêtre to speak to the question.

Mr Pêtre. — (F) Mr President, ladies and gentlemen, I should first like to explain what prompted the Budgets Committee to ask this question.

As you will remember, in June last year the Commission of the European Communities placed its first financial report concerning the EAGGF before our Parliament, pursuant to Regulation No 729/70 on the financing of the common agricultural policy and to Regulation No 283/72 concerning irregularities to the detriment of the EAGGF.

The Budgets Committee thus began consideration of this first financial report of the EAGGF as soon as possible. It spent several meetings compiling its report. But the members of the Budgets Committee and the Committee's rapporteur were prompted meanwhile to put a variety of questions to the Commission, which the Commission's representative was kind enough to answer. At this point we informed the Budgets Committee that the second financial report, for 1972, was about to be presented. The Budgets Committee then thought it would be much more rational to take the first two financial reports together rather than to discuss first one and then the other, two or three months later. But it was understood meanwhile that a number of new questions were to be put to the Commission following consideration of the first financial report on the EAGGF. As a result, this oral question with debate was placed on the agenda for this sitting.

Mr President, the Commission has indicated its approval of this procedure, which has an obvious

¹) Working Document No 102/73 of the European Parliament.

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advantage in that it enables all of us to make our comments and our contributions to this report which, furthermore, will be of considerable interest to the Budgets Committee, since it intends to present a report on the financing of the common agricultural policy in the next few months.

I shall move on quickly to the four points raised in my oral question. These are as follows: the auditing of accounts for the transition period, the allocation of credits granted by the Guidance Section, financial control of the EAGGF and the anti-fraud flying squads.

As the text of the oral question has been distributed, I shall confine myself to a few comments on each point.

As regards the auditing of accounts for the transition period, it seems to us that the accounts for the audit periods 1967, 1968, 1969 and 1970 of the EAGGF's Guarantee Section could be completed quickly.

At first sight, an overall negotiation for sums totalling several thousand million u.a. might seem staggering. In fact it is not, because 90% of these amounts have already been advanced on account. The remaining 10% would be settled by clearing, leaving balances equal to one quarter of the sums to be settled, i.e. 2.5%.

If we made an overall and flat rate settlement, the probable error would not be more than 10%, so that the discrepancy compared to the type of solution currently envisaged would be about 0.25%. For one thousand million u.a., the total error would be 2.5 million u.a.

Whichever solution is adopted—overall settlement or item-by-item settlement—the experts of the EAGGF Committee should seek solutions, without, of course, losing sight of the final statement for each of their respective countries.

I should like to say clearly at this point that whilst we would advocate a quick settlement of these accounts, which are 5 to 6 years old, there is no reason why the Budgets Committee should ignore a problem which has hitherto been put on ice, i.e. that of the frauds committed during this period. It would thus be desirable for the Commission, in its reply, to give as accurate an account as possible of the means available to it at the time for keeping a check on irregularities.

As regards my second point, the Guidance Section of the EAGGF, the Committee's observations are based on an extremely interesting remark by Mr Früh, who notes that in 1971 the Guidance Section was obliged, for lack of funds, to reject 260 projects out of the 808 *worthwhile*

projects submitted. In other words, only two out of every three worthwhile projects were approved. I have just ascertained, Mr President, that the situation got even worse in 1972 when the Guidance Section was obliged to reject one project in two. And Mr Früh wondered how far it might have been a good idea to use part of the credits earmarked to finance joint measures. Since 1969 the Community has pursued a policy of placing sums to reserve which has had the effect of reducing expenditure by the Guidance Section by an average of one hundred million u.a. per annum. At the end of 1973 these reserves totalled more than five hundred million u.a., and the Commission states in its estimates for the next few years that first withdrawals from these reserves could be made in 1976, at least if the Council approves its proposals and if the Member States apply the directives on the reform of agricultural structures.

We should like to point out here that the policy of scaling down the number of individual projects is being applied more strictly than required in Regulation No 729/70 on the financing of the common agricultural policy, which authorised expenditure for these projects up to the amount of the balance remaining after the joint measures were charged.

Admittedly, Mr President, Parliament has so far accepted this policy of placing sums to reserve. We are not questioning this, but if we acted on Früh's opinion, we should be changing the original purpose of the reserves which were set up to finance expenditure on structural reforms, as this was expected to be very high.

There is perhaps another solution which would enable us to adhere to this purpose but would at the same time allow help to be given to individual projects. This solution would be to charge expenditure for the joint measures to the reserves as from 1975. This, I am told, would be a purely "budgetary" decision which would not necessarily require amendment of Regulation No 729/70. And since we are discussing "budgetary" decisions here, it seems to us out of place to seek a decision, in the form of a regulation, on the annual allocation of credits by the Guidance Section. This allocation is essentially a "budgetary" act which should, in future, come under the competence of the budgetary authorities within the framework of budgetary procedure.

This confusion was understandable, Mr President, so long as the Council had the same statutory and financial authority. It seems to me that from 1975 a change is needed. I scarcely need recall that the treaty of 22 April 1970

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expressly stated that the institutions must exercise the powers devolving upon them in accordance with the treaty's provisions and measures enacted pursuant to the treaty.

To move on to my third point, financial control.

In this connection, may I refer to the extremely interesting statement made by Mr Cheysson on 13 November last. It seems to us that the *in-situ* checks on EAGGF expenditure have so far been carried out by the authorizing officers rather than the financial controllers. At the same time, Mr President, we must recognise that there are also serious supervisory problems within the Community. The Commission, as we know, has given considerable attention to these problems, and we are pleased to note that it plans to improve the situation. Perhaps Mr Lardinois will be good enough to confirm this fact, which we have already heard from Mr Cheysson.

Now for my last point, anti-fraud flying squads. The Budgets Committee was told at its last meeting that flying squads would be set up very shortly. Similar plans, Mr President, have also been reported in extenso in the press and it seems to me that we, as members of the European Parliament, ought to know more about this. We should like to know whether the anti-fraud flying squads are a specific creation of officials with mandates from the Commission, whose duties and powers have already been put forward in a proposal for a regulation which, I am told, has been pending for a year and a half at the Council of Ministers.

We should also like some information on the first meeting of the extraordinary fraud committee which took place, I believe on 29 November last.

In a statement of 13 November last, Mr Cheysson noted that the documentation currently received by the Commission from governments was not quite detailed enough to show how operations were carried out. This is particularly true of fraud cases. If we refer to the press, which has quoted many instances of fraud and worked out the total sum involved, the indications given in paragraphs 55 to 59 of the financial report would appear to be... extremely inadequate. A recent article in a British weekly says that one of the Member States hopes that frauds ascertained in that country in 1971 and 1972 will be regarded as non-existent.

Mr President, ladies and gentlemen, this statement seems to me particularly disquieting and it prompts us to ask the Commission to make an estimate of fraud cases, based on articles published in the press. It should be possible, I

think, to arrive at an indicative figure and compare this with the official declarations submitted by the Member States.

Mr President, ladies and gentlemen, there is really no need for me to add in conclusion that the Budgets Committee has great expectations of the replies to these questions. At a time when the Commission of the European Communities is submitting a new memorandum on the common agricultural policy, it is important for Parliament to discuss the financial implications of this policy, the shortcomings ascertained and ways of rectifying them. The Budgets Committee thus hopes that this debate will yield answers and information which will guide it in its consideration of the two financial reports still on its agenda.

IN THE CHAIR: LORD BESSBOROUGH

Vice-president

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) I should like to begin by thanking Mr Pêtre for his extremely thorough study of a subject which is usually rather dry, or at least seems to be on the surface, but is highly fascinating for those who are bold enough to look behind these dry figures and see what is really happening in this field. Mr Pêtre's comments show that he has mustered the necessary courage and found the effort rewarding. I shall reply as briefly and as concretely as I can to the various searching questions he has asked.

The first question is whether the Commission could contemplate settlement of the accounts for the budget years 1967—1970 on the basis of a flat rate formula. The arguments adduced by Mr Pêtre can certainly not be shrugged off lightly. The fact is that nearly nine months ago, when I was made responsible for the EAGGF, I had the time to go into this matter and I did in fact venture a similar suggestion, albeit with less wide a grasp of the subject than Mr Pêtre has shown. We investigated the matter thoroughly and came to the conclusion that, whilst the idea might in some ways be attractive to those in the administrative departments, the time is probably not ripe just now for a formula of this kind. Mr Pêtre has already said that a sum of 700 to 1,000 million units of account still remains to be dealt with. If I tell him that this operation is affected by currency fluctuations and other powerful factors he will perhaps understand that at the national level in particular—the one at which our Departments

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have to work—we keep a very sharp lookout to ensure that, whatever kind of solution we put forward, if it is found that the new method saves a few hundred thousand (not to mention a few million) units of account, it is invariably supported by the national authorities. If, on the other hand, the new method means paying more, the matter is examined even more carefully by the national authorities.

I can see the day coming when we shall even have to require the national governments to do this. But I would point out that special arrangements have been made for this year, in the form of extra staff and different working methods, so that I hope the backlog of work on the accounts for these four years can be largely cleared during 1974. After that we shall be glad to consider whether Mr Pêtre's proposal to bring things right up to date might be feasible.

I come now to the question of the allocation of credits granted under the Guidance Section. Since the new Commissioners took over this matter has increasingly come to the fore.

The new Commission is not over-familiar with the origins of what is popularly known in the Guidance Section as the Mansholt Reserve. The Commission—with some justification—considers this kind of reserve an absurdity. It only amounts to paper commitments by the Member States and it may be wondered why it was never used for agriculture; the money would then have been put to a much better purpose.

As it happens I know something about the history of the Mansholt Reserve from Council meetings during my time as minister for agriculture. I can assure you, Mr President, that we should never have arrived at a conclusion on structural policy as devised at the time by Mr Mansholt and discussed energetically in the Council for many years, had we not found the kind of financial formula devised by the Commission in the form of the Mansholt Reserve.

At the time a kind of tug-of-war was going on over the costs of this new policy, similar to the one we are now experiencing about the Regional Fund. This agricultural reserve was invented at the time with the object of sugaring the pill and putting the finance ministers in particular in such a frame of mind that they would swallow such a far-reaching proposal as was being submitted to them by the Commission. Thanks to this reserve I had far less trouble last year than my colleague Mr Cheysson in pushing through an item of agricultural regional policy, that is to say extra assistance for hill farmers and farmers in other less favoured regions. This time it was part of a policy decision.

We ought not to dismiss this airily simply because we have forgotten how it all came about. I am convinced that this Mansholt reserve will be exhausted in the next four years and that the Commission, given the needs which the policy as a whole will create, will be glad we set it up when we did. Otherwise I admit that it has caused some annoyance, both now and in the past.

Mr Pêtre also raised a point of law here. I would remind this House that the act of drawing up a budget is regulated by Community law. The 325 million units of account of the EAGGF's Guidance Section are a matter for the Council, but the manner in which the funds are allocated is laid down by law procedure, with, of course, the full cooperation of Parliament.

Then, Mr President, the question of financial control. We are asked how the Commission, when checking the expenditure of the two sections, applies the principle that the role of authorising officer is incompatible with the roles of financial controller and accounting officer. First a few words on the roles of authorising officer and controller.

It is not the Community's authorising officer who makes payments directly to beneficiaries. This is left to the various Member States. As a result, the authorising officer operating at Community level and the beneficiary are at a much greater remove than is the case within the various Member States.

Secondly, it is a fact that we are gradually giving more responsibility, much more than in latter years, to the directorates which have direct responsibility for budgets and not only for the EAGGF and financial control. I think that my comments on the separation which actually exists and the growing responsibility entrusted to the Community's authorising officers will have given a satisfactory answer to Mr Pêtre's specific and pointed question.

Mr Pêtre also asks whether the Commission thinks that the *insitu* checks should be carried out by the authorising officer, the financial controller and, if possible, a member of the Audit Board, in the presence of an official of the Member State concerned.

The Commission does not consider this necessary, but that generally speaking these checks would be made more effective with the aid of an official of the Member State who is familiar with a variety of regional, local and national conditions. But as we see it, there is certainly no statutory obligation to act in this way.

Mr Pêtre then asked a question on the tightening up of financial control announced by Mr Cheys-

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son. All I can say on this point is that we are currently engaged on implementing the measures which Mr Cheysson announced to this House. I hope Mr Pêtre will excuse me for not going into greater detail, his question being supplementary.

I have not been able to acquaint myself fully with the details. As regards future working relations between the anti-fraud flying squads shortly to be set up and the Commission's authorised officials whose responsibilities are laid down in a proposal for a regulation not yet adopted by the Council, all I can say is the following. In our view, the people involved should for the most part be the same. A regulation is needed, because our entire body of regulations on agriculture covers only part of the work to be done: the expenditure aspect of our finances. Where this work deals with income, especially levies and the like, we have proposed a new draft regulation.

Basically, the only difference is a legal one. If this work, although separated, is governed by specific regulations for both aspects, it can in practice be carried out, both for our income from export refunds, for example, which are the counterpart of the levies. Even so the work is done by the same people.

Last question: does the Commission agree that the fraud figures quoted in its first report do not seem to reflect the general opinion? Could it make an estimate of the amount involved, based on the press articles of which it is certainly aware?

Mr President, I notice that nearly all the press reports of the past six years which usually carry fairly sensational accounts of these fraud cases, particularly in the agricultural sector, are not very original. They mostly repeat hair-raising tales first told three, four or five years ago. They are nothing but a rehash of the same stories, which admittedly are sometimes not without their sensation value. You will find surprisingly little variation in the thousand or so press articles which quote these stories. One story is lifted from another.

To quote an example: a couple of weeks ago I was surprised to see they had dragged up a fraud case dating from 1967, to do with the so-called "mayonnaise merry-go-round". In 1967, someone thought up a neat little racket which consisted in exporting butter oil for which a substantial sum was paid out. This same butter was re-imported in the form of mayonnaise after the addition of a few spices, salt and other products. The same stuff then came back again. The butter was recovered by means of a centri-

fugal separator and the entire cycle started up again.

When this was discovered at the beginning of 1968, the relevant regulation was so changed as to prevent further fraud and other frauds were also made impossible. In the event there never was a recurrence of this particular kind of fraud. But this story is constantly raked up and is of course, specially newsworthy in the new Member States where interest increased last year in the virtues and vices of the agricultural policy and, often, unfortunately, with more stress on the vices.

So I do not think it is a good idea to go over the whole thing again on the basis of these press articles and estimate the amount involved in these frauds.

If Mr Pêtre insists, I will see whether the press division can provide a neat summary of all these cases, to give him a rather better impression. But the press division must also indicate in which year the fraud occurred. The tragic aspect of the whole thing is that the press always reports these cases, but never specifies the year, thereby creating the impression that the fraud only happened last month.

I think that's all, Mr President.

(Applause)

President. — Thank you, Mr Lardinois.

I call Mr Héger.

Mr Héger. — *(F)* Just a few words, Mr President. I should like to endorse what Mr Pêtre said about the dossiers which are still pending, some of which, as I understand it, have been pending for more than five years.

None of us will disagree with the Commission's concern that dossiers must be checked to ensure that they fulfil the requirements for assistance from the EAGGF, but Mr Lardinois has been Minister of Agriculture and he knows how delicate, not to say difficult, certain situations can be when a decision remains pending for years after the beneficiaries have taken great care in compiling their dossiers, submitting them within the required time limits and meeting the required conditions. These applicants are quite certain their applications are justified and will be granted. In the meantime, they are obliged to borrow privately and pay extremely high interest on their loans.

In this sphere the best is often the enemy of the good. It might be both necessary and expedient to deal more quickly with dossiers still pending, not treating them in a cavalier manner or cover-

Héger

ing up frauds, but rather with the aim of arriving after an initial examination at a selection which, once in operation, would make it possible to discharge a liability which might snowball, perhaps through an excess of good intentions.

I repeat, the best is often the enemy of the good. We must understand the point of view of beneficiaries who have been waiting a very long time, but I have every confidence in Mr Lardinois and his experience as a minister for agriculture and the embarrassing situations he must have witnessed are no doubt an incentive to get things moving.

President. — I call Mr Pêtre.

Mr Pêtre. — (*F*) Mr President, I should be failing in my duty and in the most elementary courtesy if I did not express my gratitude to Mr Lardinois for his replies to the questions raised by the Committee on Budgets.

On behalf of this Committee, and on my own personal account, I therefore thank him and can assure him that his comments, together with those of Mr Héger, will be passed on to the Committee.

President. — Does anyone else wish to speak?

The debate is closed.

13. *Oral Question No 165/73 rev., with debate:*
EAGGF payments

President. — The next item is Oral Question No 165/73 rev. with debate, by Mr Cipolla, on behalf of the Communist and Allies Group, to the Commission of the European Communities.

The question is worded as follows:

Subject: EAGGF payments

1. Can the Commission confirm reports that the French farmer has received 2,000 French francs from the Communities while the Dutch farmer has received 10,000 French francs? Can it also say whether these figures, which obviously represent total payments made by the EAGGF in each country, relate to the active farming population or to existing farms?
2. Can the Commission supply Parliament with the figures for payments made by the EAGGF over the last four years for which accounts are available, in each of the original six Community Member States, together with estimates for the current year?

3. In preparing its memorandum on adjustment of the common agricultural policy, has the Commission taken account of disparities in the distribution of Community resources?

4. In the proposals it is shortly to submit for changes in market organization and other structural measures, what provision has the Commission made for restoring throughout the Community the balance between EAGGF expenditure and the active farming population?

I would remind the House that the provisions applicable in this case are those of Rule 47 (3) of the Rules of Procedure, to which I have already drawn attention.

I call Mr Cipolla to speak to the question.

Mr Cipolla. — (*I*) Mr President, ladies and gentlemen, I think the discussion we are proposing today with this Question will be a kind of prologue to the wider discussions which will follow in the House when it comes to deal with the Commission's memorandum on the adjustment of the common agricultural policy, and launches a discussion of agricultural prices on the basis of the statements made by Commissioner Lardinois this morning.

Our question was originally inspired by press reports indicating that a Community Head of State (one of the most authoritative ones) had made an official statement on the apparent imbalance in payments to the different countries by the EAGGF Guarantee Section. We have asked for fuller and more detailed information, not just on France and Holland, but also on the figures for the allocation of EAGGF funds per unit of active farming population over the last few years, and for all Community countries. I think this information will show clearly the lack of balance caused by the common agricultural policy, which favours certain categories and regions, to the disadvantage of others.

This justifies the request, made in Part 2 of our Question (which was echoed a short while ago in the intervention by Mr Pêtre), asking for this information to be given in good time, in order to avoid a repetition of what happened with the 1971 report, which was simply a recapitulation of the figures for 1967-1970.

To demonstrate to my colleagues (although I am sure they know it already) how important this type of information and research is, I would like to give a single example, basing my calculations on the few data given in the first financial report. Table 4 on page 14 of the document shows the payments made by Member States in 1971, without any reference to the other years. I have made a simple calculation, taking the amount paid to each country and relating it to the active farming population in

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1971, as given in the Community's Annual Report.

The result for 1971 was as follows: in Belgium, the EAGGF paid out 519.3 units of account for each unit of active farming population, Germany received 186, France 215.3 and Luxembourg 95 (poor Luxembourg!). On the other hand, the countries at the two extremes, below Luxembourg and above Belgium, are the Netherlands with 822.8 units of account per farm worker and Italy with 59.4 units of account.

These are Community data; I did not obtain them from any other source, or from a newspaper as my colleague Mr Pêtre has stated; I took them from official Community documents. They apply only to one particular year, but they do reveal a certain imbalance which calls for our attention. What is the reason for this imbalance? And is it increasing?

I then referred to another table, also an official Community one, showing the draft supplementary budget we approved this year; as Members will recollect, this shows that Community expenditure for milk and dairy products was 1,440,396,000 units of account, to which should be added contributions for food aid and compensatory payments. This type of aid has to be paid out to two and a half million farms in the Community. A provision of 51 million units of account was made for wine, but this figure is reduced to 19 million in the supplementary budget. The Commission's report says that there are 2 million vineyard concerns in Europe, so it is obvious, ladies and gentlemen, that these figures cannot be ignored.

Clearly, we must find out whether these data are exceptional or reflect a permanent tendency, and whether the common agricultural policy is designed to improve this situation or to aggravate it, in as much as it is a basic feature. Here I would recall how obstinately the representatives of certain countries have been known to repudiate the regional policy, for example, in the Council of Ministers; but it is clear that faced by these figures, we must reconsider the whole problem.

I will now deal briefly with the two latter points of our question. In Parts 3 and 4 we have asked the Commission whether, in preparing its memorandum on adjustment of the common agricultural policy, it has taken account of disparities in the distribution of Community resources. In other words, I would like to ask Mr Lardinois if applying the measures proposed in the memorandum, which would, among other things, involve a considerable reduction in Community expenditure for olive oil, durum wheat and

other products, such as rice, which form a major part of the EAGGF's contributions in Italy, will bring about an improvement or a deterioration in this ratio.

The fourth point of our question is connected with what Mr Lardinois told us this morning about the new price proposals. In this connection my colleague Mr Liogier has mentioned the problem of apples, but I would like to draw attention to the equally serious situation for mandarin and orange growers in Italy at present.

As to my question this morning about the wine and fruit-growing sectors, I would like to point out that these are two areas where Community policy has been far from advantageous or even comparable with the policy in other sectors, and the Commission has still to give a reply on whether it intends to change this situation. The Commission should also tell us something about the changes it proposes to make in the durum wheat sector when this becomes subject to the same type of system as other cereals.

Among other things, this will mean the end of production of this product, as pasta will be produced from soft wheat, and this in turn will mean the end of wheat growing in a large area of Italy.

Although the Commission has proposed changes to the regulations for olive oil there are no new proposals to combat the difficulties existing today in wine markets in both France and Italy, or to counteract the difficult situation which exists throughout the Community for fruit and vegetable producers. The figures I mentioned earlier will certainly change for the worse, as even countries which may now feel that they are in a favourable position because they produce a certain kind of product, will then have to pay.

Today we are feeling the full force and weight of protests—like this morning's—from French meat producers, but I am sure that in the coming weeks there will be other protests from French, Italian and other Community wine producers and from fruit growers in certain areas of the Community. I am not raising these matters in order to create any kind of national controversy, for this is not the time to discuss national problems. Nowadays, to our regret, we hear constant rumours of the great difficulties being encountered by the Community's institutions in their attempts to arrive at a common approach.

The vision of a Europe advancing inexorably towards ever-greater cohesion and unity is becoming more and more obscure. In fact, at every meeting of the Council of Ministers we are confronted by the spectacle of total failure to agree on matters connected with regional policy.

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It is not enough to stop the clock—if we did, we would have to stop it for many months.

To come now to energy policy. The difficulties which militate against the formulation of any common policy are well known, as are the problems of arriving at a common agricultural policy, which up till now was held to be the cornerstone of Europe. If we do not stop messing around and if we cannot produce an all-embracing European answer to the problems of all farmers throughout Europe, from the most far-flung island off the north coast of Ireland to the furthest islet south of Sicily, if we cannot arrive at a policy on which we can all agree, there is no possibility of a European policy.

We wanted to ask these questions before moving on to discuss Mr Lardinois' memorandum and before tackling the matter of prices, which we know will arouse a great deal of strong feeling and conflicting interests. Since we felt that the Commission should be asked to reflect for a while on these matters, and provide the information we require, and that honourable Members, too, should have an opportunity to ponder briefly on the vicissitudes and future fate of the common agricultural policy.

President. — I call Mr Lardinois.

Mr Lardinois, *Member of the Commission of the European Communities.* — (NL) Mr President, I am pleased that these questions by Mr Cipolla have given me an opportunity to tell the Parliament more about the background of those national payments, as they are sometimes called. I agree that some comment is called for on this point. Unfortunately we are forced to admit that we have now reached a stage where the national yardstick ("What am I paying and what do I stand to gain?") is being increasingly applied to the effects of such payments on the national budgets. I am bound to say that in my opinion this is not just an extremely dangerous attitude, it is also a very limited approach to the whole matter, as it means that the major reason for implementing this policy at Community level is overlooked. I shall possibly come back to this point again, but for the moment I should like to answer Mr Cipolla as briefly as possible, keeping as close as I can to the text of his questions.

First of all, I have to say that the Commission cannot confirm the statements about payments to French and Dutch farmers. The amounts paid to farmers in France and the Netherlands are approximately the same, and are approximately one thousandth of the sum mentioned in Mr Cipolla's question.

Now for the first question. Since the reply I have just given was negative I cannot answer this.

As for question 2, I do have some figures referring to two normal years, 1970 and 1972. 1971 was a special case because a number of adjustments for previous years were made in that year and there was a partial switch-over to a new system. The figures I have are for the average amounts paid out by the EAGGF in these two normal complete years. Payments to Germany totalled 658 million units of account, Belgium received 170 million, France 886 million, Italy 624 million, Luxembourg 6 million and the Netherlands 389 million. This is a total of 2,733 million units of account for the former Community of the Six. The answer to Mr Cipolla's third question is: no.

The fourth question I would answer as follows. We are not contemplating any measures of this kind, as they would require a completely different philosophy from that on which the Community's agricultural policy is currently based.

These are the answers to Mr Cipolla's specific questions. If I let it go at that, I could be criticised—probably quite justifiably—for having chosen to answer Mr Cipolla's questions in this way so that I could avoid dealing with the real substance of his questions. I do not wish to do that. The matter is far too important to be handled in this way, and I would therefore like to add the following remarks. If people start making calculations, as Mr Cipolla has done with such finesse, to work out what one country gets and what another one gets, we run the risk of completely distorting the agricultural policy, which is the only really broadly-based and well-established sector of Community policy.

I can illustrate this by an example connected with one of the problems I have come up against in recent months. You know that it is our present policy to try to get rid of the denaturing premium on wheat, because in a world where so many people are starving, this premium is felt by the public to be an unpleasant feature of the agricultural policy. However, we have now come up against the problem that owing to various circumstances one of the new Member States is getting back via the denaturing premium a good deal of what it contributes to the EAGGF. The unfortunate aspect of the fact that national governments are increasingly adopting this type of reasoning is that it forces us to maintain a bad policy feature, which has somehow crept in, because it happens to be useful to the quid-pro-quo champions. The same thing has happened in the past for other products.

Lardinois

To my mind this is one of the greatest dangers threatening the Common Agricultural Policy. It is one of the main reasons why I have been emphasising for over a year the absolute necessity of pursuing a common regional policy, a monetary policy and a social policy alongside the common agricultural policy, to stop all the juggling with figures that goes on at present in agricultural circles.

If at a given moment a country is being asked to make disproportionate financial sacrifices for Community policies as a whole, the financial argument should not be used as a lever to bend an existing policy; instead changes should be made to the contribution ratios applied by the Member States. This is nothing new. It happened three times in the case of Italy during the sixties, when that country had to bear a disproportionate financial load owing to certain specific features of its production and other special circumstances. The Council realized this and took action on three separate occasions. I would prefer this to keeping unsatisfactory policies for the reasons just given by Mr Cipolla.

There is a second point I would like to bring up here, especially since it concerns a country which for historical reasons I know rather better than the others. I refer to the Netherlands.

Whenever people start looking at total payments from the agricultural fund and then divide them by the number of hectares or the number of farmers, the Netherlands always stands out. Might I point out that this would also be the case if the same calculations were applied to taxes or customs duties? All the same, in practice it would appear that the Netherlands is in fact a special case, especially considering the way the agricultural policy, as it has been formulated by us, is applied. This is due not so much to the number of Dutch farmers as to the particular rôle of the Netherlands in agriculture. It is a country with a highly-developed finishing industry which has a relatively extensive trade with third countries in products of this kind.

I recall, for example, that it was normal practice when I was Minister for Agriculture in the Netherlands for us to use Dutch export refunds to pay for the exporting of Italian cheese via Rotterdam, and to have these refunded in turn from Brussels. This situation arose owing to the existing trade channels which had been extensively developed in the major Dutch ports, and possibly also because of differences in administrative procedures between the Netherlands and Italy. At that time it was usual for the Netherlands authorities to pay export refunds within fourteen days of export. In Italy, on

the other hand, exporters had to wait two years before being paid and it was therefore more advantageous to export goods *via* Rotterdam rather than, say, Genoa or some other Italian port.

Mr President, although I realize that these comparisons are always somewhat exaggerated, my point is that in the Netherlands you cannot judge the significance of oil imports on the basis of the individual forecourt attendant and you likewise cannot assess the importance of international trade in agricultural products in terms of each farmer, as it is determined far more by the presence of a large commercial apparatus and a highly-developed processing industry, which have traditionally been very closely linked with third countries.

I hope, Mr President, that these remarks have helped to dispel some misunderstandings, and have placed this problem in a wider context.

President. — Thank you Mr Lardinois.

I call Mr Cipolla.

Mr Cipolla. — (I) I should just like to say to the Commissioner—since the debate will continue when we come to discuss agricultural prices and the memorandum—that though he has given us some figures, these are not complete, and apply only to two years, while the 1971 Report was for one year only. He would be doing us all a great service—as the EAGGF Reports seem rather later in appearing—if he could give us a breakdown for each of the years similar to that in Table 4 of Doc. 102/73.

I should like to tell Commissioner Lardinois and other Members what I think the problem comes down to. The Commissioner cannot really believe that a few transactions in cheese exports can provide any answer to the problem, regardless of whether refunds were obtained on imports or not. This is not the core of the problem. If he can tell me the total amount these transactions represent, it can be deducted from the figures. What I am trying to do is draw Members' attention to the fact that at this moment a situation exists where, owing to Community policy, there are producers of meat, wine, mandarins, apples and other products in the Community who are unable to sell at the prices fixed by the Community, either because of the inadequacy of the regulations, or because of the Community's measures on imports, or for some other reason.

But there is yet another problem which I for one will never tire of raising. Community policy, from being incomprehensible and obscure, has now become clear to the ordinary farmers. The

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problem is this: if you produce milk and send it to a factory for processing into butter or powdered milk, you get a 100 percent guarantee; but if you produce mandarins or beef, products which by their very nature involve a long period of waiting before there is any return on capital invested, there are no equivalent guarantees. yet they are all Europeans, and it makes no difference whether they live in France, Italy or Holland.

The figures I have given show that certain countries whose economy is based essentially on producing protected goods can benefit from the full guarantee. The Netherlands is one of these countries. I have no wish to say *post hoc, ergo propter hoc*, for ever since its inception the European Community has always had the services of excellent Commissioners from that fortunate country. I am not claiming that goods are produced specifically for this reason, but facts are facts. Why is it that the mandarin producer who sells mandarins to the Italian intervention agency AIMA, at one third of last year's Community price, (in accordance with the regulations), receives such a small guarantee, while other producers manage to get 100 percent guarantees?

It is this question which has to be answered. We are not trying to set one country against another. On the contrary, it is because we want to prevent such disputes that we are trying to bring all the Community's farmers into the same level. Mr Lardinois, if you do not give some reply to this, there can be no possibility of improving the Common Agricultural Policy in the interests of the whole Community.

President. — Do you wish to reply, Mr Lardinois?

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I would point out that generally speaking it is of course quite normal for different products to be treated differently, as the nature and cultivation of one product varies considerably from that of another. I can illustrate this. It is impossible to give the same guarantees for products like vegetables and fruit as for a product like grain. This has nothing to do with the areas where products are grown; it has to do with the fact that the land area available in West Europe sets a natural limit to total production of cereals, while there is no such natural limit to production of vegetables and fruit. If we gave the same guarantees for vegetables and fruit as we do for cereals, this would create surpluses which would make the surpluses in the dairy sector seem totally insignificant.

Obviously, too, not all the directives came into force at the same time. For example, the measures applying to cereals were introduced in 1966; the system for tobacco and wine came into effect in 1970/1971. This too has led to some differences in the way regulations have been framed, and of course in other respects, such as financing and payment.

I would be the last to claim that the common agricultural policy does not create problems. There are at least 50 different sectors in agriculture. With products which are so dependent on climate, you cannot expect there to be no problems.

Taking all the sectors together, we are pleased to note that developments in 1972 and 1973 have led to an increase of 34% in the income of European farmers, so at any rate the gap in earnings which traditionally existed between agriculture and other sectors has to some extent been narrowed down.

President. — Thank you, Mr Lardinois.

I have no motion for a resolution on this debate.

Does anyone else wish to speak?

The debate is closed.

19. *Tenth Report of the Mines Safety and Health Commission and Fourth Report of the Steel Industry Safety and Health Commission*

President. — The next item is a debate on the report drawn up by Mr Jahn, on behalf of the Committee on Public Health and the Environment, on the Tenth Report of the Mines Safety and Health Commission and on the Health Commission (Doc. 247/73).

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

Mr Jahn, rapporteur. — (D) Mr President, ladies and gentlemen, it has already become a tradition that the Committee on Public Health and the Environment deals with the annual reports of the Mines Safety and Health Commission and the Steel Industry Safety and Health Commission and makes a report to the House.

The report I have to submit to Parliament covers the year 1972. In the past I thought it regrettable and even more today in my capacity as rapporteur, that our reports lose so much of their immediacy by late presentation. I cannot see any good reason why an activity report covering a certain year cannot be examined by the follow-

Jahn

ing year at least, instead of two years after the beginning of the period reported. Thus in January 1974 we have to consider the report for 1972.

And it is only a slight consolation for me that last year's report on the activities of two Commissions in 1971 by our colleague Mr Pêtre was not presented to the House until March 1973. The Committee on Public Health and the Environment did not receive the reports of the two Commissions until October 1973 and not even in all official languages. The work was started without delay and the reports were examined on 30 October and 20 November. On the latter occasion the motion for a resolution which you now have and its explanatory statement were passed unanimously. I earnestly request the Commission to submit these reports to us several months earlier in future, so that the time-lag between the end of the period reported and the date of reporting is not too great.

But I would also make an earnest request to our Bureau that our Committee's reports on these activities should be put on the agenda of the plenary sitting following their submission, particularly when they are distributed on time and do not need to be dealt with by urgent procedure.

I can be relatively brief on the contents of this report: our greatest concerns, some of which are of several years' standing, have been embodied in the motion for a resolution. May I draw your attention to Paragraph 15 of the motion for a resolution in which we urge the two Commissions—the Mines and the Steel Industry Safety and Health Commissions—to examine the possibility of closer collaboration and, so far as expedient, coordination of their activities in certain sectors. In my view this demand is still far too cautious, but as rapporteur I have to transmit the opinion of our Committee.

Nevertheless, I should like to take this opportunity of asking the sixty-four-dollar question: What is really stopping the Commission from now combining the Mines and the Steel Industry Commissions which, as we know, were set up ten years apart? Would this not be a reasonable measure, considering that about 90% of the problems dealt with by the two Commissions are so very much alike? Might it not at least be possible to merge the Secretariat, with its experts in both fields? In any case such an amalgamation would be a healthy incentive to cooperation. We know this from similar mergers. I should be very grateful if the Commission's representative would comment on these specific questions.

We are disconcerted by the fact that by far the greatest number of fatal accidents occur in the independent auxiliary and subsidiary works of

the iron and steel industry. The Commission must therefore use every suitable means of action to arrest this dangerous development. Apparently it is precisely these small concerns that are still meagrely supplied with information on accident prevention, and this is where we should concentrate our efforts and make doubly sure of the safety practices.

In connection with the prevention and limitation of accidents, we also urge the Commission in Paragraph 9 of the motion for a resolution to encourage industries employing large numbers of migrant workers to recruit safety officers from their ranks, as this method has already proved very satisfactory. The Federal Republic of Germany has set a good example. We hope it will be followed throughout the Community and in a forthcoming activity report we would welcome any news of success in this field from other Member States.

Mr President, ladies and gentlemen, in conclusion I must refer to a problem which has occupied this Parliament for many years, the lack of staff in the Secretariat of both Safety Commissions.

In Paragraph 2 of the resolution, we have not concealed our disappointment that the Commission has still failed to make the long overdue increase in the secretarial staff of the Mines Safety and Health Commission, even though it considers this essential. You will no doubt recall that our colleague, Mr Pêtre, the rapporteur on the previous year's report to the House on 12 March 1973, stated that we regretted the reduction in personnel of the Steel Industry and Mines Commissions although Parliament had recently requested an increase. To this, Dr Hillery, Vice-President, replied:

'In relation to the loss of staff, I should like to point out that only one of the agents in these services has left. That was for age reasons and not because of any re-structuring after enlargement. However, I am aware that there has not been an increase of the staff in the last five years in these sections, and now with the enlargement, as a new social programme, being planned for implementation, this is an opportune time to review the staffing.'

On behalf of the Committee on Public Health and the Environment I therefore ask for this review to be made and a corresponding report to be sent to us.

To our great regret the Commission has missed the boat. It made promises about reinforcements—and now, a year after, we see that nothing has been done. Can we be given a breakdown of the

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staff needed—information which would be a guide for all of us? After all—and this is why I insist—the safety and health of our fellow men working in the Community is at stake and we should not be saving money on this when we have spent so much in so many other fields.

As stated in Paragraph 25 of the Resolution, the resolutions of this Parliament in previous years, to which we again draw attention, were always based on its concern to secure an effective safety and health policy. We hope that our future efforts will be more successful than hitherto.

IN THE CHAIR: MR McDONALD

Vice-President

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President. I should like to start by apologising for the absence of my colleague, Dr Hillery, for whom I am now deputizing. Owing to the death of a near relative he had to leave Strasbourg early this morning and asked me to offer his apologies to Parliament for his absence on this account. But he did enable me to get a sufficient grasp of the subject to give a reasonably good reply. I have to admit that this morning I was still rather in the dark.

I was very glad to hear Mr Jahn say that in the final analysis it is the safety and health of human beings that is at stake. For one who most of the time has been trying to do something about the food supply situation, it is good to learn that safety and health are considered to be values of at least equal importance to human welfare.

Actually it is nearly a year since the Commission submitted the reports on safety and health in mines and the iron and steel industry. In the meantime the social action programme has been prepared and the Commission's work in the coal and steel sectors will be extended to other fields.

This task is being done at two levels, cooperation between national bodies and also between management and employees. Parliament will soon be in a position to comment on the Commission's proposals. I myself feel certain that the present exchange of ideas will lead to further developments in the right direction.

I speak expressly on Dr Hillery's behalf in thanking Mr Jahn for his excellent report and the Committee on Public Health and the Environment for its highly specialized study on activ-

ities in 1972. Parliament's resolutions were also a valuable contribution.

I should now like to comment on the specific points raised in the motion for a resolution.

It is quite true that both the Mines and the Steel Industry Safety and Health Commissions were rather short of staff in 1973. They were two officials below strength, but this was entirely due to personal reasons. The vacancies will be filled in a few months' time.

I can also assure you that we shall examine every aspect of staff requirements in these departments. I now come to the questions in Paragraphs 4 and 5. Two opposite trends can be observed with regard to the number of serious accidents in mines and the iron and steel industry. In both sectors there was a distinct drop in the number of fatal accidents, which, of course, is all to the good. The number of serious mining accidents rose till 1968, since when a decline has fortunately set in, and the number of accidents resulting in more than three days' absence from work has also decreased. But in the steel industry, there has been an increase in the number of accidents resulting in one day's absence.

In reply to the question raised in Paragraph 6 on the punctuality of statistical information, I must point out that the statistical department of the Commission only received the information from the employers' organization in June and in some cases even later.

The Commission will ask these organizations to send their statistical data sooner.

With regard to Paragraph 8, the Mines Safety and Health Commission has started some important projects for training employees and the Steel Industry Commission has adopted them.

The effects of different wage systems, referred to in Paragraph 10, were the subject of a recommendation by the Mines Safety and Health Commission in December 1967. This year, it has also been decided to study the effect of working hours.

The activities considered desirable in Paragraph 12 regarding safety, health and industrial medicine in all sectors of industry have been included in the new social action programme submitted to the Council by the Commission.

The European Parliament's wish expressed in Paragraph 13 that the two Commissions should concentrate on the health problems in mines and in the iron and steel industry will certainly be met this year.

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With regard to Paragraph 14, I am able to inform you that the Commission intends this year to send you a comparative table of the most important statistical data on accidents in mines and in the iron and steel industry.

In concurrence with the wish expressed in Paragraph 15, I can state that the Commission will give maximum assistance to improving collaboration between the two Commissions and the coordination of their activities in certain specific areas.

The situation reported in Paragraph 16 regarding the number of working party meetings has improved. Six working parties held 13 meetings during 1973.

In reply to the criticism in Paragraph 19, the draft programme of the Steel Industry Commission's activities has already been referred to. I can only confirm that the studies on noise abatement and health have been given priority and that some of them will be commenced this year.

With regard to Paragraph 21, at the moment whenever a fresh topic arises a comparative study of the accident prevention regulations is carried out at the working party stage.

In reply to the observation in Paragraph 22, I should like to state that the Commission feels that the setting up of a joint central body for disseminating the latest information on safety and health in mines would merely duplicate work, considering the activities already performed by the Mines Safety and Health Commission.

In 1974 the ventilation and fire-damp working party will be studying the use of the fire-damp meters referred to in Paragraph 23.

The Mines Safety and Health Commission wishes to step up the publicity campaigns mentioned in Paragraph 24. I know that my colleague, Dr Hillery, intends to approach the Commission about increasing the subsidies granted for this purpose.

Mr President, I should like to thank Mr Jahn once again and to add that in my opinion subjects of this kind, which are so greatly relevant to the coalmining industry, have now become more topical than we might ever have thought possible in the early years.

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.¹

20. *Further development of the economic and monetary union—Tabling of and vote on a motion for a resolution*

President. — The next item is a motion for a resolution tabled by the Committee on Economic and Monetary Affairs, with a request for consideration by urgent procedure, on the further development of economic and monetary union (Doc. 323/73).

I remind the House that this motion was already on the draft agenda adopted on Monday. There is, therefore, no need for a further decision on urgent procedure.

I call Sir Brandon Rhys Williams to speak to the motion.

Sir Brandon Rhys Williams, rapporteur. — Mr President, the motion for a resolution which was adopted by the Committee on Economic and Monetary Affairs at the beginning of this week is not of a highly controversial character, but that does not imply that it is without meaning. It was adopted unanimously by our committee, with only one abstention. I recommend it strongly as an expression of Parliament's unanimous view—or, I believe, all but unanimous—at this critical juncture.

The committee might have taken this opportunity of entering more fully into the pros and cons of the intense arguments which have been raging in the Council of Ministers in recent weeks. However, I recommended—and I think all my committee agreed with my recommendation—that it would not be seemly or helpful if Parliament attempted to take sides in this dispute. Nor would it be appropriate for us simply to pass by as though we took no notice of what was happening in what in effect is our own Upper House, namely, the Council of Ministers.

We wanted, however, to try to put this present dispute in the context of the economic and monetary situation. That is why our short motion for a resolution takes the form it does.

In recent weeks, we have all been intrigued by the comet Kohoutek, guessing what it would be like, what it would mean for us, what its implications would be. Many people have been trying to draw an analogy with the appearance of other signs in the heavens and implying that it was a message of doom or at any rate of rapid change. The comet Kohoutek is now receding from the earth again, but the violent changes of the last few weeks in our economic and monetary outlook are not likely to recede. In the course of 1974 they are likely to become

¹ OJ No C 11 of 7. 2. 74.

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much worse. We can also say with confidence that the world will never be the same after the dramatic changes which began when the Middle East war broke out last autumn. Few of us then realized the extent of the changes which would be implied not just for the people of the Middle East but for the whole world.

Last year all of our own countries were troubled by the continuing problem of inflation. Different countries in the West tried different remedies, all with indifferent success. On top of that we had the commodity price boom, which, perhaps, might have been said by last August or September to be beginning to recede again. Assumptions were made by some governments that the commodity price boom was nearing its end and that during 1974 there would be some respite for manufacturing and exporting countries in that the terms of trade would move again in their favour.

Then came the Middle East war, with the same results as we saw on the outbreak of the Korean war—although it was a local conflict it had world-wide consequences in the commodity markets. I do not think that any of us foresaw even a few weeks ago that we should be contemplating paying a price for oil in 1974 more than 10 times the price in 1970; and in recent weeks experts have been trying to make their forecasts of what the implications would be for the monetary structure of the West of these tremendous surpluses piling up in the hands of the oil-exporting countries. Let us remember that it is not only the Middle Eastern countries which are developing these enormous surpluses. They will fall also into the hands of other oil-exporting countries in South America, Africa and the Far East.

The Petroleum Intelligence Weekly, a well-informed paper quoted today in the *Financial Times*, calculates that in 1974 oil exporters may have as much as 130 billion dollars to dispose of. What are the consequences for Europe? It is beginning to be possible to make some estimates, and I think that it is already beginning to be possible to regard the situation a little more calmly than we did even a fortnight or a month ago.

That does not mean to say that we have to minimize the risks and the threats which are aimed directly at the life of the democracies. We must reckon on a huge increase in demand for consumer goods of the kind we make. Some markets such as Iran and Nigeria, where there are large and poor populations, will suddenly find themselves in a position to buy goods they have long wanted but have not been able to afford; and their demand will soon be

reflected, I imagine, on the exporting industries of the Community.

They will want certain types of consumer goods which we ourselves want and are able to make. So we must certainly envisage very serious strain in meeting the added demands which are foreseeable from these markets.

But other oil-exporting countries, particularly in the Middle East, will be unable to absorb goods, even—God helps us—highly-developed armaments, in the sort of quantities which their monetary resources make possible. So we shall see a completely new element in the capital markets of the West, and not altogether a malignant one. We shall see a surplus of fresh, real savings seeking a place for investment. This is a challenge to our financial and commercial institutions. Are we going to be able to offer a satisfactory home for all this money? Or are we going to let it do untold damage as it moves from place to place exerting an almost insatiable demand for assets (because that is what one must foresee)?

All this money which we are paying for oil is not going out of our system and being lost. It is remaining within our monetary system and it is going to look for places where there are trustworthy assets to come to rest.

Yesterday in London Mr René Larre made a most notable speech in his capacity as General Manager of the Bank for International Settlements. He made an analysis of the future of the gold market which was extremely realistic and deserves attention. He drew our attention to the fact that the free market price of gold is now likely to become recognized for official transactions; but what I think he did not say—but what one might reasonably conclude—is that the free market price of gold is likely to go to very much higher levels even than it has attained in the past week in terms of our own paper currencies, and this I envisage possibly even in the near future.

Then there is a third consequence of this sudden pile-up of funds in oil-exporting countries, namely, a danger of switching of reserves between centres in search of competitive interest rates, in search of greater security, and also in pursuit of political objects. We in the democracies must now prepare to spend the rest of our lives in defence of our standard of living and our freedom of speech.

Once again there are the brighter sides to this. If there are all these fresh, real savings looking for a place to invest, one might express the hope for a fall in interest rates. But primarily we must reconcile ourselves to a new danger—

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of unforeseen pressures making for opportunism in our own national responses to events from day to day and week to week, tempting our governments into the pursuit of short-term solutions in place of the longer and wider interest.

Turning to the particular text of our motion, we thought that it was right to put first our dismay over the disarray of the Council of Ministers which has hit the headlines in all European countries in the last two or three weeks. We deplore the failure of the Council of Ministers to give full effect to the resolutions of Parliament in regard to economic and monetary union and the establishment of the Regional Development Fund; and we call on the Council to implement the resolutions of Parliament immediately.

The Council of Ministers have been acting like feudal chieftains at an assembly where each has to compete in the interests of his own territory, not like a senate with a clear vision of the way our new Community has to go.

But the Commission, too, cannot escape all blame for the way events have turned out. The paper presented by the Commission on the 'Adjustment of short-term monetary support arrangements and the conditions for the progressive pooling of resources' was published on 27 June 1973. Within a few weeks it was evident that it was not going to command the support of the monetary authorities of the Community: there were places in which it was too ambitious and places in which it was technically not sufficiently well worked out. But it was not until 3 December that the Commission decided to come forward with its amended recommendations in the form of the 'Five Proposals', which the Committee on Economic and Monetary Affairs of the Parliament welcomed. But it came too late for any serious hope of agreement being reached reached by the Council of Ministers by 1 January, when it was intended that we should embark on measures to inaugurate the second stage of economic and monetary union. The Commission took too long in coming forward with its revised proposals, and it cannot escape blame for the situation that has arisen.

We say, therefore, in paragraph 4 of our motion that 'the Commission should fulfil its task to make proposals for Council decisions in good time and to prepare for them in detail in order to give practical effect to Parliament's resolutions'.

Last year, I am afraid, the Community wasted its chance, in relatively stable conditions, to make progress in setting up the European Fund for Monetary Cooperation with real powers and

concrete assets; but it is still not too late for progress to be made in this field.

I was delighted to see the remarks of the British Prime Minister yesterday, when he said that we must make institutional progress and make progress, too, in accumulating central reserves on behalf of the Community. We have no more time to lose at all; we must have action—and we look to the Council of Ministers to provide it. The democracies have to set themselves on the path of economic and monetary convergence without any more delay.

There has never been a stronger case for economic and monetary union, for policies of balanced growth, for wise investment and mutual support. If our governments do not now take charge of events, our people will be at the mercy of them.

(Applause)

President. — I call Mr Lange on behalf of the Socialist Group.

Mr Lange, Chairman of the Committee on Economic and Monetary Affairs. — (D) Mr President, ladies and gentlemen, I had originally asked, first in my capacity as Chairman of the Committee on Economic and Monetary Affairs, to be allowed to make a few observations here intended for the benefit of the Commission.

At the last meeting of the Economic Committee on the 10th and the 11th of this month, we had with us Mr Haferkamp, one of the Vice-Presidents, who pointed out that he could not attend the part-session planned for the 16th, i.e. for Wednesday of this week, owing to an engagement in Rome. The Economic Committee and all of us attached importance to having a Member of the Commission report on the proceeding in the Council on the 14th and 15th and Mr Haferkamp agreed to do so. But no Member of the Commission attended yesterday, despite the fact that everything had been punctually and correctly prepared. I feel, in view of all the repeated reassurances by the President and individual Members of the Commission, a good atmosphere of cooperation between the Commission and Parliament should be maintained and fostered. When we have to work under such conditions, no doubt dictated by the political crisis, such assurances are of doubtful value.

Mr President, I have taken the liberty, with the Committee's consent, of pointing out this fact. You will be receiving a separate memorandum on this matter from the Committee on Economic and Monetary Affairs, asking you to contact the President of the Commission, to prevent the repe-

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tition of such occurrences. I do not wish to use any hard words in this connection, but it is surely bad practice, if it is agreed beforehand that a certain Member of the Commission will be present, so that the questions can also be discussed politically and, above all, the Commission's position and intentions are also clarified, as has always been the practice of the responsible Member of the Commission, for us then to be referred to an official who, of course, cannot express a political opinion. This then, Mr President, is the observation I had to make in my capacity as Chairman of the Committee on Economic and Monetary Affairs. As I have already said, you will be notified in writing of this incident. And now, Mr President, permit me, since I am already speaking, to discharge my duty as spokesman for the Socialist Group; I trust the House will have no objection.

Mr President, ladies and gentlemen, during its December post-session, this Parliament took a firm stand in the same question. I have urged the Council of Ministers to pass the resolution permitting entry into the next stage of economic and monetary union. The corresponding meeting of the Council was held after the plenary sitting of Parliament, i.e., on 17 and 18 December last. The Council made no decisions, but left the matter pending. The Committee on Economic and Monetary Affairs was not able at the time to comment in detail, as our colleague, Sir Brandon Rhys Williams, then stated and has recalled today, because some of the Commission's documents were submitted at much too short notice and some of the versions were incomplete and no debate could be held. For this reason Parliament, at the Committee's suggestion, drew attention to its earlier positions regarding the decisive questions.

The most important matter for us, however, since at the beginning of the first stage of economic and monetary union a formal resolution had been passed on entry into this first stage, was now to see that the formal resolution on the further development of economic and monetary union was made possible by entry into the second stage. The Economic Committee, and the Socialist Group as well, do not think much of the gimmick of "stopping the clock", in Europe or in the Community. Nor do we think much—and I say this specifically on behalf of my group as well—of tying up, under such conditions, parcels of resolutions which prevent further development and block the necessary measures, and may even lead to 31 December 1974 becoming the 396th of December 1973.

I am deliberately putting it in this way to stress the absurdity of stopping the clock. What we

insist on is that the Council of Ministers should fulfil its duty as a Community *institution* and does that which, basically speaking, the Summit Conference in Copenhagen, although not speaking as a Community *institution*, once again defined as a necessary and urgent task. This means that the Council of Ministers should enact without delay the resolution it passed in December and which it—as regards entry into the next stage of economic and monetary union—has held in suspense, and at the same time try to solve with equal despatch the other questions under discussion.

In this connection, I quote the President of the Council of Ministers now in office, who, yesterday, to my mind—and I am probably not alone in this—himself voiced one of the most severe criticisms of the Council. This Council, which was intended to be an institution of the Communities, or to put in another way, a Community institution, behaves as if its representatives, (freely quoting the President of the Council) rightly or wrongly—we say wrongly—go all out to protect national interests.

They behave like an intergovernmental organization; they always try, in case of doubt, to reach agreement on the lowest terms. Looking at the general situation in which the world and the European Communities find themselves—and we are grateful to our colleague, Sir Brandon Rhys Williams, as the rapporteur, for describing to us here some of these facts, which I do not need to repeat—one can only say that basically, these Communities are at a parting of the ways. At previous critical stages of development, I have always expressed the opinion, and with a clear conscience for the Socialist Group as well, although also in my other capacity, that the Communities can progress as the result of crises, that critical stages of development help them forward. At the present critical stage of development my optimism is not quite so unreserved and I would not venture so far as to say that this development with its political repercussions on Europe and the world is of a kind by which the Community is likely to profit, as much as it did in the past. When we take a look at the kind of procedure adopted (and I include all Members in this), many Members seem to act as though European integration no longer interested them, their sole apparent object being to protect their national interests as well as they can within the framework of international agreements and, if I may be permitted the expression, so feather their own nests in the process. As I have just said, I have very grave doubts as to whether this is a good thing for Europeans. If we want to reach the distant goal that the Europeans have set themselves in their

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efforts to unite Europe, to which the Economic Community belongs, and see the Economic Community progress from a customs union to an economic and monetary union, to social union and ultimately to political union, or as it was called at the Paris Summit, to European union, then we must decide here and now to push on with the development of the Economic Community. And I would also like to recommend the Council to do without these curious phased plans or any stages at all, because firstly we should then be free to catch up on everything that was omitted in the first stage, and secondly we could take appropriate steps in economic, monetary and social policy, as determined by the general political development.

Mr President, ladies and gentlemen, I particularly wanted to draw attention to these essentials on behalf of the Socialist Group. I need not say anything about the other positions taken up by the Committee in its resolution. We support this resolution and expect the Council of Ministers—notwithstanding the President's pessimistic reservations yesterday—to adopt, enact and make possible entry into the next stage of economic and monetary union by its next session at the very latest.

I trust we are all in agreement on these questions.
(*Applause*)

President. — I call Mr Schwörer on behalf of the Christian-Democratic Group.

Mr Schwörer. — (*D*) Mr President, ladies and gentlemen, the Christian-Democratic Group, on whose behalf I have the honour to speak, shares the disappointment expressed in the resolution of the Economic and Monetary Affairs Committee and that already voiced by the previous speaker. We regret that the Council at its meeting of 14 and 15 January again failed to reach agreement on the European Regional Fund as a basis for a European Regional Policy.

What we complain of in the first instance is the procedure, and the first object of our criticism is the Commission, as it is the Commission which is obliged by the Treaty to prepare the resolutions passed by the Council of Ministers including the necessary preliminaries for such preparation and such a proposal.

I feel the Commission has neglected this duty, and that in particular it should have known how much the further development of the Community depends on this agreement on the regional fund. But the Council is particularly to blame. It could and should have intervened in

recent months during the preparatory work, especially as the Ministers were fully aware that the need for such a regional policy was repeatedly stressed at Summit Conferences, and in other discussions by those responsible for decisions. I consider it nothing less than schizophrenic that, knowing of these solemn statements and pledges, they have not made every effort to ensure this by the time this agreement was on the agenda.

But to get down to the point. I have no intention of staging a debate on regional policy. This House has frequently voiced its opinion on this matter. But the Ministers, who have to make the decision, should be told that regional policy means developing the weaker areas of the Community and exploiting the Community's growth reserves by means of a joint effort. In my opinion, the money invested is by no means wasted but will bring a return to the Community. Or is this effect doubted? I think that if the Commission cannot ensure that the entire Community will not one day derive solid and visible benefit from these funds in the form of increased productivity, improved purchasing power and satisfaction of the solid needs of the underdeveloped areas of the Community, then these measures should be abandoned from the beginning. But what an admission of defeat that would be for the Commission! There are so many examples of successful national development policies, that I personally have no fears of the desired success not being achieved for the Community and, in particular, for the people of these backward areas.

This is the reason for our demand in the resolution to the Council that the necessary decisions be made and care be taken that capable stewards put the money to good use and that the European taxpayer, who now has to find the cash, will see the fruits of his investment at some future date.

Unfortunately, as a result of the Council and Commission's failure to do their duty the regional policy cannot get started; measures already decided are not implemented. This is happening in the energy and economic policies. I feel, as does my colleague, Mr Lange, that nothing should be linked together here and that measures already decided and settled should not be neglected merely because of the failure to reach a subsequent decision needed. These two areas—in particular energy policy—should be dealt with as a matter of urgency.

Our colleague, Sir Brandon Rhys Williams, made several comments on energy policy. How can anything further be said on such a hackneyed subject as the need for joint action by Euro-

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peans? And President Ortoli made a remark yesterday that seemed to me to be almost over-optimistic. In any case, it is just this very field of energy policy which obliges us to get through the next difficult five years together and solve not only the problems of supplying energy, but also those of energy costs. Any expert knows how the balances of payments and social growth depend on these costs. The oil producers' increased receipts will show up as deficits in the national balances of the purchasing countries, with all the undesirable results for the Community even to the extent of possible bans on export subsidies and limitation of imports, to improve national balances of payments.

With that, we come to the decisive point to which I attach most importance, the second stage of economic and monetary union.

Mr Lange, I agree with you that these plans should not be too rigidly designed, nor should the steps be over-emphasised. But to me, entry into the second stage seems to be at least necessary as a sign that what was decided in the first stage at least but still not carried out will now be done. Entry into the second stage should remind us of these omissions which must eventually be made good, i.e. the need for a joint attack on inflation, the free movement of capital within the Community and a harmonized budget policy in the nine Member States. In addition, the second stage should introduce important measures, e.g. permanent consultations in economic and monetary fields. Furthermore, this important guide-line—the European stability law—should be passed so as to improve our areas of intervening in economic activity. It should make it possible to verify the result of national budgets and in the area of exchange rates, there should finally be fixed but adjustable parities within a certain range which are binding on all Members of the Community. On top of this—as Mr Lange has already mentioned—there is the coordination of social policy, taxation policy and competition policy.

If we say the second stage should be completed by 1. 1. 76., we do not have much more time to lose. One month lost in twenty-four could tip the scales.

Thus I feel the Commission and the Council cannot be exonerated from their failure on this matter until such disagreement has no further aftermath. For this reason, the gentlemen should in its resolutions of 5 July, 16 October, 19 again call to mind what this Parliament declared October and 13 November and finally on 10 December when these questions were all very clearly stated and when—concerned by the

economic set-back threatening in 1974, by price instability and inflation, which is still the Community's chief economic bugbear—it was said that only through Community solidarity on economic policy would it be possible to face the threat to stability, steady growth, full employment and external economic equilibrium.

Ladies and gentlemen, in view of these very effects, which were so clearly described in the most recent resolution of 10 December and unfortunately are quite real, this policy of agreement should finally be reached by the authorities in the interest of the Community. Yesterday, a well-known Swiss newspaper wrote that the failure of the Council of Ministers and the Commission would result in the European Community continuing in a state of inertia.

Fellow-members of the House, I believe we should do everything in our power—and with our resolution today we want to do that—to overcome this inertia. The Christian-Democratic Group supports the motion for a resolution and demands that Council and Commission take immediate action on the demands made.

(Applause)

President. — I call Mr Dalsager.

Mr Dalsager. — *(DK)* Mr President. I am speaking entirely for myself and can promise you I shall be quite brief.

Last night, on a quite different subject, I had an opportunity of making here a few remarks which were very much in keeping with the proposed decision under consideration here, which I shall therefore vote for with pleasure.

I fully agree with the criticisms made by my friend and party colleague, Mr Lange, about the way this proposal has been dealt with.

But there is one thing which surprises me, Mr President, and that is that people can discuss such a decision and that the Committee chairman has had so much to say about the text without mentioning the difficulty of promoting economic and monetary union so long as the present great disparity in currencies prevails within the Communities. The fact that European currencies are floating creates daily vast administrative problems for the Community, and this obviously acts as a drag on economic cooperation.

The Council and Commission have always been a favourite Aunt Sally and today is no exception. But no great harm has been done. I am sure that the gentlemen representing the Council and the Commission must have thick skins; over the years they have heard many harsh things

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said in Parliament. But there really are some occasions on which we should train our sights on some other target. There are certainly some governments in Europe—possibly some Heads of State as well—who should be told that we consider it unreasonable that at their meetings the Heads of State should agree to one thing and another and then wash their hands of the problems without really understanding what they have agreed on.

I wanted to say this, Mr President, also with reference to many of our discussions here, because I believe that if we are to persuade the peoples of Europe to feel any affection for the Communities, we must really make a far more determined effort to solve the important problems. We talk about regional policy, economic and monetary policy, and energy policy, but many of those who are so full of praise for the Communities are very busy grinding their own axes at the same time and are not concerned with the Communities. We are busy with many things; we talk about European bread and European jam, which is all rather uninspiring stuff, while the great problems cannot be solved because some of the major governments cannot agree on what they actually want in this sphere.

I am therefore, Mr President, very pleased we are about to make this decision. I hope it will be a small step towards convincing certain persons in Europe that the time has now come to make some headway in Europe. We talk a lot here in Parliament, and in my view about a lot of superfluous subjects. Now let us start to say a few words about the things that really prevent this Community from developing as we wish it.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I thought I could do no better than to thank those who have taken part in the debate for their contributions and for the serious way in which they have treated the subject.

One particular criticism was directed at the European Commission by the Chairman of the Economic and Monetary Affairs Committee. I shall pass on to the European Commission what the Honourable Member, Mr Lange, said on this matter. Up until the moment when he began to speak, I knew nothing of this incident. It so happens, however, that I know that the Commissioner most concerned in the work of the Economic and Monetary Affairs Committee is

now actually attending a meeting of the Group of 20 on improving the world monetary system.

Furthermore, I should like to say that I can re-echo many of the remarks made. In so far as criticism has been made, it was levelled at the Council rather than the Commission and I might almost say this was a good thing. Of course, I recognise that if the Council has made insufficient progress in implementing certain proposals, some responsibility may also rest with the other institutions. If Parliament is going to be so wide-reaching in its criticism of other institutions, then I would say in defence of our Commission that in any case our viewpoints and proposals have, usually, been approved by Parliament.

At this stage, therefore, Parliament also shares the responsibility.

Mr President, I should like to leave it at that. May I say that it has been a great pleasure for me to be present at this part of the debate.

President. — Thank you, Mr Lardinois.

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams, rapporteur. — I thank all those who have taken part in this interesting debate. I thank Mr Lardinois for standing in for other members of the Commission who we might have hoped could be with us for our debate. However, he has promised to take back the message from our chairman concerning the particularly unhappy incident that occurred this week.

No more remains for me to say except that, as rapporteur, I have taken note of the points that have been made by my colleagues. I thank them for not having said anything which is likely to promote bad blood or create headlines in any one country that might make the situation in the Council of Ministers even more difficult. I believe that is the right thing for Parliament at this time.

However, if we have refrained from picking up stones and throwing them at one particular country or another, that is not, in my view, because we are satisfied, but because we are now all the more resolute for unity. Although the Council may not have attained to the level we think appropriate for the events of the moment, and although we are very critical of the Commission because we think that greater energy, greater foresight and perhaps greater skill on the part of the Commission might have saved us from some of our current problems, and will certainly be needed in the future, never-

Rhys Williams

theless in Parliament we have the sense of unity. It is here that we see most brightly and clearly the vision of what Europe has now to become.

I hope that this short debate at the end of the week has served a useful purpose. I hope that when it comes to the vote on this motion Parliament will show very strongly that it supports the stand which has been taken on the present state of affairs by the Committee on Economic and Monetary Affairs.

(*Applause*)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

21. *Regulation on aid to hop producers for the 1972 harvest*

President. — The next item is a debate on the report drawn up by Mr Früh on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of aid to producers for the 1972 harvest (Doc. 325/73).

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

Mr Früh rapporteur. — (*D*) Mr President, ladies and gentlemen, the Commission has submitted a report to the Council on the production and marketing of hops from the 1972 harvest, together with a proposal for a Council Regulation laying down, in respect of hops, the amount of aid to producers for the 1972 harvest. Under Council Regulation 1969. 1. 71 of 26 July 1971, this report should have been presented before 30 April, but it proved impossible to meet this deadline, mainly because the data were submitted too late by the individual Member Countries. This regulation is also proving difficult to implement and is leading to increasing complexity since with the enlargement of the Community the number of hop varieties has also increased, and has in fact practically doubled for this year's report. Difficulty has been experienced because there are now 21 varieties instead of the previous 11. It is to be hoped that once the problems of adaptation have been overcome the reports will become available in good time. However, should the increasing complexity make that impossible, we should

perhaps consider whether it would not be better to try to change the system. The present delay will be still further prolonged if the aid is paid out late the responsible national bodies. It is, of course, clear that the real purpose of the aid will be undermined if the producers only receive it after long delays, especially since the effects of these delays are further aggravated by present inflationary trends and rising costs.

The proposal for a regulation submitted to us by the Commission provides for aid for five varieties grown in the Community of the Six, and the main criterion in choosing the varieties was the return per hectare. Aid is to be given at the same rate to four varieties and at double that rate to one variety. However, if we compare the yields per hectare in the 1972 harvest, we see that in every case, with the minor exception of the Hallertauer variety, production was down on 1971. Thus the 1972 returns in the Community of the Six were on average 150 u.a. per hectare less than in 1971. If the average returns are measured against those for 1969-71, the decrease in returns amounts, according to the Commission's report, to as much as 367 u.a. per hectare. This situation arose not only because the yields for the individual varieties were lower, but mainly because prices, having previously remained at the same level owing to the fixed prices for hops sold under advance contracts, fell rapidly in 1972 with more hops being sold on the free market.

In view of this state of affairs, which I have tried to sketch briefly, the Committee on Agriculture feels that the Commission's proposal that only five varieties be subsidized and given aid is unjustified in the present situation. Under the 1972 Council Regulation 27/17, all varieties were included in the aid programme for the 1971 harvest, even though the 1971 yields higher than those for 1972. We consider that, in view of the inflationary trend and the rise in costs which has since taken place, the aid figure granted in 1971, namely 250 u.a., now increased to 300 u.a., is negligible.

For all these reasons, therefore, we would propose that the aid should not be limited to these five varieties but should embrace all eleven varieties grown in the EEC. With this in mind, the Committee on Agriculture has unanimously approved our motion for a resolution. I ask you to support this motion.

(*Applause*)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (*NL*) Mr President,

¹ OJ No C 11 of 7. 2. 74.

Lardinois

I should like to begin by thanking the rapporteur, Mr Früh, for his excellent report.

I gather that the Committee on Agriculture is not entirely happy with our proposal. I believe that this is one of the reasons why the aid for 1972 is being compared with the average returns. The figures at our disposal, especially those for 1969, 1970 and especially 1971.

The figures at our disposal especially relating to the area under cultivation during the years prior to the Community policy on hops are probably not comparable with the figures that emerged for 1971. I will go even further. It seems to me that the figures for the years 1969, 1970 and 1971 cannot reasonably be compared with each other, since no aid per hectare was paid at all in 1969. In 1970 hectare-based subsidies were suddenly paid in Germany as part of the compensatory amounts. In 1971 aid per hectare was given throughout the Community by virtue of the hop policy.

These hectare-based subsidies have furnished us with striking figures which indicate that the recording of the number of hectares has revealed a quite different picture from that of previous years. This is probably one of the reasons for the fact that, as I have said, 1972 cannot be compared with 1969, 1970 and 1971 as far as the average is concerned, and certainly not with 1970 and 1971 as such.

In all honesty, I am not very happy with the this regulation for the hop market is working in practice. The political interventions to decide 'which variety will and which variety won't get aid' are not very pleasant. In this respect I have no criticism to make of this House. I can only say that arguments of this sort are certainly more difficult in the Council than in Parliament. I will not go so far as to say that a change can be envisaged. But I can promise you that we shall do our best to find an acceptable solution for 1972 without wasting money, which is something which the agricultural policy cannot afford.

President. — Thank you, Mr Lardinois.

I call Mr John Hill.

Mr John Hill. — Mr President, our rapporteur Mr Früh has referred to the various difficulties in preparing his report and to the delays and shortcomings in the returns made. They have been more than confirmed by Mr Lardinois, when he referred to difficult discussions, and so on.

As a result my impression is that, even if Mr Lardinois or the Commission does not

feel like suggesting immediate changes, there is a case for re-examining some of the basic elements on which the proposal for a regulation is based. After all, when hops, which are a desirable commodity, have to be subsidized in order not to be marketed at a loss, I cannot help wondering why the price of hops in the market cannot reflect the cost of production so that they become a naturally purchased ingredient in the making of beer or any other products for which they may be used.

The answer usually is that there is a tendency to overproduce and a very limited sales outlet. I infer from what Mr Lardinois said that this is precisely what happened, production being much exaggerated in its expansion in 1972. It is known that we in the United Kingdom could meet this situation only by having a quota system and a very strict control on production through our Hops Marketing Board.

I should be grateful if Mr Lardinois would indicate what the prospects are of having some of the basic parts of the proposal for a regulation re-examined, because the United Kingdom and the other entrants have to be fitted in and I should be glad if he could consider, and perhaps give us some comments upon, the operation of our own Hops Marketing Board, which at least in our circumstances seems to have worked fairly well. I cannot think that in the longer term it is sensible to have a product coming forward which seems to be grown to excess, on which there are difficulties in agreeing the appropriate subsidies and which, after all, does probably entail an expenditure of Community funds which, I would have thought, ought to be replaced by a better market price.

President. — I call Mr Früh.

Mr Früh, rapporteur. — (D) I should just like to comment briefly on the objections you raised, Mr Lardinois. We agree, I think, in not being altogether happy about this regulation, which is clearly going to be more and more difficult to apply. We have now to deal with 11 varieties, and shortly with 21, and it will be increasingly difficult to juggle around with them. I also feel that, if need be, we must be able to create regulations and an aid scheme which the farmer and hop producer can also understand.

I have talked with many hop producers. They often have several varieties in their hop fields in one and the same region. And they become very confused when told that they will get so much for this variety and so much for that, even though in their area the prices for these

Früh

varieties are usually the same and the overheads are the same.

In my view, it is very important to realize that, if the Commission's proposal is implemented, our producers will be really confused (as they were in 1971, when the returns were better and yet the same aid was given to all except this one variety) because they do not understand—they only feel the effect on their pockets and the effects of inflation—why they should get nothing in a poor year be put in a really difficult position as compared with a preceding better year when they had done well.

Therefore I would ask you to approve this proposal of the Committee on Agriculture, which was adopted unanimously.

In future we should certainly attach more to allocating these subsidies with a view to structural improvements; with this regulation this can indeed be achieved, by ensuring in particular that the highest subsidies are not paid to the weakest varieties. This is often not understood by the producers.

President. — Thank you, Mr Früh.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I have noted the rapporteur's comments, as well as those of Mr John Hill. We are fairly convinced opponents of institutions with monopolistic tendencies—with all their advantages and disadvantages, the latter generally prevailing, in our view—and some marketing boards meet this description. The suggestion that the Community should move in this direction does not much appeal to us.

We also feel that it is not all that simple to organize, particularly not in those countries on the Continent, which have never used such an approach in the past. Nevertheless, there are undoubtedly certain features of some of the regulations of the British Hop Marketing Board which we could well use to advantage in the future.

Mr President, in my opinion we must look for ways of achieving structural improvements in the British hop industry the money that we have available for this and for improving the quality of the different varieties. That is as far as I would like to go at the moment.

I wish to stress to the rapporteur that I will do my best to find a reasonable compromise, but

that the suggestions in this report do seem to me to go rather too far.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

22. *Regulation on imports of agricultural products contained in travellers' personal luggage*

President. — The next item is a debate on the report drawn up by Mr Hunault on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the tariff treatment applicable to agricultural products contained in travellers' personal luggage (Doc. 311/73).

I call Mr Liogier, deputizing for the rapporteur, who has asked to present the report.

Mr Liogier, deputizing for the rapporteur. — (F) Mr President, our rapporteur, Mr Hunault, is unable to be present and has asked me to deputize for him in presenting this report on a proposal for a regulation for submission to the Council.

This proposal relates to the tariff treatment applicable to agricultural products contained in travellers' personal luggage and constitutes a new step towards the easing of exemption regulations in general.

Until now the handling of this matter has been based, on the one hand, on the Council directives of 28 May 1969 and 12 June 1972 and, on the other hand, on the Council regulation of 23 July 1969.

The Council directives establish tax exemption, on entry into the country of destination, for travellers carrying goods in their luggage, provided the imports have no commercial character. Travellers from third countries benefit from exemption for a total value of 25 u.a. per person, whereas intra-Community travellers are granted exemption for a total value of 125 u.a. per person. For children under 15 years exemptions are 10 u.a. in the first instance and 30 u.a. in the second. To this are added exemptions shown as quantities for certain products subject to excise duties.

On the other hand, the Council regulation of 23 July 1969 only refers to traffic with third coun-

¹ OJ No C 11 of 7. 2. 74.

Liogier

tries and provides for exemption from common customs duties to the maximum value of 25 u.a. per person (10 u.a. for children 15). As for intra-Community traffic, it is common knowledge that the last internal customs barriers were abolished on 1 January 1970. This, then, is the situation to date.

The purpose of the proposal for a regulation submitted for our consideration is to bring into force the provisions of the regulation of 23 July 1969 as well as those of the Council regulation of May 1969. The machinery proposed would be as follows.

In traffic with third countries, there would be duty-free admission of agricultural goods to a total value of 25 u.a. per person (10 u.a. for children under 15). This exemption of 25 u.a. is not only identical to the duty-free exemption provided for in the regulation of 23 July 1969, but also to the tax exemption introduced with respect to third countries by the two directives of 1969 and 1972.

The Committee on Agriculture approves the proposed measure. However, in intra-Community traffic, duty-free admission would also be allowed on a total value of 25 u.a. (10 u.a. for children under 15).

The Committee on Agriculture considers that this proposal falls far short of the tax exemptions already granted in intra-Community traffic by the 1969 and 1972 directives, which laid down 125 u.a. (30 u.a. for children under 15) as the exemption applicable to products contained in the personal luggage of travellers passing from one Member State to another.

Under these circumstances, the Committee on Agriculture is of the opinion that the same exemption should be applied in regard to the compensatory amounts and other taxes imposed, in intra-Community trade, on agricultural foodstuffs in general and certain goods resulting from the processing of agricultural products. The amounts and conditions of application of this exemption would be the same as those laid down in the two directives of 1969 and 1972.

To sum up, for agricultural products contained in travellers' luggage there would, be two forms of exemption depending on whether the imports were from third countries or intra-Community traffic:—in the case of importation from third countries: exemption for a total value not exceeding 25 u.a. per person (10 u.a. for children under 15);—in the case of intra-Community traffic: exemption for a total value not exceeding 125 u.a. (30 u.a. for children under 15).

Consequently, the Committee on Agriculture suggest that the proposal for a regulation be amended as follows:

'Article 1. — In the movement of travellers between third countries and the Community, the provisions of regulation (EEC) N° 1544/69 of 23 July 1969 shall be applicable to the levies, duties and other amounts charged, under the provisions adopted within the framework of the common agricultural policy or the trade arrangements defined by Council regulation (EEC) No 1059/69 of 28 May 1969, on importation of agricultural products and certain goods resulting from their processing.'

It would now be necessary, according to your Committee on Agriculture, to add a new Article, worded as follows:

'Article 2. — In the movement of travellers between Member States, exemption from the compensatory amounts or other taxes to which they are liable under the provisions adopted within the framework of the Common Agricultural Policy or the trade arrangements defined by regulation (EEC) No 1059/69 of 28 May 1969 shall be applicable to the agricultural products and the goods resulting from their processing contained in their personal luggage.'

The limits and conditions of application of this exemption shall be the same as those defined by Council directive N° 169/69/EEC of 28 May 1969 amended by Council directive N° 72/230/EEC of 12 June 1972.'

The present Article 2 would become Article 3.

Finally, the Committee on Agriculture wishes to point out the following.

As indicated above, the proposal for a regulation introduces an exemption not only for agricultural products as such, but also for goods resulting from the processing of agricultural products. This is not shown in the title of the proposal for a regulation, which should thus read as follows:

'Proposal for a Council regulation on the tariff treatment applicable to agricultural products, and to certain goods resulting from their processing, contained in travellers' personal luggage.'

In conclusion, the Committee on Agriculture invites the Commission of the Communities to make the amendments proposed above to its proposal. I understand, moreover, that the Commission has no objections to doing so.

President. — I call Mr Lardinois to state the Commission's position in regard to the proposed

President

amendments approved by the Parliamentary committee.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, firstly I should like to thank the rapporteur of the Committee on Agriculture for his excellent report. I am also grateful to Mr Liogier for having presented this report to Parliament in the absence of the rapporteur.

The Commission of the European Communities has no objection to amending the proposal as the Committee on Agriculture suggests.

Of course it means a considerable extension of the exemption. Under the proposed regulations travellers would be allowed to take, for example, 500 loaves of bread in their luggage. For butter or meat the limit would be a little lower. The amendment proposed by the Committee on Agriculture has the advantage that exemption from compensatory amounts or other levies applicable to agricultural products is being brought up to the same level as that applied to customs duties, VAT and so on.

This is such a great advantage that I am perfectly willing to overlook the disadvantages. Admittedly, it will cost the Agricultural Fund something, but if Parliament is prepared to accept the amendment proposed by the Committee on Agriculture, the European Commission will amend its proposal in this respect and then submit it to the Council.

The President. — Thank you, Mr Lardinois.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

23. *Regulation on a Community tariff quota for "Virginia flue-cured" tobacco from developing countries*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr De Koning 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 opening, allocating and providing for the administration of a Community tariff quota for Virginia flue-cured unmanufactured tobacco originating in developing countries (Doc. 318/73).

I have no speakers listed.

Does anyone wish to speak?

I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, I should like to have it recorded in the Minutes that the Bureau wrongly referred this report to the Committee on External Economic Relations. In the ordinary way, the Bureau should have referred this matter to the Committee on Development and Cooperation.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote.

The resolution is adopted.¹

24. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Friday, 18 January, with the following agenda:

9.30 a.m. to 12 noon

- Héger Report on additional measures following revaluation of the Deutsche Mark
- Thornley Report on fishery products from Tunisia and Morocco (vote without debate)
- Baas Report on products from Spain (vote without debate)
- Liogier Report on citrus fruits (vote without debate)
- Laban Report on the extension of the period for transitional measures for agricultural products (vote without debate)
- Della Briotta Report on preservatives (vote without debate).

The sitting is closed.

(The sitting was closed at 7.10 p.m.)

¹ OJ No C 11 of 7. 2. 74.

¹ OJ No C 11 of 7. 2. 74.

SITTING OF FRIDAY, 18 JANUARY 1974

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IN THE CHAIR: MR DEWULF

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 yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Reference to committee*

President. — I remind members that the proposal from the Commission of the European Communities to the Council for a sixth directive on the harmonization of the legislation of Member States concerning turnover taxes—common system of value added tax: uniform basis of assessment—(Doc. 144/73) was referred to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion on 18 September 1973.

This document has now also been referred to the Committee on Agriculture for its opinion at its own request.

The proposal from the Commission of the European Communities to the Council for a regulation establishing a system of production aids for tinned pineapple processed from fresh pineapples (Doc. 307/73), which was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion on 14 January 1974, has now also been referred to the Legal Affairs Committee for its opinion.

3. *Authorization of a report*

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on Energy, Research and Technology, at its own request, to draw up a report on energy measures following the decisions taken at the Copenhagen Summit Conference of Heads of State or Government of the Member States of the Community, with particular reference to proposals from the Commission to the Council for legislation in this field.

4. *Appointment of Members of the Parliamentary Conference of the EEC-AASM Association*

President. — I have received from the political groups proposals for the following Representatives to be appointed delegates to the Parliamentary Conference of the EEC-AASM Association:

Messrs Achenbach, Adams, Aigner, Antoniozzi, Ariosto, Armengaud, Artzinger, Baas, Behrendt, Berkhouwer, Bersani, Bordu, Bourdelles, Bourges, Broeksz, Colin, Corona, Dalsager, Dewulf, Sir Douglas Dodds-Parker, Messrs Durieux, Fellermaier, Miss Flesch, Messrs Galli, Gerlach, Girardin, Harmegnies, Härzschel, Van der Hek, James Hill, Mrs Iotti, Messrs Jahn, Jozeau-Marigné, Kasperet, Kollwelter, Lagorce, Laudrin, Lautenschlager, Ligios, McDonald, Maignard, Martens, Memmel, Nolan, Normanton, Pounder, Lord Reay, Lord St.-Oswald, Messrs Sandri, Schuijt, Schörer, Seefeld, Spénale, Thornley, Vals, Wohlfart and Yeats.

Are there any objections?

These appointments are ratified.

I remind Members that the next meeting of the Conference will be held from 30 January to 1 February 1974 in Rome.

5. *Decision on additional measures in agriculture following revaluation of the Deutsche Mark*

President. — The next item on the agenda is a debate on the report drawn up by Mr Héger on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision on additional measures to be taken in agriculture following the revaluation of the Deutsche Mark (Doc. 320/73).

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

Mr Héger, Rapporteur. — (F) Mr President, this problem is a sequel to the monetary somersaults we have been experiencing. The question here is to find out whether German agriculture will in 1974 still be able to benefit from the compensatory aid it was granted following the revaluation which took place in October 1969.

Agricultural prices remained fixed in units of account, so the result of this revaluation was that the German farmers found themselves at a disadvantage because they received fewer Marks for the products they sold than in the past.

The Council thus decided that German agriculture should be compensated for this deficit by

Héger

an aid which was set at approximately 1,700 million DM over a period of three financial years, made up partly in the form of direct aid and partly by the indirect application of VAT.

The German Government took the measures necessary for granting the direct aid and applying the 3 per cent VAT bonus. At the time, the Community undertook to give financial assistance to the amount of 90 million units of accounts in the first year, 60 million in the second and possibly 30 million in the third year. I say 'possibly' because, when the Council made its decision, it thought it appropriate that the Commission should re-examine the situation of the German farmers to see whether developments had been in their favour, and whether their position was comparable to that of farmers in the other Member States.

The Commission has compared the situation in 1969 with that obtaining today. It has reached the conclusion that, by comparison with other Community farmers, there is no longer any justification for giving assistance to German agriculture. Nevertheless, the Commission suggests in its motion for a resolution that, in order to avoid the shock effect of a total cessation of aid, the German Government should authorize the farmers to continue to withhold 3 per cent VAT. It is, undoubtedly, somewhat illogical to say: the situation no longer merits it, but all the same we should continue to grant it.

The reason underlying this proposal is essentially political in nature, however: during the course of the committee's discussions on this matter, some of our colleagues, particularly Mr Frehsee, pointed out that if one were to take a different starting point 1969, in particular the year 1968, the comparison would in fact show the need for further aid. Nevertheless, the committee disregarded this opinion and supported instead the Commission's proposal. At the same time, your committee was concerned at the large number of compensatory measures which had already been taken. You will all be able to recall these: first of all, when the new Members joined, measures for taking account of the enlargement were introduced and then, when there were revaluations, financial compensation was granted, sometimes in the form of direct aid, sometimes indirectly through VAT, sometimes by Community aid, particularly through the EAGGF, sometimes directly by the Member States, sometimes a mixture of both of these, sometimes for a limited period and sometimes for an indefinite period... I could prolong the list of methods used still further.

This is why, in the motion for a resolution, your committee insists that in future, whatever the situation, there should be harmonization

between the different systems of compensation which may prove necessary.

Your committee has resigned itself—there is no other way I can put it—to asking the House's approval for the Commission's proposal. It is resigned to this because it could not help feeling that the consultation of Parliament was more of a formality than a genuine consultation.

Your committee had the very distinct impression that not only the Council of Ministers had already made its decision but that the proposed measure was indeed already in force. In this connection, moreover, it is enough to call to mind the letter sent by the President of the Council to the President of the European Parliament to establish that it was by letter of 7 December that the Council was asked by the Commission to deal with this proposal and that it considered it at its meeting of 10 and 11 December.

When I read the letter I find the following: 'It favoured a solution which would include as the first article of the draft decision the attached text.'

And the letter concludes by saying 'hoping that Parliament gives its opinion during the January part-session'.

German farmers have been receiving the three-point VAT bonus since 1 January of this year, and one can understand it.

I do not want to be harsh in my judgement; I say that one understands it because this system was already in existence and it would have been difficult administratively to have suspended it and then to have had to reintroduce it subsequently.

Nevertheless, Mr President, the Committee on Agriculture was bound to consider that the role it has been assigned by the Rules and by tradition is not simply that of a rubber stamp. It has instructed me to say this on its behalf, in the conviction that Parliament shares this view.

Mr President, your committee supports the adoption for the motion for a resolution, paragraph 2 of which, I must emphasize, has been the subject of a correction which has been distributed.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — *(I)* I should like to express my appreciation of the

Scarascia Mugnozza

arguments and considerations put forward by the rapporteur, Mr Héger.

I should like to add that the Council has not in effect yet taken an official decision, but, as it states in its press release, a policy orientation does exist which has not yet been transformed into a decision, even if the situation is the situation is the one we are all aware of.

In any case, I feel it is worth stressing that once again, in the face of an urgent problem raised by the exceptional monetary situation, the European Parliament has been consulted. I nevertheless thank Mr Héger for his statement, and hope that the House will support the opinion expressed by the Committee on Agriculture.

President. — Does any one else wish to speak?

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

The resolution as modified is adopted¹.

6. Regulations on the importation of certain fishery products originating in Tunisia and Morocco

President. — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Thornley on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for two regulations extending the period of validity of Council Regulations No 227/72 and No 228/72 of 31 January 1972 on imports into the Community of certain fishery products originating in Tunisia and Morocco (Doc. 309/73).

I have no speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

7. Regulations on Community tariff quotas for certain products originating in Spain

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Baas on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for:

I. a regulation opening, allocating and providing for the administration of a Community tariff quota for dried figs, in immediate containers of a net capacity of 15 kg or less, falling under sub-heading ex 08.03 B of the Common Customs Tariff, originating in Spain;

II. a regulation opening, allocating and providing for the administration of a Community tariff quota for dried grapes, in immediate containers of a net capacity of 15 kg or less, falling under sub-heading ex 08.04 B I of the Common Customs Tariff, originating in Spain;

III. a regulation opening, allocating and providing for the administration of Community tariff quotas for sherry wines falling under sub-heading ex 22.05 of the Common Customs Tariff, originating in Spain;

IV. a regulation opening, allocating and providing for the administration of a Community tariff quota for Malaga wines falling under sub-heading ex 22.05 of the Common Customs Tariff, originating in Spain;

IV. a regulation opening, allocating and providing for the administration of a Community tariff quota for Jumilla, Priorato, Rioja and Valdepenas wines falling under sub-heading ex 22.05 of the Common Customs Tariff, originating in Spain (Doc. 310/73).

I have no speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

8. Regulation on the production and marketing of circus fruits in the Community

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Liogier on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruits (Doc. 321/73).

I have no speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

¹ OJ No C 11 of 7. 2. 74.

¹ OJ No C 11 of 7. 2. 74.

9. Regulation on transitional measures for agricultural products in the new Member States

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Laban on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation extending the period of transitional measures for agricultural products in the new Member States (Doc. 322/73).

I have no speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

10. Directive on preservatives for use in foodstuffs intended for human consumption

President. — The next item on the agenda is a vote without debate on the report drawn up by Mr Della Briotta on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on a tenth amendment to the Directive on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 319/73).

I have no speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

11. Date and place of next sittings

President. — There are no other items on the agenda.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 11 to 15 February 1974.

Are there any objections?

That is agreed.

12. Approval of minutes of the present sitting

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

13. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 9.45 a.m.)

¹ OJ No C 11 of 7. 2. 74.

¹ OJ No C 11 of 7. 2. 74.

