

Annex

Official Journal

of the

European Communities

No 158
February 1973

English edition

Debates of the European Parliament

1972-1973 Session

Report of Proceedings

from 12 - 15 February 1973

European Centre, Luxembourg

Contents

Sitting of Monday, 12 February 1973	1
Resumption of the session, p. 2 — Apologies for absence, p. 2 — Statement by the President, p. 2 — Documents received, p. 3 — Texts of agreements received from the Council, p. 5 — Congratulations to Members of the European Parliament, p. 6 — Appointment of new members of the Audit Board, p. 6 — Authorization to draw up reports, p. 6 — Limit on speaking time, p. 6 — Decision on urgent procedure, p. 6 — Order of business, p. 6 — Question on the Rules of Procedure, p. 8 — First report of the Commission on competition policy, p. 9 — Oral Question No. 25/72 with debate on barriers to free competition in the sugar trade, p. 31 — First measures of a common approach to air transport, p. 36 — Agenda for the next sitting, p. 36.	
Sitting of Tuesday, 13 February 1973	38
Minutes, p. 40 — Address of welcome to Mr Pecoraro, p. 40 — Question Time, p. 40 — Debate after Question Time - Relations with the People's Republic of China, p. 54 — Address of welcome to Mr Jean Monnet, p. 60 — Sixth General Report of the Communities for 1972 and annual programme of activities for 1973, p. 60 — Approval of minutes, p. 70 — Change in the agenda, p. 70 — Parliament's participation in conclusion of trade agreements with third countries, p. 70 — Change in the agenda, p. 84 — Regulation on the replacement of the Member States' financial contributions by own resources, p. 84 — Directive on the internal fittings of motor vehicles, p. 85 — Directive on the right to reside within the territory of another Member State after exercising activities as self-employed persons, p. 86 — Financial regulation applicable to the budget of the European Communities, p. 88 — Agenda for the next sitting, p. 98.	

(Continued overleaf)

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 (N) for Dutch.

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

(Continued)

Sitting of Wednesday, 14 February 1973 99

Approval of minutes, p. 100 — Documents received, p. 100 — Reference of a petition to committee, p. 100 — Time-limit for tabling of amendments to the emendatory and supplementary estimates for Parliament for 1973, p. 100 — Change in the agenda, p. 101 — Adaptation of the Rules of Procedure of the European Parliament, p. 103 — Developments in the social situation in the Community in 1972, p. 103 — Change in the agenda, p. 109 — Financial regulation applicable to the budget of the European Communities (vote), p. 109 — Sixth General Report of the Commission on the activities of the Communities in 1972 and annual programme of activities of the Commission for 1973 (continued), p. 112 — Documents received, p. 124 — Sixth General Report of the Commission on the activities of the Communities in 1972 and annual programme of activities of the Commission for 1973 (continued), p. 124 — Change in the agenda, p. 143 — Emendatory and supplementary estimates of the European Parliament for 1973, p. 143 — Agenda for the next sitting, p. 148.

Sitting of Thursday, 15 February 1973 149

Approval of minutes, p. 150 — Statement by the President, p. 151 — Membership of committees, p. 151 — Order of business, p. 151 — Documents received, p. 151 — Resolution on Vietnam, Laos and Cambodia, p. 152 — Statement by the Commission of the European Communities on the latest monetary developments, p. 156 — Economic situation in the Community — International monetary situation — Two motions tabled and agreed to, p. 158 — Common organization of markets for alcohol of agricultural origin, p. 176 — Procedure for reviewing the Commission's Sixth General Report, p. 177 — Emendatory and supplementary estimate for the European Parliament for 1973 (continued), p. 177 — Motion on the development of joint research, p. 190 — Directive on cocoa and chocolate products, p. 197 — Regulation temporarily suspending duties on varieties of fruit and vegetables originating in the AASM and East African Community, p. 198 — Dates for the next part-session, p. 200 — Approval of minutes, p. 200 — Adjournment of the session, p. 200.

The resolutions agreed to at sittings appear in the Official Journal of the European Communities

SITTING OF MONDAY, 12 FEBRUARY 1973

C o n t e n t s

1. Resumption of the session	2	<i>Discussion of the motion for a resolution</i>	
2. Apologies for absence	2	<i>Preamble and paragraph 1 agreed to</i>	
3. Statement by the President	2	<i>Amendment No 12 to paragraph 2:</i>	
4. Documents received	3	<i>Mr Bro, Mr Berkhouwer</i>	23
5. Texts of agreements received from the Council	5	<i>Amendment No 13 after paragraph 2:</i>	
6. Congratulations to Members of the European Parliament	6	<i>Mr Berkhouwer, Mr Bro, Mr Lange, Chairman of the Economic Affairs Committee, Mr Borschette, Mr Cifarelli, Mr Lange, Mr Romualdi, Mr Bro</i>	24
7. Appointment of new members of the Audit Board	6	<i>Rejection of amendment No 12</i>	25
8. Authorization to draw up reports	6	<i>Paragraph 2 agreed to</i>	25
9. Limit on speaking time	6	<i>Rejection of amendment No 13</i>	25
10. Decision on urgent procedure	6	<i>Paragraphs 3 to 5 agreed to</i>	25
11. Order of business:		<i>Amendment No 8 to paragraph 6:</i>	
Mr Jahn, Mr Memmel, Mr Koch	8	<i>Mr Cousté</i>	26
12. Questions on the Rules of Procedure:		<i>Amendments No 8 to paragraph 6 and No 4 and No 1 rev to paragraph 7 discussed together:</i>	
Mr Koch, Mr Dewulf, Mr Vredeling, Lord O'Hagan	8	<i>Mr Cousté, Mr Berkhouwer, Mr Lange</i>	26
13. First report of the Commission on competition policy Discussion of a report drawn up for the Economic Affairs Committee by Mr Berkhouwer		<i>Rejection of amendment No 8:</i>	
Mr Berkhouwer, rapporteur	9	<i>Mr Cousté</i>	27
Mr Borschette, Member of the Commission of the European Communities, Mr Artzinger, for the Christian Democratic Group, Mr Lange for the Socialist Group, Mr Bro for the Conservative Group, Mr Cousté for the European Democratic Union Group, Mr Leonardi, Mr Berkhouwer, Mr Borschette	12	<i>Paragraph 6 agreed to</i>	27
		<i>Rejection of amendment No 1/rev:</i>	
		<i>Mr Lange</i>	27
		<i>Rejection of amendment No 4</i>	27
		<i>Paragraph 7 agreed to</i>	27
		<i>Amendment No 11 after paragraph 7:</i>	
		<i>Mr Cousté, Mr Berkhouwer, Mr Lange</i>	27
		<i>Rejection of amendment No 11</i>	28
		<i>Amendments No 5 and No 10 to paragraph 8:</i>	
		<i>Mr Löhr</i>	28

<i>Withdrawal of amendment No 10:</i>		<i>Rejection of amendment No 3</i>	31
<i>Mr Lange</i>	28	<i>Paragraph 14 agreed to</i>	31
<i>Amendment No 5 agreed to</i>	29	<i>Paragraphs 15 to 19 agreed to</i>	31
<i>Paragraph 8, as amended, agreed to</i>	29	<i>Resolution agreed to</i>	31
<i>Paragraphs 9 to 12 agreed to</i>	29	14. <i>Oral Question No 25/72 with debate:</i>	
<i>Amendment No 2 to paragraph 13:</i>		<i>barriers to free competition in intra-</i>	
<i>Mr Cousté, Mr Berkhouwer, Mr Lange,</i>		<i>Community trade in sugar:</i>	
<i>Mr Borschette, Mr Cousté</i>	29	<i>Mr Cipolla, Mr Borschette, Member of</i>	
<i>Rejection of amendment No 2</i>	30	<i>the Commission of the European Com-</i>	
<i>Amendments No 6, No 7 and No 9 to</i>		<i>munities, Mr Cousté, for the European</i>	
<i>paragraph 13:</i>		<i>Democratic Union Group, Mr Cipolla</i>	31
<i>Mr Noè, Mr Lange, Mr Berkhouwer</i> . .	30	15. <i>The first measures of a common ap-</i>	
<i>Rejection of amendments No 6, No 7</i>		<i>proach to air transport. Motion in the</i>	
<i>and No 9</i>	31	<i>report drawn up for the Transport</i>	
<i>Paragraph 13 agreed to</i>	31	<i>Committee by Mr Noè:</i>	
<i>Amendment No 3 to paragraph 14:</i>		<i>Mr Kollwelter</i>	36
<i>Mr Cousté</i>	31	<i>Reference back to committee:</i>	
		<i>Mr James Hill</i>	36
		16. <i>Agenda for next Sitting</i>	36

IN THE CHAIR: MR BEHRENDT

President

(The Sitting was opened at 5.5 p.m.)

President. — The sitting is open.

1. Resumption of the Session

President. — I declare resumed the session of the European Parliament adjourned on 19 January 1973.

2. Apologies for Absence

President. — Apologies for absence for this part-session have been received from Mr Lefèbvre, Mr Hougardy, Mr Armengaud and Mr Rizzi.

3. Statement by the President

President. — My dear colleagues, as we are meeting today in this new building for the first time, I would like to take this opportunity of

thanking the Luxembourg Government, the architects, the craftsmen, the building workers and all those involved in the erection of this new group of buildings which is so important for our work.

As you know, there has been speculation by public opinion recently and indeed some excitement—which I fail to understand—about whether the transfer of the Secretariat to this new building and the use of the Chamber in which we are now meeting is not partly the result of a deliberate attempt to bring up the question of the official seat of the European Parliament. As President of the Parliament I have been officially approached by Governments on this matter and have proposed that the whole question should be fully discussed at the next meeting of the Bureau on 26 and 27 February. I do not wish to anticipate this discussion today.

I can however confirm here and now that we shall, without the slightest reservation, continue to maintain our close links with the city of Strasbourg which has shown us so much hospitality since our foundation.

There is absolutely no question of dismantling our political presence in Strasbourg and transferring it to other cities. Our sole concern in 1973 as in earlier years is to deal in the most econo-

President

mical way possible with the additional and ever-growing workload which is forcing Parliament constantly to increase the number of part-sessions.

Up till now the great understanding shown by all Members of the European Parliament has enabled us to get along in spite of the failure of the Member States to establish an integrated seat for the Community's institutions. Let us hope that political tact and political insight will prevent this fragile *modus vivendi* from being put at risk.

(*Applause*)

4. Documents received

President. — Since the adjournment of the session I have received the following documents:

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

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

I. a directive coordinating certain provisions laid down by law, regulation or administrative action in respect of self-employed activities in the drug retail trade

II. a directive on the achievement of freedom of establishment and freedom to supply services for self-employed activities in the drug retail trade

(Doc. 273/72);

This document had been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Social Affairs and Public Health for its opinion.

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 827/68 and Regulations No. 1009/67/EEC, (EEC) No. 950/68 and (EEC) No. 2358/71 (Doc. 274/72);

This document had been referred to the Committee on Agriculture.

— the proposal from the Commission of the European Communities to the Council for a regulation supplementing Regulation (EEC) No. 1191/69 of the Council of 26 June 1969 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway (Doc. 275/72);

This document had been referred to the Transport Committee.

— the proposal from the Commission of the European Communities to the Council for a regulation supplementing Regulation (EEC) No. 1192/69 of the Council of 26 June 1969 on common rules for the normalization of the accounts of railway undertakings (Doc. 276/72);

This document had been referred to the Transport Committee.

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

I. a regulation introducing special temporary measures applicable to established officials and other servants of the Commission of the European Communities remunerated from the research and investment credits

II. a regulation amending Regulation (EEC, Euratom, ECSC) No. 260/68 of the Council of 29 February 1968 laying down the conditions and procedure for applying the tax for the benefit of the European Communities

III. a regulation amending Regulation (Euratom, ECSC, EEC) No. 549/68 of the Council laying down the categories of officials and other servants of the European Communities subject to the provisions of Articles 12, 13(2) and 14 of the Protocol on the Privileges and Immunities of the Communities.

(Doc. 277/72)

This document had been referred to the Committee for Finance and Budgets as the committee responsible and to the Committee on Energy, Research and Atomic Problems for its opinion.

— the proposal from the Commission of the European Communities to the Council for a directive on mutual assistance in regard to the recovery of sums wrongly paid under the headings of the common agricultural policy, agricultural levies and customs duties (Doc. 278/72);

This document had been referred to the Committee for Finance and Budgets as the committee responsible and to the Committee on Agriculture and the Legal Affairs Committee for their opinion.

— the proposal from the Commission of the European Communities to the Council for a regulation on the coordination of agricultural research (Doc. 279/72);

This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Energy, Research and Atomic Problems and the Committee for Finance and Budgets for their opinions.

President

- the proposal from the Commission of the European Communities to the Council for a directive relating to the approximation of Member States' legislation concerning bread (Doc. 280/72);
This document had been referred to the Committee on Social Affairs and Public Health as the committee responsible and to the Committee on Agriculture and the Legal Affairs Committee for their opinions.
 - the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No. 79/65/EEC as regards the field of survey and the number of returning holdings to be taken into account in the EEC network for the collection of agricultural accountancy data (Doc. 281/72);
This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee for Finance and Budgets for its opinion.
 - the proposals from the Commission of the European Communities to the Council for
 - I. — a regulation concerning arrangements allowing for the processing of bonded goods prior to their being made available for consumption
 - II. — a regulation concerning duty-free entry into the enlarged Community of Community goods in small consignments and without commercial value (Doc. 282/72);

This document had been referred to the Committee for Finance and Budgets as the committee responsible and to the Economic Affairs Committee for its opinion.
 - the agreement establishing an Association between the Republic of Cyprus and the European Economic Community (Doc. 287/72); This document had been referred to the Political Affairs Committee as the committee responsible and to the Committee on External Economic Relations and the Committee on Agriculture for their opinions.
 - the proposal from the Commission of the European Communities to the Council for a decision introducing Community safeguards for investments in non-member States (Doc. 290/72);

This document had been referred to the Committee on Relations with African States and Madagascar as the committee responsible and to the Committee on External Economic Relations and the Committee for Finance and Budgets for their opinions.
 - the proposal from the Commission of the European Communities to the Council for a directive on the approximation of Member States' legislation on the type approval of mopeds (Doc. 291/72);

This document had been referred to the Legal Affairs Committee as the committee responsible and to the Economic Affairs Committee for its opinion.
 - the proposal from the Commission of the European Communities to the Council for a decision on starting negotiations on an agreement between the EEC and non-member States in regard to arrangements for cross-frontier passenger transport by motor bus and motor coach (Doc. 292/72);

This document had been referred to the Transport Committee.
 - the proposals from the Commission of the European Communities to the Council for
 - I. a directive on the approximation of Member States' legislation on common measures with regard to pressure vessels and methods of control of vessels
 - II. a directive on the approximation of Member States' legislation on seamless steel gas cylinders (Doc. 293/72);

This document had been referred to the Committee on Social Affairs and Public Health as the committee responsible and to the Legal Affairs Committee for its opinion.
 - the proposal from the Commission of the European Communities to the Council for a decision on the setting up of a European Fund for Monetary Cooperation (Doc. 294/72);

This document had been referred to the Economic Affairs Committee as the committee responsible and to the Committee for Finance and Budgets for its opinion.
- (b) from the committees, the following reports:
- Report by Mr Linus Memmel, drawn up for the Legal Affairs Committee,

on the proposal from the Commission of the European Communities to the Council (Doc. 106/72) for a directive on the right of citizens of one Member State to remain in the territory of another Member State after the cessation of activities as self-employed persons (Doc. 283/72);
 - Report by Mr Linus Memmel, drawn up for the Legal Affairs Committee, on the proposal from the Commission of the European Com-

President

- munities to the Council (Doc. 107/72) for a directive extending the validity of the Council directive of 25 February 1964 on the coordination of special provisions restricting the entry and sojourn of foreign nationals on grounds of public policy, public security or public health, to nationals of Member States who avail themselves of the right to remain in the territory of a Member State after the cessation of their activities as self-employed persons (Doc. 284/72);
- Report by Mr Alessandro Bermani, drawn up for the Legal Affairs Committee, on the proposal from the Commission of the European Communities to the Council (Doc. 162/72) for a directive on the approximation of Member States' legislation on the internal fittings of motor vehicles (protection of the driver against the steering column in the event of collision) (Doc. 285/72);
 - Report by Mr Heinrich Aigner, drawn up for the Committee for Finance and Budgets, on the proposal from the Commission of the European Communities to the Council (Doc. 248/72) for a regulation amending Article 6(2) and Article 9(1) of Council Regulation (EEC/Euratom/ECSC) No. 2/71 of 2 January 1971 implementing the decision of 21 April 1970 on replacing Member States' financial contributions by the Community's own resources, and on the proposal from the Commission of the European Communities to the Council for a financial regulation regarding a derogation (for financial year 1972) from Article 9(3) of the financial regulation for the EAGGF of 5 February 1963 (Doc. 288/72);
 - Report by Mr René Petre, drawn up for the Committee on Social Affairs and Public Health, on the Second Report from the Commission of the European Communities to the Council on a first list of agreements concluded in the framework of other international organizations taking account of the possibilities and complications relating to their ratification by Member States (Doc. 289/72);
 - Report by Mr Walter Lohr, drawn up for the Economic Affairs Committee, on the economic situation in the Community (Doc. 295/72);
 - Report by Mr Luigi Noe, drawn up for the Committee on Energy, Research and Atomic Problems, on the proposal from the Commission of the European Communities to the Council (Doc. 213/72) for a decision creating uranium enrichment facilities for the Community (Doc. 296/72);
 - Report by Mr Léon Jozeau-Marigné, drawn up for the Legal Affairs Committee, on the motion for a resolution tabled by Mr Lautenschlager on behalf of the Socialist Group (Doc. 103/71) on taking due account of the fundamental rights of Member States' citizens in the development of Community law (Doc. 297/72);
 - Report by Miss Colette Flesch, drawn up for the Committee for Finance and Budgets, on the proposal from the Commission of the European Communities to the Council (Doc. 247/72) concerning financial rules applicable to the budget of the European Communities (Doc. 298/72);
 - Report by Mr Joseph Antonius Mommersteeg, drawn up for the Political Affairs Committee, on the motion for a resolution (Doc. 272/72) on Vietnam, tabled by the Chairmen of the Political Groups, Mr Lückner, Mr Vals, Mr Berkhouwer, Mr Kirk, and Mr Triboulet (Doc. 299/72);
 - Report by Mr Giovanni Girauda, drawn up for the Political Affairs Committee, on procedures for involving the European Parliament in the conclusion of trade agreements between the Community and non-member States (Doc. 300/72);
 - Report by Mr Léon Jozeau-Marigné, drawn up for the Legal Affairs Committee, on the adaptation of the Rules of Procedure of the European Parliament to the new situation ensuing from the enlargement of the European Communities (Doc. 301/72);
 - Report by Mr André Rossi, drawn up for the Committee on External Economic Relations, on the consequences of the enlargement of the European Communities for its relations with countries in the Mediterranean (Doc. 302/72).
- (c) from Mr Springorum, drawn up for the Committee on Energy, Research and Atomic Problems, a motion for a resolution on the present situation of the Joint Research Centre and the proposal for a pluriannual programme (Doc. 286/72).
5. *Text of agreements received from the Council*
- President.** — I have received certified copies of the following documents from the Council of the European Communities:
- (a) *Text of agreements forwarded by the Council*
- The President announced that he had received certified copies of the following documents from the Council of the European Communities:

President

- Agreement between the European Economic Community and the Arab Republic of Egypt;
- Agreement between the European Economic Community and the United Nations Relief and Works Agency for Palestine Refugees in the Near East on assistance to refugees in the countries of the Near East;
- Agreement between the European Economic Community and the Swiss Confederation on the implementation of the provisions concerning Community transit procedures;
- Agreement between the European Economic Community and the Republic of Austria on the implementation of the provisions concerning Community transit procedures;
- Protocol laying down certain provisions concerning the agreement between the European Economic Community and the State of Israel following the accession of new Member States to the European Economic Community;
- Protocol laying down certain provisions concerning the agreement between the European Economic Community and Spain following the accession of new Member States to the European Economic Community.

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

6. *Congratulations to Members of the European Parliament*

President. — In the constitution of the new Belgian Government three of our colleagues have been called upon to assume ministerial office. Mr Glinne has been appointed Minister of Labour and Social Security and Mr Dubois and Mr Vandewiele have been appointed Secretaries of State for Public Works and Regional Planning.

I am sure that I speak for the whole House in congratulating our colleagues on their appointments and in stressing how sorry we are to lose their valuable cooperation and great experience at a very important time in European parliamentary life.

I am convinced that they will continue to serve the European cause in their new functions.

(Applause)

7. *Appointment of new Members of the Audit Board*

President. — I have been notified by the Council of the European Communities that because of

the entry into force of the Accession Treaties, the Council decided, on 15 January 1973, to appoint Mr John French, Mr Arne K. Johansen and Mr Eugene F. Suttle to be members of the Audit Board of the European Communities.

8. *Authorization to draw up reports*

President. — Pursuant to Rule 38 of the Rules of Procedure I have authorized the Committee on External Economic Relations, at its request, to draw up a report on the trade agreement between the European Economic Community and the Republic of Lebanon signed on 18 December 1972.

I have also authorized the Transport Committee, at its request, to draw up a report on the underlying principles of transport policy.

9. *Limit on speaking time*

President. — In accordance with precedents and in pursuance of Rule 31 of the Rules of Procedure, I propose to limit speaking time as follows: 15 minutes for the rapporteur and Members speaking for Political Groups although only one Member for each Group may have this speaking time,

10 minutes for other speakers,

5 minutes for speakers on amendments.

Is there any objection? That is agreed.

10. *Decision on urgent procedure*

President. — I propose that Parliament should decide to deal by urgent procedure with reports not submitted within the time-limit laid down in the regulation of 11 May 1967. Is there any objection? That is agreed.

11. *Order of business*

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

At its meeting of 30 January 1973, the enlarged Bureau drew up a draft agenda. In the meantime, however, certain changes have had to be made, as will be seen from the draft agenda I am going to read:

this afternoon:

— Report by Mr Berkhouwer on the Commission's first report on competition policy;

President

- Oral Question No. 25/72, with debate, on barriers to free competition in the sugar trade;
- Vote on the motion for a resolution contained in the report by Mr Noè on a common approach to air transport.

Tuesday, 13 February 1973

Until 10 a.m.:

- meetings of Political Groups

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

- Question Time, during which Oral Questions Nos. 27/72 to 34/72 inclusive and Oral Questions Nos. 36/72 to 38/72 inclusive will be dealt with;
- Presentation by the President of the Commission of the Sixth General Report and the Commission's annual report of activities;
- Report by Mr Giraudon on involving Parliament in the conclusion of trade agreements with non-member States;
- Report by Mr Bermani on the approximation of legislation on the internal fittings of motor vehicles;
- Report by Mr Memmel on the right of Member States' nationals to remain on another Member State's territory after the cessation of self-employed activities;
- Report by Mr Memmel on special measures applied to the movement and residence of foreign nationals;
- Report by Miss Flesch on financial rules applicable to the budget of the European Communities;
- Report by Mr Aigner on replacement of Member States' financial contributions by own resources and a derogation from the financial regulation for the EAGGF.

2.30 p.m.:

- meeting of enlarged Bureau

From 6 p.m.:

- set aside for meetings of Political Groups

Wednesday, 14 February 1973

Until 10 a.m.:

- set aside for meetings of Political Groups

10 a.m.:

- Introductory address by Mr Hillery on social trends in 1972;
- Report by Mr Jozeau-Marigné on adapting Parliament's Rules of Procedure;
- Report by Mr Mommersteeg on a motion for a resolution on Vietnam;

3 p.m.:

- Debate on the presentation of the Sixth General Report and the Commission's annual programme of activities;
- Report by Mr Aigner on the supplementary budget of the European Parliament;

5.30 p.m.:

- meeting of the Presidential Committee, followed by
- meeting of enlarged Bureau

From 6 p.m.:

- set aside for meetings of Political Groups

Thursday, 15 February 1973

Until 10 a.m.:

- set aside for meetings of Political Groups

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

- Vote on the motion for a resolution in the report by Mr Aigner on the supplementary budget of the European Parliament;
- Report by Mr Lohr on the economic situation in the Community;
- Motion for a resolution by Mr Springorum on the present situation of the Joint Research Centre and the pluriannual programme;
- Interim Report by Mr Briot on the common organization of the market in ethyl alcohol of agricultural origin;
- Vote on the motion for a resolution in the report by Mr Vandewiele on certain cocoa and chocolate products;

At the request of the Committee on Agriculture the report on the field of observation and the number of returning holdings for agricultural accountancy data was deleted from the agenda and deferred to the March part-session.

President

— Possibly, report on the temporary suspension of duties on certain varieties of fruit and vegetables originating in the AASM and the countries of the East-African Community.

Are there any comments on the agenda? I call Mr Jahn.

Mr Jahn. — (D) Mr President, Ladies and Gentlemen, my colleagues Mr Schwörer, Mr Riedel, Mr Richarts, Mr Memmel, Mr Meister and I have submitted an Oral Question—under the old Rule 47, as it has been administered up to now—with the aim of obtaining a debate on the subject of the Community's relations with the People's Republic of China. We considered this subject so important and of such fundamental significance that we wished to deal with it here in a verbal debate at Question Time; for otherwise we only have the opportunity of each putting one supplementary question. If however this is not possible due to pressure of business, Mr President, I wish to state now on behalf of my friends and with the approval of my Political Group that we would then invoke Rule 47a to propose an hour's debate on some topical issue after the question has been answered by the Commission.

President. — Mr Jahn you have the right to request that time be set aside for matters of topical interest immediately after Question Time. We could then make provision for a debate of half an hour or one hour. I call Mr Memmel, on the agenda.

Mr Memmel. — (D) Mr President, I am of the opinion, in agreement with my colleague Mr Jahn, that the question we have submitted should not be an Oral Question to be put at Question Time but an Oral Question which is followed, under the Rules of Procedure, by a debate, as has happened in the past. For this we require not half an hour but a full hour. However, as we have just been speaking of half an hour, I should like to point out once again that although we can demand a full hour, the agenda before us states half an hour. I think this is a misprint because the Legal Affairs Committee has agreed upon an hour and not half an hour.

President. — If it says 'half an hour' in the text there must have been some mistake; in fact it could only be one hour for matters of general topical interest or 60 minutes rather than 30.

I trust that Members will agree to this matter being discussed at Question Time. If you wish to ask for an hour to be set aside for a matter of topical interest you will then be at liberty to do so.

I call Mr Koch, on the agenda.

Mr Koch. — (D) Mr President I have a point to make on the minutes of the Sitting of 19 January ie., the last day of the part-Session in Strasbourg.

President. — One moment Mr Koch. Would you wait until after the discussion on the agenda? You can then table a procedural motion. We shall then discuss your question on the minutes.

Are there any further comments on the agenda?

The agenda is adopted.

12. Questions on the Rules of Procedure

President. — I call Mr Koch for to speak on a procedural motion.

Mr Koch. — (D) Mr President, I refer to the minutes of the Sitting of 19 January in Strasbourg, and in particular to Point 5, the Commission's proposal for a third Directive in respect of turnover tax and excise duties in the passenger travel sector. Two very important amendments to this proposed Directive were adopted but the minutes contain only one proposed amendment. Due to the absence of the second proposed amendment, which provides for a very important transitional period of three years before the Directive comes fully into force, the minutes are misleading. I request that the minutes should be completed by the insertion of this amendment which was agreed to.

President. — Thank you, Mr Koch.

I would point out however that this mistake had already been brought to light and was corrected accordingly for the final edition of the minutes. This is now being printed.

I call Mr Dewulf.

Mr Dewulf. — (N) Mr President, I should once again like to refer to the fact that the verbatim record of deliberations is not made available to Members of this Parliament during the plenary meetings at Luxembourg, which greatly hinders parliamentary work. I again ask that the attention of the Bureau and of the Secretariat be drawn to this difficulty.

President. — Mr Dewulf this problem is a familiar one but we shall examine it again in greater detail.

I call Mr Vredeling.

Mr Vredeling. — (N) Mr President, I should like to support the last remark by Mr Dewulf. I too have never understood why we here in Luxembourg cannot receive the debates, with speeches in the language in which they were spoken, on the following day—as is the case at Strasbourg. I remember that last time our British colleagues, who were speaking for the Conservative Group, laid particular stress—and I can well appreciate their position, because they have the tremendous privilege of Hansard—on having what is said available by the following day, even if it is in the languages originally used.

Mr President, I wish to associate myself with Mr Dewulf's question as to why this can be done in Strasbourg but not in Luxembourg. I have never yet been given a satisfactory explanation for this and I would like us to abolish this discrimination, which is what it amounts to, and decide to have the debates before us in the original language of the speakers on the following day, as is the case in Strasbourg. Should there be technical difficulties on this point we shall then have to try and overcome these technical difficulties.

President. — Mr Vredeling we have serious technical difficulties to deal with, as the Secretary-General has pointed out to me. I assure you however that I shall make a statement on this subject at the next part-session.

I call Lord O'Hagan.

Lord O'Hagan. — I am not quite sure what the correct procedure is but may I ask for some guidance about the likely manner of conducting Question Time tomorrow? How many supplementaries will be allowed to the mover of the original question and how many supplementaries will be allowed to other people?

President. — If you will refer to the printed agenda you will see how business is to be conducted. Questions will no longer be read in session but will be answered at once by the Commissioner responsible. The questioner may then put a supplementary question. All members may do so.

The Rules of Procedure lay down that the President shall not be obliged to accept a supplementary question. I think that I could be fairly flexible on this point, provided questions keep to the point, otherwise I could not accept them.

This is the procedure envisaged for Question Time, i.e. over a period of 60 minutes.

Thus every Member may put a supplementary question in the same way as the questioner.

13. *First report of the Commission on competition policy*

President. — The next item on the agenda is discussion of the report drawn up for the Economic Affairs Committee by Mr Berkhouwer on the first report of the Commission of the European Communities on competition policy (Doc. 253/72).

I call Mr Berkhouwer to present his report.

Mr Berkhouwer, rapporteur. — (N) Mr President, let me begin by expressing my pleasure at being allowed to be the first speaker to introduce a report in this new hall, namely the first report on the Commission's competition policy, the Commission has prepared this together with its Fifth General Report as requested by the European Parliament on 7 June 1971. We are pleased that the Commission has acceded to the request we made in our report at the time. It is unfortunate that, due to all kinds of circumstances, the Commission's report, dating back to May last year, could not be dealt with in the course of 1972. This was due to all kinds of circumstances which I shall not list here. This is perhaps not such a bad thing as we now have the advantage, first of all, that the Community has been enlarged, particularly with a country as important in terms of competition and company mergers as the United Kingdom, and in the second place we have the advantage of being witness to a number of specially important topical events in the matter of mergers, concentrations and the development of cartels in the Community. I thought therefore that this was a particularly good time, at this juncture in the development of the Community, to discuss this particularly important subject i.e., with the Commission Community policy on competition.

The committee confirms that the competition policy is designed to stimulate the productive capacity of undertakings—this is therefore in the interest of the undertakings and of industry—but on the other hand and to the same extent also serves to make the consumer's freedom and his margin of choice as comprehensive as possible and serves to guard against his being exploited, as it were, by the position of monopoly-holders in the Common Market.

There are therefore, in my opinion, two counterparts, as is also clear in the Preamble and the provisions of the Treaty of Rome, namely the concern of the inhabitants of our Community for as deep and as wide a development of the Community as possible and the concern of the people who live and work in the Community.

Berkhouwer

I am in agreement with what the Commission writes at the beginning of this separate report on competition. Competition must promote the consumer's welfare, doing so by promoting as free a flow of goods as possible. I saw this echoed as follows in a recent publication on the Community under the English title: 'A guide to European Community Law: Competition is not an end in itself. It is an essential instrument for economic development. Its ultimate goal, as indeed that of all the Community activities, is the well-being and the welfare of the people of the Member States'.

Mr President, it is not by coincidence that I am citing a recent English quotation here, because the United Kingdom has been engaged in the fight against monopolies and cartels for centuries. I have in front of me here a law of James I of the year 1623, in which it is stated: 'All monopolies and grants thereof and dispensations and penalties are declared void'. Even in those days the United Kingdom was particularly far advanced because it is coincidence that an answer can perhaps be found here—to a question asked a year or so ago by Mr Vredeling, namely what must be done against measures and agreements and monopolies of which the consumers have become the victims—in this act of Parliament passed under James I, which states: 'any party aggrieved by any monopoly or grant shall recover treble damages by action in the superior courts with double costs'. You see, Mr President, thought was already being given centuries ago to the interest of the consumer and provision was made whereby he could recover the loss that he suffered through monopolies in the competent courts of the United Kingdom.

Mr President, we have undergone a whole period of development since that time; in France we have seen legislators in this area, and at the end of the last century America took the matter up; in this connection I mention the Sherman Act, and the Playton Act. And now we are in the position of having Community competition legislation in Western Europe, namely since 1957 in the Treaty, which was also elaborated in the 1962 legislation; and we have now experienced the first ten years of cartel policy and also of the policy regarding company mergers and everything connected with it. We now therefore find ourselves in a position of having in addition to the Community policy and legislation on cartels and company mergers, a national legislation as well, not in all countries, but at least in some, of our Member States, and particularly in the United Kingdom. We therefore have a Community legislation together with a national legislation and this has given rise to friction to the extent that the European Court has ruled that Community law takes precedence. National

institutions must take this into account, but the fact that the Community decisions are also taken at the highest legal level does not exclude the competence of national authorities regarding cartels and company mergers.

Mr President, for this reason we deplore the fact, in paragraph 3 of our resolution, the governments of Member States 'still hold widely differing views on the role of competition policy' and we therefore consider it desirable for competition policy to acquire an increasingly Community emphasis. In concrete terms, we have consequently expressed the hope that the Commission will be able in due course to enact the legislation which—unless I am mistaken—is required by Article 87, to secure coordination therefore between the Community legislative measures and the appropriate measures of the various Member States. I understand that the Commission is engaged in working out something in this connection, and I believe that it will be a very difficult exercise, but it will probably be useful for Mr Borschette to tell us something about this in this debate.

Mr President, we then dealt with the activities of the Commission with regard to cartel policy. And doing so we noted two things: in the first place our committee finds that the formal existence of a cartel, its formulation and its legal dressing, is of less importance than its real economic effect. This is the first point noted. The second point—which we were glad to note—is that the Community is increasingly active as regards infringements of the Treaty's Cartel provisions. I refer to the recent and sensational sugar cartel, but also to the gramophone record cartel and the recent cartel of producers in the sanitary sector. And last but not least there is a Commission measure, which imposes a fine of 20,000 units of account on Commercial Solvents, because of its refusal to supply an Italian pharmaceutical manufacturer with chemical raw materials through a subsidiary company in Europe.

Then we shall of course—and I may perhaps make a brief mention of this in passing in connection with the accession of the United Kingdom—have to deal with the important question of the British cartels. I understand that there are a good many cartels in the United Kingdom. What will be the position of the British cartels, their registration and possibly their exemption or dispensation under Article 85 of the Treaty of Rome? It seems to me an important and fascinating aspect of this matter which is particularly topical because of recent developments in the Community, particularly its expansion.

We also dealt—under the eminent leadership of Mr Lange—with the absorbing problem of excess

Berkhouwer

capacity in specific industries. This is a very difficult matter, because here one is naturally faced with the question: what should be done about competition, should competition be eliminated by approving specific agreements which forestall over-production? But agreements of this kind must not run counter to the interests of the consumer and, it should be noted, need not always be so. Because it can be in the interests of the consumer that specific over-capacities and over-production should not occur, because these must always be discounted in the possibly higher price that the consumer must pay for products actually consumed and in which the manufacturing costs of the products that are not consumed must also be discounted. It is a very difficult matter, therefore. For this reason we arrived at as balanced a wording as possible of paragraph 8, in which we state that the development of production techniques in certain sectors compels industry to form very large production units and we think an orientation of investments in new production installations can be advisable within the Community, all this within the limits of the opportunities offered by article 85 of the EEC Treaty. We therefore wished to adopt as balanced an approach as possible here.

Mr President, another important aspect is regional policy especially as regards preserving competition as fairly as possible in the Community. This is of particular concern in the peripheral areas of the Community, where here and there we have come up against attempts at out-bidding in lending support and seen that certain undertakings are welcome to established on one side of the border rather than on the other. I feel a great deal has still to be done in this area. In the peripheral areas no maxima have yet been established with regard to support, I think that this is only the case with central development areas where the maximum figure of 20 per cent has been fixed; I even thought that the position was that in certain peripheral areas of the Community it was possible happily to go up to 40 per cent. The position is in fact—I have already referred to the matter at an earlier opportunity when we were discussing regional policy—that regional policy will naturally gain a tremendous impetus through the entry of the United Kingdom. This country has its own system to some extent and if I am not mistaken large areas are underdeveloped which are eligible for support. Such things apply as regional bonds, employment premiums and all these aspects naturally make this matter particularly fascinating. Then I must confirm that Mr Borschette and his British colleague will be faced with a gigantic task in making a balanced whole of regional policy within the framework of the Community's competition policy, so as to prevent countries

out-bidding each other in granting state aid, subsidies and so on and ensures fair competition because it is our task to further competition as fairly as possible throughout the Community.

Mr President, the next important point that I wish to deal with is that of company mergers. Here again the arrival of the United Kingdom gives a particularly large new dimension to our Community. I may perhaps begin with a German quotation that I read last Saturday in the 'Frankfurter Allgemeine Zeitung'. The caption reads: 'Merger specialists arrive from England'. The latter is not intended to be unfriendly on my part but it is a known fact that in the United Kingdom a tremendous development in company mergers is under way and the 'Frankfurter Allgemeine Zeitung' reported this in this way. This tremendous development in the area of mergers and concentrations is now spreading over the Community and this makes the whole aspect of grouping particularly topical and particularly interesting.

I should therefore really like to introduce this question with what the great expert on this matter, E. Günther said about it in his 'Wege zur Europäischen Wettbewerbsordnung': 'The problem that faces the competition policy-maker with regard to concentrations lies in the synthesis between the development of productive units and the maintenance of an economy directed by competition. Undertakings not effectively controlled by competition are an economic and, above all, corporate danger'. I thought that this was to the point. The difficulty with a competition policy is in fact that attempts are often made to square the circle; but here we have to deal with the development of profitable undertakings and at the same time with harnessing uncontrolled power over which society's representatives have no say.

Mr President, as far as this concerned we note with satisfaction, in paragraph 12 of our resolution, 'that the Commission is also now set on the implementation of Article 86 of the EEC Treaty' with regard to concentrations; this is topical, as we have learned only today that the Court of Justice in Luxembourg has decided to give its final verdict on 21 February on an extremely important matter, ie the application of Article 86 in the matter of Continental Can, after the Advocate-General had asked for the Commission's decision to be rejected. We are therefore on the eve of a particularly important judgment by the Court of Justice because this judgment will affect what the Commission proposes and subsequently what the Council decides with regard to the extension of Article 86 and/or Article 235 of the Treaty. We have made a suggestion regarding this question; the new

Berkhouwer

legislation regarding concentrations should be developed on the basis of what we have suggested in paragraph 13 of the resolution. This matter is particularly relevant, if we are to subject the development of concentrations in the Community to Community legislative rules with Nine Member States in the future. It appears from the article in the 'Frankfurter Allgemeine Zeitung', referred to that within the last twenty years a tremendous development has taken place in the United Kingdom in the matter of merger, conglomerates and concentrations. Within the last twenty years the hundred biggest undertakings have increased their share in total production from 15 per cent to 50 per cent. And the small undertakings in the United Kingdom have seen their share reduced from 42 per cent to 24 per cent. In a recent publication by Mr Newbould on 'Management and Merger Activity' we read that a quarter of all undertakings in the United Kingdom of a value of more than ten million pounds are merged with other undertakings. So you can see what tremendous developments are taking place and it is not to be wondered at that after the early laws of the United Kingdom—I referred to those of the 17th century—a start was made immediately after the war with the Monopolies and Restrictive Practices Act of 1948, the Restrictive Trade Practices Act of 1956, the Monopolies and Mergers Act of 1965, recently supplemented by a Restrictive Trade Practices Act of 1968, and the most recent, which had a second reading and which I read in Hansard of December 1972, the Fair Trading Act. Section 7 of this bill is directed against specified monopoly positions, where 25 per cent—this used to be 33 per cent—of specified goods or services are supplied by one undertaking. In Section 35 of the bill, measures are announced against 'carrying on a business with a course of conduct which is detrimental to the interest of consumers in the United Kingdom'.

Mr President, you see how particularly interesting developments on both sides of the Channel are in this field, how we here propose to introduce a preventive registration and how there, according to the Monopolies and Mergers Act, it is possible in England to have an investigation instituted by the Commission for Monopolies as a result of instructions from the Board of Trade, and how action can subsequently be undertaken to deal with cases arising. We therefore see two kinds of systems here, in fact, and it seems to me that the Commission will find it a gigantic but, also, fascinating task to attempt to make something of this in the future.

Mr President, I shall comply with your request that I bring my intervention to a close. I am sorry that I have spoken for longer than is my wont, but the subject of competition policy is a

gigantic one. I had also wanted to refer to the relationship between the Common Market and the World Market and to the question of multinationals and world-wide concerns, because there are of course many multinationals that do not operate only here in what is still restricted market, but who are active throughout the world. You know of this problem and I shall not therefore go into it further. But—and this will be my final word—we would also ask the Commission if it could possibly on some future occasion give us some information on the development of competition, insofar as this affects the energy sector and certain service sectors. In this context I have banking in mind; as far as banking is concerned, too, the United Kingdom has already preceded us, because unless I am mistaken a short while ago a merger between Barclays and Lloyds was prevented by the British Government on the grounds that too great a monopoly would result.

Mr President, I should hereby like to close my introduction to this particularly important matter; I am specially grateful to you for the opportunity that you have given me to make this introduction and to my colleagues for their kind attention.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, Ladies and Gentlemen, I should first like to thank Mr Berkhouwer both for his excellent report and for the statement he has just made. May I, in turn now make some observations on the Community's competition policy? I shall start by saying that this policy is embodied in the Treaty and does not need to be replaced; it must be supplemented from time to time and Mr Berkhouwer has in fact mentioned one of the areas where this is necessary—I refer to mergers. Would also that the policy on competition is an autonomous policy: it can serve as a base for various other policies, but these other policies cannot replace it.

The report before you today, Mr President, covers competition policy over the past ten years, that is from 1962 to 1972. But we wanted to do more than analyse the past; we wanted to define, as far as is possible in such a changing area, certain guidelines for the future. I should like to add that the Commission has its own power of decision in this important sphere. The Commission is firmly of the opinion that it must use this power with a sense of proportion, certainly, but to good effect. As it is only responsible to the European Parliament, I believe that on this issue more than any other it must have the

Borschette

support of that institution and maintain a permanent dialogue with it; I believe that I have made every effort in the past to maintain this dialogue, this concertation, both with Parliament and with its Economic Affairs Committee under the chairmanship of Mr Lange.

Now, Mr President, if I may state my position on certain specific problems, the first comment I should like to make is as follows: the draft resolution several times underlines the economic basis of the policy on competition, in particular concerning the competitive capacity of companies, and stresses that the Commission should deal with these economic effects when it assesses agreements. The Commission is in full agreement with this fundamental principle and I believe that it is and will be our objective, as it has been in the past. That is why we are constantly trying to rid the principle of the general ban on agreements of its rather too formal nature by issuing regulations on block exemptions. It also provides justification for the exemptions from notification of agreements which a priori have no more than a modest effect on competition. The aim is to facilitate the task of undertakings as far as possible, to relieve them whenever possible of any superfluous formalities and the same time to clarify their obligations under Community law.

The regulations already applicable or in the process of being drafted on cooperation between undertakings are no more than an encouragement for European companies to sharpen their competitive edge, which in many cases is too blunt. I also think that the decisions taken recently, to which Mr Berkhouwer referred, show that the Commission has gone beyond the stage of academic theory.

Following Mr Berkhouwer, I should now like to go on to an important problem: restrictions on competition against which both national laws and Community legislation are directed. Firstly, it must be noted that agreements, concentrations and abuse of a dominant position on the coal and steel markets must be judged solely in the light of Articles 65 and 66 of the ECSC Treaty and therefore Community legislation alone is directly applicable to them. That is the first point I think it important to make.

The same does not apply to Articles 85 and 86 of the EEC Treaty. Where necessary, there can be simultaneous application of Community rules on competition and national legislation in respect of these Articles. Cases of powers overlapping and being shared between Community and national authorities must, however, be considered as normal. They result from the coexistence of two legal orders. In this judgment of 13 February

1969, the Court of Justice confirmed this by stating, and I quote: 'National authorities can take action against an agreement under their national law, even when the examination of the position of this agreement under the Community rules is pending before the Commission'. However, reverting to the principle expressed earlier of the precedence of Community law, the Court goes on as follows: 'provided, however, that this implementation of national law cannot prejudice the full and uniform application of Community law and the effect of its instruments of enforcement'.

This jurisprudence is very clear and expresses in practical terms the general obligation that Member States have entered into, especially under Article 5 of the EEC Treaty. To fulfil this obligation, Member States must first of all refrain from ordering, encouraging or authorising practices by undertakings that are prohibited either by Article 85(1) or by Article 86; secondly, Member States must refrain from prohibiting agreements which, pursuant to an individual decision or a regulation of the Commission, are covered by the exemption provided for in Article 85(3).

As for the problem of the double penalty, mentioned in Mr Berkhouwer's report, the Court of Justice has ruled as follows: 'The possibility of a plurality of sanctions would not rule out the admissibility of two parallel actions pursuing separate aims. The admissibility of this double procedure results from the special system for the division of powers between the Community and Member States in anti-trust matters. If, however, the possibility of a double procedure were to lead to a plurality of sanctions, the general requirements of equity imply that account should be taken of any earlier decision in determining a possible sanction'.

The Court stressed, however, that this answer to a specific question could not under any circumstances jeopardise the general rule that Community law takes precedence. This means in practical terms that national authorities must refrain from imposing a financial penalty if the Commission has already imposed a fine on the same grounds. Conversely, the Commission is obliged to set off against the fine it intends to impose any financial penalty imposed earlier by a national authority. In any case, the Court has ruled that it is up to Member States to ensure the full and uniform application of the Community's rules on competition and to give effect to measures making these enforceable.

It seems fair to say, then, that the law currently in force provides real possibilities of avoiding conflict between Community rules and national

Borschette

legislations where competition is concerned. However, the Commission is considering whether it is necessary to issue a regulation or directive to govern the case of simultaneous application of Community and national law on the subject. In any case, it is intended to make proposals, as the resolution requests, on promoting detailed mutual information between the appropriate national and Community authorities on competition.

To turn now to the more specific question of policy on agreements, the Commission lays stress not so much on the number of decisions to be taken as on the economic and legal significance that it intends to give to these cases. They obviously require complex analyses and long actions. It would perhaps be possible to curtail the proceedings, but I would not like to see that done if it meant that the preliminary investigation would be hurried. The opinions that are required at various stages take a long time to obtain but provide a very sound foundation for our decisions. What legislation other than our own appeals direct to all the parties concerned, whoever they may be, to obtain their opinion on a proposal to authorize agreements? I think that this is truly an example of direct democracy that is unique in the world. Of course, when there are definite infringements for which precedents are clearly established, such as a prohibition on exporting, the Commission should deal with them by accelerated proceedings and impose heavy fines.

As for the various forms of cartel that are encountered in practice, your rapporteur himself considers that on the whole the Commission has taken sufficient decisions for the business community to be well acquainted both with prohibited restrictions on competition and exemptions that can be authorized. A very great deal is due to the judgments of the Court of Justice and I should like to underline here their importance and their value. Even so, there is still progress to be made in fields such as agreements on patent licences and know-how, so important today as a means of disseminating information in the modern world.

In 1972, the Commission continued the work of legal clarification it started in 1971, mainly by taking standard decisions on specific cases, in order to define the compatibility with the rules on competition of the provisions most frequently found in such agreements. Because these cases are necessarily very difficult to assess, the Commission can only make gradual progress on these lines; not until it has available a sufficient number of cases and specific decisions will it be able to propose a regulation on exemption by categories, providing more general rules on the

status of these agreements which constitute the bulk of the outstanding cases.

This care will ensure that, in accordance with the wish expressed by your Committee, only those restrictive commitments that are indispensable to ensure appropriate use of inventions and know-how will be authorized. In some sectors, where technical development requires production plant of a certain size and it is difficult to predict with accuracy the development of demand, there are serious problems in the preparation of investment projects and the increase of production capacity. Mr Berkhouwer also spoke of this and I should like to say, on behalf of the Commission, that in connection with the policy on competition, it is important to ascertain how these difficulties can be solved, for example by a company agreement that is compatible with Treaty rules on competition.

I would say that this problem is too difficult to be settled by general considerations or general rules. Each case must be judged separately and this is what we did in the recent affair to which Mr Berkhouwer's report alludes; eventually, we decided that this agreement between undertakings went much too far. What is more, the undertakings complied with the Commission's opinion and cancelled the agreement concerned, and the notification was withdrawn.

On the subject of aid, I must say I am a little disappointed that Mr Berkhouwer's report describes the Commission's attitude as passive and pessimistic. I admit that the report points out very objectively the difficulties encountered in implementing the provisions of the Treaty, but I should like, no less objectively, to highlight the progress made in the actual application of general principles and the positions taken up and decisions made by the Commission on aid given by States which has not hitherto come within the scope of Community rules. As you are well aware, this is the most difficult area because sometimes we have even been obliged to intervene directly in the domestic policy of a Member State. I do not think, then, Mr President, that we can be described as pessimistic or passive.

There are three points in Mr Berkhouwer's report on which I should like to comment.

First, with regard to national aid, the Commission agrees with Mr Berkhouwer's report that, even in central regions, the 20 per cent ceiling should be gradually reduced.

In any case, the fact that this ceiling has been accepted does not mean that the 20 per cent rate is automatically applicable in all regions of the Community.

Borschette

Secondly, with regard to the transparency of the aid, both the results of the technical work done during 1972 and the provisions adopted by the Member States—and I wish to stress this—demonstrate that the question is still being solved. There is only one question still outstanding, the problem of certain forms of aid such as guarantees for company loans. In every case, it is true to say that even if the question has not yet been solved there is no doubt that it will be.

Thirdly, and this I believe to be an important point, the Commission is paying close attention to the effects on competition of temporary holdings taken by State-controlled bodies in the capital of certain undertakings facing either adaptation problems or growth problems. Such interventions, which may of course be in the economic interest, cannot a priori be equated with aids. That is why the Commission has decided to make a retrospective check on the activities of these bodies. If it emerges that the holdings are equivalent to aid, this check will make it possible to lay down for the future the limits and conditions of such activities.

And now, Mr President, I shall turn very briefly to public undertakings, and I should like to point out that Article 222 of the EEC Treaty makes no distinction between property ownership according to whether it is public, private or a combination of both. In implementing the provisions on competition, the Commission has not therefore established any discrimination based on the type of ownership of the undertakings. However, problems arise because of the behaviour of certain undertakings that are public or have a special or exclusive right, either because this behaviour is dictated by the public authorities that control them or because these same public authorities tolerate it. The Commission is aware of the need for a general examination of relations between the State and undertakings that are public or have exclusive or special rights. The number and variety of these interventions and tactics in dealings with undertakings in the various Member States and the difficulty in obtaining data that is both accurate and comparable are major obstacles but the Commission has begun such an examination and will not fail to inform Parliament of the efforts and progress it makes in this sphere.

I now come, Mr President, to what I believe to be a more important aspect, control over concentrations, a subject I have already discussed with you on several occasions, including the plenary session on 7 June 1971. I can now tell you that, as requested by Parliament in its resolution of 7 June 1971, the Commission believes that it will shortly be able to hold the first consultations

with a view to submitting a draft regulation to the Council which will be very largely based on your suggestions and proposals. The Commission is all the more encouraged in taking this action by the fact that in its final communiqué the Conference of Heads of State or of Government in Paris referred to the desirability of making—and I quote 'the widest possible use of... Article 235 of the EEC Treaty' and the need to provide for—and again I quote—'the formulation of measures to ensure that mergers affecting firms established in the Community are in harmony with the economic and social aims of the Community and the maintenance of fair competition'. In its resolution on action to fight inflation, the Council of Finance Ministers meeting on 31 October took note of the Commission's intention to submit proposals for the introduction of more systematic control over concentrations of a certain size, independently of the application of Article 86, by means of test cases. Your resolution approves the way the Commission has implemented Article 86 of the Rome Treaty. This will enable the Commission, subject of course to the judgment of the Court of Justice in the Continental Can case, to follow an even more effective policy on competition. I should like to take this opportunity of thanking the European Parliament for its positive contribution and the support it has given to the development of Community law on competition, especially in control over concentrations.

The establishment of suitable rules will of course have to be based on a comprehensive knowledge of the concentration process in the enlarged Community. The Commission has already started studies, albeit limited ones, in certain sectors and the programme makes provision for others which cover the service industries and will extend to the markets of the new Member States. At present, the studies involve analysing the development of concentration between 1962 and 1969, but they will gradually be updated. I can assure you, since this is a concern expressed in your report, that the results obtained are comparable at European level. A fuller analysis will be given to you in the Commission's next report on competition.

Now a word on multinational companies, Mr President. Mr Berkhouwer has said much about these in his report and I can assure you that on the whole the Commission shares his views on both the advantages and drawbacks of these companies. Considered solely from the viewpoint of policy on competition, it must be stressed that in the actual application of the rules on competition—I am speaking solely of policy on competition—the Commission has not so far encountered any difficulties due to the multinational nature of the companies when it

Borschette

has taken action against infringements committed within the Common Market. The Commission's powers in respect of undertakings having their headquarters outside the Community but having dealings within it have also been confirmed by the Court of Justice. However, I would say that the phenomenon of the multinational company must be viewed in a wider context than the Community, even the enlarged Community. It should really be viewed in a world context. This is why the Commission is participating in the work of certain international organisations, such as the OECD in Paris, which are trying to establish a code of good conduct for these companies and possibly to find a more efficient method of control.

That, Mr President, is the state of the Community's competition policy. As I have already said, the Commission intends to apply its right of decision with a sense of proportion, but to good effect. Its policy on competition is not directed against undertakings, quite the reverse; it consists of helping and supporting those which observe the rules of competition, which is the case with an impressive majority, but it also consists of taking prompt and severe action against those which do not play the game. The consumer, or in other words every citizen of the Community, must know that his right to the best product at the lowest price is a right which is upheld by the Community and which the Community will enforce.

(Applause)

President. — I call Mr Artzinger to speak for the Christian Democratic Group.

Mr Artzinger. — *(D)* Mr President, as spokesman for my Group I have the pleasant task, first of all, of congratulating the rapporteur on his excellent report. This report can genuinely be said to be one which one is not merely obliged to read but which one is glad to read, because one gains something from it. I hasten to add that my Political Group supports the motion for a resolution. I would also like to take the opportunity of offering my hearty congratulations to Mr Borschette, firstly on the report on the past ten years of competition policy which the Commission has presented, a very instructive report, and secondly on the comments which he has just added.

Difficulties have certainly arisen from the superimposition of European competition law on national law, and it is only natural that the Court in resolving these difficulties should decide in favour of the principle that European law should have precedence. It is also clear that

parallel proceedings are possible, but that following constitutional principles each decision should have regard to other decisions and a person or firm should not have to suffer twice over for one offence (*ne bis in idem*), a principle which is inviolable in all our Member States. We are very pleased that Mr Borschette was able to announce that there is to be an order which will define the relationship between the two legal spheres, the European and the national, more exactly.

Mr President, in view of the lateness of the hour I do not wish to hold forth at too great length. Let me say just one thing to the rapporteur; unlike him I think that he has not found a very good moment for this report, because I think we are all under the influence of a great many dramatic events which claim our attention. But Parliament's business must be got through and I rather regret that his report is overshadowed by these happenings for it deserved to be treated with more attention and more concentration.

As I have already said, I do not wish to go through all the points again which Mr Berkhouwer the rapporteur has dealt with in detail. Let me therefore just comment briefly on one or two matters which I suppose will prove to be controversial in the course of the debate.

Firstly I refer to Point 8 of the draft resolution, where it is stated that the development of production methods in many branches of industry leads to the formation of very large units of production and where the committee suggests that an alignment of interventions might be advisable. A very well-balanced formulation—as Mr Berkhouwer has rightly said—but one where balance was not at all easy to achieve in committee.

An amendment will probably be proposed but for this reason I would like to point out that Parliament has already adopted a resolution with a very similar wording before, so that there is really nothing new here. And if it is said that there are possibilities of action within the scope of Article 85 of the EEC Treaty, then it must be pointed out that cartel law puts a limit to such possibilities, a limit which must be observed and I do not think therefore that one could reach the point of desiring, from Parliament's point of view, that firms themselves should come to an understanding on this. This, I believe, would be regarded with scepticism by the Commission, under certain circumstances.

Let me pass on to a second point, the preventive control of mergers which is asked for by Point 13 of the motion.

Artzinger

In this matter my Political Group supports the intention of the motion but cannot unconditionally support the wording. The wording can perhaps be dealt with later and this will perhaps happen even within the limits of the present discussion, but that we should get a preventive control over mergers—that is indeed what my Political Group would wish. And I believe, from what we have just heard from Mr Borschette, that it is indeed also the wish of the Commission to make rules in this sphere. It is certainly true to say that it will not be easy. Mr Berkhouwer quoted Eberhard Günther's phrase, that one must arrive at a synthesis between two principles. That is very easily said, Mr Berkhouwer. The formulation is very simple: synthesis! But what this means in individual cases must naturally be laid down with great exactness, and this is where the difficulties begin! I have no doubt however that the Commission, with the material that they have gathered in the meantime, will be in a position to devise arrangements whereby companies wishing to merge can form an advance opinion as to whether their merger will receive the Commission's approval or not.

Let me now turn to my last point, Point 17 of the resolution, which deals with the setting up of an international authority, which might certainly be desirable with regard to multinational firms. Here we have heard from Mr Borschette that the Commission is supporting and promoting these efforts. I think that Parliament should not commit itself unconditionally to this wording. Whether it is an international authority or whether, by international agreements, an effective and easily-manageable regulation is successfully achieved, appears to me to be secondary. To sum up, Mr President, I repeat the position of my Political Group: we support the motion and I would like to close by repeating my congratulations to Mr Borschette and to the rapporteur.

(Applause).

President. — I call Mr Lange to speak for the Socialist Group.

Mr Lange. — (D) Mr President, we have now got what is in effect a second report by a committee, in this case the Economic Affairs Committee, on questions of competition and the position of firms on the world market—this was the title of the first report. In the case of the first report we had asked the Commission to submit a report on their competition policy to date and their actions in this sphere in accordance with the provisions of the ECSC and EEC Treaties. This report appeared in a comparatively short time after Parliament had expressed its wish for a report. For this we are grateful to

the Commission. Similarly I should like to express my thanks on behalf of my Political Group, to the rapporteur himself.

Now at this point I can begin like Mr Artzinger by stating that we support the motion and it is immaterial whether we subscribe to it word for word. What is important is our opinion of the individual points and here it seems to my Group to be essential that the harmonization—if one may use this expression—of national legislation in this sphere should be in line with European law, and that then, as has already been said in this House and as Mr Borschette indicated, the appropriate clarification of the jurisdiction of the Commission and of the national cartel and monopoly authorities would follow naturally. We have examples in the Member States of things happening on two levels and then being clarified appropriately.

We have met with the difficulty that a national cartel authority will have been active in a certain case and will have imposed fines while the Commission is also dealing with the same case. So we must wait and see how, if the Commission passes judgment, the national measures and the European measures can be reconciled. But I think that these occurrences should provide a decisive inducement—and this is how we see the motion—to get rid of these situations, so that the political and legal spheres are not working against each other in competition law.

It was a very real motive which made us formulate Point 8 and here, I think, we should not play about with the wording too much. The balanced formulation should be confirmed but the main thing is to prevent firms from making marketing agreements which affect capital investment, which affect shares of the market, which affect market areas and which finally also affect prices and all other conditions which are connected with them.

No one, I think, can be interested in this happening and in any case we would rather that the Commission endeavoured to reach an answer to this question under existing Treaty provisions than that we should give the others a free hand; for then there would be no question of competition and competition policies any more, for competition would be effectively eliminated and as I have said, that is in the interest of none of us. The same applies to Point 7, in that, without wishing to call in question patents, trade marks etc., we would emphasize that inventions and the like, as well as the proprietary rights arising from them, should be used in such a way that there cannot be any oligopolization or monopolization of the market. Hence this formula. It can be argued, too, whether this formula goes quite

Lange

far enough, but each of us knows, my dear colleagues, that a motion in Parliament does not yet constitute a law, but merely demonstrates Parliament's intentions; this is what is at stake, neither more nor less.

Besides this we would like to stress, and stress forcibly, that the Commission should endeavour to clear a way through the jungle of subsidies, because subsidies of every kind, not only for the improvement of structures but also for other more obscure purposes, are still prevalent throughout the Member States. We think this undermines competition and none of us can approve of this.

Mr President, may I be allowed one more word?

For it is not only a question of regional policy—because regional policy can be interpreted in different ways. As far as I have been able to establish up to now, by regional policy the Economic Affairs Committee has always meant merely regional structure policy as a part of the general economic policy; thus we have structure policies for branches of industry and this is how, I think, we must judge this Point 9 and Point 10 as well. For subsidies of this kind can also, in certain circumstances, undermine competition.

On the other hand, and this is expressed in the Commission's report, we naturally welcome improvements in opportunities to compete in cases where mutual cooperation makes it possible to compete with larger units. In this respect we also welcome the proposed exemptions even though it has sometimes produced differences in one aspect or another. But what we have before us seems to me in this connection to be thoroughly practicable. As my last point I would like to emphasize here on behalf of my Political Group the absolute necessity for preventive control over mergers which we have stressed here in Parliament before, on the occasion of the motion agreed to in 1971. The actual words set out here do not, I repeat, yet constitute a law. The Economic Affairs Committee has merely tried to indicate a few criteria, a few landmarks, for the guidance of the Commission. But the Commission also has its own means of orientating itself. And so do we, of course. When the Commission, on the strength of this second request and moved by its own declared will, does something, that is, when it submits something—as Mr Borschette has just emphasized—then we as a Parliament shall be in a position to discuss the details with the Commission and bring our opinion to the notice of the Council through the consultation procedure. Therefore I think we should not play about with the wording of this matter any more but, as before, should confirm Parliament's will which has already been expres-

sed in this connection, particularly as the Commission declared at that time that this could not be done before 1 January 1973 out of fairness towards the newly-acceding Members. We now have these Members with us; and in this respect therefore I think that action can now be taken. In connection with the points which you have named as reference points, ie. as articles of the Treaty, I should like to refer emphatically and directly to Article 235 once again; for this matter contributes to the attainment of the aims of the Treaty of Rome and ought to be administered exclusively according to Article 235 and according to the new Treaty.

The last topic which seems important to us is the question of the multinational firms, and here we unreservedly support the creation of international rules, which for instance, would supplement the existing American, European and European Community Member States' rules. Here an international authority has been spoken of. Naturally something can be created on the basis of an international agreement which is fully an international cartel and monopoly authority. It could also have the modest title of secretariat and still be effective. The exact designation does not matter at all; what does matter is that we should ensure uniform conditions of competition on the world market by appropriate international competition and monopoly agreements. This principle must be supported. This is what is at stake for us; and I think that in this respect the motion is to be welcomed. It should be stressed that a report appears necessary on certain exempted branches of industry. We are convinced that this is necessary because a few things are going on in these exempted sectors in the individual Member States and in the Community—I will not name any branches of industry in particular at this stage—that do not always favour the consumer. For if it is true that one reason for a competition policy is to give the consumer an appropriately favourable position and to prevent him being fleeced or diddled by those who dominate the market or who use unfair market practices, then I think some light should be shed on these exempted sectors. One will have to establish what conclusions are to be drawn here. In this respect competition policy and competition law are a regulating instrument serving two purposes, namely, to strengthening the efficiency and competitiveness of firms themselves and secondly to supply the consumer with the necessities of daily life at appropriately favourable prices.

I thank you, Mr President.

(Applause).

President. — My dear colleagues I have to ask for silence. If you were here, in the chair, you

President

would note that private conversations in the hall are much more audible here than in the old hall. No doubt we shall be able to set the acoustics of this hall in such a way as to tone the sound down. But at present any private conversation in the hall reverberates to the point of hampering one's comprehension of the speakers.

Please regard this observation as a friendly request.

I call Mr Bro for the Conservative group.

Mr Bro. — (DK) for the Conservative Group. Mr President, in his speech to the Parliament on behalf of the Commission on 16 June 1965, the then Commission Member, Mr von der Groeben, defined the Commission's competition policy as the establishment and realization of legal norms with the object of fostering and preserving a practical form of competition and of protecting businesses against unfair competition, because it is only competition, promoting prosperity and freedom, which has the beneficial effects which are the condition and basis of the market economy. Mr von der Groeben regarded this as the reason for making competition policy an integral part of the general economic policy, and inseparable from it. In 1965 it was possible for Mr von der Groeben's speech to constitute a point of departure for the Commission, but now this goal must be reviewed. We have since learned that efficiency is not enough. The quality of life and of the environment must be given priority, and no goal which the Community may set itself is good enough if it does not concentrate on the well-being of mankind. The rich community of Europe has a duty to take the lead in creating an environment which is free from pollution and which gives the individual the best possible opportunities for development in work and freedom.

It may be difficult to see how there can be room for such a change of objective within the framework of Articles 85-90 of the Community Treaties, but what the politicians thought in the 50's cannot be allowed to prevent us from acting and thinking in a new way. A legal basis for such a reevaluation might perhaps be found in Article 86 b and Article 235. On behalf of the Conservative Group, I therefore propose the following amendments to the motion for a resolution: 2 to be amended to :

'— notes that the principal purpose of the Commission's present policy with regard to competition within the framework of economic policy is to guarantee and strengthen the productive capacity of undertakings.'

and the insertion of 2a:

'2a. Considers it essential in view of the new major problems arising in connection with pollution and environmental matters in the widest sense including the working environment) that the objectives of competition policy be re-assessed in the light of these problems.'

2b:

'2.b. Urges the Commission to outline its position on such a re-assessment of the goals of competition policy as soon as possible in a report to Parliament.'

Many thanks.

(Applause).

President. — I call Mr Cousté, for the European Democratic Union Group.

Mr Cousté. — (F) Mr President, we have before us an excellent report, but one of whose general direction we do not approve. As regards agreements, investments, aid and, more generally, the problems of concentration and of multi-national companies, we find an orientation which is perhaps less categorical in the motion for a resolution, but is presented in a way which cannot but claim attention in the oral report, which, I may say in passing, is in any case difficult to obtain. Paradoxically, I must say that it is the remarks made by Mr Borschette which have helped to reassure me. In any case I should like to be very clear about the five points which I have just mentioned.

First of all, on agreements, that is to say as defined in Article 85, the views expressed in the report seem to me restrictive, and even malthusian. By contrast, the Commission appears to me, rightly, to have well illustrated the practices on which it has repeatedly taken the initiative; on the other hand, I think that the actual judgments of the Court of Justice are relatively liberal in their trend. I therefore welcome this, all the more because the rapporteur, in his statement of reasons, has in my opinion set himself on a perilous path. It is a very precise point on which the Commission has wisely taken an important initiative, in that it has, by a very recent decision, favoured a solution which exempts from the prohibition, agreements covering certain types of specialization agreement. I feel that this is in entire accord with the state of economic development as regards concentrations and amalgamations in Europe as compared with the United States. I shall revert to this in a moment. I believe therefore that we shall decide to submit amendments, which I trust will be favourably received, so much the more since they will faithfully reflect the remarks made by Mr Borschette on patent licensing agreements and agreements

Cousté

to provide know-how, according to which remarks, our direction must be that of progress, that is to say—and I emphasize this—the direction of block exemption.

As regards investment problems, I must stress the fact that the text to which Mr Lange referred recently seems to me a dangerous one—I repeat “dangerous”—because, unless we were careful, we should have virtual bureaucratic control of investments. What, I ask, is the meaning of investment? Investment means foresight, investment means the future. The meaning is fundamental, and I believe that we must be quite clear on this point. I notice, incidentally, that Mr Lange, while perhaps objecting to the form of words, does not seem to be entirely opposed to their spirit.

As regards aid, I very much appreciated Mr Borschette's reference to Article 222 of the Treaty, when he pointed out that no distinction was made between relations between the State and public enterprises and the State and private firms. I think he is right, since we cannot know what will take place in a number of Member States. Therefore, we must first of all observe the provisions of the Treaty, and therefore the spirit of Article 222. On the other hand, on behalf of our Group we may say how much we should appreciate the coordination of aid for regions and sectors; in this context I feel that the idea of a progressive reduction of the ceiling is a good one.

I now come to the fourth point—concentration. As in 1971, and for the same reasons, I feel that we are starting out on the wrong track. Moreover, I do not think that the Paris Conference of 20-21 October 1972 or the Conference of the Economic and Finance Ministers in Luxembourg at the end of October authorize us or authorize the Commission to go in the direction indicated. For what reason? In the first place, juridically, economically, and in practice—the three aspects I should like to discuss—all this seems to me to run counter to the spirit of the Treaty of Rome, and especially to the state of competition between, on the one hand, Europe, and, on the other, the United States. To my mind we are just not in a state of European concentration. Too often are we at present in a state of national concentration, and the policy of concentration must at all costs, in essence, be directed towards an understanding between the undertakings within Europe, and the strength of Europe must be increased not by a kind of bureaucracy keeping a watchful eye on concentration and, for that reason alone, making it impossible for Europe to realize itself, since the bureaucracy must first be notified. Because of that, any concentration is condemned to insecurity and to failure to achieve results, and for this reason I believe that

legally we have the right to say that Article 86 does not enable us to proceed towards prior declaration.

This is so true that Mr Borschette, for whom the dossier holds no secrets, rightly sees a reference to Article 235, and believes he has found some kind of justification in the Paris and Luxembourg declarations. I reserve entire freedom of judgment on any proposals which may be made to us. In any case we have tabled amendments to delete Article 13 and 14. I may add that economically the proposed measures are unjustified in the present state of competition between American and European firms and that, in practice—and this must be made quite clear—we shall come to a kind of bureaucratization of economic life. Moreover, these measures are quite contrary to the provisions of Article 3 of the Treaty which, let me remind you, envisages effective competition, that is to say not supervision of competition.

My fifth comment, Mr President, and I know that time is short, concerns the rules of competition governing world markets. There is talk about an international agreement. Mr Lange, the chairman of the Economic Affairs Committee, speaks, even if modestly, about a secretariat. May I say that in either case the solution proposed is not appropriate, and for two reasons. The first is that, as is quite well known, not only in the case of the OECD, as Mr Borschette pointed out, but also in the case of the United Nations, there is at present a whole series of studies on multi-national companies, and in my opinion these studies should first be completed before any initiative is taken.

The second argument is much stronger. It consists of a comparison of the specific weights of European groups and American groups. As soon as we had world-wide uniform rules, we would permit the Americans to advance beyond the advance, or, more precisely, the lag, of Europe. Consequently, in proportion to the creation of world-wide uniform rules, we shall or we should handicap Europe in certain circumstances, whereas Europe must become both stronger and more competitive, i.e. it must have an industrial policy and a political policy not only in the field of development, but in social progress as well. In the last analysis, what is the supreme rule for all of us Europeans? It is not merely the fact that undertakings are concentrated, not merely the fact that economic life is at a satisfactory level, but also the fact that people in Europe are happier, as was said just now, most eloquently, by Mr Bro on behalf of the Conservative Group. It is, in the last analysis, the quality of life: it is, ultimately the fact that the European standard of life that

Cousté

should be better. And the supreme law which must determine all our actions is not only the legalism sometimes imposed by the Treaty of Rome, but the invigorating effects of the spirit of the Treaty on the progress of mankind.

(Applause from Conservative and European Democratic Union Group benches)

President. — I call Mr Leonardi.

Mr Leonardi. — *(I)* Mr President, Ladies and Gentlemen, we find ourselves in agreement with several points contained in the motion and with its motivation, the protection of competition. Free competition should be seen not only as a method of achieving greater economic efficiency when applied in political decisions placing priority upon objectives of a social nature, but also as a principle of liberty. We agree, therefore, with the terms of the resolution in the action it requests the Commission to take against the abuse of predomination, with its call for prior notice of mergers of companies holding more than a certain share of the market, and also with paragraphs 16 and 17 on competition on the world market.

In view of recent events, however, it is not difficult to realise that these are no more than pious hopes. These very companies upon which we are trying to impose uniform rules of competition and inspection by an international body, these companies operating on world markets over and above individual states, unrestrained by any rule of competition, with a turnover higher than world trade as a whole, with enormous funds at their disposal, these companies are trying to undermine the first falterings steps towards economic and monetary union, towards the establishment of a centre in a sufficiently strong economic position to counteract their activities which are directed from outside this Community, most of them being based in the United States. It is in this historical and political context that we must evaluate the actual effectiveness of any appeal for the validity and defence of the rules of competition, as in the motion, which makes no distinction between intervention to deal with abuses by dominating interests, by private groups and by public subsidies which distort competition (paragraph 10) and measures whose aim is to eliminate distortions in the competition between public and private concerns (paragraph 11). In actual fact these are radically different: the former are motivated by a desire for profit and private power, the latter by the desire to defend social and public interests, where the aim may be expressed well or badly but is nonetheless different from the former.

I hardly need to remind you that many public concerns have evolved from private concerns that were no longer able to survive as such, in other words that were unable to withstand competition on a private basis, but which were considered necessary for political or social reasons, differing in different countries due either to history or to their level of development, and they can certainly not be harmonized by orders coming from above. We too await the study requested of the Commission in paragraph 11 of the resolution and we are very curious as to the effects on the public undertakings in our countries of the intervention requested of the Commission. Similar observations could be made with regard to assistance, to regions and sectors: this may be good or bad but it will alter the competitive position for reasons very different from those associated with the interests of private groups. To place all these phenomena on the same level means that we are giving competition and its defence a resolutive value that is not only unacceptable but that no longer has any historical basis; indeed, the rapporteur himself criticizes this at various points in his motivation, which is laudable in many ways.

As we have said, in a pluralistic society with a mixed structure, in which public property co-exists with private property, we too believe that competition can be very important and that it is worth defending so that we can take appropriate political decisions with the aim of meeting the needs of society as a whole and of determining the environment in which all citizens are to work. But, seen in this way, competition is not defended by means of obligations, prohibitions or punishments or at least not principally by these means, as the notion for a resolution sustains. The resolution, moreover, refers to experience acquired in nations whose economy is 'private'—especially the United States—where the effects upon the true distribution of economic and political power have been little or none. The only realistic way of defending competition is to acquire the political ability to determine objectives and to bring about an atmosphere in which competition can have free play, in other words to plan democratically for the development of the society in which we live. The current crisis within the Community is not due to lack of competition, although when this does occur it must be roundly condemned and pursued, but to its inability to lay down common policies for active intervention based upon popular consensus, policies for industry, power, research, the regions, etc., in other words, to bring about a society of a different quality from present day society, a society that reflects the aspiration

Leonardi

of a growing number of citizens in all our countries. Only with this political ability, which must be based on popular consensus, can the Community work effectively, both within and without its confines, giving a realistic basis to the requests but forward in paragraphs 16 and 17 of the notion for a resolution relating to the multinational companies to which I have already referred.

As we have said, we agree with many points in the draft resolution and with many of the considerations set out in the motivation. Of these, we would single out the request made on page 9: that the Commission, in its future report on competition policy, should also devote its attention to policies in other sectors. We also single out the chapter relating to the channelling of investments into basic industries. For the sake of brevity, we shall not go into detail. We believe, though, that some of the difficulties rightly pointed out by the rapporteur could be mitigated by more active intervention on the part of this Parliament, for example through the adoption on a Community level of the 'hearings' sometimes organised by national Parliaments. One of these that merits special attention is now taking place in the Italian Parliament on the subject of the chemical industry, and it is a hearing that could well be pursued at Community level.

In conclusion, as could be expected in view of our differing political viewpoints, we do not place the same value upon competition as does the rapporteur who, for this very reason, groups together phenomena of differing origins which cannot be treated in the same way as they involve public intervention in the economy. On the whole, we consider the action proposed to be inadequate and historically out of touch with the real problems of this Community. For these reasons, we shall abstain from voting, as we already did some years ago following on intervention by comrade Scoccimarro on the same subject, covered by a report, also drawn up by Mr Berkhouwer.

(Applause from Extreme left benches)

IN THE CHAIR : MR SCHUIJT

Vice-President

President. — I call the rapporteur.

Mr Berkhouwer, rapporteur. — (N) I wish only to remark that I do not need to make a reply and would ask you to proceed immediately to deal with the motion for a resolution.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, I should just like to refer again to two problems. First, in regard to investment agreements, I have already said that it is not possible to find a general rule. I feel that we have very thoughtfully considered this problem: each case must be judged on its own merits, as the Commission intends to do. Second, regarding concentration and supervision of concentration, like Mr Cousté I realize that neither the Summit nor the finance ministers have authorized the Commission to make a proposal of this kind. However, the Commission is free to make proposals, Mr Cousté; it does not need authorization, not even by the Summit. On the other hand, I myself interpret both the Paris Resolution and the resolution of the finance ministers as an encouragement on the part of these two high authorities to do something towards the supervision of concentration and amalgamation.

Believe me, Mr Cousté, the solution which the Commission will see fit to propose will not be a bureaucratic solution, since a bureaucratic solution would be a procedural solution. However, it is already apparent that, if this were our intention, Member States would never consent to giving the Commission an absolutely free hand on so important an issue. For the solution in question there must be applied criteria and standards in regard to both the concentrations which may be authorized and those which must be prohibited, and of course also concerning, for example, the size of undertakings which would be subject to prior notification. But this is an extremely difficult matter and, as I have said, the Commission has given it much thought. We propose to make the initial contacts forthwith with certain advisory bodies. That is all I can say at the moment.

President. — Does anyone else wish to speak? The general discussion is closed.

We come now to discussion of the motion.

On the preamble and paragraph 1 no amendments have been tabled and there are no speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

These texts are agreed to.

On paragraph 2 an amendment no. 12 has been tabled by Mr Bro for the Conservative group and reads:

President

'This paragraph to read as follow :

'— notes that the principal purpose of the Commission's present policy with regard to competition within the framework of economic policy is to guarantee and strengthen the productive capacity of undertakings.'

I call Mr Bro to speak to his amendment.

Mr Bro. — (DK) There is a deep feeling in the Conservative Group that the conditions of competition we had in the 50's and 60's have been changed by the development and experience which have been achieved since then. We do not think it is possible to live in a modern society alone without an objective which includes the competition situation, which aims at efficiency, and which is concerned with economic conditions. It is necessary to the development of a modern society to take into account the fact that the individuals in the Community must have the opportunity of well-being, must be able to live in an unpolluted environment, and that this well-being shall apply to both their leisure and their work. We are therefore of the opinion that the objectives must be widened so as to include the human environment and human well-being, and on this basis we have drawn up a proposal which is on the members' tables, namely that 2 be amended to read :

'— notes that the principal purpose of the Commission's present policy with regard to competition within the framework of economic policy is to guarantee and strengthen the productive capacity of undertakings.'

and that the following wording be inserted :

2a : 'considers it necessary, in view of the new, great problems relating to the question of pollution and the environment in the widest sense, including well-being at the place of work, to re-evaluate the objectives of the competition policy in the light of these problems.'

2b : '— urges the Commission to set out as quickly as possible its views on such a re-evaluation of the objectives of the competition policy in the form of a report to the Parliament.'

Many thanks.

President. — What is the rapporteur's opinion ?

Mr Berkhouwer, Rapporteur. — (N) Mr President, I have of course noted this amendment with great interest. There are, therefore, two

amendments to and after paragraph 2, but I fail to see in what respects the amendment—that is the first—essentially differs from the proposed text. It is stated in the proposed text that the aim of competition policy in the framework of economic policy is to guarantee and to strengthen the productive capacity of undertakings. Now it is merely proposed to say: 'Notes that the present...' I see that only one word has been added to it and I am under the impression that the only difference is that we note that the aim in competition policy must be to increase the productive capacity of undertakings. I understand, therefore, that the point of departure for the two amendments by Mr Bro is that we should regard Article 2 as a desideratum and that he notes the fact that present competition policy also has this as its aim, to which he then adds his desideratum that it is necessary on the basis of the new, serious problems in connection with pollution of the environment in the widest sense of the words to proceed to re-evaluate the aims.

Mr President, I must say that I would really like to have not only Mr Lange's views on this, but also those of the Commission, and with all respect to Mr Bro's good intentions I do feel that one or two things are being confused here. Because, I wonder if we now have to proceed to re-evaluate the whole competition policy against the background of pollution and environmental policy. Because these are quite separate matters. Environmental policy and pollution are surely matters with which not only the competitor, but our whole communal life is concerned. All that we do and leave undone is concerned with this, but we are dealing with competition policy here and not with environmental policy and I must say that I fail to see why our present views on the subject of pollution should lead us to proceed to modify the orientation of competition policy, as laid down, according to Mr Bro, in 1965 and 1966 and in the policies of Mr Von der Groben etc., because this period is already a long way behind us. Whatever policies we pursue, they are in any event directed towards promoting the welfare of the inhabitants and this therefore also applies particularly to competition policy.

But I did think that the concepts of environment and pollution were in this instance being wrongly coupled with competition policy, which in fact does not date back to 1955-56, but which began in 1957 and 1962 and since 1957 and 1962 has undergone the development that we are now confirming here in 1972.

So, once again, with all respect to Mr Bro's good intentions, something is being wrongly joined up here, so that I must advise against

Berkhouwer

acceptance of the amendment. I would indeed be pleased to learn what Mr Lange and Mr Borschette feel about this matter, as the policy of the Commission is in fact being discussed here. These are my views on this amendment Mr President.

President. — I note that you refer to two amendments ie., the one on paragraph 2 and the one after paragraph 2.

I think that you have dealt mainly with the second which provides for the insertion of two new paragraphs after paragraph 2.

Mr Berkhouwer, rapporteur. — (N) Mr President, I thought it would be in order to deal with the amendments in connection with Article 2 as they are connected.

President. — This is no criticism of the rapporteur.

I think however it would be preferable for the author of the amendment to say more about it.

For this reason it would be as well for me to remind you of the text of amendment no. 13 :

After paragraph 2, insert two new paragraphs as follows :

'2a: considers it essential in view of the new major problems arising in connection with pollution and environmental matters in the widest sense (including the working environment) that the objectives of competition policy be reappraised in the light of these problems.'

'2b: urges the Commission to outline its position on such a reassessment of the goals of competition policy as soon as possible in a report to Parliament.'

President. — I call Mr Bro.

Mr Bro, for the Conservative Group. — (DK) Mr President, in 2 the essential amended wording is "present competition policy." Otherwise the substance of what the Conservative Group is proposing here is the insertion of 2 a and 2 b, as distributed to Members.

It has been said that we are confusing two things. I would like to say that there is no question of confusing two things. The question is that the economic conditions under which competition and the development of places of work, production etc., are to proceed in the Communities must be defined by the considerations incorporated in the two proposals put forward

under 2 a and 2 b. The new outlook which is necessary in a modern Europe today is that we should realize that there are restrictions which do not concern production conditions alone, but which concern the fact that it is necessary to protect a new generation, and the generation living today for that matter, against the problems of pollution, the problems of the environment and the problems of welfare which arise in a modern society. So we do not think it is possible to have an economic objective alone. We do not think it is possible to establish the basis for a competition policy without seeing to it that the points referred to here, and which we have proposed, are guaranteed in the Europe we want to live in.

President. — I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — (D) Mr President, Ladies and Gentlemen, it is of course very gratifying if some thought is also given to other matters in the field of economic policy and to the economy generally. Here, however, it is a question of competition policy, and paragraph 2 does not state, as Mr Bro's motion seeks to do, what results the Commission has had with its policy so far, but what the Commission's particular ideas are concerning the aims of a competition policy, and we should keep our minds on that. For this reason we ought to reject Mr. Bro's motion No 12.

Second: paragraph 2, supplemented by 2a and 2b. I would recommend Parliament not to integrate environment policy, manpower policy, social welfare policy and all that they involve under two subsections in the manner proposed. This motion No. 13 should therefore, be rejected also.

President. — What is Mr Borschette's opinion ?

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, Ladies and Gentlemen, I should first like to inform Mr Bro that I see a contradiction between his amendments Nos. 12 and 13. You cannot, at one and the same time, say in a first amendment that 'the principal purpose of the Commission's present policy with regard to competition (...) is to guarantee and strengthen the competitive capacity of undertakings', and in a second amendment that there must be '(...) a reassessment of the aims of the competition policy', because, in this first amendment, Mr Bro already does this, and in a manner which, in my opinion, is not quite balanced. You cannot say that a competition policy has no aim other

Borschette

than to reinforce competitive capacity. It must be borne in mind that there is a further balancing factor, i.e. the consumer and the protection which he must be given. Moreover, because of my duties I am perhaps inclined to over-estimate the role of competition, but I do not acknowledge the role assigned to it here in the second amendment, according to which it may determine the policy of the battle against pollution and of the protection of the environment. By way of explanation I will quote an actual example. Take the principle which affirms that the person who pollutes must pay. This is a problem which falls within the category of competition, because if, in one Member State, it is the state that pays for the measures, and in another Member State it is the undertaking, there is in effect distortion of competition. But if you go on from there to say that the whole policy of ecology, or of social policy or regional policy depends on competition, then, with the best will in the world, I cannot bring myself to agree.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I have asked for the floor to make a statement on my vote. I shall vote in favour of this amendment because I consider it to be one of the cases in which the Community is looking forward rather than back. Undoubtedly, it is impossible to reason in economic terms about the market and competition unless one takes into account the environment in which the companies are operating. This is why I consider the amendment to be important and why I shall vote in favour.

President. — I call Mr Lange.

Mr Lange, (Chairman of the Economic Affairs Committee). — (D) In spite of the opinion of my esteemed colleague Mr Cifarelli, I can only repeat my recommendation to reject these two motions for amendment. They have no place in a report on competition policy. They are very important questions, but they must be dealt with in the right place. If that were not the case, we could introduce a few more questions as well. We all have our own ideas. I should like to ask most sincerely that we confine ourselves to the subject, and do not unnecessarily extend it. I repeat therefore that these two motions for an amendment should be rejected.

President. — I call Mr Romualdi.

Mr Romualdi. — (I) Mr President, although I appreciate the spirit which has prompted this

series of amendments, in other words concern for the environment, and the adoption of measures that will help to prevent competition destroying the environment in which man must live, I am of the opinion that this is not the proper place for the amendments in question at this time and that they are not pertinent to a discussion of competition policy. For this reason, we shall vote against them. There will be a way of guaranteeing these fundamental aims when we discuss economic and development policy and all the other political and economic questions which fall within the scope of discussions by the European Parliament.

President. — I call Mr Bro.

Mr Bro, for the Conservative Group. — (DK) Mr President, I would like to reply to the question about the extent to which competition is being destroyed, and to say that if one wants to do anything at all about the pollution problem and environmental policy, one cannot keep it separate from the question of competition. It is a question of providing equal conditions for people who will attempt, under equal conditions, to work for the improvement of the environment and to combat pollution, and I therefore reject the assertion that this would destroy competition. On the contrary, I say that it creates competition on equal conditions. It has already been mentioned in the debate here that only an issue like this, as to whether the individual or the state should pay for the problems of pollution, will upset competition. There is only one chance of solving these problems and that is to include them in the economic policy. Otherwise these problems will continue to go unsolved.

President. — I put amendment No. 12 to the vote.

Amendment No. 12 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is agreed to.

After paragraph 2 an amendment No. 13 has been tabled by Mr Bro for the Conservative Group. I have already read this amendment which has also been spoken to by the author.

I put amendment No 13 to the vote.

Amendment No. 13 is rejected.

On paragraphs 3 to 5 no amendments have been tabled and there are no speakers listed.

Does anyone wish to speak?

I put them to the vote.

Paragraphs 3 to 5 are agreed to.

President

On paragraph 6 an amendment No. 8 has been tabled by Mr Cousté for the European Democratic Union Group the effect of which is to delete this paragraph.

I call Mr Cousté to speak to his amendment.

Mr Cousté. — (F) Mr President, in my opinion this amendment must be looked at together with the amendment to paragraph 7, because my reason for deleting paragraph 6 is precisely that I am taking up its terms into paragraph 7 in a form that, together with my Group, I believe to be better. Paragraph 6 is suitable, but in the light of the amendment, it is tied up with the other. This is why I think that the two paragraphs should be looked at simultaneously, as otherwise we shall be unable to achieve a sufficiently degree of precision.

President. — I have no objection to paragraphs 6 and 7 being discussed together. The rapporteur is indicating that he agrees.

On paragraph 7 two amendments have been tabled:

Amendment No. 4 tabled by Mr Armengaud which reads as follows:

This paragraph to read:

'7 Expects the Commission to adopt a position on agreements concerning named patent licenses which at one and the same time makes due allowance for the observance of industrial property rights without which a vigorous research policy is impossible and for the need to prevent abuses stemming either from a compartmentalization of the market or from the grouping of patents in such a way as to create an impregnable monopolistic position in a given sector.'

Amendments No, 1/rev. tabled by Mr Cousté for the European Democratic Union Group which reads:

This paragraph to read

'7 Expects the Commission to adopt a position on agreements concerning named patent licenses which will make due allowance for the enjoyment of public property rights, without which a vigorous innovative policy is impossible, and at the same time prevent abuses which might arise owing either to the conduct of the holder of such rights who is in a dominant position or to the conclusion of an illicit pact between several holders of such rights.'

I call Mr Cousté to speak to these amendments.

Mr Cousté. — (F) Mr President, Ladies and Gentlemen, this amendment begins, in the same way as paragraph 6, 'expects the Commission to define its position in regard to patent licensing agreements in such a way as to respect—and this constitutes the innovation—the exercise of rights of industrial property, without which there can be no dynamic policy of innovation, while preventing any abuse which might arise either from the behaviour of a holder of such rights, who is in a dominant position, or from an illegal arrangement between several holders.' I should like to explain that this new text urges respect of the rights of industrial property, which jurisprudence seeks to distinguish from the law of industrial ownership itself. In the circumstances, the Community should ensure respect not only of the rights, but, and this is the fundamental point, of their exercise. On the other hand, the text uses the word 'innovation,' since a dynamic innovation policy covers at the same time trade-mark law—for the benefit of the Commission I emphasize 'trade-mark law.' This is especially appropriate at a time when, as we know, the Commission is drawing up a draft to harmonize trade-mark law, and I need not refer to the importance of this for consumers. Lastly, the text emphasizes the word 'abuse' by giving it a definition which seeks to remove ambiguities, and in my opinion the text is quite clear. Mr President, having thus indicated my way of thinking, I should like to see the paragraph adopted using the text proposed by us.

President. — What are the rapporteur's views?

Mr Berkhouver, rapporteur. — (N) Mr President, I value the positive approach that Mr Cousté took in speaking to these amendments. His approach is constructive. Nonetheless I must advise more or less against their acceptance. In paragraphs 6 and 7 the Economic Affairs Committee in fact attached great importance to it being emphasized that in modern competition and in mergers and the development of companies the matter is not so much one of patents and patent agreements, but that it is at least equally important to know how the question of patent licenses is settled. The particular power of an undertaking lies in the ability to dispose of patents. The position is even such that patents are often obtained in order that they shall not be used and that no licences will in fact be granted so that dominating positions can be created or maintained. We have therefore wanted to emphasize this factor undermining, insofar as patents are concerned. This is a very important matter. It is also the position in modern technology that with conglomerates and with company groups another undertaking may often be wanted for the know-how that has been invested in this

Berkhouwer

other undertaking. Know-how is in fact a fluid concept covering far more than licences and trade marks, i.e. competence, resourcefulness, management and so on.

We are therefore of the opinion that we cannot dispense with paragraph 6. This paragraph is necessary precisely in the context of present-day development. I am really surprised that such an important and up-to-date an industrialist as Mr Cousté should now come forward with the idea of deleting the paragraph.

As regards paragraph 7 I thought that we had stated matters very broadly and that Mr Cousté was in fact going less far. We are concerned, after all, with the misuse of rights, the *abus de droit*. This concept, which we know from jurisprudence, is a very difficult area. How far can the correct use of a right go and where does misuse of a right commence? The fact is that we wanted to state that the right of industrial ownership—and this includes everything such as brand rights, patent rights and so on—is being misused in many instances in order to screen off parts of the market. So brand rights are given to a particular country, but it is not given to other countries, so that we can come round to area protection and what have you. The position is therefore that we fully acknowledge such rights, because we proceed purely from the fact that it is precisely in the interest of the industries that such rights are acknowledged. What we do not want, however, is that incorrect use should be made of them in order to restrict competition. And now Mr Cousté says—with all respect for his good intentions—that such misuse could be proved by a few criteria. We have in fact purposely left paragraph 7 open with regard to the ways in which wrongful use can arise. Mr President, we therefore feel that we cannot dispense with the 6th paragraph and that the text of the seventh is wider than that of Mr Cousté, on account of which we give preference to the text that we have drawn up ourselves.

President. — I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — (D) Mr President, Ladies and Gentlemen, Nos. 6 and 7 are necessary. We cannot drop No. 6 because of its different content and, Mr Cousté, you know this very well since you earlier proposed a different amendment to No. 7 which we could also have discussed and which in fact says nothing essentially different but is merely somewhat differently worded. However, your new amendment proposal to delete No. 6 is totally out of the question. We must reject your amendment proposal as well as that of Mr Armengaud.

President. — Does anyone else wish to speak?

To make things clearer for the vote I shall put amendments No. 8, 1/rev. and 4, which have just been discussed together, to the vote separately. I put to the vote amendment No. 8, the purpose of which is to delete paragraph 6.

Amendment No. 8 is rejected.

I put paragraph 6 to the vote.

Paragraph 6 is agreed to.

(*President continues in French*)

Mr Cousté do you uphold your amendment?

Do you not think that it is now to no purpose?

Mr Cousté. — (F) Mr President, I stand by it because it is utterly logical and I want everything to be clear. However, since my amendment on paragraph 13 has been rejected, I have no illusions about this one either.

President. — I put amendment 1/rev. to the vote. Amendment 1/rev. is rejected.

Does anyone else wish to speak on amendment No. 4 by Mr Armengaud?

I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — I also advise that this be rejected.

President. — Does anyone else wish to speak?

I put amendment No. 4 to the vote.

Amendment No. 4 is rejected.

I put paragraph 7 to the vote.

Paragraph 7 is agreed to.

After paragraph 7 an amendment No. 11 has been tabled by Mr Cousté for the European Democratic European Union Group which reads as follows :

After paragraph 7 insert a new paragraph 7a worded as follows:

'7a Expects moreover that in determining its position on patent license agreements, the Commission will take account of the prospects both for the European patents and the Community patents.'

I call Mr Cousté to speak to his amendment.

Mr Cousté. — (F) Mr President, it seems to me that this paragraph should be favourably received by our Parliament, which will compen-

Cousté

sate me to some degree for the fact that no-one has understood me until now. In point of fact, this amendment states: 'in addition, looks to the Commission that, in defining its position on the agreements on the licensing of patents, it should bear in mind the prospects of the European patent as well as of the Community one.' This drafting is certainly not accidental, because everyone knows that next September a government conference will be convened to ratify the European patent, and that the Community patent, another instrument in the harmonisation of the law relating to patents, will, from this year, also be an instrument of everyday industrial life. I therefore believe that the present Commission, in defining the position it must take in regard to patent licensing, must take due account of the known documents, which are virtually finalized. In acting in this way, I believe that we show that we know the subject we are discussing and that we intend the Commission to take into account the legal realities of Europe.

President. — What is the opinion of the rapporteur?

Mr Berkhouwer, rapporteur. — (N) Mr President, I believe that we are here going into a question of detail, and I ask myself why we must now also start dealing with the question of the patent in the Community and the European patent. I do not believe that we need Mr Cousté's addition to provide the link between this proposal and the resolution. It is a technical detail for the patent experts and I believe that they will be satisfied in due course. I did not think that, as politicians, we required the addition of this question of detail by Mr Cousté. I must therefore advise Parliament against adopting this amendment.

President. — I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — (D) Mr President, the amendment proposal stands somewhat on its own. It goes beyond the bounds of the resolution and should therefore be rejected.

President. — Does anyone else wish to speak?

I put amendment no. 11 to the vote.

Amendment no. 11 is rejected.

I put paragraph 7 to the vote.

Paragraph 7 is agreed to.

On paragraph 8 two amendments have been tabled which can be discussed together:

Amendment no. 5 tabled by Mr Hougardy and Mr Armengaud which reads:

This paragraph to read as follows:

'8 Believes that agreements between major undertakings should be encouraged in all areas of advanced technology so that they may compete at the international level with powerful non-EEC undertakings, subject to the proviso set out in paragraph 7 and in keeping with the possibilities allowed under Article 85 of the Rome Treaty'.

Amendment no. 10 tabled by Mr Löhr, Mr Burgbacher and Mr Schwörer which reads.

This paragraph to read:

'8 Considers that agreements between major undertakings must be encouraged in all areas of advanced technology so that they are in a position to compete at the international level with powerful non-EEC undertakings; this is made subject to the proviso laid down in paragraph 7 and in compliance with the possibilities under Article 85 of the Rome Treaty'.

I call Mr Löhr to speak to these amendments.

Mr Löhr. — (D) Mr President, I must state, on behalf of my colleagues, Mr Burgbacher and Mr Schwörer as well as myself, that the amendment proposals No. 5 and 10 are almost identical in content. The difference is one of name only. I would therefore like to withdraw my proposal and, together with my colleagues Mr Burgbacher and Mr Schwörer, fall in with the previous proposal from Mr Hougardy and Mr Armengaud.

In regard to the subject matter itself, Mr President and esteemed colleagues, I have not much to say. The substance of amendment proposal No. 5 is clear; in a more loose form it is the one which the rapporteur expressed in No. 8 and I recommend its adoption by Parliament.

President. — Amendment No. 10 is withdrawn. There remains amendment No. 5.

I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — (D) Mr President, neither this amendment proposal, nor the amendment proposal No. 10 alters the fundamental idea and the substance of No. 8, but rather, to a certain extent gives it precision. We can therefore agree to the proposal.

Lange

President. — What is the opinion of the rapporteur?

Mr Berkhouwer, rapporteur. — (F) I agree.

President. — Does anyone else wish to speak? I put amendment No. 5 to the vote.

Amendment No. 5 is agreed to.

I put paragraphe 8 as amended to the vote.

Paragraph 8 as amended is agreed to.

On paragraphs 9 the 12 no amendments have been tabled and there are no speakers listed.

Does anyone wish to speak?

I put them to the vote.

Paragraphs 9 to 12 are agreed to.

On paragraph 13 an amendment, No 2, has been tabled by Mr Cousté the effect of which is to delete this paragraphe.

I call Mr Cousté to speak to his amendment.

Mr Cousté. — (F) Mr President, I believe that at the time of the general discussion, I explained the reasons for this deletion. The point is to reject the idea of a 'compulsory preliminary notification of concentrations of undertakings, which would enable them to exceed a certain share of the market', to recapitulate the text of paragraph 13. I will add that in regard to paragraph 14, I tabled, in the same spirit, an amendment moving a deletion since, in any case, I do not believe that, in wishing to modify the Treaty of Rome, it would be possible to have recourse to the provisions of article 235. I do not think that long explanations are required; I would simply like to hear from the Economic Affairs Committee and, through its rapporteur, from the Commission, on this point.

President. — What is the opinion of the rapporteur?

Mr Berkhouwer, rapporteur. — (N) We are here naturally touching on the crux of the matter. I can, to some extent, understand Mr Cousté's reasons for wanting to delete this text. We must however realise that it is just because we wish to protect the consumers and all those who are dependent on the behaviour of the big concentrations, the *conglomerates*, etc that we have, everywhere in Europe, taken up certain dispositions against the concentrations. So much so that there was for some time an administrative body in the United Kingdom, assisting the big mergers in order to provide new oppor-

tunities for industry, but the present Government has said: 'We must to some extent keep an eye on this'. I am thinking about the recent change in Mr Heath's Government, in which certain experts have been included with the aim of watching closely the development of the concentration, the *conglomerates*, etc. It is for this reason that there now exists in the United Kingdom a strict system of a more or less repressive nature. After long deliberation we come to the conclusion that there was on the continent a need for a system which will make it possible to intervene to protect the freedom of the consumers, should any merged group exceeded a certain specific size. Now, we can argue about the system and as to whether it should be repressive or preventive. But this in any case is one of the central points of this report on competition and this passage should on no account be deleted. I cannot imagine how Mr Cousté, who is still such a champion of the freedom of the consumer in the Community and of the guarantees of that freedom, can now propose to delete this paragraph.

Mr President, I repeat once again that we cannot dispense either with this paragraph or for that matter with paragraph 14, and for this reason, I must strongly advise you against this amendment.

President. — I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — (D) Mr President, the Economic Affairs Committee and Parliament took this decision in 1971 specifically in order that the Commission should present proposals for the further development of the law relating to competition and monopolies. It is possible—we will learn this from the Court judgment—that the provision of articles 85, 86 et seq do not cover such objectives completely. It is for that reason that this paragraph must be retained and we must reject the amendment proposal to delete it.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, I have already had the opportunity in previous speeches, of stating and repeating what I stated last year, namely that the Commission favours preliminary notice. I would not now wish to prejudge the definitive form that the Commission's proposal will take, but would only say to Mr Cousté that the application which the Commission wanted to make of Article 86 in

Borschette

relation to the Continental Can case is one thing, but to present a proposal on the preliminary amendment on the basis of Article 235 is quite another. I feel that these are two complementary actions, one of which is, for the moment subject to the judgment of the Court, the other subject to the approval by the Commission of a proposal drafted on the basis of Article 235. I therefore think that this paragraph must be retained.

President. — I call on Mr Cousté.

Mr Cousté. — (*F*) Mr President, I would like to make two points. The first is in reply to the rapporteur, Mr Berkhouwer, who appeals on behalf of the consumer. If it were a question of protecting the individual consumer, nobody here would oppose such protection. That is obvious. But we find ourselves dealing with a complicated subject, that is to say in a delicate economy, complex, European, integrated, integrating, on the way to integration, which means that there are consumers who are bigger than certain concentrations and who have considerable contractual rights. Those people do not need to be protected. However, the concentrations must be made in the interests of economic progress, of technology and, finally of innovation. It is for that reason that I personally tabled the amendment which we are debating. In the second place, I wish to thank Mr Borschette. He is right in making the distinction, for which I am grateful to him. There are two different questions which, moreover I did not mix in my proposal. I am pleased that he made this remark, which gives me, in turn, the opportunity of clarifying the discussion.

President. — Does anyone else wish to speak? I put amendment No. 2 to the vote.

Amendment No. 2 is rejected.

On paragraph 13 I have three further amendments which can be discussed together:

Amendment No 6 tabled by Mr Armengaud which reads:

'13 Requests that provision be made for compulsory prior notification in cases where there is a danger that concentrations of undertakings may lead to a dominant position on the market, it being understood, on the one hand, that such concentrations should only be regarded as permitted if the Commission has not made any objection within a period of six months from the date on which the projected concentration was notified and, on the other, that due account will be taken by the

Commission in its decision regarding such concentrations of justifying factors such as public service considerations, the development costs of the technology involved, the industrial and financial power of competing undertakings outside the EEC and the effects of concentrations on the personnel of the undertakings concerned.'

Amendment No 7 tabled by Mr Hougardy which reads:

This paragraph to read:

'13 Hopes that in the systematic supervision of the effects of major concentrations, due allowance will be made for the priority given to the aims set out in paragraph 2 of this resolution, it being understood that the supervisory arrangements should allow for the Community measures required to ensure the efficiency of the concentration process.'

Amendment No. 9 tabled by Mr Noè which reads:

This paragraph to read:

'13 Hopes that in the supervision of the effects of major concentrations, due allowance will be made for the priority given to the aims set out in paragraph 2 of this resolution; on the other hand, supervisory arrangements should allow for such Community measures as may required to ensure the efficiency of the concentration process.'

I call Mr Noè to speak to these amendments.

Mr Noè. — (*I*) Mr President, this amendment—as the text itself clearly states—accepts, indeed underlines, the need for basing decisions to authorize mergers upon the criteria of strengthening companies, but it also asks that allowance be made for the actual social and economic situation, both local and regional, in which the merger is to take place. In short, the form of Community intervention mentioned in my amendment is intended only as an indication: at the time of consideration as to whether the merger should take place, allowance should be made not only for all the other social and economic factors but also for regional and social policy. Further, the interventions we are discussing are meant thereafter to prevent such mergers having negative side effects. One very clear example is that if a merger is to lead to a degree of redundancy it must be the Community's social policy to help to retrain the redundant personnel for other work. This is the specific goal, and it also reflects criteria very clearly expressed in the Paris summit meeting last October.

President. — I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee. — Mr President, we are confronted, at least as far as its grounds and its motivation are concerned, by the same question which we had already previously answered in Nos. 2 and 2a. Because of the unfamiliarity, the peculiarity of the subject in relation to the policy of competition, I would like to recommend that this should be discussed elsewhere, and that the amendment proposals be rejected.

President. — What is the opinion of the rapporteur?

Mr Berkhouwer, rapporteur. — (N) Mr President, I share Mr Lange's view.

President. — I am going to put the three amendments to the vote in turn.

I put amendment No. 6 to the vote.

Amendment No. 6 is rejected.

I put amendment No. 7 to the vote.

Amendment No. 7. is rejected.

I put amendment No. 9 to the vote.

Amendment No. 9 is rejected.

I put paragraph 13 to the vote.

Paragraph 13 is agreed to.

On paragraph 14 an amendment, No. 3, has been tabled by Mr Cousté, the effect of which is to delete this paragraph.

I call Mr Cousté to speak to his amendment.

Mr Cousté. — (F) Mr President, I have nothing to add. I stand by my amendment which follows logically on the former one, but I have no illusion as to its fate.

President. — I put amendment No. 3 to the vote.

Amendment No. 3 is rejected.

I put paragraph 14 to the vote.

Paragraph 14 is agreed to.

On paragraphs 15 to 19 no amendments have been tabled and there are no speakers listed.

Does anyone wish to speak?

I put them to the vote.

Paragraphs 15 to 19 are agreed to.

Does anyone else wish to speak on the motion as a whole?

I put the whole motion to the vote.

The resolution as a whole is agreed to.¹

14. *Oral Question No. 25/72 with debate:
Barriers to free competition in intra-Community
trade in sugar*

President. — The next item on the agenda is Oral Question No. 25/72 with debate put by Mr Cipolla, Mr Amendola, Mrs Carettoni Romagnoli, Mr d'Angelosante, Mr Fabbrini, Mrs Iotti, Mr Leonardi, Mr Marras and Mr Sandri to the Commission of the European Community.

The text of the question is as follows:

Subject: Barriers to free competition in intra-Community trade in sugar

Following publication in the press of articles on the enquiry being conducted by the Commission into several industries accused of hampering free competition in intra-Community trade in sugar, the following questions are raised:

1. Whether the Commission has already reached a definite conclusion, and if so, why this conclusion, together with all documents relevant to the inquiry, has not yet been officially published and forwarded to Parliament?

The delay suggests that powerful political pressure is being exerted to make the Commission postpone its decision until after 1 January 1973.

2. What, in the Commission's opinion, is the extent of the losses to the consumer and to the Community budget ensuing from the monopolistic practices condemned?

3. Is the Commission considering proposing measures to abolish monopoly agreements in this sector and prevent the consumer from having to pay prices which are becoming increasingly inflated and indefensible.

I would remind you that under Rule 47 (3) of the Rules of Procedure one of the questioners may speak to the question for up to 20 minutes and that after the answer of the institution concerned, representatives who wish to may do so for not more than 10 minutes and may speak only once. Lastly, one of the questioners may, at his request, briefly comment on the answer given.

I call Mr Cipolla to speak to the question.

Mr Cipolla. — (1) Mr President, Ladies and Gentlemen, representatives of the Commission to the three points raised by us last November in the question under discussion, the Commission replied on 2 January 1973 by issuing decision No. 1600 regarding the barriers erected against freedom of competition in the sugar sector. It is a reply that we see as partly positive and partly negative. The Commission has issued a ruling that clearly denounces the sugar companies for the actions they have conducted on the Community market.

On four points, which I should like to review briefly here, the sugar companies were condemned for having to come to agreements to the effect that 'everyone is master in his own house.' The ruling uses this phrase, culled from letters and other documents intercepted, which fully document that every company has refused to sell sugar to customers in other States so that each monopolistic group has continued to be master of his own domain. The sugar monopolies considered their homes to be their castles—the unforgettable Ernesto Rossi coined the phrase 'masters of steam' (big bosses) and they remained so even after the Community Market was set up. There is an even more serious point in the ruling, which in the eyes of the Italian penal code would be an assumption of offence, i.e. the companies have been accused of coming to an agreement on action aimed at falsifying auction sales for rebates on exports outside the Community. The ruling also says that companies have reached understandings and restricted buyers by means that include the infringement of certain Community measures regarding the denaturing of sugar, or at least the special use of sugar. Finally, it accuses a certain number of companies, some of them Italian, of having come to an agreement on defrauding the Italian auction sale system, promoted on the basis of Italian national regulations governing the importation of hundreds of thousands or tons of sugar into the Italian territory. The linchpin of this system is known as the Equalisation Fund, and this should have guaranteed the least advanced sectors of Italian sugar beet farming and industry an extra 23 lire per kilogram at the time that this economy entered into the Community area.

In reading this undoubtedly important document—and we must congratulate its authors—we have the clear impression—and for this reason we consider it to be important—that not one provision of the Community regulations has been observed, that every one of these regulations has been infringed and that no common market for sugar has in fact ever existed. Now the goal of market regulations, says the ruling—but we will anticipate the ruling—is certainly

not to provide the sugar industry with profits and parasitical yields unparalleled in any other sector of Community industry but, as the ruling states on page 69, to provide guarantees for the livelihood and standard of living of beet growers. This was in fact the sole reason for permitting such substantial use of the Community's resources and the difference in the prices between the international market and the home market, a difference that in certain years was as high as three- or four-fold; lately, however, due to rising prices on the international market, the ratio has been one to two.

It is clear that this goal has not been achieved, especially in Italy. In the recent debate in the Chamber of Deputies, our colleagues, among them my colleague Mr Marras who is present here today, denounced and proved the fact that, despite all efforts, there has been a reduction of hundreds of thousands of hectares in the area devoted to sugar beet crops. This means that Italy is no longer an exporter but an importer of hundreds of thousands of tons, and the population of beet growing areas has been forced year by year to do battle with the sugar industry to force it to take up the quota of the crop that was to go to it. It has been a battle because the industry used its superior strength to find every means of refusing to take up its quotas, because it was in its interest to sell sugar brought into Italy at a high price by their associates and allies in the rest of the Community rather than to convert Italian beet into sugar to supply Italian consumers. In this respect, the famous words 'Liberty, how many crimes have been committed in thy name!' could well be paraphrased as follows: 'growers, how many swindles, how many deceits, how many thousands of millions of lire in public funds are wasted, how often is the consumer insulted in the name of your interests!'

The growers have had nothing. Why then have these regulations been approved? Because Community prices have been aligned on the less profitable sectors, to those whose costs were highest, so that at the time of instituting the Common Market—I shall not give the figures here, but you, Members of the Commission, and you, fellow Members, who have been in this House before us, know them better than I do—the ratio between prices and costs in each of the six countries of the Community—or rather in the five countries, since Luxembourg was not one of the list—was different. And yet in practice the Community price has been aligned with the highest cost, to the general cost made up on the one hand of the sum of all the allocations made from 1968 until now under the Community budget, amounting to almost one thousand million units of account, and, on the

Cipolla

other hand, by the greater quantity of the product absorbed by the Community consumers due to the difference between the international price and the Community price. A truly enormous figure! When we speak today—and when all governments speak today—of the increase in the cost of living and inflation, we must realise that this is one factor—not the sole factor, nor the main factor, because the causes of inflation obviously derive mainly from other roots.

We then, Commissioner Borschette, are in favour of this part of the ruling. Immediately afterwards, however—and we come to the second point raised in our question—we cannot but be concerned with the way in which this ruling concludes. After describing the misdeeds of the sugar industry so clearly and so brilliantly, backed by proof and documentation, it seeks mitigating circumstances—to borrow the terms used in the Italian code of penal procedure—and it does so, I must say, quite astutely. The person who drafted the ruling is well aware that it was much disputed, for pressure was in fact exerted: these groups have always made their weight felt in politics and it would be very odd if their weight had not been felt in these circumstances too. One merely needs to have read the newspapers during the six crucial months of discussions to see that there has been a tough political struggle which has penetrated—as it could hardly fail to penetrate—the Commission. But, as I said, the draftsman has used phrases that I can truly define as astute to explain how he arrived at certain conclusions regarding the condemnations in the light of the gravity of the facts ascertained.

A little time ago I spoke of mitigating circumstances. If we now look at page 71 of the ruling, for example, we note that this says: what do you expect, habits are deeply ingrained and the adaptation of national situations is a slow process. Having so clearly explained that there is no such thing as a common market for sugar, you then say: what do you expect, old habits are deeply ingrained. It calls to mind the old Italian proverb: 'a wolf may shed its hair but never its nature.' Sugar monopolies in every country, except in the case of certain associations that do not evade the general market rules, have had the ingrained habit of commanding, in other words of being masters in their own house, as the ruling says. There is a point which implies some self-criticism on the part of the Commission—or at least I take it in this sense—in other words, that allowance should be made for the peculiarities of the Community market, which is organised in such a way that although there are certain restrictions the possibility of

competition is not ruled out. This latter phrase is a poem!

The regulations, therefore, which were to guarantee freedom of competition could, if applied by 'good' people, by people without 'old habits', as the ruling says, even 'permit' a degree of free competition, but within limits. The very words! Having suggested these two mitigating circumstances, we arrive at the ruling, which in my opinion is disproportionate. Mr Commissioner, it is disproportionate in view of the extent of the loss caused to the Commission—and we are anxious to know whether the Commission has quantified and evaluated this, as we requested in the second item of our question—and in view of the Commission's power to impose a fine of up to 10 per cent of the turnover, and finally in view of the heavy hand which, in the matter of Community fines, has been used against Italian cooperatives. The Ferrara cooperative, for example, which is a cooperative of producers organised with public aid from the Ente Delta, in other words consisting of assignees of a public reform body, has been fined one hundred million lire for having produced a surplus of 400,000 kg. On the other hand, others who have committed frauds, including Eridania, have been fined 600 million lire: the frauds have involved millions, not a few hundred thousand kilogrammes. The fines are disproportionate, showing that two different weights and two different measures are being used: a small cooperative is fined an amount equivalent to the entire value of the surplus production, while the large monopolies are penalised at a rate of from 0.5 to one per cent of their turnover, no more.

At this point we may well wonder whether these gentlemen have been able to cut their cloth according to the regulations, or whether the regulations—as we believe and as the whole press has reported and is continuing to report—have been made to measure for the monopolistic sugar companies in Europe. In other words, it is not that the regulations have been drawn up and then a loophole has been found, but that at the very time in which they were being drawn up and approved, the results aimed at were achieved. This can be no more than an interpretation, however; we await the Commission's reply. On the remaining matter—and I shall come very shortly to the third point raised in our question—the query that we made is no longer ours alone, it is a question that is posed, though implicitly, by the ruling itself; the ruling renders our request even more urgent, as well as the request of the growers, of the workers, of all consumers, that substantial changes should be made in this sector.

Cipolla

I wish to say this for several reasons. We cannot of course hope that a fine of 600 million after having earned tens of thousands of million—the earnings alone on the sales of the Equalisation Fund in Italy are more than 10,000 million a year—will cause the sugar monopolies to discard their old habits and suddenly reform. The sugar industry is not an industry like the others; we are not discussing Fiat or the electronic industry or a modern, highly technological, industry. The sugar factory is a simple concern: it converts agricultural products which with a minimum of aid could be left in the hands of the producers' organization. I say with a minimum of Community aid, in other words with far less than the Community has spent on supporting the market. The sugar factory is a concern using a simple technology, facing no special problems; it makes very substantial, very high profits, not because it outshines its rivals by the innovations it introduces but because it enjoys a guaranteed position of favouritism and monopoly with the public authorities, which in my country the sugar industry has always corrupted.

If the sugar regulations assign an annual quota to existing industries and the Italian government has only 5 per cent of that annual quota available to distribute to those who come later, you will ask me: which industrialist could profit from it? Do we not want to stimulate cooperation? After all, is another industrialist in a position to penetrate the sugar sector?

President. — Mr Cipolla, I must ask you to bring your intervention to a close.

Mr Cipolla. — (I) I have almost finished, Mr President.

In second place, the ruling denounces the fact that, following the Community regulations, industrial concentration has been encouraged; it clearly denounces this when it reports how the Eridania monopoly established itself in France, taking over factories, while there was trade and groups were formed at the European level. We are labouring under no illusion that the change of direction has been brought about by a popular movement or by the interests of the consumers alone—even though this popular movement has been particularly strong, especially in certain regions of Italy. The ruling itself states that most of the cooperation with the Commission was provided by the food companies that purchase the product of the raw material, i.e. the raw material that is used for further processing. If we leave the situation unchanged after this ruling, there is no doubt that certain imprudent acts will no longer be committed, that the industry will proceed with greater caution, but the same things will be

done as before, and the ruling may even stimulate what used to be horizontal level concentration to become vertical concentration, and this could be done solely at the consumer's expense.

For this reason, representatives of the Commission, and I believe I speak in the name of the consumers, the beet growers and European workers, we ask you what changes the Commission intends to introduce both to the Community system and to the Italian system, what proposals you have forwarded to the Italian Government and if these proposals are aimed at strengthening cooperation or at promoting the increase of earnings.

However that may be, this system cannot continue, for the ruling would be completely valueless and we would return to the bad old days or worse.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the Communities. — (F) I think I can reply very briefly, but precisely, to the four questions raised.

First, has any delay arisen because political pressure had been applied to the Commission? In the first place, there has been no delay; on the contrary, at the time the question was raised, Mr President, the fundamental decision had already been taken by the Commission, because the Commission formally approved the decision on 2 January, but it took its fundamental decision on 12 December. Moreover, may I take this opportunity to say that, irrespective of any political pressures which may have been brought to bear on the Commission, I believe that the Commission has proved so far that, in the field of competition as in all other respects, it is altogether impervious to them.

Second, what losses has the Community sustained so far through these illegal practices? It is quite impossible to say in what way the price would have developed, since there was no price competition. It is quite impossible to say what loss the Community sustained from the fact that prices were concerted; no do we know what amount would have been paid back if they had not been concerted.

Third, the author of the parliamentary question asks once again: What steps does the Commission propose to take? The Commission did what it should do, on the one hand taking decisions prohibiting practices hitherto followed, on the other hand imposing fines. It is my continuing belief that such fines were imposed on the

Borschette

basis of very well-founded calculations, documents and evidence. It is not a question of saying that one undertaking suffered such and such a penalty, and another undertaking some other penalty. We examined very scrupulously all aspects of the question, that is to say its duration and its gravity, among other things. Moreover, all this is published in the Official Journal of the Communities, where the Commission's decision, covering some eighty pages, was or will be published forthwith.

Fourth, what measures does the Commission propose to adopt to prevent such practices in future? I will say merely that the Commission will continue to apply the competition policy in the same way as it has done in the case in question.

President. — I call Mr Cousté, to speak for the European Democratic Union Group.

Mr Cousté. — (*F*) Mr President, the question as stated by Mr Cipolla and the reply of the Commission which I have just heard enable me to make the following comments.

The first is that all speeches made in this place are subject to the reservation of any measures which may be taken by the Court of Justice.

The second is that the Commission's decision involves marked distinctions between different undertakings. There are even firms which, after undergoing the enquiry, had no fines imposed on them, and I say this to their credit.

The third comment which is linked to the second, is that at the end of this matter we come back to a fundamental question of substance; at the end of the day, what has the Commission penalized? It has penalized the attitude on the part of the head of a business which, in essence, was the formula 'every one is master in their own field', which is not the formula for the construction of Europe, which requires concentrations and mergers to be intra-European. This brings us back to one of the points on which we were just now misunderstood by Parliament in the discussion—to say nothing of my own amendments—on the amendment by Mr Noè, who wishes to inaugurate an active policy of competition and to ensure that Community action renders the process of concentration effective.

It would seem to me that with the sugar industry we are exactly in the position where there should be more 'European' concentration. I do not say 'national'. Consequently, any future

initiatives by the Commission should be in the context of a dialogue with industry and undertakings in industry, with the aim of asking them to work to a European policy. There is one aspect which Mr Cipolla did not develop, but which in my opinion is basic: in so far as we are witnessing a growth in European agriculture, and therefore a growth in beet growing, we must necessarily consider that Europe must be an exporter, in spite of the problems raised by my comment in regard to the sugar industry and to sugar of what I will call tropical origin.

In my opinion this is a very important problem, and it is just because I connect it with the recent discussion that I believe the Commissioner concerned and his department should, in their wisdom reflect well on what I have said this evening.

President. — I call Mr Cipolla.

Mr Cipolla. — (*I*) Mr President, the reply was not as comprehensive as the subject perhaps merited. In actual fact, I understand the position of the Commission representative responsible for a specific sector of the Commission's work. Here there are implications of another nature; in particular there are responsibilities in the Community's agricultural sector. The regulations are not industrial regulations but regulations based on the need for discipline in an agricultural sector, the need to protect the earnings of agricultural producers. In the sector of electrical domestic equipment, for instance, there is no quota allocation; there are no auctions of radios.

All this is done for the purpose of protecting the agricultural producers; the debate cannot end at this point but must be extended, as must always be the case when we deal with agricultural problems. I hope, however, the Commission representative will allow me to make two little comments. When someone says 'it is impossible to determine the extent of the loss', since there has in fact been a loss I must reply 'no, I don't agree!'. Since you have shown in the ruling, that you are equipped with an office, with a department, etc., I would ask you to carry out investigations, to look for example at the series of sales organised in Italy by the Equalisation Fund. These sales began with the famous 23 lire percentage but then gradually dropped to a few lire. After the ruling, the Italian Government decided upon 18 lire as the lower limit and after the ruling there were offers that covered the whole amount of 23 lire. The difference between the 23 lire and the rigged sales previously conducted certainly represents a loss to the consumer and to the

Cipolla

taxpayer. Mr Commissioner, there are ways of evaluating the extent of the loss, and I am telling you one of them.

The other point which I should like to raise—I am not in the presence of the person responsible for agricultural policy but I address myself, as is natural, to the Commission as a body with collegial responsibility for its policy—relates to the need for change. The ruling in fact has its political value, unless we expect the Court of Justice to annul it on the grounds that it is the last act of the Commission's past administration, of a management that was pursuing a certain policy. But if the ruling is to be the springboard for a new phase, it cannot continue with the regulations as they stand, or the regulations in Italy as they stand. They must be changed. I believe that the Commission could and should act if it does not wish to evade its own specific responsibility, if it does not want to belie that merit it has certainly acquired in the Community by publishing that ruling. Our question was not raised on 12 December but dates back to November. However that may be, we must take new steps and we shall try to stimulate both the Commission and the Italian Government and the Italian Parliament, for things of this nature benefit neither agriculture nor the interests of the consumer. In this year there are deadlines of which we are all aware, such as the date for the new world agreement on sugar, trade negotiations, etc., in which the Community cannot present the face that has been unveiled by the Commission's own ruling.

President. — In bringing to a close the debate on Oral Question No. 25/72, I have no motion for a resolution.

Does anyone else wish to speak?

The debate is closed.

15. *First measures of a common approach to air transport—Reference back to committee*

President. — The next item in the agenda is a vote on the motion in the report drawn up for the Transport Committee by Mr Noè on the proposal from the Commission of the European Communities to the Council for a decision on the first measures in a common approach to transport (Doc. 195/72).

I call Mr Kollwelter for the Transport Committee.

Mr Kollwelter, Acting chairman of the Transport Committee. — (F) Mr President, I have just

spoken with the rapporteur, Mr Noè, and I proposed to him to adjourn once again the amendments, to enable us to discuss them afresh at the next sitting of the Transport Committee in Brussels. It is therefore with his agreement, Mr President, that I propose to you that we postpone the vote on the draft resolution contained in his report.

President. — I have a request from the committee responsible that the motion and all amendments be referred back to the committee. Under these conditions the reference back must be granted.

This point on the agenda is closed.

I call Mr James Hill.

Mr James Hill. — Mr President, I had raised my hand before you announced the reference back to committee. As long as we have the recommendation that there will be the fullest possible debate in the Transport Committee, then we are completely satisfied. Thank you.

President. — I would point out to you, Mr James Hill, that requests for reference back must always be acceded to if they are made by the committee responsible. The vote is therefore deferred to a date to be set by the committee.

16. *Agenda for the next sitting*

President. — The next sitting will take place tomorrow Tuesday, 13 February 1973 with the following agenda:

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

- Question Time (Oral Questions Nos. 27/72 to 34/72 and Nos. 36/72 to 38/72);
- Presentation by the President of the Commission of the Sixth General Report and the Commission's annual report of activities;
- Report by Mr Giraudon on involving Parliament in the conclusion of trade agreements with non-member States;
- Report by Mr Bermani on the internal fittings of motor vehicles;
- Report by Mr Memmel on right to remain on another Member State's territory after cessation of self-employed activities;

President

- Report by Mr Memmel on coordination of special measures applied to the movement and residence of foreign nationals;
- Report by Miss Flesch on financial rules applicable to the budget of the European Communities;

- Report by Mr Aigner on replacing Member States' financial contributions by own resources.

The sitting is closed.

(The Sitting was closed at 8.30 p.m.)

SITTING OF TUESDAY, 13 FEBRUARY 1973

Contents

1. Minutes	40		
2. Address of welcome to Mr Pecoraro ..	40		
3. Question Time			
Oral Question No 27/72 put by the Conservative Group to the Commission of the European Communities on economic activity in the Community with special reference to the peripheral areas	40		
Oral Question No 31/72 from the Conservative Group to the Commission of the European Communities on the importance and urgency of Community action in the field of regional development policy:			
Mr Thomson, Member of the Commission of the European Communities, Mr Brewis, Mr Thomson, Mr Cifarelli, Mr Thomson, Mr Richarts, Mr Thomson, Lord Brecon, Mr Thomson, Mr Johnston, Mr Thomson, Mr Jahn, Mr Thomson	41		
Oral Question No 28/72 put by Sir Tufton Beamish to the Commission of the European Communities on the extension and improvement of regular consultation by the Commission of the European Parliament and its committees.			
Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities, Sir Tufton Beamish, Mr Scarascia Mugnozza, Sir Derek Walker-Smith, Mr Scarascia Mugnozza, Mr Vredeling, Mr Scarascia Mugnozza	43		
Oral Question No 29/72 by Mr Löhr and the Committee on Energy, Research and Atomic Problems to the Commission of the European Communities on measures for the renewal of aid arrangements for coking coal			
			and coke for the Community's iron and steel industry.
			Mr Simonet, Vice-President of the Commission of the European Communities, Mr Löhr, Mr Simonet, Mr Springorum, Mr Simonet, Mr Burgbacher, Mr Simonet, Lord Bessborough, Mr Simonet
			Oral Question No 30/72 by Mr Jahn, Mr Meister, Mr Memmel, Mr Richarts, Mr Riedel, and Mr Schwörer to the Commission of the European Communities on the Community's relations with the People's Republic of China
			Sir Christopher Soames, Vice-President of the Commission of the European Communities
			Request for time to be set aside for a matter of topical interest
			Mr Jahn
			Decision to set aside one hour for a matter of topical interest
			Oral Question No 32/72 by Mr Normananton to the Commission of the European Communities on the importance and urgency of Community action in the field of foreign trade relations:
			Mr Deniau, Member of the Commission of the European Communities, Mr Normananton, Mr Deniau
			Oral Question No 33/72 by Mr Springorum to the Commission of the European Communities on the call for tenders by ACEA, Rome, for the construction of a power station:
			Mr Spinelli, Member of the Commission of the European Communities, Mr Springorum, Mr Spinelli, Mr Glesener, Mr Spinelli, Mr Baas, Mr Spinelli, Mr Vredeling, Mr Spinelli, Mr Memmel, Mr Spinelli, Mr Burgbacher, Mr Spinelli

<i>Procedural motions:</i>			
	<i>Sir Derek Walker-Smith, Mr Giraud, Mr Cifarelli, Lord O'Hagan, Mr Cifarelli, Mr Scott-Hopkins, Mr Memmel, Mrs Caretoni Romagnoli</i>	40	<i>Mr Berkhouver, Mr Cifarelli, Mr Giraud, Mr Scarascia Mugnozza, Mr de la Malène</i>
			73
4.	<i>Debate after Question Time — Relations between the Community and the People's Republic of China (Oral Question No 30/72):</i>		<i>Discussion of the motion for a resolution</i>
	<i>Mr Jahn, Mr Premoli, for the Liberal and Allies Group, Mr Memmel, Mr Meister, Sir Douglas Dodds-Parker, Mr Schwörer, Mr Cifarelli, Mr Bersani, Mr John Hill, Mr Sandri, Sir Christopher Soames, Vice-President of the Commission of the European Communities</i>	54	82
			<i>Preamble and paragraph 1 agreed to Amendment No 1 to paragraph 2:</i>
			<i>Mr Giraud</i>
			82
			<i>Amendment No 1 agreed</i>
			82
			<i>Amendment No 2 to paragraph 2:</i>
			<i>Mr Giraud</i>
			82
			<i>Amendment No 2 rejected</i>
			83
			<i>Paragraph 2 agreed to</i>
			83
			<i>Amendment No 3 after paragraph 2:</i>
			<i>Mr Jahn</i>
			83
			<i>Amendment No 3 agreed to</i>
			83
			<i>Paragraphs 3 and 4 agreed to</i>
			84
			<i>Resolution agreed to</i>
			84
5.	<i>Address of welcome to Mr Jean Monnet</i>	60	
6.	<i>Sixth General Report of the Communities and annual programme of activities of the Commission for 1973 —introductory statement by the President of the Commission:</i>		10. <i>Change in the agenda</i>
	<i>Mr Ortoli, President of the Commission of the European Communities</i> ..	60	84
7.	<i>Approval of the minutes</i>	70	11. <i>Regulation on the replacement of Member State's financial contributions by own resources.</i>
8.	<i>Change in the agenda:</i>		<i>Discussion of a report by Mr Aigner drawn up for the Committee for Finance and Budgets:</i>
	<i>Mr Scott-Hopkins</i>	70	<i>Mr Aigner, rapporteur</i>
			84
			<i>Resolution agreed to</i>
			84
9.	<i>Parliament's participation in the conclusion of trade agreements with third countries. Discussion of a report by Mr Giraud drawn up for the Political Affairs Committee:</i>		12. <i>Directive on the internal fittings of motor vehicles.</i>
	<i>Procedural motion:</i>		<i>Discussion of a report by Mr Bermani drawn up for the Legal Affairs Committee</i>
	<i>Mr Scott-Hopkins</i>	70	<i>Mr Bermani, rapporteur</i>
			85
	<i>Discussion of the report:</i>		<i>Mr Gundelach, Member of the Commission of the European Communities</i>
	<i>Mr Giraud, rapporteur</i>	70	86
			<i>Resolution agreed to</i>
			86
	<i>Mr Berthoin for the Liberal and Allies Group, Mr Lautenschlager for the Socialist Group, Mr Kirk for the Conservative Group, Mrs Caretoni Romagnoli, Mr de la Malène, chairman of the Committee on External Economic Relations, Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities, Mr Lange, Mr Kirk, Mr de la Malène, Mr Jahn,</i>		13. <i>Directive on the right to continue to reside within the territory of another Member State after exercising activities as self-employed persons.—Directive on the coordination of special measures on the movement and residence of foreigners. — The two reports by Mr Memmel, drawn up for the Legal Affairs Committee, discussed together</i>

<i>Mr Memmel, rapporteur</i>	86	<i>Procedural motion calling for an adjournment:</i>	
<i>Mr Gundelach, Member of the Commission of the European Communities</i>	87	<i>Mr Gerlach</i>	94
<i>Resolution in the first report agreed to</i>	86	<i>Procedural motion rejected:</i>	
<i>Resolution in the second report agreed to</i>	86	<i>Sir Brandon Rhys Williams</i>	95
14. <i>Financial regulation applicable to the budget of the European Communities. Discussion of a report by Miss Flesch drawn up for the Committee on Finance and Budgets:</i>		<i>Discussion of the proposal for a regulation</i>	
<i>Miss Flesch, rapporteur</i>	88	<i>Amendment No 1 of Article 90:</i>	
<i>Mr Deniau, Member of the Commission of the European Communities, Mr Aigner for the Christian Democratic Group, Mr Wohlfart for the Socialist Group, Mr Offroy for the European Democratic Union Group</i>	89	<i>Mr Gerlach, Mr Bertrand</i>	95
		<i>Procedural motion for an adjournment:</i>	
		<i>Mr Gerlach, for the Socialist Group, Miss Flesch</i>	97
		<i>Vote deferred to the next sitting</i>	98
		15. <i>Agenda for the next sitting</i>	98

IN THE CHAIR: MR WALTER BEHRENDT

President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Minutes*

President. — For technical reasons we have not yet been able to distribute the minutes of yesterday's sitting. I will present them to you later for your approval.

2. *Address of welcome to Mr Pecoraro*

President. — My dear colleagues! I have great pleasure in welcoming Senator Pecoraro, who is attending our sitting today.

Senator Pecoraro is Chairman of the European Affairs Group in the Italian Senate.

His visit is an important reminder of the necessary strengthening of the links between our Parliament and the national Parliaments which was recently stressed at the Conference of Presidents of the Parliaments of the Community in Strasbourg.

I extend a cordial welcome once more to Senator Pecoraro.

(Applause)

3. *Question Time*

President. — The next item on the agenda is Question Time.

Before calling the various questions I would like to remind you of the special rule for this new procedure.

The questions, which have been distributed to Members and to the institutions concerned, are called by the President. After this call and without oral introduction by the questioner, the institution answers it. After this answer, the questioner may put a supplementary question. This right is enjoyed by all Members. But the President is not obliged to accept supplementary questions.

If neither the questioner nor his deputy, whose name has been communicated to the President in writing, is present when the question is called, it is answered in writing.

Before the close of Question Time any Political Group or at least five Members may request that a debate be held immediately afterwards on the answer given by the Commission to a specific question, of general and topical interest. This debate is limited to one hour.

I shall now call the various questions.

I call Oral Question No. 27/72 put by the Conservative Group to the Commission of the European Communities on economic activity in the

President

Community with special reference to the peripheral areas

What proposals does the Commission intend to make to equalize economic activity in the Community with special reference to the peripheral areas?

I am also calling Oral Question No. 31/72 put by the Conservative Group to the Commission of the European Communities on the Commission of the European Communities on the importance and urgency of Community action in the field of regional development policy.

1. What proposals does the Commission intend to make with a view to equalising economic activity in the various regions of the Community, in particular the peripheral areas?
2. What level of expenditure does it foresee as being appropriate for the projected regional fund and when does it intend to make concrete proposals for the establishment of this fund?
3. What percentage advantage would the Commission consider sufficient in the differentiation between investment inducements in peripheral as opposed to central areas?
4. What proposals does the Commission intend to table to harmonize the instruments of national regional policy to guard against unfair competition?"

The Group has given its agreement to these two questions being answered together by Mr Thomson for the Commission.

I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) I will, with your agreement, Mr President, answer Questions 27 and 31 together. As the honourable Members know, the Commission was given the urgent task by the Paris Summit Conference of producing a report on the problems in the regional field in the enlarged Community and of making appropriate proposals on the basis of this report. I would like to assure honourable Members that the Commission is already fully at work on this report. There have, of course, been problems connected with the enlargement of the Community and changes of personnel in the Directorate-General for Regional Affairs, but I have done my best to see that these changes have not prevented work from going ahead. I shall do all I can to ensure that the report is completed in time for it to be discussed inside the Commission during March and so that the Commission can transmit it to the Council and the European Parliament at the beginning of April. This is therefore only a short time ahead and I am sure that the House will understand that until this report is prepared, it is impossible for me to give answers to the precise

and fundamental questions which have been put to me in Question No. 31.

I would like, however, to add a word about the basic principles within which Community Regional policy should be shaped. To my mind, Sir, there are three essential aspects of Community Regional Policy.

In the first place, one must recognise the immense diversity of regional problems inside the Community. From the Mezzogiorno through to Northern Jutland, from Western Ireland to the Eastern Border regions of Germany. The Commission should not attempt to promote a rigid harmonization of national policies which would prevent Member States from pursuing those policies which are in the best interest of the regions with which they are dealing at first hand and with which they have the most intimate knowledge.

Secondly, equally we must try to achieve a sufficient degree of coordination of national policies which will protect Member States from feeling compelled to bid against each other for investment from inside or outside the Community by trying to offer substantially more favourable terms.

And thirdly, Sir, and finally, we must decide how the Community's own resources should best be spent on a Community Regional Policy. This latter aspect I regard as by far the most creative element of our work and I look forward to discussing concrete proposals to this end within the Parliament as soon as possible. As the House will know, the Commission had before the enlargement of the Community put several proposals to the Council of Ministers which had been fully debated in the European Parliament. These proposals included the creation of a Fund for Regional Development, the annual use of 50 million units of account from the Guidance Section of the Agricultural Fund for the creation of new industrial jobs in agricultural priority areas, the creation of a permanent committee for regional development with the principal task of coordinating national regional policies and finally the creation of a regional development company to help private investments as well as a European guarantee system.

Sir, I am engaged with Members of my Department in examining the contents and scope of all these proposals. However, I shall only be able to reach conclusions as to how best to proceed after the report I have mentioned has been completed.

President. — I call Mr Brewis for a supplementary question.

Mr Brewis. — (E) Would the Commissioner say whether he will give special recognition and advantage to needs of areas of industrial decline such as the special development areas in Britain and also to areas of agricultural de-population such as the critical areas in France. Will the new regional fund supplement national budgets, or will it be used to foster individual but viable enterprises, and finally, as the Commissioner referred to the 'mezzogiorno', and as we both come from Scotland, which is at the other end of the Community, would he confirm that Scotland should not be known as the 'mezzanotte' but that it is with its many industrial advantages a 'nuovo giorno' for European Industrialists.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) Mr President, I hesitate to follow my honourable friend in his linguistic adventures in that most beautiful of all European languages, the Italian language, but perhaps I can deal with the substance of the points that he made. First of all, I confirm to him that the proposals I am at present discussing will, of course, deal with both the areas of ageing industry as well as areas of agricultural poverty. And I think it may be said that one of the most important aspects of the Summit communiqué was that it recognised that the ageing industry ought to have an equal place alongside the areas of rural poverty. Perhaps I ought to say Mr President that it is important not to see these two areas in any way in conflict with each other. They are both aspects of the same problem of regional under-privilege and dealing with one problem reinforces the efforts to deal with the other problem. And secondly I would certainly myself have thought that whatever arrangements are finally made for the use of the Community's own resources they will not replace or reduce national expenditures. I support the honourable Member's view that the Community assistance ought to be given not for what I might call short-term first-aid, but ought to be given in support of long-term programmes of development which would create self-sustaining growth in areas where the money is spent.

President. — I call Mr Cifarelli for a supplementary question.

Mr Cifarelli. — (I) I should like to know whether the Commission intends to place the major regions whose development must be balanced — and some of these have been listed here — and all the others which may have various problems upon the same level. In the case of the major regions awaiting development,

the problem is essentially a Community problem, while in the case of the other regions there may be some doubt...

President. — Mr Cifarelli this is Question Time. It should be possible for the chair to deduce a question from your remarks. I have however heard no question.

If you wish to put a question please do so. But interventions of a general nature are not accepted during Question Time.

Mr Cifarelli you have the floor.

Mr Cifarelli. — (I) I apologise for the wording. I only wanted to know, Mr President, whether the Commission intends to place the major regions and the other regions of the Community on the same footing.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) Mr President, Mr Cifarelli has asked me an important question. He has asked me if I am aware that there are different areas of priority within the Community and I would say in reply to him that I think one of the most important tasks to which the Commission is now giving its attention in preparing the support is to lay down acceptable, sensible, rational, Community criteria which will be applied to the Community as a whole and will attempt to underline the distinction to which Mr Cifarelli has referred.

President. — I call Mr Richarts to put a supplementary question.

Mr Richarts. — (D) Mr President, what criteria are to be applied in defining these regions which are to be specially assisted and what part will be played by the Commission and what part by Member States in laying down this definition?

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) Mr President, this is precisely the problem to which I and my fellow Commissioners are at present giving attention. It will not be possible to give any answer to that question until the Report is produced in April. In the meantime I ought to say, Mr President, that I and my colleagues would listen most attentively to any ideas from honourable Members in this House about the kind of criteria that in fact ought to be applied.

President. — I call Lord Brecon for a supplementary question.

Lord Brecon. — (E) Mr President, I would like to ask the Commissioner if he will bear in mind that existing regional aids shall be continued until his new proposals have come into force, because the existing regional aids do help considerably with employment at the present moment.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) Mr President, I can give the honourable Member an absolute assurance on the point that he raises, indeed, I think if he refers back to my main answer, he will find that the very first principle I laid down was that there should not be a rigid harmonisation of national policies and that national authorities were the authorities with the most intimate knowledge of the problems on the ground.

President. — I call Mr Johnston.

Mr. Johnston. — (E) Mr President, while Mr Thomson has been optimistic in his time-table of the development of a regional policy, would he not agree that recent history of the Community going back to the proposals of 1969, should not necessarily lead us to be too optimistic and would he perhaps take this opportunity to urge the Members of this Parliament when they go back to their national Parliaments to bring all possible pressure on their national Governments to act through the Council of Ministers to accelerate his proposals.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) Mr President, I and my colleagues shall certainly be more than happy to have a deep concern about these regional problems expressed inside the national Parliaments. As far as the time-table I have suggested is concerned, I don't think it is so much optimistic as necessary. It is vitally important, if by the end of this year the development fund is to be set up, that the proposals on which that fund shall be based should be before the Council of Ministers by the early summer. It is also, if I may say so, Mr President, very important indeed that the proposals for regional development should be seen to march hand-in-hand, as indeed they do, with the proposals for Economic and Monetary Union, for which a precise time-table is also laid down in the Summit Communiqué.

President. — I call Mr Jahn to put a supplementary question.

Mr Jahn. — (D) Mr President, I should like to ask the Commissioner, Mr Thomson, the following question. Mr Thomson, can you confirm that the zonal border areas of the Federal Republic of Germany, which have been specially assisted by the national Government in the past, will be given by the Community the same degree of assistance as they have received up to now? You mentioned these areas in your first statements and we Germans are naturally anxious that they should not be left out.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — (E) Mr President, I appreciate the importance of the question that the honourable Member has just asked, and indeed if he refers back to my main answer, he will note that I referred specifically to these regions on the Eastern borders of the Federal Republic of Germany as regional areas of importance in terms of these overall Community policies.

President. — Are there any further supplementary questions?

I thank Mr Thomson for his answers.

I now call question no. 28/72 put by Sir Tufton Beamish to the Commission of the European Communities on the extension and improvement of regular consultations by the Commission of the European Parliament and its Committees.

“What proposals has the Commission to extend and improve regular consultation with the European Parliament and its committees in order to ensure that full account is taken of their views at all stages of the formulation of the Communities external relations and will the Commission discuss these with the European Parliament as soon as possible?”

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, honourable Members, I am replying to the question raised by Sir Tufton Beamish to say that the Commission believes that the pattern of the Community's external relations has—due to the Community itself—undergone a change not only in quality but also in quantity. This change was underlined in the communiqué issued at the end of the summit meeting at The Hague, at which the Heads of State or Government emphasised the importance of the enlarged Community in the world. The Commission, then, is aware of Parliament's potential role in

Scarascia Mugnozza

determining the objectives of external relations and in supervising their implementation. This is the reason why the Commission, in the light of the procedures adopted in the Member States in the field of international negotiations and without losing sight of the fact that the conclusion of Community agreements is the sole competence of the Council, the Commission—as I was saying—wishes to establish very close cooperation with the European Parliament, naturally the measures decided by the Council into account. The Commission notes that it would be valuable if Parliament could organise a debate to define international relations and the guidelines to be followed in the conduct of negotiations. On this subject, therefore, the Commission considers that it can work very closely with Parliament to promote an exchange of views as to the conduct of all negotiations. Naturally any information which may be supplied to Parliament must, in our opinion, be treated as confidential, in view of its delicate nature.

President. — I call Sir Tufton Beamish for a supplementary question.

Sir Tufton Beamish. — (E) May I thank the Vice-President very much for that constructive reply. Mr President, since it is agreed by Council, Commission and Parliament that the Community should speak with one voice where external relations are concerned whenever possible, may I ask the Vice-President even though this is not directly the responsibility of the Commission, what thought is being given to the overlapping between certain European institutions and inter-Governmental bodies and secondly, what formal relations exist between the Commission and the Davignon Committee, and if arrangements can now be made to keep Parliament in regular touch with the thinking of the Davignon Committee.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, as is known, the Davignon procedure does not give the Commission the initiative, since this procedure provides for contacts with Parliament's Political Affairs Committee and with European Parliament once a year. At the summit meeting in Paris there were signs of closer links, but in practice—and I think I should emphasise this—the Commission and European Parliament have conducted joint action in the sense that on the one hand Parliament has always emphasised the need for the presence of the Commission, at least where

Community policy is concerned and, on the other, the Commission has asked for the European Parliament to be increasingly associated with political activity. In this context, I believe that we can work even better in the future, especially when the new proposals on which the European Parliament will be called upon to express its opinion are known.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — (E) Mr President, may I ask the Commissioner whether arrangements have yet been made for the translation into all the languages of the Community, including those of the new Member States, of all documents submitted by the Commission for the consideration of this Parliament including documents pre-January 1st of this year, but still before Parliament—and if this has not yet been done, when it is proposed that it shall be done? And may I further ask the Commissioner in regard to the Commission's General Report on the activities of the Community, since Article 18 of the Merger Treaty of 1965 imposes the duty of publication not later, rather than not earlier, than one month before the opening of the session of the Assembly, whether consideration can be given in future years to a slightly earlier publication of the report so that it will be available to Members for study before the preliminary debate in the February part-session on the Report?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I believe that the questions are quite irrelevant because we are now discussing external relations. I think it is outside the Commission's terms of reference to decide on the translation of documents to be submitted to parliamentarians.

President. — I call Mr Vredeling to put a supplementary question.

Mr Vredeling. — (N) Mr President, may I deduce from Mr Scarascia Mugnozza's answer to Sir Tufton Beamish's question that the Commission is not happy about the present structure when foreign policy problems, which the Commission is working on, are dealt with by the Davignon Committee on which the Commission is not represented?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I have the impression that a distinction should be made: here we are discussing external relations, in other words the Community's future relationships with non-Member States, while the Davignon Agreement is concerned with political cooperation between The Nine with a view to arriving at a single foreign policy for the whole Community. This is a matter of political cooperation, not of commercial relations, the subject of the questions.

President. — Are there any further supplementary questions?

I thank Mr Scarascia Mugnozza for his answers.

I now call Oral Question No. 29/72 put by Mr Löhr and the Committee on Energy, Research and Atomic Problems to the Commission of the European Communities on measures for the renewal of aid arrangements for coking coal and coke for the Communities iron and steel industry.

"On 18/19 December 1972, the Council of the European Communities failed to give the necessary approval to the Commission's decision on renewal of the aid arrangements for coking coal and coke for the Community's iron and steel industry, pursuant to Article 95 (1) of the Treaty establishing the European Coal and Steel Community.

We therefore ask the Commission :

1. Does the Commission share our opinion that the expiry of the former arrangements for coking coal without any new arrangements to replace them involves very serious consequences for this important category of Community coal?
2. What does the Commission intend to do, in order to prevent these detrimental effects and to maintain the use of Community coal for the Community's energy supplies?"

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, I should like first of all to remind you that it was on 17 October 1972 that the Commission set in motion the procedure laid down in Article 95(1) of the ECSC Treaty—that is to say, the favourable opinion of the Council acting unanimously and consulting the Consultative Committee — by sending a draft resolution to the Council. At its sittings of 18 and 19 December the Council did not give the favourable opinion requested, but instructed the Committee of Permanent Representatives to work out the basis for a resolution to be proposed, and to report back by 31 March 1973 at the latest.

Going on from there, the two questions put by Mr Löhr call for the following replies by the Commission.

The reply to the first question is in the affirmative. The Commission considers in fact that, in view of the state of commercial competition in the general energy field, Community coking coal, because of its application and specific qualities, should continue to be used in intra-Community trading to the virtual exclusion of other sources.

The Commission believes that the absence of a subsidy of the kind which was in force during the period 1967-1972 would result in the first place in the disappearance of the most important element of the Common Market in coal. The financial position of the coal mines will not allow them to maintain lasting trading relations with distant purchasers, since this would only lead to heavy losses. And of course the taxpayers of countries producing coking coal cannot be expected to finance on their own losses incurred in supplying coking coal to consumers in countries outside the Community.

Then, too, without a Community aid system there would be the risk that intra-Community trade might dry up, and this would lead to reduced production. Production would naturally have to adapt itself to the new trading situation.

This possibility looks all the more regrettable in view of the importance which the availability of Community coking coal is recognised to have for the iron and steel industry, both from the point of view of continuity of supply and of quality. Reduced production of coking coal would compel the iron and steel industry of the Community to think again about its sources of supply, and it would very soon turn towards third countries from which the Community is already receiving large shipments, in particular from the United States, Australia and Poland.

According to the course of events which we saw a few years ago, the massive influx of new orders would have repercussions on world prices for coking coal, as well as on shipping charges, and we have seen in recent months how sensitive these are to change. All iron and steel businesses would suffer from these repercussions.

A change of direction of this kind would add to the problems and increase the cost of maintaining stocks in ports and coking plants. In the long run it could lead to changes in basic production plants.

All these considerations, which are on the lines of the ideas set out by Mr Wolfram in the report

Simonet

which he has submitted on behalf of your Committee on Energy, Research and Atomic Problems, on the subject of the new aid system, lead the Commission to urge that a solution to the problem of Community coking coal can be based only on the establishing of a long-term relationship between producers and consumer. An essential factor in the solution of the problem must lie in Community financing of losses resulting from intra-Community trade in coking coal and coke intended for iron and steel. Just as Mr Wolfram, in his report, considers the draft resolution to be a first step towards harmonization in the field of energy policy, the Commission is convinced that Member States will understand the consequences of the absence of an aid system on the functioning of the Common Market in coal.

It is also convinced that Governments would wish to avoid the conclusions which might be drawn from the impossibility of demonstrating the solidarity which ought to exist in this field between producer and consumer, where the Community interest is so clear.

The solution proposed for coking coal is designed to deal with a specific problem. It cannot be extended ipso facto to all Community coal which is regarded as a part of the Community's energy supplies. On this point, the Commission refers to its recent proposals regarding energy policy, which already contain a number of concrete measures concerning coal. Further proposals will be formulated gradually in cooperation with all the authorities concerned with a view to serving the best interests of the Community.

President. — I call Mr Löhr to put a supplementary question.

Mr Löhr. — (D) Mr President, it has been known for a long time that the coking coal arrangements in their present form would expire on 31 December 1972. Permit me to ask the Commission: does the Commission consider it has adopted the right approach because in this instance it submitted its decision to the Council of Ministers for approval so late as to make it completely impossible to keep up with events should there be a difference of opinion on the Council?

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, I should first like to point out to the honourable Member that a procedural regulation is neither expedient nor inexpedient; it is either laid down in a legal document, or it is

not. In this instance it is laid down in the text of the ECSC Treaty, which we have to apply. The Commission must, consequently, comply with the regulation.

This speech prompts me to another thought. In view of the difficulty of getting a proposal exactly right, where so many divergent interests are involved, the Commission last year hastened to come up in good time with a proposal before the Council of Ministers. They, in fact, did not manage to agree about an option in the proposal which would have led to an equitable sharing between producers and consumers of the cost of financing by the Community of Community coking coal production. I am very sorry about this, but I do not think that one can indict the previous Commission for what the Council of Ministers failed to do.

President. — I call Mr Springorum to put a supplementary question.

Mr Springorum. — (D) Mr President. I would like to ask the following question: Mr Simonet has spoken of a re-orientation of coking coal aid that has become necessary. Would the countries who are against the continuation of coking coal aid dispense with the delivery requirements imposed by the ECSC Treaty or would they, in the event of a shortage of coking coal, still insist on delivery requirements for the coking coal producing countries?

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, I happen to know that this point is precisely one of those which are being discussed at this time by the Committee of Permanent Representatives. As soon as we have, I hope within a few weeks, a clear position on the matter from them, I shall not fail to make a report on this subject to Parliament.

President. — I call Mr Burgbacher to put a supplementary question.

Mr Burgbacher. — (D) Mr Simonet, can one possibly conclude from the conduct of the Netherlands towards both the coking coal aid arrangements and the gas delivery contract between Placid International and Ruhrgas AG in Germany that this Member State rates the importance of a joint European energy policy far below that of its own supply and is thus in the medium term obstructing the integration of the Community in this sector?

President. — I think that what you have just said is outside the scope of the question but I am perfectly willing to ask Mr Simonet if he is ready to answer you.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) No. Mr President.

President. — Mr Simonet is unwilling to answer this question.

The question thus stands withdrawn.

I call Lord Bessborough for a supplementary question.

Lord Bessborough. — (E) I hope this, Mr President, is not going too far beyond the terms of the original question, but the Commissioner did mention that the whole question of a joint energy policy was now being considered. I wonder if I might ask him how long he thinks it will take for the Commission to prepare such a joint policy for discussion in the Council of Ministers and of course in Parliament.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, the departments of the Commission have already presented to the Council a number of proposals which follow up the report which was put before the Council and Parliament on necessary improvements in energy policy. The member of the committee dealing with questions of energy policy intends to ask the Commission to apprise the Council of Ministers, which should be meeting in April, of a certain number of proposals, to that definite decisions can be taken. This is desirable from two points of view.

Firstly, we must go forward towards the gradual formation of an energy policy.

Secondly, at that time, it is more than likely that the President of the United States will have revealed, in his statement on energy policy, the main directions which this policy will take. Now, from what one knows at present about this statement, it seems to emerge that the President will express the wish for cooperation in energy policy between the United States and the Community. Consequently it would be very desirable, by then, for the Council of Ministers, and of course Parliament to have had the opportunity of considering a few points which could be introduced into the discussions with the United States.

President. — Are there any further supplementary questions?

I thank Mr Simonet for his answers.

I now call Oral Question No. 30/72 put by Mr Jahn, Mr Meister, Mr Memmel, Mr Richarts, Mr Riedel and Mr Schwörer to the Commission of the European Communities on the Community's relations with the People's Republic of China

“Since the People's Republic of China abandoned her isolationist policy, closer political relations have been developed with most of the Member States of the European Community. Visits by the foreign ministers of four Member States during the past year illustrate the importance attached to relations with China. The Community is China's second largest trading partner after Japan. Since 1 January 1973 the EEC's external trade policy has been the responsibility of the Community.

Unlike most countries of the Eastern block, China has welcomed the enlargement of the European Community in official publications.

Our question to the Commission is therefore as follows :

1. What steps have been taken to acknowledge recognition of the Community by a major Communist country and set up a Chinese Permanent Representative's Office with the EEC ?
2. What action does the Commission contemplate to establish a Community external trade policy with regard to China ?
3. Does the Commission feel that an external trade policy, particularly with a state trading country, can be pursued without clear political objectives ?
4. What importance does the Commission attach to systematic development of economic and political relations between the Community and the People's Republic of China ?”

I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President. — (E) Mr President, Mr Jahn and his colleagues have asked a number of questions on our relationship with China and I would like to take them in turn. In answer to the first question, I would say that 89 countries have already accredited diplomatic representatives to the Community's institutions, and in no case did the Communities approach these countries with a view to their doing so. To the second question, I would say that the objectives of the common commercial policy are clearly laid out in Article 110 of the EEC Treaty and apply to all third countries including, of course, China. The Article makes no distinction between third countries. In answer to questions 3 and 4, as far as our present and future relations with China are concerned, perhaps the House will allow me to repeat what I said in a speech in London last week, when

Sir Christopher Soames

I said: "We are glad to note China's increasing interest in the enlarged European Community and are conscious of the human and economic potential of that vast country. It is too early to see just how our future relations could develop, but there is surely scope for the tenuous links between us being strengthened to our mutual economic advantage and in ways that could also bring real political benefits."

President. — Mr Jahn it is I who have a question to put to you.

Normally I should first call all supplementary questions and only then ask you if you are formally requesting that an hour be set aside for matters of topical interest. I am asking you what your intention is now because we could perhaps forego some supplementary questions.

Mr Jahn. — Mr President, I am indeed asking that time be set aside for questions of topical interest for the whole range of problems connected with Oral Question No. 30/72 on the Community's relations with the People's Republic of China.

President. — Is there any objection to the request for an hour to be set aside for a matter of topical interest?

That is agreed.

This will come immediately after Question Time. Under the Rules of Procedure I must first ask if there are any further supplementary questions to Question No. 30/72.

I would however urge those who might wish to put them to waive them because there are still questions to be dealt with and because in any case we shall return to this point later in the time set aside for this point of topical interest.

Is there any objection to this suggestion?

That is agreed.

Thank you Sir Christopher for your answers.

I now call Oral Question No. 32/72 put by Mr Normanton to the Commission of the European Communities on the importance and urgency of Community action in the field of foreign trade relations.

1. What criterion it follows when formulating commercial policies, promoted through international agencies such as GATT, aimed at expanding two-way trade with developing countries, and whether the European Parliament can be assured that the continued viability of important sectors of European industry will be in no way prejudiced by such policies?

2. If the Commission is aware of the deep concern felt by sectors of the British textile industry, and particularly of that of cotton spinning which employs over 20,000 men and women in the North-Western Region of Britain, at the possible consequences which may flow from the adoption by the United Kingdom of existing EEC commercial regulations and directives, and will the Commission take the interest of this industry and Region into full account in considering its future policy proposals?

I call Mr Deniau.

Mr Deniau, Member of the Commission of the European Communities. — (F) Mr President, I think that one can define as follows the criteria, or rather the aims, which the European Commission should set itself when making proposals or taking decisions on matters of trading policy, especially in the case of developing countries.

The first aim is clearly, pursuant to Article 110 of the Treaty, to contribute through the establishment of the European Community to the development of international trade and to a greater liberalization of international trade relations.

But this aim has to be modified, or rather extended, where the developing countries are concerned; everyone is very conscious of the present imbalance and of the need for a special effort on behalf of these countries, particularly in the field of trade, to give them a chance to expand their exports and so have access to markets in industrialized countries. It was in accordance with this aim that the Summit Conference in Paris made certain undertakings to this effect.

But there is obviously a third criterion, or a third aim, in particular in the area which concerns the honourable Member; the textile sector is on the one hand particularly crucial and on the other it concerns a large part of the population, because a large number of people are employed in it. This third criterion is that the development of international trade, and in particular trade with developing countries, must clearly be carried out in such a way that it does not upset our social and economic equilibrium, above all where sectors or regions which are already in difficulties would be concerned.

All these criteria or aims must be taken into consideration, especially in the textile field.

We already have a certain number of safeguard clauses at our disposal, either in GATT or within the system of generalized preference. Our own system allows for the introduction of both ceilings and buffers, to ensure that the development of international trade or relations with developing countries, especially in the textile

Deniau

field, should operate harmoniously, without confrontations and without causing difficulties to ourselves. If we did have difficulties at home, the progress we are aiming at would most certainly stop, and we cannot start on it unless we have taken some sensible precautions.

This must all, I must add, be reviewed very shortly, since the machinery which we have set up in the textile sector, notably the advantage of generalized preferences, is linked for us, or at any rate it was originally, with the fact that the developing countries were signatories of the long-term agreement on cotton, that is to say that for their part they agreed to exercise discretion as regards their exports.

The question at issue will become fairly pressing again before the end of the year, and will touch on a fairly large number of fields, since we shall have to standardise and harmonise our systems of general preferences, such as they have been conceived up till now, and most likely, in addition, have fresh discussions on the long-term cotton agreement, which is due to expire before the end of the year.

Before I end I will just say that these questions of trade policy, particularly with developing countries, are of course not only about trade policy; if one takes into account at one and the same time our aims in international trade, our aims in relations with developing countries, and the particular targets which we must aim at in regional development and in the different sectors of industry, it is clear that a great deal of judgement has to be exercised where our internal policies are concerned as well. In any decisions and debates the essential factor must be what, within the Community system, and especially in the fields of economic and regional policy, we feel prepared to do.

President. — I call Mr Normanton for a supplementary question.

Mr Normanton. — (E) Mr President, I am grateful to the Commissioner for his reply, which very clearly indicates that he appreciates the deep complexity involved in dealing with this particular problem, but may I ask him whether he will note that this GATT long-term agreement on international trade in textiles comes to an end in September this year. Would he also inform the House whether it is his intention to try to ensure that this agreement is extended to cover not only all textiles, but all producers of textiles, and thereby ensure that measures aimed at promoting an extension of trade, in which indeed this House will fully support him, shall not be at the expense of at least a million and a half men and women working in this

industry in Europe; and may I ask him whether he will be prepared to come to this House again in the coming months and report on the progress which he is achieving, we hope, in the negotiations for the extension of the GATT LTA.

Mr Deniau, Member of the Commission of the European Communities. — (F) I believe, in fact, that it is most desirable that we should have a fresh debate on this question in the course of the next few months. It is an important question, insofar as it is a test, as I was saying just now, of the consistency between the Community's activities in its own internal sphere, our responsibilities towards certain regions and sectors of industry, and our responsibilities outside, notably to the developing countries.

Our objective, then, is clear. We must have, when it comes to renegotiations of the long-term agreement on cotton, as big a part in them as possible and as many guarantees as possible, so that we can control, partly with the help of certain precautionary measures, the evolution and development of trade in this field.

We have moreover already, so far as we are concerned, granted the advantage of general preferences for textiles to certain important producer countries who were not among the original signatories of the long-term agreement on cotton, but were brought into it by the exchange of additional letters.

This is the attitude with which we shall set about the work. I think that this item, as has been suggested, would deserve a more detailed debate.

President. — Thank you Mr Deniau for your answers.

I now call Oral Question No. 33/72 put by Mr Springorum to the Commission of the European Communities on the call for tenders by ACEA, Rome, for the construction of a power station.

"Following a call for public tenders by the 'Azienda Comunale Elettricità ed Acque' (ACEA), a letter of intent was issued to a German company, the 'Kraftwerkunion AG' in Mulheim whose bid was selected on technical and economic grounds.

According to press reports, it is intended to cancel the contract, worth 600 million Deutsch marks, with the German company. Since this runs counter to the provision of the EEC Treaty, I would ask the Commission what steps it proposes to take to prevent the annulment of the contract."

I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, in

Spinelli

reply to the question from Mr Springorum, I should like to supply the following information. In October 1968, the Italian Ministry of Industry and Commerce, in consultation with the Ministry of Public Works, asked ACEA, in other words the Rome municipal electricity and water utilities company, to build an electrical power station consisting of four 250 megawatt units. Following a unanimous decision on the part of the Rome Town Council in April 1970, ACEA launched an international competitive tender procedure, which complied with the letter and spirit of the Treaty. Following receipt of tenders, on 24 December 1971 ACEA sent a letter of intent to Kraftwerkunion of Mülheim regarding three of the four units, as the tender submitted by this company was considered to be the most advantageous.

The information available to the Commission derives basically from the same source as the information mentioned by Mr Springorum, in other words the Italian, and more specifically the Rome, press. But it does not appear to the Commission that the Commune of Rome has reached a formal decision on the matter as of this date. I should like to point out that, despite everything, the competent Italian authorities reach a decision unwarranted by acceptable technical reasons or one that is motivated by the deliberate intention to favour a national undertaking to the detriment of others in other Member States, the Commission will apply the procedures laid down by the Treaty to ensure compliance with the provisions of Community law. Nevertheless, in the absence of an official decision on the part of the Italian authorities, it would be premature for the Commission to embark upon such procedures. In the meantime, to prevent such an infringement being committed, to the extent possible, the Commission intervened with the Italian authorities for the first time in January 1972, at my initiative, and more recently issued a press release on 7 February 1973. These statements emphasised the need to comply with the spirit of the Treaty and the specific provisions laid down by the Commission and Council directives on the awarding of contracts for public works and the elimination of measures that are in fact equivalent to quantitative restrictions.

Quite apart from the application of existing measures, the Commission emphasises that close cooperation between undertakings in various Member States could be a primary factor in overcoming the difficulties that arise and cannot be solved in the light of the provisions of Community law, thus guaranteeing the effective and unrestricted opening of Community markets and helping public bodies awarding con-

tracts to make more systematic recourse to undertakings outside their own States for services and supplies. In the case in question, the Commission will be happy if the bodies involved in the ACEA affair make every effort to attenuate the difficulties that have arisen in this operation by increasingly close cooperation.

President. — I call Mr Springorum to put a supplementary question.

Mr Springorum. — (D) Mr President, I should like to thank Mr Spinelli for his answer. I just have one question: it is currently maintained by the opponents of the order that the decree under which the tender was approved had expired and that the order should therefore be cancelled on technical grounds. Does this correspond to the facts?

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President according to our information, the Rome Commune has merely deferred its decision. This is the latest information at our disposal. We cannot talk of either cancellation or lapse.

The President. — (D) I call Mr Glesener for a supplementary question.

Mr Glesener. — (F) Mr President, in this context I permit myself to put the following question to Mr Commissioner Spinelli:

Is the Commission disposed to take, in the framework of the proposals which it announced in Document (72) 1200 final, entitled 'Necessary improvements in Community energy policy', the necessary measures for harmonising technical regulations on the construction of electrical power stations, so that differences in technical standards cannot be used as a pretext for disallowing unwanted tenders, as happened in the case, which was mentioned just now, of ACEA, Rome?

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, the Commission will deploy every means at its disposal. Nevertheless, it is difficult to say what form these means can take until a decision is reached and until its content is known.

President. — I call Mr Baas to put a supplementary question.

Mr Baas. — (N) Mr President, may I ask Mr Spinelli if in calling for public tenders the criteria according to which it would be decided who would be considered for the supply of the services were clearly stated? It does in fact occur to me that Mr Spinelli is speaking only about acceptable technical considerations. I have the impression that when the call for tenders was made the criteria had already been fixed, or at least ought to have been fixed in accordance with the wording of the conditions. And I should like to ask whether, when the criteria are actually fixed, it is then still possible to proceed to another form of acceptance. I am asking this, Mr President, because such public tendering is receiving keen attention within the Community at the moment. I should like to request Mr Spinelli to give us yet more precise information on this point.

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, it is clear that ACEA inserted in the call for tenders a quantity of technical conditions with which the tenderers had to comply. Nevertheless, according to Italian law and I believe according to the law of other countries as well, the results of a call for tender are announced merely by a letter of intent, subject to subsequent examination by the competent public authority. It is obvious that in theory fresh requirements of a technical nature may arise which have not been taken into consideration before and which may induce the authority not to proceed with the letter of intent. It is clear, therefore, that neither I nor anyone else can say anything yet, since the only thing that is known is that, according to statements made, a fresh call for tenders is to be made due to requirements of a technical nature. This is the point at which matters have arrived. But, I repeat, there is no obligation to proceed with a contract automatically after the outcome of competitive bidding.

President. — I call Mr Vredeling to put a supplementary question.

Mr Vredeling. — (N) Mr President, could the Commission promise that they will not restrict themselves to the present case? I am of course pleased that, as regards the power station to be built at Rome, they have the political courage to oppose the plans. I particularly congratulate the Italian member of the Commission, Mr Spinelli, on his political courage in this matter. But would the Commission adopt a hard line not only in this case but also in all other similar cases, of which I could name a dozen or so? I

am, for example, thinking of my own country, for example of the tenders for railway material. We are not just concerned with electrical power stations, but also with nuclear power stations, and so on. Is it the Commission's intention to pursue its policy in all such cases *rücksichtslos* (unwaveringly), without regard to persons therefore, without taking nationality into account?

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, I should like to assure Mr Vredeling that the Commission will pay increasingly close and systematic attention to all cases. Moreover, the Commission has undertaken, and it will comply with its undertaking, gradually to open the public markets and at the same time to increase industrial integration, since the two problems are closely related.

With regard to Mr Vredeling's compliment to me as an Italian, I should like to say that as a commissioner I, like my colleagues, have the duty of upholding the viewpoint of the Community alone.

President. — I call Mr Memmel to put a supplementary question.

Mr Memmel. — (D) Mr President, I should like to ask Mr Spinelli whether he is aware of the report in the business section of yesterday's issue of "Die Welt", according to which a decision has just been made that, instead of four blocks of 200 megawatts each, two 630 megawatt blocks should now be built, that the decision therefore has the effect of making all that went before void on technical grounds.

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, I have already said that for the time being no decision has been taken to cancel the tender. The matter is still open, and the aim of parliamentary pressure, Commission pressure, is to ensure that the competent Italian authorities give full weight to their Community commitments in reaching their final decision.

President. — I call Mr Burgbacher to put a supplementary question.

Mr Burgbacher. — (D) Ladies and gentlemen, first a preliminary note.

Burgbacher

In the respected newspaper "Il Messaggero" it was stated that "the granting of this contract to the Germans is an insult to Italian industry". I consider the attitude which is expressed here to be so injurious to the Community that I am prompted to ask Mr Spinelli—to whom I am very grateful for his manifestly clear intention—this question. Is this not a test case of what Italy really thinks of the Community's industrial policy and the Community's regional policy?

President. — Mr Burgbacher, I wonder whether this question which is in fact addressed to Italy, may be put to a Member of the Commission. But I am quite willing to ask Mr Spinelli if he wishes to reply.

Mr Spinelli. — (I) No, Mr President.

President. — Mr Spinelli does not wish to reply. Are there any further questions?

In conclusion to Question Time I call Sir Derek Walker-Smith for a procedural motion.

Sir Derek Walker-Smith. — Mr President, I regret to have to take up a moment of the time of the Parliament in raising with you a point of order Sir, in regard to the answer, or rather the failure to give an answer by Vice-President Scarascia Mugnozza to my supplementary question on Oral Question No. 28. My question, or part of it, related to the future publication date by the Commission of the General Report on the activities of the Community. That question was clearly within the main question as it related to the extension and improvement of regular consultation by the Commission with the European Parliament and its committees. It was clearly in order in that it fell, in the language of Rule 47a, within the sphere of responsibility of the Commission. It did so because Article 18 of the Merger Treaty of April 1965 imposes a clear duty on the Commission in this regard. It could not have been claimed to be out of order on the grounds that it related to business on the agenda for the current part-session, because it was quite specifically related to the future publication in future years of this document. Therefore, Mr President, with respect, that part of the question was clearly in order. No reason for suggesting it to be out of order was adduced by the Vice-President who, nevertheless, made no attempt to answer the question. And I must therefore submit to you, Mr President, with great respect, but with equal certainty, against the background of nearly 30 years participation in Question Time in another Parliament that, if Commissioners are to be allowed to avoid answering questions which may be

inconvenient to them, simply by shrugging them off in this way, then Question Time will lose much of its value and will not be an effective instrument for bringing the actions of the Executive under Parliamentary control. Mr President, this matter of itself may seem to be small, but it raises a very great issue of principle and I respectfully commend it to your attention.

(Applause)

President. — I shall make a statement on this subject when we have dealt with the procedural question.

I call Mr Giraud.

Mr Giraud. — (F) Mr President, I am no doubt too late, because the question that I wanted to put was for Commissioner Spinelli, and was about the Rome affair. No doubt, Mr President, you did not see that I was asking to be called. I should like to ask Mr Spinelli if he does not think that, in this field...

President. — Mr Giraud, I am sorry but I must interrupt you. I cannot accept your question because we have already gone over the time allowed.

I call Mr Cifarelli for a procedural motion.

Mr Cifarelli. — (I) Mr President, obviously because it is the first time that this hour set aside for oral questions has been used, I should like to ask what will happen to questions that have not yet been dealt with, and in particular I should like to ask the President to establish a criterion in the light of our experience today. It is far from my intention to make a suggestion to the President, but perhaps...

President. — Mr Cifarelli if you would wait a moment you will see that the statement that I am going to make answers your question.

Mr Cifarelli. — (I) I was afraid I was going to be too late with my question, Mr President.

President. — My dear colleagues this brings Question Time to an end. According to the guidelines laid down for Question Time, oral questions which have not been answered for lack of time will be answered in writing by the institution concerned.

If on the other hand the questioner states that he wishes an oral answer, his question will be put at the next time.

President

I should like to say here that my own impression is that this first Question Time has been a success for the European Parliament. I would like to thank the Commission and all the Members who have contributed actively to it.

I should like to say to you Sir Derek Walker-Smith that I have taken what you have said very much to heart. I think that there are certain details which we shall have to finalize on the basis of this first experience and I can assure you that I shall consult all those responsible and all those competent in this field. Once again I would assure you that I shall act on what you have said.

Question Time is now closed.

I am now going to call the speakers listed for procedural questions.

I call Lord O'Hagan.

Lord O'Hagan. — Mr President. I would like to withdraw my question formally, if I may, so that it does not receive a written answer and to have it reinscribed for an oral answer at the next part-session, please.

President. — I call Mr. Cifarelli.

Mr Cifarelli. — (I) I too would make the same request, Mr President. In consequence, I would ask you to defer oral discussion of my question to the forthcoming part-session in March.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Following your ruling, Mr President, may I seek your guidance on a matter of principle on what you have decided concerning Question Time. You have just told us, Sir, that the questions which are not down or which have not been answered orally now can, as Lord O'Hagan has done, and as other Honourable Members undoubtedly will do, be transferred to our next list. I see under Section 2 Sub-section 1, in the guidelines of Rule 47a, it is quite rightly you, Sir, who have the complete right and authority to decide the order of questions on the order paper for oral answer. This, following the precedent which has been set by yourself today, becomes of crucial importance, because it is the first person who asks you, Sir, whether they can have an hour's debate after Question Time who—if you approve of that—gets the right to have that debate. Today, for instance, in your wisdom you decided that the question of the honourable Member concerning China was both general and of topical interest, and you

gave him the right for an hour's debate. This obviously excludes anybody who had an oral answer, of course, which you yourself had not as yet heard from the Commission, from asking you for an hour's debate, because you had already given that hour to the previous speaker. And I would be grateful, Sir, if in your wisdom you could give us the guidelines along which you, not choose the theme, but on which you set the precedence as to the order in which questions will be taken on the order paper.

President. — I call Mr Memmel.

Mr Memmel. — (D) Mr President, please allow me, as the rapporteur for this question, to explain two things.

First the question of my colleague Mr Scott-Hopkins: it is quite clear that the questions not dealt with today will be answered orally if this is proposed in these two cases, and I consider it a *nobile officium* of the President that the questions which we did not get around to in today's Question Time should be called as the first questions in the next plenary sitting. We did not write that into the report specially; as I have said, I consider it to be a *nobile officium*.

And now to the second point: a debate on demand or a time for current issues following Question Time can only be set aside once. So another time for topical questions cannot be requested for another question. Now the relevant "topical issue" time today has been proposed for Mr Jahn's question. He has precedence because he was the first to make such a proposal and it is therefore impossible that there should be another debate on request on another subject following today's Question Time.

President. — I believe this answers the question. I call Mrs Caretoni-Romagnoli.

Mrs Caretoni Romagnoli. — (I) I should merely like to ask you to place my question on the agenda for the next part-session so that an answer can be given and it can be debated.

President. — To conclude I note that questions No. 34/72 put by Lord O'Hagan, No. 36/72 put by Mrs. Caretoni Romagnoli and No. 37/72 put by Mr Cifarelli will be called, in accordance with rule 47 A of the Rules of Procedures, at the part-Session in March.

Mr Vredeling's question, on the other hand, will receive a written answer.

*4. Debate immediately after Question Time:
The Community's relations with the Peoples
Republic of China (Oral Question No. 30/72)*

President. — The next item on the agenda is discussion of the answer of the Commission to Oral Question No. 30/72 on the Community's relations with the Peoples Republic of China.

I would remind you that no Member may speak for more than 5 minutes.

I call Mr Jahn.

Mr Jahn. — (D) Mr President, Ladies and Gentlemen. I have asked that a debate should be held on this subject because a fundamental question of present and future EEC policy is involved and I am convinced that the Commission's attitude bears this out. Parliament must play a vigorous part in this matter for we are indeed dealing, in the words of our Rules of Procedure, with a problem of general and topical interest. And the answer given by our Vice-President, Sir Christopher Soames, which I greatly welcomed, was a bit too passive for my liking, as was his repetition of the statements which he made in London in reply to the same question.

Mr President, as a result of our first part-session as an enlarged Community in Strasbourg, there was widespread comment in the world press to the effect that the European Parliament should concern itself more with the underlying problems of the EEC and the world in general if it is to win international attention and respect. We should take this advice seriously and we should not allow our view of essentials to be obscured by the many points of detail which Parliament must also discuss.

The position taken by the Community in the world has a direct effect on the peoples we represent. Let us strive for clear relationships with the great powers of the world. The Community is a reality and is meant to serve the cause of peace and social and economic progress both internally and externally. This is also true of those relationships which I have just mentioned.

After a temporary period of self-imposed political isolation following the cultural revolution, there is now almost unanimous agreement that the People's Republic of China is seeking a place among the world's major powers. Her standing membership of the United Nations Security Council underlines this fact. Meanwhile all the Member States of the Community except Ireland have established diplomatic relations with China. The visits of four foreign ministers from Community countries during the last nine months

demonstrate the importance attached to such relations by the Member States.

A changed attitude therefore—and I must be rather brief so as not to exceed the five minutes—is to be noted on the part of the People's Republic of China towards the EEC. Now, we shall all be glad if the Community becomes the object of attention of other countries and establishes relations with them, and if even Communist states realise that the Community is growing into a factor for peace to be taken seriously in the world.

But it will not be achieved with this rather passive attitude on our part. The Community, and that was the substance of my question, Sir Christopher, must strive to define a Community policy towards China, and we, as Parliament, must not be excluded from this. I am happy to agree with President Ortoli when he says that every outward action of the Community is political and must therefore bear the stamp of clear political objectives.

I will now come to my conclusion, Mr President, for I wish to be careful to keep to the five minutes.

We believe that both sides, the EEC and China, could profit from an intensification of relations. But since China's positive attitude to the Community has a political rather than an economic foundation, we must reckon with the fact that an alteration of the world's political groupings might cause China's interest in the Community to decline again or to relapse into the former attitude of rejection. We should therefore—and here I address my question to the Commission once again—not take the present situation for granted, but should see it as a chance to improve our relationship with this important country. We can thus prove that we are ready to put into practice our policy of peaceful cooperation with all countries. If we succeed in harmonizing this policy among the Member States we shall be able to speak out in the world with a more convincing and a more successful voice.

President. — Before calling the next speaker listed I should like to make two comments.

We have been obliged—and this is quite understandable—to devote a little longer than we planned to our first Question Time and to the debate on the procedural problems. I should therefore be obliged if each speaker would confine his remarks to essentials, especially as the President of the Commission still has to make his report this morning.

My second comment is on the time set aside for questions of topical interest. No representative

President

may speak for more than 5 minutes and speeches must not be read.

I call Mr Premoli for the Liberal and Allies Group.

Mr Premoli. — (I) Mr President, this question seems to be a natural footnote to the discussion on Mr Giraud's report as to the procedure for trade agreements between the Community and non-Member States. Let us not forget that from 1 January 1973 all trade agreements with non-Member States must be reached in the name of the Community, in pursuance of the common commercial policy.

I believe that the Nine Member States should comply with this provision to the letter if they wish to avoid giving a deplorable impression of the EEC outside, which would in the end have negative repercussions not only on its prestige and credibility outside but also on the economic and commercial interests of individual nations.

Let us make the position clear: we must not go back to the counterproductive outbidding methods typical of the period seven years ago when economic relations with the Soviet Union were being re-established and reinforced, a period in which the competitors were the European car industry giants backed by their respective governments.

The situation was different then: no regulation had been enacted to say that EEC trade channels should be used. Nevertheless, in view of the precedents within the Community, there may still be fears as to whether this guarantee can protect us from all possible risks.

To turn to the merits of the question, I do not think I need to emphasise how greatly an easing of the tension in our relations with China would boost the great trade potential for our asphyxiated Western economies—I use the word "asphyxiated" advisably, for in almost every sector of industry stocks of products are continuing to pile up at an alarming rate, despite all the advertising campaigns dreamed up by the marketing experts.

There is no doubt that this immense market, with something like one thousand million consumers, would help to cut the production knot that seems about to choke our economies.

Incidentally, the Kennedy Round has proved ineffective in achieving this end, and the new GATT negotiations due to start in Geneva in September are likely to be complex. There remains the question as to how much interest our products, products typical of a more sophisticated consumer society, can arouse in China.

With this in mind, it would be advisable to investigate the potential for selling one type of product rather than another in greater depth, as I do not think we have sufficient information at the present time.

Further proof of these difficulties is the slow pace at which economic relations are being re-established. The respective exports of France and the USA amount to no more than 25 million dollar's worth of goods per year, and we all know that the value of the dollar is not transcendental.

Trade between China and Japan, on the other hand, seems likely to be more substantial; Japan could import a million tons of crude oil a year, thus solving her long-term power problems.

In our case, speaking very generally, the counterpart to our exports of finished goods could be the ore and oil that industries constantly crave.

I need hardly remind you that 1972 marked the turning point in relations between China and the rest of the world. It was President Nixon who took the first step. In Peking, he was not greeted with the usual epithet, "paper tiger". Later the same journey was made by other heads of state, followed up by carefully organised exhibitions displaying the products of selected leading industrial sectors carefully chosen as being likely to arouse the interest of Chinese customers. In particular, France is to organise a very large trade fair in 1974 which will cover an area of about 25,000 acres, while my own country has done the same during the past few months.

One last thought is prompted by the ending—this time final—of the conflict in Vietnam. Let us hope that this region, so torn by strife and war for the past thirty years, can at last enter upon an age of détente and economic revival, with our backing.

In conclusion, I would like to express both satisfaction and a hope for the future. China has openly expressed her intention of stepping up her relations with the Community, of recognising it as a working reality and as one that makes for an easing of tension. The "Pekingologists" have interpreted this "de facto" recognition as being anti-USSR in intent.

It is our hope that China's revaluation of the EEC is an end in itself, in other words that it denotes recognition of our true role as peacemakers and in restoring equilibrium in the troubled world in which we live, and that it is not dictated by other goals or by purely tactical concerns.

IN THE CHAIR: Mr LUCIUS

Vice-President

President. — I call Mr Memmel.

Mr Memmel. — (D) Mr President, I will certainly not take up a whole five minutes. I merely wish to put the question which I wanted to put to Sir Christopher at Question Time.

It is obvious that China will in the foreseeable future follow up its verbal recognition of the EEC with practical steps. My question therefore is, Sir Christopher: Do you expect Peking to recognize the EEC in international law within the next few months, considering that as early as May 1971 Chou En Lai had said—and I quote word for word—: “China would like to give constructive shape to her relations with the Common Market”. Are there any indications? That is my question.

President. — I call Mr Meister.

Mr Meister. — (D) Mr President, it should have become clear to everyone that a country like China cannot possibly be isolated from world trade over the long term.

It is in the interests of the Chinese as well as the Western world that a certain equilibrium should be reached and that China should be opened up to trade. But it is interesting to note, Mr President, that trade relations with China started long before the first diplomatic recognition was announced. And I should even say that they have started very satisfactory. This means no more and no less than that something has altered in the last 15 years and that one no longer has to hope and wish that trade will follow when diplomatic relations have been established, but that without doubt things are somewhat different nowadays.

Trading activities, when they began to be resumed, were naturally carried on initially through Hong Kong, which is a British territory, and this perhaps still continues, though it is no longer exclusively the case today. It would be interesting to learn from the Commission whether Portuguese Macao has played any part in this question or whether, as formerly, it is dead to the world and only concerned with its gambling dens etc., or whether it has really been active in the field of trade relations in some way.

It would also interest me very much to learn from the Commission whether they think it is conceivable that the world's industrialized

nations could set up their own branches again in the Far East within an appropriate time, perhaps in the former settlements and the like, or whether this is completely out of the question in the case of this particular state-trading country and that quite new avenues must be opened up.

It would also interest me to hear from the Commission whether cooperation between the People's Republic of China and Taiwan is possible within a reasonable period of time. You know, they have a different time-scale in the Far East and one should not apply European standards there. I personally can quite imagine that on trade questions some kind of agreement is possible even between these two powers.

One further question, Mr President: is the Commission prepared or in a position to include China, which naturally has a great development before her, among the developing countries in some form or other, or is it considering whether this can or should happen? This question is, I think, open, and must be put.

And finally, taking a longer view, I am interested in the following point: if there is really to be a greater flow of trade, what ideas do we have about currency conversion, transfers and all those things connected with monetary transactions? This will probably be one of the most difficult questions with the Far East.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — Mr President, may I take this opportunity, for the first time that I have addressed this Assembly, of saying how proud I am to be a Member of the first United Kingdom Delegation to the European Parliament. It is a bit strange that I should be doing so on the topic of China, but I had the privilege of leading a Parliamentary delegation there recently and had a very friendly and interesting visit. I found that they are very interested in and show great goodwill towards “uniting Europe”. Trading, however, is an enormous subject on which one can say very little in five minutes. But on trading, which is the interest I think of this Assembly, I believe that the present Government of China hopes and believes that, just as we in the European Community have stopped future civil wars between our Members, they have done as much within the huge boundaries of China. They hope and believe they have achieved that. Beyond this they hope that they can provide for the greater material benefit of the enormous population of between seven hundred and eight hundred million people. The Government is concerned, I believe, primarily with the

Sir Douglas Dodds-Parker

development of internal trade, and, of course, to a large extent of external trade, along their ideas of Marxist Leninism. They believe, as I understood it from them, that the Soviet Union has developed into a state capitalist system with the shortcomings again, as they see it, of a consumer society, of producing little motor cars rather than the bicycle which is the predominant feature of modern China. I do not believe that they see any conflict in the future with the countries of Europe. I think they look towards us as something in their past from which they can get a certain amount of aid, but rather of a technical and not of a developing nature. I think they are more sophisticated, as is the Soviet Union, than many of us realize. So, at present, as I see it, their aims and their ideas, are limited to certain definite aims in this huge sub-continent in which there are greater differences than there are between our mezzogiorno and our mezzanotte, as my colleague called it earlier today. I think their immediate intention is to improve communications, telecommunications, with Japan and through Canton and Hongkong with the outside world; air communications, again through the Soviet Union as established, through Japan, and elsewhere to the West. And I am sure it will give great pleasure to all progressive minded Members of this Assembly that they are purchasing Concorde which they hope and believe will speed up their links with the outside world. And so I believe there is not a great deal, as some thought rather euphorically, could be achieved by the opening up of China because I believe they are going to develop strictly along their own controlled lines, to a much greater extent than many people in the outside world believe. I think there is a problem they have of payment for what they want. In all these state-trading countries, there is always a problem of paying for all the things they want to import. They have had, through crop failures in recent years, to import a great deal of grains which they hope in the future clearly to produce themselves. But I would like to ask Sir Christopher Soames whether the Commission would investigate the possibility of an exchange of parliamentary delegations between the Parliament and the People's Republic of China. If they had half the interest and the goodwill towards such a delegation as my Delegation found last year, they would have one of the most interesting experiences of their lives. Thank you Mr President.

President. — I call Mr Schwörer.

Mr Schwörer. — (D) Mr President, Ladies and Gentlemen, on this important subject of

the EEC's relations with China I have two questions:

First: At the moment there is no doubt a favourable balance of trade between the EEC and China which will surely remain for some time to come. This will give us opportunities but will also bring dangers, for we shall have to see what sectors bear the burden of compensating for this balance; I wonder whether there are not dangers here for the wage-intensive areas of the Community. China has a large labour force, transport does not play a decisive role in these sectors and with mass-production in a country with a state-run economy a rate of acceleration is quite possible. I am thinking of industries like the textile industry in our own area—which has already been spoken of today—and of certain sections of the engineering industry. I consider the question to be important because such industry is principally located in economically weak areas and because we have to a great extent solved our agriculture problem by siting factories of this kind in these weak regions and in regions where restructuring is taking place. I should therefore like to request the Commission firstly to take a long-term view in this instance and to draw up a plan of how the development of trade in these products is likely to proceed, secondly to draw the attention of the Community's industry to these developments in good time, thirdly to take account of these weak areas when framing trading agreements and fourthly to provide aid for those regions where conversions become necessary as a result of the expansion of this trade.

That was the first point. My second request is as follows: if cooperation with this gigantic economic area should come about, it should, I think, be on the broadest possible basis. I would therefore consider it right for contacts to be made now, particularly with the USA, with the aim of cooperation in this important sphere. I think that the present moment would be a very good time to do this as these trade matters must in any case be discussed now. I would therefore like to ask the Commission to bring up this problem, of trade with this important area, at the forthcoming negotiations as a point for discussion, if possible with the intention of achieving joint USA-EEC action.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) I should like to say, Mr President, that the course of the debate is such that we must obviously discuss criteria and offer suggestions.

Cifarelli

I should like to say to the Commission that I find it clear that relations with China should be viewed in the context of relations with countries whose trade negotiations are conducted through state channels; the Commission should therefore ensure that the Community's trade relations with these countries are constantly extended and strengthened.

This is the technical aspect of the problem, but there is also the political aspect. Here I would like to emphasise that it is in the interests of us all that we pursue these agreements with China, especially in view of the fact that, with the existing balance of world power, among the Eastern European and Eastern Asian countries the main support for the European Community is to be found in China. Obviously the Community will not take sides in a major conflict which we all hope will be resolved in the broader interests of peace and freedom, but since we must act according to the dictates of the actual political situation I think that the reply to the third point raised in the question under discussion should not be so cautious as to rule out any political implications.

The gist of the reply should be that constructive political and cultural links between the EEC and the People's Republic of China should be forged without delay and if necessary there should be integration of products and capital equipment for the purposes of development.

I believe that this is the political significance of the debate being conducted today, both for the technical reasons which I have already stated and in the cause of peace itself; but of this the Nine individual Governments and the Community as a whole are certainly aware.

President. — I call Mr Bersani.

Mr Bersani. — (1) Mr President, I consider that relations with China offer the Community a unique opportunity of great political and economic significance. I agree that it is a matter of urgency that specific steps be taken. As we have been reminded by our colleagues, there have been visits by foreign ministers and many contacts have been established, although these are still purely bilateral. This series of initial measures has paved the way and created opportunities; it has undoubtedly served to clear the air, to create an appropriate climate. At all events, since we are now being received in an extremely open-minded fashion by the Government of the Chinese Republic and—at least according to the statements that have been made—with a desire for positive developments, specific measures can now undoubtedly be implemented.

I believe this will be useful, especially as the promotion of such relations with China may form part of the Community's wider, world design, which we all today believe to be not so much a positive responsibility as the fulfilment of a specific duty. In this sense, too, the furtherance of normal relations with China seems to me to be consonant with the reasoning underlying our development, with the reasoning underlying the role we are called upon to play on the international scene. In our dealings with China, it would be wrong of us to place too much emphasis upon industrial and commercial aspects. China has its own specific programme of development, one that I believe differs greatly from those of other state-trading countries. We should adopt a very balanced view, a very balanced concept, in considering the possibility of cooperation. I believe that we can make an original contribution to this cooperation and this development which will help to show a new face to the world, the gift for specific initiative peculiar to our Community.

President. — I call Mr John Hill.

Mr John Hill. — Mr President, I would welcome any closer relationship between the Members of this Assembly and the people of China, as my colleague, Sir Douglas Dodds-Parker, has suggested. Earlier speakers in this debate have not raised certain issues of trade which perhaps deserve greater amplification by the Commission at some stage or other. I think it was Mr Premoli who mentioned that, with effect from 1 January of this year, the commercial policy of the Community as a whole would be laid down in trade treaties to which the Member Countries would have to conform. And, therefore, when one is dealing with a country which concentrates upon State trading, we shall need some guidance as to the relationship between any treaty that the Community might enter into with the Chinese Government and its effect upon individual member countries of this Community. For example, it might be that the Chinese Government would wish to conclude a trade agreement with this Community as a whole. That would seem to set a totally new precedent. But, irrespective of that possibility, I am wondering how we should deal with certain problems that might arise in those commodities of which China may, from time to time, have the greatest need. We have already referred to the question of cereals. If, as so often happens, nature simply gives the Chinese people a very bad harvest, then China comes out into the world to buy cereals. Now, it may well be, that from within this Community we would have a surplus of some cereals and there-

Hill

fore would be competing on the world market as offerers of surplus to the Chinese. It would seem to me, therefore, that some guidelines would need to be established so that the Chinese, who would presumably wish to buy their surpluses as cheaply as possible, would not find Members of this Community perhaps competing somewhat unfairly because of the export restitution procedure with, say, the United States of America or other third countries in the world who are themselves cereal suppliers. I would therefore be grateful if the Commissioner could indicate at some stage not necessarily this morning, whether some criteria and guidelines should be established for the behaviour of member countries within this Community and of the Community itself in its dealings with the Government of China.

President. — I call Mr Sandri.

Mr Sandri. — (1) Mr President, the theme is certainly one of very great significance and it cannot be covered in the few minutes allotted to us. This is one of the dominating themes of world policy. I should merely like to point out a singular aspect that has come to light in the course of the debate and to ask the Commission a question. The singular aspect is the fact that we have spoken of the People's Republic of China as emerging from its voluntary isolation. Substantial changes in the policy of the Chinese Republic have undoubtedly been made but I think we cannot speak of voluntary isolation when we in Europe recall how China has been doggedly excluded from any international assembly for the past twenty years or so. Within the European Community itself one State, the United Kingdom, has had relations with the People's Republic of China for twenty-four years, and there is still one State which has no relations with the People's Republic of China. All this shows, therefore, that this isolation has been a manifestation of the cold war, a war that the world is now ready to settle.

Having stated this, the question I should like to put to the Commission is the following: how, in the more strictly political sense, does the Commission intend to embark upon its common Community approach to the People's Republic of China? Four EEC foreign ministers have recently visited Peking. It has been reported, we trust erroneously, that while the Government of the People's Republic of China is adopting a more open attitude towards Europe, it wishes to see a Europe united and integrated not only economically and politically but also in military terms. We hope that this agency report is not in fact the truth.

We would like the Commission's opinion on this aspect: in particular, we would like to stress our hope that the Community will attempt to bring about the closest possible relations with the People's Republic provided that it does not become an instrument of the cold war in a new international situation, but conducts effective policies to help the People's Republic of China emerge from its state of underdevelopment. By its actions, the EEC would thus help to restore international equilibrium, which will certainly be impossible if today's world-wide conflicts are still raging.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President, C.E. — Mr President. This has been a timely, an instructive and an interesting debate. It has been timely because I think it is from the Commission's point of view useful that we should be appraised at this point in time of feelings of honourable Members over this question which will obviously become, as we see it likely to become, of increasing importance over the years ahead. Let me say straightaway that I and my colleagues are in full agreement with those who have said that this is a matter of great importance, not only in an economic, but also in a political sense. And this one feels, from what one reads coming out of China, to be something which is appreciated by the Chinese Government as well.

Now, one or two questions have been asked—and of course the Commission is particularly concerned about this—as to how there might be developments in the future over a common commercial policy towards China. And in this respect, one or two honourable Members have pointed to the fact that this is a state-trading country and have asked whether this in itself does not present very great difficulties. But of course we have our ways of making agreements with state-trading countries. There are already many technical agreements with state-trading countries in which we take into account the fact that they have a different pricing policy to the one that we are accustomed to, and this has to be taken note of, and it affects, to some extent, the type of agreement which can be made. But this in itself would not stand in the way, should not stand in the way, and has not stood in the way of the Community arriving at a common commercial policy where any state-trading country is concerned. Now, I was very glad to hear the feelings of the House on this question.

I think there is a current, a common conception, running through the whole debate of hoping that relations with China would develop. I was particularly glad to hear Sir Douglas Dodds-

Sir Christopher Soames

Parker's account of his visit to China. He raised the question as to whether some arrangement might not be made for a delegation from this Parliament to go to China. But this, of course, is not for the Commission to say. I take the point that this is something which is close to his heart but this would be of course something for the Parliament to decide, not for the Commission.

As I say, it has been interesting and encouraging to hear the words spoken by honourable gentlemen today. I don't think I would agree with Mr Jahn, if he will forgive me, in saying that the attitude that I took in answer to the question today is too passive. After all, China is a big country, and China knows her way round, and China is taking the steps that she requires, in regard to her relationships with Member States. And she knows perfectly well what the Commission is here for, what its duties are, and it is not really for us to tell China what she should do. In my answer I pointed out that we already have relationships with some 90 different countries, and in no instance did the Community, did the Commission itself, make an advance. But I feel it would be best if Honourable Members would take it that we have reason to think that the Chinese are perfectly well *au courant* with what is necessary, with what the Commission is for and what China's relationships could be with the Commission, and I am sure that what has been said in this debate will be studied with great interest, not only within Europe but also inside China. I think it would be counter-productive, and I don't think it would be in the interests of furthering Community-Chinese relations in getting under way if I were to go myself further today than I went in the question. I confined myself to saying what I did, because I believe that the way that we said it is in fact the way in which it is likely to further the future development of good relations with that great nation. Thank you very much.

President. — Does anyone else wish to speak? The debate is closed.

5. Address of welcome to Mr Jean Monnet

President. — Ladies and Gentlemen, I should like to interrupt the discussion for a moment to welcome President Jean Monnet, one of the promoters of the European idea. We are glad to note his unwavering interest in the great work which was begun a long time ago now and in which he was an eminent pioneer. We do hope that the European Parliament will have the honour to welcome him on many more occasions.

(*Applause*)

6. Sixth General Report and annual programme of activities of the Commission for 1973

President. — Ladies and Gentlemen the next item on the agenda is the introduction by the President of the Commission of the European Communities of the Sixth General Report of the Commission of the European Communities on the activities of the Community in 1972 and the Commission's annual programme of activities for 1973.

I call Mr Ortoli, President of the Commission of the European Communities.

Mr Ortoli, President of the Commission of the European Communities. — Mr President, Ladies and Gentlemen... By tradition, it is my honour, when presenting the General Report reviewing the Community's activities in 1972, as provided in Article 143 of the Treaty of Rome, to outline the programme of action envisaged by the Commission for 1973. I am very happy to do so. For your encouragement, your suggestions, but also your criticisms, are quite indispensable to the Commission, whose primary function is to initiate new steps towards the building of the Community.

1972 was a crucial year, in the fullest sense of the word, in the Community's development. It was the last year of the Community of the Six and it saw the establishment of interim mechanisms and procedures by which the applicant States were associated with the activities of the Community, so that the integration of these States which is now taking place could go forward smoothly. In fact, the Community of the Nine was a political reality in 1972 before it became a legal reality at the beginning of 1973.

This political reality of the enlarged Community found expression at the Conference of Heads of State or Government held in Paris from 19 to 21 October last. The scope of the action which the conference envisaged, the variety of spheres which it opened up to Community jurisdiction, and the vigorous stimulus which it gave to the Community institutions, are a measure of its success. That success was to a large extent the result of the serious manner in which the Conference was prepared and of the political will so strongly expressed; but it was also attributable to the advances made in various fields during the preceding months.

Here I shall simply recall briefly:

- the progress achieved in economic and monetary matters;
- the Directives adopted in April which launched a policy on agricultural structures;

Ortoli

- the effective commencement of the operations of the reformed Social Fund;
- the new Directives on the removal of the technical obstacles to trade;
- in the field of external relations, the signing of agreements with some of the non-applicant EFTA countries, the continuation of active relations with the Mediterranean countries, marked by the signing of new agreements, and the adjustment of existing agreements.

No doubt the brief outline which I have just given will strike you as incomplete. But the extent of these achievements is such that every member of the Assembly will be fully aware of them.

The intentions and the commitments set out in the Final Communiqué of the Summit Conference must now be turned into official acts — or rather into actions. Ever-present in the minds of those taking part in the Conference was a concern to establish a European identity. In this, they were expressing a heartfelt desire, shared by all our peoples, to differentiate ourselves from the rest of the world, not only to play our own role in the world and thus take Europe's destiny into our own hands, but also to formulate and implement the plan for a civilization which, to quote Léon Blum, would again be human.

If a European identity is to emerge, Europe's place in the world must first be defined. Then Europe must be given a form of organization, a structure which, through the interplay of economic, monetary, social, industrial, regional and other policies, would put it on the road towards irreversible union. Finally, all our actions must be guided by human concern and a willingness to participate, precisely because today the main lines of a new civilization need to be laid down.

But before discussing these three points, I must tell you how fully, in its first months of operations, the new Commission has taken the measure of the task before it and the limited time available, and thus realized that if the work is to be done properly and punctually we have to get organized. This is why we were determined to lose no time in allocating responsibilities among the members of the Commission, drawing up timetables and establishing working methods which would ensure consistency and speed.

In doing this we took particular care to retain and develop the collegiate nature of our work. We shall make a systematic effort to ensure that the need for speed, and the need to allocate duties in the preparatory work to those who can best fulfil them, will in no way detract from

our collegiate responsibility, which is growing stronger despite differences of temperament or opinion. We all have the same conception of our task, and share a common team spirit.

As regards external relations, in the next few months the enlarged Community will have to assume responsibilities commensurate with its weight in the world.

The role played by the Six vis-à-vis the outside world was already a proof of the 'European presence'.

But enlargement, the will to build up the Europe of the Nine as expressed in the Declaration of the Paris Summit, the awareness throughout the world of what we represent, give a new economic and—let us face the fact—political dimension to the definition and conduct of the Community's international relations. This comes at a time when the facts of international political and economic relations to which we have been accustomed since the end of the Second World War are undergoing profound changes. The Community itself is, of its very nature, a dynamic force and this, together with the Community achievements which cement together the Europe of the Nine, should enable it to make an original contribution, through dialogue and negotiation, to the establishment of a new international economic order.

A constructive dialogue must be pursued with the industrialized countries.

The most important of these countries is the United States. We must understand that that great nation, which, like the rest of us, is confronted by major economic and political change, must also, like the rest of us, examine the state of its relations with other countries. And the United States, for its part, must understand our responsibilities and our problems.

The Commission knows that Community developments have not been detrimental to the interests of the United States, and is convinced that it is necessary to rise above bickering over intentions or figures and get down to settling problems in a spirit of goodwill and mutual trust. It will then be found that the difficulties, however natural, will not outweigh the mutual advantages to be derived from our relations as a whole.

The Community has started negotiations for the conclusion of a trade agreement with Japan. Although there is a common desire to ensure that trade develops satisfactorily on the two markets, there is also, in fact, a growing imbalance in this trade, and the risk of situations that could endanger employment or regional balance, which explains the importance attached

Ortoli

by the Community to the establishment of safeguard measures.

The Community will also have to consider the situation of countries like certain Mediterranean countries covered by existing agreements whose content has been changed following enlargement. However, as you know, the Commission has submitted proposals to the Council for a comprehensive approach to the Mediterranean area on which the Council will shortly take a decision.

Moreover, the procedure and the timetable are before us: the Community will have to participate in GATT in negotiations whose importance will be equalled only by their complexity. For example, we will meet many of the problems which characterize our relations with the United States.

These negotiations, which will be a kind of test of truth, are due to begin in the autumn. On the basis of the proposals which the Commission will put before it, the Council will have to define the Community's position by 1 July.

The importance of the Community's place in the world is also demonstrated by the interest expressed by Eastern Europe, the Soviet Union and, as you have just mentioned, China.

We like to believe that, to those who have considered the matter, the Community is seen not only as a factor in the economic prosperity of its Members, but also as a factor making for the relaxation of political tension in Europe and in the world.

It is in this spirit that we shall participate in the preparations for the coming Conference on Security and Cooperation in Europe.

The question of our trade policy towards Eastern Europe was raised before you in January. I will not, therefore, repeat what Sir Christopher Soames told you on behalf of the Commission, nor do I need to stress again the importance which we attach to developments in this field.

In any event, we must certainly give positive thought to any factor which could improve our relations with the Soviet Union and Eastern Europe and develop relations with China, and which, through increased trade, could lead to greater understanding between nations and thus form the basis for fruitful and close co-operation.

Finally, there is a question to which we must attach particular importance, not only because there is a responsibility and an obligation to take action on a problem of such magnitude and constantly developing urgency, but also because

of the idea which Europe must have of itself and its objectives. As the Summit Communiqué said, we must 'respond even more than in the past to the expectations of all the developing countries'. This is not a political duty: it is central to what we are and what we believe.

From the outset the Community has shown its sense of solidarity with the developing countries with which it has historical ties. But this is not to say that it has forgotten the other less privileged countries.

The Paris Declaration laid down common guidelines: the promotion of agreements designed to stabilize markets and increase exports of primary products, the extension of generalized preferences to ensure a steady, substantial increase in imports of manufactured products, an increase in the volume of official financial aid and improvement in the financial conditions of this aid, particularly to the least developed countries.

This will be the initial basis on which the Commission will take action to prepare for the implementation of so clearly expressed a political will as regards all the developing countries, whether in Latin America, Asia or Africa.

This overall view of the problem of the developing countries and of Community responsibilities towards them must be taken, as the Summit Conference stated, without detriment to the advantages of the countries towards which the Community has special responsibilities.

This year will be marked by the opening, on 1 August, of negotiations with the African and Malagasy States associated under the Yaoundé and Arusha Conventions, and also with a number of Commonwealth countries which, under Protocol No. 22 of the Treaty of Accession, have been offered various formulae for regulating their relations with the enlarged Community.

The Commission emphasizes the great political importance of this offer, which, since 1 January 1973, has constituted a firm undertaking by the Community to negotiate with any of these countries which so desire. The Commission sincerely hopes that these countries will enter into contact with it in order to enable it to furnish them with all the explanations that may help them to state their intentions as soon as possible — at all events, before 1 August 1973.

In carrying out these various actions, we must constantly bear in mind that such a policy is an overall policy. We also know, and the Member States must know, that, by the same token, Europe's identity must manifest itself when the international monetary system is reformed — a measure whose urgency is rend-

Ortoli

ered all the more obvious by the new crisis which we are passing through. If order is to be restored to a system whose upheavals are jeopardizing all the world's economic, commercial and financial relations, it will be necessary to find the wise, equitable and lasting solutions which the situation demands. Let us hope that the voice of a united and indivisible Europe will make itself heard in this most important matter.

I wrote these words on Saturday. I do not know whether I should modify my line on any particular in the light of the news we have since received, but I am firm in my conviction on the conclusion which I have reached. This is a matter of capital importance to Europe. Let me express the hope that, on this specific issue, we shall demonstrate our unity and solidarity.

(Applause)

Turning to the problems of the Community's internal development, we find, at the heart of our endeavour, Economic and Monetary Union.

The wheels are turning: considerable progress has already been made by setting up machinery for cooperation and for concerted action on short-term economic policy, short- and medium-term financial support, and the harmonization of economic policies as part of the initial steps for medium-term planning. The ground has been prepared for the approximation of the Member States' thinking on all the forms of economic, financial, industrial and commercial action which must be put into effect as part of the process of building a solid monetary union.

But in the past, and more especially today, we have often come up against disrupting factors, such as the amplification of inflationary trends on an international scale and the virtually permanent crisis in the monetary system, which make the pursuit of our objectives more difficult, but also more necessary.

A few days ago, reflecting on what we were witnessing, although not knowing what the outcome of the crisis through which we have just passed would be, we found that it strengthened three convictions held in the Commission.

Firstly, in each of our Member States the arrangements for reacting to violent speculative movements which have unacceptable disruptive effects must be established in such a way, and have such a permanent character, that two aims may be achieved. The first is to nullify the effects of such movements on the internal economy. The second is to discourage them without delay when they do arise, by following procedures which are sufficiently uniform in our various countries to preserve the cohesion necessary to the union that we are in the process of creating.

Secondly, our arrangements must not only provide a means of reacting, but must also have a deterrent character. We must, as far as possible, create the basic conditions for preventing the recurrence of crises.

Finally, in this line of action we must find the opportunity of taking Community solidarity further.

The Commission, for its part, will assume the initiatives and responsibilities which fall to it in this area.

The pressing nature of the monetary problem must in no way cause us to relax our vigilance as regards the development of inflationary trends. In this connection, we have submitted to the Council the additional proposals relating to customs and commercial matters which were required of us. If necessary, we shall not leave it at that.

To get back to our work programme... we now have to prepare the next stage of Economic and Monetary Union.

The Commission has already submitted its proposal for the Statute of the European Monetary Cooperation Fund. In accordance with the timetable laid down it will submit, within the prescribed time-limit, the results of its deliberations on the completion of the first stage and on the allocation of duties between the Community institutions and the Member States, and in the course of the year its proposals on arrangements for short-term monetary support and thereafter on the conditions for the progressive pooling of reserves.

In the second stage, new action will be taken and current action will be continued.

Thus, more will certainly be required of the existing cooperation arrangements. Concertation of short-term policy should lead to the joint adoption of real decisions on economic policy by all the Member States of the Community. The instruments for monetary cooperation will have to be simplified and made more attractive to all the Member States. The Commission expects much of the European Monetary Cooperation Fund, which will be valuable not only because of the mechanisms for the multilateralization of settlements which it is to facilitate but also, and perhaps even more, because it will be an essential element in a dynamic monetary cooperation process. The harmonization of longer-term policies will have to be considered in great detail if the real unification of economic policies is to be prepared.

It is, nevertheless, clear that consultation measures alone, however well worked out, will not

Ortoli

be enough to achieve the unity of the Common Market. We shall have to proceed with concrete measures demonstrating the genuine progress made towards unification.

From a thousand possible examples, I will mention the creation of a European capital market, for which we have waited far too long. Would it not be possible—and present circumstances ought to encourage us—to get our countries gradually to reconsider their thinking on controls and at least to treat in the same way all transactors in the Community, of whatever Member State they are nationals or residents?

I would also mention the progress needed in tax harmonization. We shall put forward proposals relating, in particular, to harmonization of the basis for assessment of VAT and harmonization of tax arrangements for income from movables, and we consider it urgently necessary that texts should be adopted concerning tax arrangements for mergers and that provisions should be introduced concerning parent and subsidiary companies.

Again, I would refer to the approximation of company law, the formation of the European company, the recognition of a European patent, and freedom of establishment for insurance and banking services, which can provide a Community legal framework facilitating the interpenetration of our economies and financial systems.

Likewise priority must be given to the elimination of obstacles to internal trade, in particular by the elimination of technical obstacles and quantitative restrictions and by throwing open public contracts to all-comers.

I have now more or less reached the halfway stage of my paper, and I realize—as I did at the time of writing—how difficult it is to describe Europe. It is such a massive, wide-ranging task, covering such a mosaic of fields of action, where the relevant regulations are uninteresting but relate to matters that may be of the utmost importance. I have just referred to technical obstacles and quantitative restrictions. Quite candidly, these are both utterly depressing terms. Nevertheless, is it not the whole problem of the movement of goods and the achievement of a degree of industrial unity in Europe that lie behind these rather dull phrases?

In customs matters, the Commission welcomes the European Parliament's Resolution of 9 October 1972 on the abolition of controls in intra-Community trade. It will do all it can to comply with this Resolution in the context of the General Programme for the approximation of

customs legislation, in the hope of bringing matters to a rapid conclusion and thus making up for the delays of the past.

These practical measures, taken as a whole, will have to be accompanied by a more general scrutiny of the objectives and methods of economic policy. How, for instance, in our Community, are we to ensure that the purchasing power of economic agents increases with due regard for that internal and external equilibrium of major factors without which there can be no real and lasting growth? This is undoubtedly a problem of the greatest importance.

In support of this action, whose specific purpose is to establish Economic and Monetary Union, there are the policies known rather incongruously as the 'accompanying' or 'flanking' policies, which in fact form an integral, and to a large extent, decisive part of Economic Union.

The Summit Communiqué spoke of a single industrial base for the Community as a whole. In this field we are invited to decide on a programme of action to be adopted by the institutions before 1 January 1974. Of course, we will observe this time-limit, but proposals have already been made to this end: the creation of a specialized office to facilitate contracts between undertakings; a policy of opening up the public contracts market, giving priority to railway, heavy electrical and telecommunications equipment and equipment embodying the results of advanced technology; and the establishment of development contracts at Community level in order to finance certain joint innovations of companies situated in different Member States.

It is with this in mind also that the Commission has proposed closer coordination of financial resources and appropriate coordination of public purchases in the field of aviation and is examining the scope for similar action in data processing, nuclear energy and telecommunications.

I now turn to the Community's scientific policy, which was long restricted to the activities of the Euratom Research Centres, and to ECSC financing of specialized research.

On 5 February an agreement was at last reached guaranteeing four years' research activities for the Joint Research Centre at the level we proposed. I am confident that the life of the Centre, and in particular the existence of Community research, is assured for many years to come, not only in the nuclear sector but also, and to an increasing extent, in the non-nuclear sectors.

The Commission will now be able to continue its efforts to establish a European research, scientific and educational policy. These three portfolios have now been allocated to a single

Ortoli

Member of the Commission, for all three pose political questions for the Member States which, to a large extent, can only be solved by joint action.

As regards research policy, the Commission is convinced that it is necessary to look beyond nuclear research and consider the other sectors of the future. A European scientific policy, while remaining closely geared to practical ends, must be restricted to industrial applications which are immediately apparent. For Europe needs not only an industrial economy powered by research and its application, but also organized scientific cooperation from which all concerned will be able to derive the maximum benefit.

As regards education, we obviously do not wish to centralize European education in Brussels. We should like, together with the Member States, to organize an exchange of thoughts and views on the solutions put forward for the problem of the education and training of adolescents in our industrial society. We should also like to see the development of the need for and the habit of considering together the problems of Europe, for it is in our schools and universities that European mindedness will really be instilled. On a more practical level, we should like to try to reduce the obstacles arising from differences between qualifications.

As for the common agricultural policy, we must welcome the fact that it became applicable throughout the territory of the enlarged Community despite the complexity of the final decisions required. The Ministers of Agriculture of the new Member States have now been initiated into the Community's all-night marathon sessions, and we were able to meet the deadline of 1 February.

The Commission will soon have to submit to the Council its proposals for the prices policy for the next marketing year, together with proposals for new action in structural policy, with special reference to hill farming; and your Assembly will be called upon to discuss these proposals.

More generally, we shall not lose sight in our work of the need to combine action on the markets with action on structures, and to link the development of a policy which is satisfactory to our farmers with general economic considerations.

In the field of transport policy, the programme submitted to the Council in November 1971 will be supplemented by new proposals concerning, in particular, transport by air and sea, and urban and suburban transport. Encouragement should also be given to cooperation between our

Member States and between their undertakings in the development of new transport techniques.

Of course, the Commission will do its best to settle the questions of vehicle weights and size and intra-Community transport as quickly as possible.

It also believes that infrastructures must be more closely coordinated if Europe is to develop harmoniously, whether the aim is to unify the market to a greater extent, to facilitate the movement of ideas, people and activities, or to secure better regional equilibrium. This applies just as much to the Community as a whole as to our individual Member States. Finally, the Community wishes to give energetic attention to the questions of road safety and the harmonization of traffic rules with a view to formulation of a European Highway Code.

In another field, the Summit set us an ambition of particular importance: I refer to the energy policy. My colleague, Mr Simonet, has just called to mind some aspects of this question. I should like to say that we are thoroughly convinced that this is a sector in which European cooperation is going to prove both feasible and essential. I shall not go over the familiar ground of the problems confronting the world in this area. But we for our part believe that, in addition to a series of measures in the oil, natural gas, coal and electricity sectors and even the nuclear energy sector, it is clear that, when formulating our proposals—some are already finalized—we shall have to establish a general framework in the light of the need for secure supplies obtained from reliable sources on the best economic terms. But we also believe that we must give due consideration to other parameters of equal importance.

There are the protection of the environment and the rational use of energy and here joint action may be taken. Again, there is the development of scientific and technical research including research into the most rational use of energy. We agree with Mr Simonet that it is not absurd for the Community to devote part of its brilliant scientific intelligence to investigating new sources of energy or the best use of the range of sources to energy at our disposal. Thus, in external policy, we must deal with the problem of establishing or developing the Community's relations with both the exporting countries and our fellow importing countries. I feel we have reached the stage at which the energy policy is becoming a fully-fledged policy, and it must be a European policy.

Of course, among all the measures which can be contemplated, some must be given priority, particularly those which can improve the Com-

Ortoli

munity's energy supply situation and complementary measures to provide machinery enabling the institutions of the Community to exercise a degree of administrative control over the energy sector.

This is an ambitious programme, but as I have said, we believe that the importance of the energy sector warrants such ambition, which is integral to the development of the Community. This is one of the reasons why we hope that a Council of Ministers responsible for energy will meet as soon as possible, at least during the first half of the year. On this subject also, the Commission has made its proposals and will supplement them in good time for the Council of Ministers to have full details before them.

As regards competition policy, you heard a very detailed report yesterday from my colleague Mr Borschette. I shall thus confine my attention to stressing one or two points.

The communiqué from the Paris Summit Meeting referred to the need for the formulation of measures to ensure that mergers affecting firms established in the Community are in harmony with the economic and social aims of the Community, and the maintenance of fair competition within the Common Market. The Commission will act in this spirit both as regards individual decisions and in its general emphasis to ensure control over concentrations, agreements and state aids.

I now come to regional policy, which we consider essential to the establishment of a balanced social and humanitarian Europe.

Here too closer coordination of national policies and defining common criteria for the granting of aid constitute the first steps to be taken. This will be one of the main themes of the Commission's report on regional problems which we are drawing up at the request of the Paris Summit Conference.

Such coordination, and joint action also, will be given a new stimulus when the Regional Development Fund, financed from the Community's own resources, is set up, not later than 31 December 1973. This is one of the files to which the Commissioner responsible turned his attention immediately, since it is clearly closely tied up with the general presentation of our regional policy.

Studies are also in progress on the use of 50 million u.a. financed from the budget of the Guidance Section of the EAGGF, for the creation of industrial employment in depressed agricultural areas; on the creation of a Regional Development Company for the purpose of

guaranteeing industrialization loans at Community level, and on setting up a regional policy committee. No doubt, these will provide us with material for some very interesting debates.

The Commission is convinced that regional policy is a major factor in the development of Economic and Monetary Union. This policy, which can only be complementary to the efforts of the Member States, must of course be applied to declining agricultural and industrial regions. But it must also enable the more prosperous regions of the Community to improve their quality of life.

In my opinion, this question of the quality of life must be taken into consideration more and more as the Community edifice rises. For we must build a Europe which will serve mankind, as we have often said in the past. We can not repeat this too often.

I come now to the third part of my paper.

To speak of a Europe which will serve mankind is first and foremost to seek to put into effect a broad-based social policy and play an active part in protecting and improving the environment. But it also means setting out to make our peoples participate, directly and indirectly, in the work of building Europe.

The Heads of State and Government reminded us that vigorous action in the social field cannot be dissociated from the realization of Economic and Monetary Union. They also asked the institutions of the Community to draw up a programme of action in the social field by 1 January 1974, having consulted both sides of industry.

We shall therefore be stepping up our activities in the fields of employment and living and working conditions.

In the restructured Social Fund, the Commission has a very important means of intervening in employment matters. The purpose of the Social Fund is to make it possible to implement a policy for the solution of existing difficulties; but it has an even more important function, and that is to prevent such difficulties from occurring at all, by means of a suitable forward policy bringing Community solidarity into play whenever the common policies or the Community economic situation give rise to quantitative or qualitative employment problems. For example, decisions have been taken to help agricultural workers leaving their farms and to help textile workers, whose employment difficulties were largely due to the restructuring of their industry. The Social Fund is therefore seen as an important instrument of industrial and regional policy as well as of social policy.

Ortoli

In order to implement a policy of full and better employment successfully, substantial progress must be made in the harmonization of vocational guidance, training and retraining if the men and women of Europe, and especially young people, are to be prepared for the occupations which are most useful both to them and to society as a whole.

In the field of living and working conditions, the Commission believes that it is particularly necessary to harmonize procedures for group redundancies—a proposal for a directive has been submitted to the Council—and measures must be laid down to provide appropriate procedures for mitigating the social effects on workers of company mergers and of growing extent of concentration in industry.

Similarly, extending the action already taken by the Community, and with a view to improving the quality of life, the Commission proposes to help in working out measures and standards concerning the health and safety of workers, both at their place of work and in their living conditions in general.

This year will be a particularly important one from the social policy point of view because it will see the establishment of the draft action programme provided for in the Final Declaration of the Paris Summit Conference. Without going into detail, I can tell you that this programme will cover employment questions, in the broadest sense of the term, improvement of the quality of life both at places of work and elsewhere, and the democratization of economic and social life in the Community.

Questions of the quality of life obviously bring the Commission to consideration of the environment. Before 31 July, the Community institutions are to draw up a programme of action accompanied by a precise timetable.

This will involve the introduction of a programme for reducing air and water pollution, *inter alia*. It is necessary to find the most economical solutions best suited to this purpose, but it is also necessary to continue, under the general programme for the elimination of technical obstacles, with the standardization of product specifications, dealing with pollutants as a matter of priority.

We must also attend to the implementation of the agreement relating to advance notification of all national measures concerning the environment, which the Council adopted in December 1972.

Finally—and, to me, this seems very important, being of wider significance than the technical aspects of the environment—we must set our

minds on looking beyond the strictly technical problems and, in our other policies which are ostensibly unrelated to environmental matters, but in the last analysis determine the course of Community policy, we must display a constant concern to protect and improve our habitat. Environmental policy is less specific than any other policy. Although it has its special cases, its techniques and methods, it is derived principally from an overall conception of a problem which affects the whole economy and even the whole of our society, and it would therefore be too limiting and completely inaccurate to form a view of it exclusively through the regulations it introduces.

As I draw towards the end of this presentation of our work programme, having presented a whole series of policies and projects, I naturally measure the magnitude of the task before us. But after this necessary though, inevitably rather dry enumeration, I also measure how difficult it is, with so many programmes, dates, technical details, to make our peoples understand the vital importance for each citizen of work which sometimes lacks lustre. Alas, very often the impression people have of our joint endeavours is not one of imagination, boldness or political will, even though they are the underlying inspiration. It is here that the need arises to associate the peoples of Europe in building the Community. There are three lines of action which we must follow together in trying to be more successful in this than in the past.

The first is to provide objective but comprehensible information. We feel we must provide this information, and the Commission is determined to do so. We must make a greater effort to reach all the social classes, get across to our younger generation, further decentralize our information activities, and thus make a stronger impact on our Member States, especially the new Member States and their regions. Furthermore, we must ensure that third countries get to know more about this Europe, what it is, why it takes the standpoints it does, what its not inconsiderable contribution is. I know that you share this feeling; and, in preparing our information programme for 1973, we will take full account of the debates which have been held in the Assembly.

The second is to improve and broaden the scope of dialogue with both sides of industry. Alongside and in addition to the "institutionalized" dialogue in the Economic and Social Committee, the Standing Committee on Employment, and various specialized groups and committees, we intend to seize every reasonable opportunity for exchanging information, making contact and holding discussions with the representatives of management and labour.

Ortoli

The third of these lines of action is to foster the institutional dialogue between Commission and Assembly and to strengthen the Assembly's role in the Community's activities.

In accordance with your legitimate wishes, agreement was reached at the Summit Conference on the need to strengthen the powers of control of the European Parliament in the light of the undertakings given by the Commission and the Council on 22 April 1970. The Heads of State and Government invited the Council and the Commission to put into effect without delay the practical measures designed to achieve this strengthening and to improve the relations between our institutions and the Assembly.

But the first question is that of what I might venture to call the day-to-day relations between our institutions. Obviously, during the five busy weeks since we took office it has been physically impossible for us to finalize the various measures which could be envisaged. It has been all the more difficult because the Commission wishes to do this in the light of your opinions. We shall therefore wait for the results of the work which, I understand you yourselves have undertaken on the matter, so that we can take them fully into consideration. Let me say here and now that we are ready to work with you, and our attendance at your committee meetings and also the very wide-ranging exchanges of views which, I believe, have begun to get onto an established footing bear witness to the fact that this not merely a way of offering you a question and answer dialogue, but rather an expression of the Commission's willingness to approach Parliament and enter into the fullest discussions of the various problems, both in the committees and—I shall return to this in a moment—in the plenary sittings. Moreover, to a large extent, this is no more than the continuation of a dialogue which is already established, for much was done by previous Commissions in response to requests from your Assembly or its Bureau.

However, I can already tell you how much we are determined to avail ourselves to the full extent of the powers given by the Treaties in a field where no lengthy studies are required, since it is largely a matter of mental attitudes and political will. I would like to talk about the importance which we shall attach to the opinions you will be delivering on our proposals.

The Commission assumes that the main texts which it is to submit to you and notably, in the near future, the texts required of us following the Summit Conference, will be the subject of political debates in your Assembly from which clear and firm positions will emerge. I can tell you already that the Commission, which will

have taken an active part in your discussions, will be willing to re-examine its proposals in the light of your opinions and to amend them, where necessary, in accordance with Article 149 (2) of our Treaty. We wish to give that Article its full political weight, over and above mere technical responses to amendments of detail.

A second deadline is approaching rapidly. On the basis of the report which the Commission is to submit before 1 May 1973, the Community institutions and, where appropriate, the representatives of the Governments of the Member States are invited to decide on the measures relating to the distribution of duties and responsibilities between the Community institutions and the Member States which are necessary to the proper functioning of Economic and Monetary Union. I cannot yet give you any indication of our intentions in this matter, since the content of our technical proposals will obviously determine the scope of the institutional proposals; but you may rest assured that we are aware of that deadline and of its importance.

When I spoke to you on 10 January, I stated that the Commission intends to adhere strictly to the undertakings given by its predecessors in respect of your budgetary powers; you recalled these undertakings on 12 December last. I now solemnly confirm these undertakings before you. In the first half of this year the Commission intends to submit its proposals for increasing the budgetary powers accorded to you in the Treaty of Luxembourg.

In drawing up these texts the Commission is ready to consider the opinions which your Assembly or its responsible committee will communicate to it, without prejudice to the institutional procedures which will come into play after the submission of our proposals.

Thus, in the coming months we shall have several opportunities of going more deeply into the question of the Parliament's powers, having regard, admittedly, to undertakings already given but also to the question of the allocation of duties between the Member States and the Community. For our part, we are determined to bear in mind the need to ensure that our institutions can function democratically by associating our peoples as far as possible with the life of the Community.

We are all the more encouraged in this course since we have now been given the major objective of transforming all relations between Member States into a European Union before the end of 1980. Your distinguished Assembly, like the Commission, will have to take part in drawing up the report which the institutions must make before the end of 1975. This will

Ortoli

provide an opportunity for outlining, in the light of the experience of our institutions and in particular of experience gained during the first stages of Economic and Monetary Union, an overall conception of the aims and structures of the European Union, which also means a conception of a European democracy, a modern democracy reflecting the needs of the Community of the Nine and the requirements of the new society at the end of this century.

It is in this perspective that the Commission, during its term of office, intends to contribute to the development of your institution. The dialogue which will be established with the Assembly, and the debates which you will hold on this grand design, will be vital elements in determining the substance of our own initiatives.

Mr President, Ladies and Gentlemen, I have now fulfilled my duty in completing the necessary task of outlining the Commission's plans for the year ahead, naming the issues to which it intends to give particular attention, and giving a few early indications and at least the general framework of what this year could hold for Europe.

Let me say that this type of exercise is unsatisfactory from two points of view.

It is essential to say what we are going to do. And because it is essential to say what we are going to do, one cannot avoid going into some detail. This clearly tends to place all the various points on an equal footing, despite any efforts one makes to lay particular stress on any of them. Moreover, it is quite clear that there are two or three major options of far-reaching significance on which, although we must maintain an overall view, we shall be working day after day.

When talking of external relations, I ended by saying that when one sets forth the policy, it has the outward appearance of a series of interlocking policies. But there can be no doubt that one of our tasks in the future will be to ensure that the various policies we propose are consistent with each other.

A second issue is that of Economic and Monetary Union, which is basically two problems.

Firstly, are we able to make a range of policies converge to the critical stage when it will be possible to say: yes, this is union?

Secondly, are we capable of achieving a joint economic and monetary policy together? I do not refer here to the specific problems, the 'flanking' or 'accompanying' policies, or to matters of detail or particular measures which may be introduced as part of Economic and

Monetary Union, but to accelerating the process of preparing the ground for the setting-up of the monetary cooperation fund and to the problems of establishing a monetary union. This is one of the Commission's tasks—to seek an overall process which will be both comprehensive and sufficiently rapid to enable us to keep abreast of rapidly changing circumstances and the very real needs of Europe?

The same is equally true of social matters as a whole, which are extremely difficult, because they relate, not only to the manner in which our peoples will be associated with our work, but also to the way in which they see the objectives of our endeavours. How are we going to set all this in motion?

We shall be doing everything in our power to ensure that our action is sufficiently broad-fronted to be an overall policy, rather than an accumulation of technical decisions which would lack the overall perspective of a policy as such.

In presenting a document like this, one realizes that it is very difficult at the beginning of our term of office to talk of problems on which much work is to be done and a collegiate conviction is yet to be defined. Inevitably, our standpoint at this stage is derived from what we have adopted from proposals already made or the first ideas we have formulated ourselves. But a whole process is under way: files are being made up, and aspects of both monetary and regional policy are under close examination as we bring our minds to bear on them in small select working parties. All this makes one realize how very difficult it is to present a work programme in the wake of the Summit Conference, which has added much new work, and before the Commission has finalized its philosophy.

This is not to say that we find our task too difficult. On the contrary, we find it thoroughly exhilarating and are determined to carry it through, occasionally standing back from the close work to get a better view of the overall pattern of the tapestry we are stitching.

Clearly, we shall be discussing the overall pattern with you just as much as the detail. As I mentioned a few moments ago, I hope that there will be comprehensive debates when the time comes for discussing common policies. Indeed, it is the general line we take which will be most important, and this, I believe, is the level at which you have much to contribute, the area in which we consider the political dialogue assumes its true dimension. At all events, let me assure you once again that, in the Commission, you will find a partner.

(Sustained applause)

President. — Thank you Mr Ortolì for the brilliant report that you have just given us. I would remind you Ladies and Gentlemen that the discussion of this report is planned for tomorrow afternoon.

We are now going to adjourn until 3 pm.

The sitting is adjourned.

(The sitting, which was adjourned at 1.10 pm, was resumed at 3.10 p.m.)

IN THE CHAIR : MR BEHRENDT

President

President. — The sitting is resumed.

7. Approval of the minutes

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

Are there any comments?

The minutes are approved.

Ladies and Gentlemen you all know of the technical difficulties connected with the new sound and interpreting system. To ensure that all Members hear each speaker properly it is essential to press the black button at the foot of the microphone before each intervention.

8. Change in the agenda

President. — Ladies and Gentlemen the Commission has informed me that it would like to make a statement on recent events in the monetary sector tomorrow morning following the report by Mr Hillery.

Is there any objection?

That is agreed.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — (E) With reference, Mr President, to what you have just said, do I understand that the report from the Commissioners concerning the monetary situation will be debatable or will not be debatable?

President. — This point is currently being discussed by the chairman of the Political Groups. It is possible that a motion for a resolution will be tabled.

During the course of a discussion with the chairman of the Groups this morning, the possibility was envisaged of a debate in which each Group would have only one spokesman. Ultimately however the decision is for the House to take and will depend on the position adopted by the Groups during the course of the afternoon.

That is the position at the moment.

9. Participation by Parliament in the conclusion of trade agreements with third countries

President. — The next item on the agenda is discussion of the report by Mr Giraudo drawn up for the Political Affairs Committee on the procedure for participation by Parliament in the conclusion of trade agreements between the Community and third countries (Doc. 300/72).

I call Mr Scott-Hopkins on a procedural motion.

Mr Scott-Hopkins. — (E) Mr President, I am sorry to take up a very brief moment of your time on a very mundane matter. It is a point of order concerning the administration here. I would be very grateful if you, Mr President, could see that the maintenance people do something about the slamming of these doors which, during the speech of the President of the Commission, was going on the entire time and was very interruptive to our concentration on the very important words the President was saying. In point of fact, these doors all the way round, if anybody comes in or out, go bang! bang! bang!—it's like a machine gun and if possible, could the maintenance men do something about it?

President. — I trust that this observation was heard by everyone. I shall give fresh instructions to ensure that exits and entrances are a little less noisy. I must however point out to you that many of those who come to speak to you often do so at your request to bring you information that you have asked for. I think therefore that we can ourselves help to improve the situation.

I call Mr Giraudo to present his report.

Mr Giraudo, Rapporteur. — (I) Mr President, honourable Members, on 1 January last, at the time of the great event of the Community of Nine, the full common commercial policy was finally launched. The date also marked the end of the exceptional three year period during which Member States could conclude bilateral negotiations with state-trading countries. As of that date, the commercial policy of the Member States must be integrated with the common

Girardo

commercial policy. In consequence, not only must trade agreements with third countries be negotiated and signed by the Community as such, but at the same time the competence of national Parliaments, when this is envisaged in the approval of these agreements, will cease. All this, Mr President, constitutes a reason for a qualitative strengthening of Community action, especially if—as we have learned from statements and authoritative comments over the past few days—the common commercial policy is to be accelerated, in the sense that it is to be extended to almost all relations with third countries in all matters regarding customs duty, quotas and the liberalization of trade and where proposals are put forward by the Commission regarding other important aspects of relations with non-Member States, such as export credits and investment guarantees.

Because trading policy is, as it has always been in every country, a substantial element of foreign policy; because within the enlarged Community, it becomes an essential political factor in EEC cohesion vis-à-vis non-Member States; because trade agreements, in individual cases, affect the Community's income by changes to common external tariffs; because certain trade agreements today are tending to extend beyond purely commercial considerations in content and to become cooperation agreements in nature and name; because of all these factors, it is clear that commercial policy must merit the attention, the concern and—let us use the appropriate word—the competence of the European Parliament.

As long as eight years ago, to be specific in January 1965, the Political Affairs Committee, in an excellent report by Mr van der Goes van Naters, urged that European Parliament participate in Community procedures associated with the conclusion of trade agreements.

The purpose of the request was to introduce the exercise of an unwritten right, for as is known the Treaties establishing the European Community provide for consultation of European Parliament on association agreements (Article 238 of the EEC Treaty) but not for consultation of European Parliament on the procedure for the conclusion of Community trade agreements.

The Political Affairs Committee has returned to the subject, not only due to the reasons stated at the time, which are still valid, but also due to three new and very relevant facts which have occurred in the meanwhile. I have already mentioned the first: it is the full implementation of the common commercial policy.

The second is the resolution adopted by the Council of Ministers as an annex to the Treaty of Luxembourg on 22 April 1970, in which the Council undertook to supply Parliament with full relevant information so that it could evaluate the financial implications of Community acts.

The third is the extension to trade agreements of the 'Luns procedure'—named after the President of the Council in office at the time—a procedure that at first was expected to apply only to association agreements. According to the procedure, the Council honours its commitment to inform Parliament through the competent parliamentary committees on current negotiations, before the treaty is signed.

These three facts combined imply, in essence, that since the common commercial policy is a Community action which involves the direct responsibility of the Community as such, it must come under the specific control of Parliament when the individual trade agreement, in providing for a reduction in the common external tariffs—the main source of the Community's income—causes a reduction in that income.

In the aforesaid resolution attached to the Luxembourg Treaty, the Council of Ministers in fact entered into a commitment—I quote the actual words—'to maintain the closest cooperation with the Assembly in examining these acts (those having a financial implication) and to explain to the Assembly any reasons which may have prompted it to diverge from the opinions of that Assembly'.

In consequence, Mr President, by virtue of the Luxembourg resolution and the powers on budgetary matters already granted to Parliament, Parliament's right to intervene on the subject of trade agreements should be considered as having been established and no longer open to dispute.

As has been rightly pointed out by the Chairman of the Committee for Finance and Budgets, Mr Spénale, who took part in the work of the Political Affairs Committee, Article 113 of the EEC Treaty, like Articles 228 and 238, cannot now be considered as having been superseded by the other provisions of the Treaty, in particular by the decisions reached subsequently by the Community bodies. It is not so much a matter, Mr President, of laying claim to a right of Parliament today but of governing its exercise. In the present state of affairs—in other words until such time as Parliament is granted true powers of ratification—this is not an easy matter to solve. The Political Affairs Committee is very much aware of this, for it has devoted three long sessions to the problem, the last being held

Girardo

in Brussels last Friday; we must be particularly grateful to our British colleagues who asked for it to be held. The meeting also gave us an opportunity to learn the authoritative opinion of the Commissioner, Sir Christopher Soames, and to profit by the suggestions advanced and explained on behalf of the Committee on External Economic Relations by its chairman, Mr de la Malène. The Political Affairs Committee is of the opinion that the 'Luns procedure', which is useful for association agreements where there is provision (once the treaty is concluded) for subsequent consultation of the Assembly, is not so effective in the case of trade agreements, both because in the latter case no subsequent consultation of the Assembly is envisaged and because the provision of prior information to the competent committees would be bound by the ties of secrecy and would deprive parliamentary action of all the effectiveness that it would need, even subject to the obviously confidential nature surrounding negotiations of such subjects.

All this, Mr President, has been borne in mind by the Political Affairs Committee and is clearly demonstrated by the resolution under consideration. This in fact expresses a two-fold concern: on the one hand, the need to allow Parliament to exercise its right of control and its very close and timely involvement in the decisions of the Council on the subject of international agreements, and on the other hand the need to respect the autonomy of the Commission of the Communities in trade negotiations as well as the confidential nature of all negotiations of this kind.

In paragraph 2 (a) of the draft resolution, the Political Affairs Committee therefore proposes that at the outset of all negotiations with non-Member States—on the basis of Article 113 of the EEC Treaty and, if we accept the amendment proposed by the Committee on External Trade Relations, as regards agreements coming within the scope of Article 228 as well—there should be an exchange of views between the Commission of the Communities and the competent parliamentary committees, so that where necessary a policy debate can be arranged in the House. Obviously this debate can only refer to considerations of a general nature and would outline criteria guiding the conduct of the Community negotiators in each specific case.

In paragraph 2 (b) of the draft resolution, rather than asking for consultation of the Assembly at the end of these negotiations and before their final conclusion, the Political Affairs Committee has not wished to specify a given solution but has preferred to promote a search—together with the Council and the Commission of the

Communities—for a new procedure that allows for the need for closer involvement of Parliament in Council decisions, especially in the light (as we were reminded this morning by President Ortoli) of the allocation of competence and responsibilities among Community institutions and Member States to ensure the proper functioning of Economic and Monetary Union, as well as in the light of the practical measures to be taken by the Council to improve its decision-making procedures in the coordination of Community action, as envisaged by the Paris summit meeting.

I am personally convinced that this could be the subject and the occasion, especially in view of the spirit of 'Community coherence' invoked by the Paris summit meeting, to give the European Parliament true powers of ratification, at least in the case of agreements having financial implications on the Community budget, thus partially implementing the Vedel Committee proposals which envisaged, among other things, possible and immediate co-decision powers for the European Parliament on the subject of international agreements.

Finally, in paragraph 2 (a) of the draft resolution, the Political Affairs Committee, in response to a proposal from the Committee on External Economic Relations, thought it important to claim greater freedom of action for the Commission of the Communities in the course of negotiations by asking the Council to supply the Commission with directives of a general nature rather than over-restrictive mandates—in accordance with the letter and spirit of Article 113 of the Treaty. This, Mr President, is proof that, far from wishing to hamper the Commission of the Communities in its negotiations, Parliament hopes to make their course smoother and more independent, as well as Council negotiations.

In conclusion, Mr President, I believe that the Political Affairs Committee has fulfilled its task of bringing to the urgent attention of the Community institutions the procedural implications of the common commercial policy in order to avoid prejudicing democratic control within the Community in general, and so that the control covers not only commercial agreements but also agreements of a broader scope which go under the name of 'cooperation agreements'; however, these should not allow the Member States to evade the provisions of the common commercial policy.

Until such time, therefore, as a final procedure is agreed, prior briefing of the competent parliamentary committees and, where necessary, policy debates in the House constitute a preliminary tentative means of participation in

Giraud

policy-making by Parliament without, I believe, prejudicing the normal conduct of negotiations.

Mr President, I am sure that the House, realising the importance and the delicate nature of the problem, will give its consent to the conclusions reached by the Political Affairs Committee.

(Applause)

President. — (D) I call on Mr Berthoin to speak for the Liberal and Allies Group.

Mr Berthoin. — (F) Mr President, the Liberal and Allies Group will give its approval to the motion drawn up by the chairman of the Political Affairs Committee, our distinguished colleague, Mr Giraud, who, kindly presented the report we are debating himself.

The very clear statement which he has made to us about it exempts me from having to make a long speech myself in the House. Moreover, the extremely well-written motion which has been submitted to us conveys very well the general feeling of assent which was expressed on the subject on 8 and 9 February in the Political Affairs Committee.

Apart from the specific subject of this debate, the Liberal and Allies Group wishes, as Mr Giraud has done, to show its satisfaction that the Council, and the Commission, as President Ortoli reaffirmed so strongly this morning, want to make the cooperation between our institutions as close as possible in a spirit of mutual trust. We take note too that this willingness is being shown at a time when the responsibilities of our institutions, particularly in trade agreements, will from now on cover the whole range of an important sector where till now a large part has been under the jurisdiction of our respective countries.

The Liberal and Allies Group considers that it would have been very useful, both for our discussion in Committee and for the general information of everybody, if our documentation had included a note allowing us to compare the methods of procedure in each Member State whereby discussions have been carried out up till now, and final decisions have been taken on the putting into effect of trade agreements. In France, for example, purely trading agreements are not subject, and, I may say, never have been, to ratification, and do not call for any action by Parliament. This means that, in the case in point, and I am pleased to acknowledge the fact—after all, it may never happen again—the European Parliament will have powers, or rather the opportunity of keeping itself informed and even of intervening, which the French Parliament has never possessed!

In any case, and so that Sir Christopher Soames, who showed some concern, perfectly justified in our view, about the first draft of certain paragraphs of the enacting terms, can feel fully and justifiably reassured, I am anxious to inform him that, so far as the Liberal and Allies Group is concerned, we shall make use of the opportunities envisaged in the motion with all the circumspection which such a matter demands, and I am sure that this goes for every one of us.

I have noted the amendments tabled by Mr de la Malène. They seem to me to add some accurate points of detail to the text, without at the same time altering in any way its meaning or intention. I believe therefore that I may say, in the name of the Liberal and Allies Group, that we shall support them.

Subject to these observations, Mr President, I confirm that my Group will vote in favour of the motion.

(Applause)

President. — I call Mr Lautenschlager, to speak for the Socialist Group.

Mr Lautenschlager. — (D) Mr President, Ladies and Gentlemen. In his report and his verbal comments Mr Giraud gave us a detailed account of the discussion in the Political Affairs Committee, and I feel that the House is grateful to him. I have nothing to add on the substance of the matter, but hope, Mr President, that you will allow me to make a few remarks on policy in general.

My political friends and I have come to the conclusion that, when we table a political motion, it is not necessary for us, as a Parliament, to pay too close a regard to whether or not this motion accords in every detail with the paragraphs and articles of the Rome Treaties.

On behalf of my Political Group I regret to have to say that the reason which prompted this motion is scarcely a reason at all. Of course, we have had a common trading policy since the beginning of this year. At first sight this is a welcome fact for the development of the Community, but if we examine the developments which have preceded this resolution, regrettably one has to describe it as a conjurer's trick intended to simulate an important step towards a stronger Community. For many years Member States in the Council of Ministers, by the use of sophistries which have gradually become routine, have contrived to hold back resolutions on a common trading policy. Only when they could find no other means of circumventing this aim of the Rome Agreements did a common

Lautenschlager

trading policy come about almost overnight. The means consists in making the common trading policy into a farce by bilateral consultation agreements, which in reality incorporate forthright mercenary economic interests.

Unfortunately, this Parliament has only this one possibility of laying this charge of anti-Community behaviour in public against the Council of Ministers here in plenary session, and of exposing the Council as an element retarding the development of European Union.

My Group repeatedly observes, with a sense of outrage, that the Council's total absence of any democratic understanding constantly enables Parliament and the public to be deceived.

With the meagre skeleton now known as the Common Commercial Policy responsibilities are again passing from the national sphere to that of the Council and the Commission, but without any accompanying supervision by Parliament. It may, of course, be objected that the conclusion of trading agreements and arrangements was not under Parliamentary supervision in all Member States. In my opinion this objection is irrelevant, as for years we have observed in the Council of Ministers a tendency to promote no activities which allow a step-by-step Parliamentary supervision to develop. This tendency has reached a point which has become intolerable for any parliamentarian who is devoted heart and soul to democratic institutions and machinery.

The Council's marking time on this subject fluctuates according to the internal political situation in the individual Member States, between arrogant ignorance and non-committal promises to consider the matter shortly. Even the 'Rütli oath' at the last Summit Conference to create political union by 1980 cannot weaken in the slightest our severe criticism of the Council of Ministers.

We are tired of being continually fobbed off with non-committal statements. The self-respect of this Parliament, in which we represent our colleagues in the national Parliaments, demands that from now on we make it unmistakably clear that our over-burdened patience is exhausted.

No other Community organ can reproach either this Parliament or its Groups and committees with having in the past missed every available opportunity to commence a dialogue with the Council as the responsible decision-making organ.

It is true, Mr President, that we cannot complain of any lack of courtesy. We may even say that some Presidents of the Council have shown at

least some understanding of the request by Parliament. Yet the Council as a whole has always taken refuge in the tangle of paragraphs in the agreements, or, if it saw no way of escape, promised to appoint some working group or some committee to prepare papers and proposals. Long parliamentary experience proves that this constitutes a first-class funeral.

Mr President, we ask: What became of the proposals for an agreed step-by-step development, in chronological order, progressing from consultation, through participation in discussion and action, to power of decision?

The opponents of direct election to this Parliament under Article 138 (3), of the EEC Treaty point with relish to the lack of powers of Parliament, which make direct election virtually impermissible.

If, however, we are to escape from this roundabout, that is to say: if no powers, no direct election; if no direct election, then no powers are possible, because under Article 138 they are not contained in the Treaty, Parliament must make its voice heard by the public and the national Parliaments in order to pillory the sophisticated and undemocratic attitude of the Council of Ministers, and show the Community electorate the fast and loose game which is being played with the mandate which it, as the sovereign power, has entrusted to the members of the Council.

There must be an end to this Parliament's remaining a passive spectator of how, individually or collectively, representatives of Member States in the Council seek, time and time again, to delay the advance of European union.

My Group firmly believes that advantage should be taken of today's opportunity to adopt Mr Giraud's report on procedures for Parliament to participate in the conclusion of trade agreements between the Community and third countries to convey this clear message, if the title of this report is not to be a self-mockery of this Parliament.

Mr President, my Group will support the motion for a resolution of the Political Affairs Committee, but with reservations. The reservations are that my Group notes the absence of the appreciably firmer language called for by previous experience and by the obstinate attitude of the Council.

President. — I call Mr Kirk.

Mr Kirk. — (E) Mr President, the problem of associating this Parliament with commercial agreements that are not covered by articles 228

Kirk

or 238 of the Treaty is one which I know has occupied Parliament for quite a considerable time, and in view of the fact that it was my Political Group which asked for this matter to be referred back in January in order that it could be considered again, I felt it right to say a few words on our behalf about the resolution which has now emerged from the Political Affairs Committee. Sir, our main concern at that time was the proposal that at the beginning of any negotiation of a commercial agreement of this kind the Commission should reveal to the competent committees of this Parliament and therefore through those committees to the Parliament itself roughly what their negotiating position was. We felt, and indeed still feel, and I think this is now the view of the Political Affairs Committee as a whole, that to do this would be to put the Commission in an impossible position. They would find themselves in the position where, before they had even started negotiating, they would have to disclose almost precisely what their negotiating hand would be with third countries concerned. I think that in the draft laid before us by Mr Giraudo, on behalf of the Political Affairs Committee, this problem has been to a very large extent solved and solved also by the assurances which Sir Christopher Soames was able to give to the committee in the course of the discussion that took place there last Friday. What this document, therefore, I think marks is that our discussions with the Commission can now be regarded as reasonably satisfactory. The problem that now remains is a problem with the Council and not with the Commission and it concerns the procedure that should be adopted after the negotiations have taken place. Now those who were present at the meeting of the Political Affairs Committee last Friday will recall that every attempt that we made to try and produce some kind of formula which would, as things are at present, associate the Assembly and give to the Assembly a right of consultation which it does not now possess, failed and they failed nearly always for one reason, and one reason only, that under the procedure for commercial agreements, and this must be very unusual for any kind of international agreement, signature and ratification are the same thing. Sir Christopher Soames took the view and I am sure this will be the view of the Council as well, that consultation cannot take place until after signature, because until the Treaty has actually been signed there is no finality to the process and that is why I am afraid, much as I support the idea behind the second amendment, from the External Economic Committee. It is one that we considered and rejected in the Political Affairs Committee last Friday for the very good reason that it will not

work and it cannot work and this was, as I understood it, accepted by the Political Affairs Committee then, and it cannot work because initialling an agreement does not give final approval to the agreement and no executive body, I think, will be prepared to accept the consultation of a parliamentary body before finality has been reached in the negotiations. This is the dilemma we are in and I, myself, put forward in the Political Affairs Committee, with my friend Lord Gladwyn, the idea of introducing an initialling procedure and it was made quite plain to us that this would not work. I fear, therefore, that we are left with the text that Mr Giraudo originally produced. It is not a satisfactory text because it is not a satisfactory situation. This, I think, was recognised by every member of the Political Affairs Committee, but the answer lies in direct discussion with the Council to get them to agree to separate the procedure of signature from the procedure of ratification. If that can be done; if a delay of, say, a month or six weeks could be provided for between the signing of an agreement and its entering into effect, then Parliament will have the right to assert, and will be able to assert, its rights in this matter and it is in that direction that things should go, it is in that direction that Mr. Giraudo's resolution and, indeed, his speech this afternoon went and it is for that reason that I myself, and I would advise members of my Group, to accept the first amendment, but I am afraid the second amendment simply is not within the bounds of practical possibility.

President. — I call Mrs Caretoni Romagnoli.

Mrs Caretoni Romagnoli — (I) Mr President and honourable Members, in the first place I must recognise that the Political Affairs Committee and the rapporteur, Mr Giraudo, have examined this problem with great sensitivity. They are faced with a complex situation which has subtle legal aspects, for after 1 January, as has been stated here, and after the introduction of the common commercial policy we are in a situation that causes concern from the democratic point of view.

As Community policy progresses—and we agree that Community policy must progress—certain national bodies, the parliaments which used to have the power of ratification, are deprived of these powers. This is logical; this is right. But if we strip the problem to its essentials, this has given rise to an absurd position in the Community from the democratic viewpoint and from the viewpoint of control which, as we know, is the foundation of every democratic system. In the case of certain subjects of great

Carettoni Romagnoli

importance—and I agree with Mr Giraudo when he underlines the great political importance of this—which were subject to some form of ratification until December, we have no parliamentary control, not even the right of consultation, today if we keep to the letter of the Treaties.

It is true, I admit, that the Community bodies have realised this; they have not realised it only recently, but the light has been gradually dawning as the obstacles have arisen with the advance of Community policy. There is no doubt—and Mr Giraudo also emphasises this point—that this concern has emerged over a period of time. Nevertheless, in our opinion, attempts have always been made to circumvent the obstacle; exhortations and hopes have abounded, as is always our case. I agree with my colleague from the Socialist Group that we certainly cannot argue that the Council has shown a unanimous political will to introduce any new procedures that could change this state of affairs.

The last summit meeting itself proceeded very cautiously and, in our opinion, decided upon such slow timing that the political will is likely to be undermined. We all know that timing is an extremely important factor in politics and its effect is decisive.

Let us then come to our first conclusion. We appreciate this effort: we shall say at once that we would be in favour of any procedure that provides for debate and consultation at specific times, but we must emphasise that the lack of democracy is increasing rather than diminishing as Europe is being built up. I will be told that this is something we have said many times, a general theme that we are obliged to repeat; but it is clear that until the situation changes we shall be obliged to repeat the same things.

We and others have said many times that this lack of democracy, this lack of control, is the true reason for the low level of the European Community's credibility with the workers and is at the roots of the lack of enthusiasm—let us not mince our words—and the lack of interest very often revealed by the people towards the Community now being built up.

We are undoubtedly discussing a subject of great importance, even though we are concerned here with only a limited aspect; but the basic theme recurs constantly. These are the very reasons—I would apologise to my colleagues if I repeat myself—why referenda have produced certain results; these are the very reasons why in certain countries there has been a degree of opposition to membership of the Community; these are the reasons why the labour force, the young people, are disenchanted with Europe as it is today. It has been said that 'they don't

understand us'; but if we are not understood it must be that we have little persuasive force and above all it means that our persuasive force can obviously have very little effect, for it is supported by few concrete facts.

In the last part-session of our Parliament, Mr President, Mrs Iotti forcefully stated our deep regret at the absence of the Labour Party. We will repeat here that we see this absence and this decision as an error, but we must also say that we must always go to the roots, we must look for the deep underlying reasons which have led to certain decisions on the part of extremely responsible political parties.

The truth is that all too often, as we would repeat, decisions pass over the heads of the workers. How many times have we said these things in discussions on social policy and how many times have we been reminded by Mr Vredeling of the subject. The truth is, in our opinion, that it is not merely a question of seeking out the best procedures; this is part of the problem, but too often we need to review a problem right from its foundations. We merely need recall the problem of the lack of influence upon Community decisions enjoyed by the workers and workers' organizations.

But here we are reaching—and I have almost finished—a theme that is fundamental as well, a theme that we have discussed many times, the problem of the powers of European Parliament.

Let us say at once that we do not see—and on this point I believe that our ideas are very clear and that we are very firm—any possibility for development and for true European construction unless we first achieve growth, a great measure of growth, in the powers of European Parliament. It is not true—and here we differ from many of our colleagues—that this theme is closely associated with the general subject of the direct election of European Parliament. It is not true. On the other hand it is true that the restriction of Eurocracy, in other words technicality and the lack of political stamina, will not be overcome unless these things are eliminated. And when we listen with interest to authoritative Members of the Commission expressing the hope that the EEC will finally find a path for a coherent and autonomous policy, when Commissioner Soames in a recent speech in London stated the need for an adult political role for the EEC, we think that this cannot be achieved except through a fundamental democratic revival.

But this fundamental democratic revival is the sole method which, in our opinion, can provide the political body with the necessary background of consensus, of scrutiny, of discussion, of

Carettoni Romagnoli

mandate that should be as broad-based as possible. It is for this reason too, Mr Rapporteur, that we do not see paragraph 2 (a) of the draft resolution as an innovation. Since the Commission has never disputed European Parliament's right to call upon it to give an account of its work, I think that this point dwells on rights that have already been established. I should recall what Mr Kirk told us in his speech during the last part-session, and I should also remind you of the statements made this morning by Mr Scarascia Mugnozza, a member of the Commission, in his reply to the question from Sir Tufton Beamish. It is important to address ourselves to the Commission, but the Commission has not been a closed door: it is fairly open and it has never yet refused to account for itself. On the other hand, I believe that the point concerning the Council is too cautious and too general. Of course we realise that we have the shirt of Nessus in the matter of treaties; however, we must also realise that this is a basic political problem which, as I have said, is gradually rearing its head once again and that we, as a Parliament, must tackle whatever our powers at the present time.

On the subject of democracy, on the subject of control, a Parliament—however little its power—cannot but be very firm, very clear; otherwise, in our opinion, and I believe in the opinion of all those who are members of any Parliament, we would lose credibility. We think that this Parliament must do its duty, perhaps arriving at rather tough formulations. It must do its duty because the battle it is waging is not a battle to prevail as an organism, but is an essential battle from the viewpoint of building up a Europe which we all wish to construct, whatever our views.

Our standpoint, Mr President, is political rather than procedural. From this viewpoint, I think that I can agree with the affirmations of my Socialist colleague who emphasised—as we also emphasise—the political scope of the problem now before us.

(Applause)

President. — I call on Mr de la Malène.

Mr de la Malène, Chairman of the Committee on External Economic Relations. — *(F)* Mr President, I should like to begin by saying that I am not speaking in my own name, but in that of the committee over which, at least for the time being, I have the honour to preside.

This committee has met twice to study the document which we have to debate today.

What is it about? As the Treaties stand at present, trade agreements simply and solely, which fall within the competence of our Community, are governed by Article 113. Other forms of agreement are governed by Article 228, but the regulations of Article 228 come into force in one instance only, as covered by Article 238, that is in the case of association agreements. That is the legal position which emerges from the Treaties.

Now it happens, in the event, that more and more agreements are going beyond the nature of a trade agreement pure and simple, and so become cooperation agreements. Since they are not association agreements, they do not come under the regulations of Article 228, and, consequently, are not within the competence of the Community.

What we want is that the way trade relations evolve between our Community and third countries, should remain within Community jurisdiction. But, as matters stand at present, if the Treaties are interpreted literally there is no doubt that cooperation agreements are not within the competence of the Community. We must, then, find some means of ensuring that these agreements, which are no longer trade agreements and are not association agreements, do stay within our Community's jurisdiction.

I would not say, like the previous speaker, that they escape parliamentary control. In fact, they remain within the jurisdiction of national Governments to the extent, naturally, that the constitutions of the countries concerned provide for their control by parliament; legislation on this point varies from country to country. But there is no hiatus in parliamentary control.

However, this does not prevent us from wanting these agreements, which in some cases are under the control of national Parliaments, to come under Community jurisdiction.

My committee believes that there are two possible approaches to this problem.

The first, which has had some support, is to say that we must get away from the area of procedural regulations alone, where the position cannot be genuinely improved, and ask for a good deal more, that is, to try to secure the agreement of the Member States, the Council and the competent authorities to a review of the whole problem, so as to ensure parliamentary control over agreements concluded by our Community with third countries.

The other approach is less ambitious, but it can be adopted to start with. It consists in trying to make modest improvements in the present rules, with the agreement of the Council of Ministers.

de la Malène

In the end the committee which I have the honour to preside over opted for this second approach. That does not mean that the committee is completely satisfied by the procedural approach, but it considers it preferable in the first instance to try to obtain the Council's agreement to this procedure, while being prepared to ask for more, either at the same time or later regarding agreements with third countries.

And so it is on the basis of this initial procedural approach that my committee is submitting to you two amendments to the document of the Political Affairs Committee.

One of these two amendments has been accepted by the Political Affairs Committee. It requests that, for all agreements, there should be a period for guidance and information before the opening of negotiations.

The argument between the Political Affairs Committee and my own is therefore only on discussions taking place after what Mr Kirk referred to just now as the initialling.

We are asking that, in the case of agreements concluded under Article 228, the procedure should be adopted—and this already exists!—which is laid down in Article 238 for association agreements. There is in fact a system of procedure laid down in the Treaty which is in actual operation. It stipulates that Parliament should be consulted, not on the content of the association agreement, but on the advisability of signing.

Consequently, we can tell the Council that we are not wanting to make any procedural innovations, but are simply requesting that the procedure laid down in Article 238 should be extended to agreements which are not association agreements.

Once more, this procedure involves consulting Parliament between initialling and ratification. Under the terms of Article 228 ratification means a majority agreement by the Council of Ministers, whereas under the terms of Article 238 it means a unanimous agreement by the Council.

The purpose of the second amendment, which I have the honour to support in the name of the Committee on External Economic Relations, is therefore merely an extension in the application of the regulations of Article 238. It is not, I think, too much to ask, and indeed for the future it is not asking enough, but the request will do for a start.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities — (1) Mr President, Ladies and Gentlemen, on behalf of the Commission I would like to thank the Political Affairs Committee and its Chairman, as well as the rapporteur of this draft resolution, a resolution that is of very great interest and on which the Commission expresses its favourable opinion. At the beginning, the Political Affairs Committee expressed doubt as to content and the end in view; but I think that the questions have been clarified in the course of the debate and the clear report made today by Mr Giraudo helps us to appreciate Parliament's attitudes in full. I should also like to thank those who have taken part in the discussion and those who have explained their views on the matter.

I must say that this motion is aimed more at the Council than at the Commission. I wish, however, to confirm what I have already said this morning, in other words that the conclusion of agreements is the responsibility of the Council, just as it is the Council's responsibility to empower the Commission to begin negotiations on agreements. It was also pointed out in the course of this discussion that here we are discussing procedures rather than the powers of European Parliament, while the chief need is to insist on this institution's powers to ensure wider popular participation in the life of Europe.

The Commission fully shares this view of the matter, but it must point out that very often procedural discussions are not purely formal but touch upon the merits of the problems involved. I think that when a discussion such as this is placed on the procedural level it is also conducted on the level of what the powers of European Parliament should be. The Commission will not fail to emphasise the opinions and recommendations of the Assembly in the broad context of the powers of European Parliament.

Having said this, Mr President, honourable Members, I would like to add a few words on the text of the draft resolution and the amendments that have been submitted. On the subject of the text—and I refer in particular to paragraph 2 (a)—the Commission unreservedly agrees to exchanges of information with the responsible committees as soon as negotiations begin. With regard to paragraph 2 (b), I must say that this point does not concern the Commission in particular, but it is prepared to concur.

I shall now briefly mention the amendments which have been submitted, especially amendment No 2 which was presented by Mr de la Malène for the Committee on External Economic

Scarascia Mugnozza

Relations. There are no difficulties whatsoever as to the first amendment. On amendment No 2, which—as Mr de la Malène has just explained—emphasises the advisability of making the European Parliament's voice heard between the intermediate and the final phase, we are very much in doubt. We are not in favour of this amendment, if only for the fact that the negotiators would lose credibility and would lack legal certainty vis-à-vis the people with whom they are negotiating. If, once they had obtained the mandate, there were to be a debate in Parliament in the interim period as to the advisability of proceeding to the decisive phase of the Treaty, obviously one of the basic principles of the mandate would be undermined, in other words legal certainty, and serious difficulties would ensue. This is the reason, apart from those which have already been expressed by Mr Kirk and others, that induces me to take quite the opposite viewpoint.

Finally, there is amendment No 3 submitted by Mr Jahn, which he has not yet spoken to but on which I should like to express my opinion. I wish to say that the Commission is happy with this amendment and that it will of course do its duty because—as has also been underlined in the course of the debate—all bilateral agreements reached up to this time may be converted into EEC agreements. Having said this, Mr President, I should like to thank, and once again express my compliments to, the rapporteur and the Political Affairs Committee.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, Ladies and Gentlemen, I have asked to speak because of Mr Scarascia Mugnozza's comment about the functional aspect of Proposed Amendment No 2 or the intention of Proposed Amendment No 2 of the Committee on External Economic Relations. At the same time I should like to take this opportunity to discuss Mr Kirk's observations.

What is the point at issue here? The essential thing is to ensure that Parliament or its organs—for Parliament embraces various organs and Parliament does not necessarily mean the publicity of a plenary session—is kept informed in doubtful cases. There are rules of this kind in the Community Member States, although not in all of them. There are such rules, and information by the government to parliament goes as far as is demanded here in practice in Proposed Amendment No 2. I would say to Mr Kirk that I believe that what operates in a Member State can also operate in the Community.

And then there is something else. Here it is a matter of involving Parliament in a common commercial policy—or as I should prefer to call it an external economic policy—to be developed for the Community, since there too efforts are being made to eliminate the involvement of Parliament through conventional trade agreements and specific trade agreements. I have the impression that this is already operating and if it is important to Parliament that rights lost to national Parliaments by being taken over by the Community should go to the European Parliament, then it must lay claim to them because here a right would be lost to the Parliament of a Member State. It must therefore come to this Parliament. Surely we do not want to trail behind the slowest ship in the convoy; rather must we secure here in the European constitution all the supervisory facilities, all the opportunities for involvement that parliaments have already won for themselves.

That is why I believe that honourable Members should think again about this, and that the Conservative Group should think again and vote for Proposed Amendment No. 2 moved by the Committee on External Economic Affairs. It is all a matter of the technical development of this collaboration and cooperation and I would not view these political questions so much from the aspect of the legal forms as many have done here in the debate.

(Applause)

President. — I have the impression that we have already reached the stage of discussing amendments. Perhaps we shall save time.

I call Mr Kirk.

Mr Kirk. — So that there should be no misunderstanding, can I repeat that I am in favour of finding a procedure to do what Herr Lange wants to do. The parallel with national Parliaments is invalid in this case because agreements in national Parliaments are subject to a ratification procedure which does not apply here. Here signature and ratification are the same, initialling does not conclude the negotiations, and therefore you cannot get the Parliament consulted until it has been signed and it is too late once it has been signed. Therefore the demand to the Council of Ministers must be that they must separate the procedure of signature from the procedure of ratification. That would solve the whole problem.

President. — (D) I call on Mr de la Malène.

Mr de la Malène. — (F) Mr President, I am astonished at the speech by Mr Scarascia Mugnozza.

de la Malène

What Mr Scarascia Mugnozza appears to be saying, in fact, is that no more cooperation agreements can be negotiated because, as the opinion of Parliament has to come afterwards, the Commission will not be 'credible', as he says, any more. But, in that case, can he negotiate association agreements? In fact, he is obliged to come before Parliament by Article 238 of the association agreements.

We are simply requesting that the regulations of Article 238, which are in operation and have been in operation, should be extended to co-operation agreements. Under this procedure the Commission negotiates, the Commission signs, Parliament is consulted, and the Council ratifies. We are merely asking for an extension of this procedure, which is 'credible' because it has operated, to the new type of agreements represented by cooperation agreements. We are not asking anything else. No one can tell me that the procedure is not 'credible', because it is in operation elsewhere.

Naturally this presupposes that the Council will agree, as Mr Kirk has said, to leave an interval between the initialling by the Commission, at the end of the negotiations, and the signing by the Council. The Council must agree to admit this interval, as it is obliged to do for association agreements.

Besides, we are not asking for extensive powers, we are asking merely to be able to express an opinion. Of course the negotiators, the Commissioners, will have to tell the other parties that our opinion will have to be asked. We shall give this advice, either yes or no, not on the terms of the agreement, but only, as in the case of association agreements, on the advisability of the agreement in itself.

Let me say once again that I do not think that we are asking for excessive powers. But that is obviously for the Council to assess.

(Applause)

President. — I call Mr Jahn.

Mr Jahn. — *(D)* Mr President, first I have a question. Are we already discussing the proposed amendments? I have had that impression in the past ten minutes. As my Proposed Amendment is on almost exactly the same lines as Proposed Amendment No. 2, we should decide whether, if the Commission agrees with the comments of Mr de la Malène, I should withdraw my proposal provided the substance of it is incorporated. Otherwise I too would like to speak to it now, and then we can include it in the discussion.

President. — Mr Jahn we shall have a further opportunity to discuss amendments and the motion for a resolution.

I call Mr Berkhouwer.

Mr Berkhouwer. — *(F)* So then we are agreed! On the advice of Parliament, the Council has given its agreement. *(Speaker continues in Dutch)* Mr President, I wonder whether what Mr de la Malène is proposing has not been laid down in Article 228 (1), of the Treaty. The word 'ratification' is in fact used here. I can see Mr Lange shaking his head—correctly in my opinion—because I did think that it is not a question of ratifying here.

This is in fact the point, Mr President. Let us look at the matter squarely. In many of our national Parliaments, trade agreements are not dealt with at all. They are not ratified there. The duty is left to the Executive. The position does differ from parliament to parliament, but in many parliaments trade agreements are not subject to ratification. And now, Article 228 does go a long way as far as the Community is concerned, but I repeat that the word 'ratification' does not fit here, because we do not ratify in this instance. This is in fact the case: the Commission completes the negotiations. In paragraph 1 of Article 228 it says: '... subject to the powers vested in the Commission in this field, such agreements shall be concluded by the Commission after consulting the Assembly where required by this Treaty.' What Mr De la Malène wants, therefore, lies in the tenor of the first paragraph of Article 228. So once the agreement is, let us say, tied up the Commission puts it before our Parliament, which is consulted on it. And the Council confirms agreement after the Assembly has been consulted.

So I have now taken Mr de la Malène's point. His amendment is aligned to the application of Article 228, first paragraph, of the Treaty. And in my opinion we can accept it.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I must congratulate the Political Affairs Committee and its Chairman and rapporteur, Mr Giraud, for anyone who has compared the text already distributed to us, reference number 226, with the text now under discussion, reference number 300, will see that a step forward has been taken. The later text no longer includes the restriction quoted in the previous document to the effect that the procedure was applicable only to treaties introducing substantial changes. This difference would have required an evaluation or

Cifarelli

at least would have introduced an element of uncertainty as to powers, whereas I now think there is no doubt that every treaty envisaged in Article 113 of the Treaty is covered by the procedure suggested in the motion.

Although I have great respect for the opinions of Chairman Berkhouwer, I should like to point out that when trade treaties are not subject to ratification by a national Parliament it is because that national Parliament has already exerted its sovereignty, in that it has delegated powers to the government for that specific treaty. If this is so, the problem of parliamentary sovereignty has already been solved and the question will merely arise as to whether or not the government has carried out its delegated duties. I believe that the question now raised by the Committee on External Economic Relations, and by Mr de la Malène on its behalf, is very timely.

I shall not go over all the arguments that have already been advanced for I believe it to be a parliamentarian's primary duty not to repeat what has already been said. I shall say no more than that I believe it to be advisable to take the Treaties as a base when progress can be made by interpreting these Treaties in a forward-looking manner. Of course I shall never allow myself to be fettered by the letter of the Treaty with regard to the fundamental problem of the powers of Parliament but when, in accordance with the provisions of the Treaty, we can move forward I believe it wise to grasp the opportunity.

President. — I call Mr Giraud.

Mr Giraud, Rapporteur. — (I) Mr President, first of all I should like to thank all my colleagues who have taken part in the debate. As the rapporteur, I should then like to express my views on the amendments that have been proposed.

President. — Unfortunately I have to interrupt you Mr Giraud. I should like you to inform us of the position of the committee on the amendments when we come to discuss these amendments themselves and vote on them.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I apologise for intervening once again in this interpretative debate, but I should not like to leave the Commission's position in doubt.

It is no good making those gestures of impatience, Mr de la Malène. It is right and proper that I should speak. I am entitled to have my say and you, if you wish, may listen to me.

Then let me say that there is an Article 228, which is the interpretative basis of this article and states what European Parliament is to do in this field. There are also Articles 113 and 238. According to Article 113, the European Parliament is not to be consulted; but according to Article 238, European Parliament is to be consulted.

The procedural phases through which we pass are the following: 'initialling', 'signature', then consultation with Parliament and then conclusion. It should be pointed out, however, that according to the 'Luns Procedure' the briefing of Parliament comes between 'initialling' and 'signature'.

I do not believe, therefore, that I have been speaking to no purpose when I recognise that if consultation with Parliament is to take place in the phase between 'initialling' and 'signature', in other words in an earlier phase than at present, we would deprive our negotiators of credibility; we would cast doubt upon the conclusion of negotiations, since you yourself have sustained that after 'initialling' Parliament should be consulted on the advisability of proceeding with ratification. This obviously supports my contention that at the crucial moment it would deprive those responsible for negotiating on the Community's behalf of a weapon, the weapon of credibility. In consequence, may I express my opposition and declare myself in favour of continuing with the present procedure, for in this case European Parliament loses nothing but can express its views before conclusion by the Council and at any event after ratification.

President. — I call Mr de la Malène and ask him to be as brief as possible.

Mr de la Malène. — (F) Mr President, I should not like my friend Mr Scarascia Mugnozza to believe for one moment that the gestures which he interpreted as gestures of impatience were intended to indicate that his speech was to be regretted. On the contrary, they were gestures of satisfaction at his speech. I am always pleased to hear the Commission speaking in this Parliament, even when they are speaking in defence of the Council.

What is it that we are talking about? I have been trying to say that I could not understand why the Commission were saying that broad-

de la Malène

ening the application of Article 238 would deprive them of their 'credibility', although under the terms of this Article 238 they nevertheless consider themselves to be 'credible'.

The procedure for association agreements already exists, it is in operation, it has been operated successfully. Mr Scarascia Mugnozza has himself carried out negotiations under the terms of this procedure, and he has considered himself to be 'credible'; that is to say that Parliament could perfectly well, between the initialling and ratification, give its opinion, since it is so laid down in the Treaty. An opinion is not a ratification. Parliament not only can but must, give its opinion, that is the Treaty regulation.

This is not binding on the Council, which is perfectly at liberty to take no account of Parliament, but such is the ruling in Article 238. I repeat, this procedure has been operated, and it has not, my dear president and friend, taken any 'credibility' away from the Commission.

I cannot ask less than that. I am not fanatical about the powers of the Assembly...

Mr Poher. — (F) We know!

Mr de la Malène. — (F) but you must allow me all the same, because it is a pretty normal thing to do, to request that an attempt is made to bring Parliament into an international negotiation, that is to say that the Council—not you—should come here to talk about the agreement before it is ratified.

President. — Ladies and Gentlemen I think it is time to discuss the motion for resolutions.

On the preamble and paragraph 1 there are no amendments tabled and no speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

These texts are agreed to.

On paragraph 2 I have an amendment No 1 tabled by Mr de la Malène, for the Committee on External Economic Relations which reads:

A. between sub-paragraph (a) and sub-paragraph (b) insert a new sub-paragraph worded as follows:

'2 (a) (i) that this procedure for preliminary discussion should also be applied in the case of negotiations with a view to the conclusion of agreements based on Article 228 of the EEC Treaty whose scope extends beyond

the framework of commercial policy proper;'

This amendment has already been spoken to by the author.

What is the opinion of the rapporteur?

Mr Giraud, Rapporteur. — (I) Mr President, I have already had the opportunity of stating my agreement to acceptance of this amendment.

I only want at this juncture to point out to Mrs Caretoni Romagnoli—and I am sorry that she is not in the chamber at the moment—that this draft resolution does introduce something new, despite her affirmation. It is not merely that there is an exchange of views between the Commission and the parliamentary committees, for this is already the case, but the exchange of views now occurs at the beginning of negotiations.

There is another aspect that I believe to be very important: the fact that we can undertake—where this becomes necessary—a policy debate in the House, which was not envisaged before.

I believe that these are fairly important factors. With regard to the remainder, I would repeat that I agree to acceptance of the amendment.

President. — I put amendment No 1 to the vote.

Amendment No 1 is agreed to.

Still on paragraph 2 I have an amendment, No. 2, tabled by Mr de la Malène for the Committee on External Economic Relations which reads:

Paragraph 2

B. Sub-paragraph (b) of this paragraph should be worded as follows:

'2 (b) that on completion of the negotiation of these agreements and before their final conclusion, i.e. after the initialling of the text drawn up in the negotiations, Parliament be consulted on the desirability of signing;'

This amendment has already been spoken to by its author.

What is the opinion of the rapporteur?

Mr Giraud, Rapporteur. — (I) Mr President, the rapporteur cannot fail to take the opposite view, since this is the attitude adopted by the majority of the Political Affairs Committee, after discussing the subject at length.

Giraud

I should like to say to Mr de la Malène and to Mr Lange and to those of their colleagues who have supported the amendment that I am not opposed to it as a matter of principle. This is I believe one of several proposals (not many, but certainly more than one) that could be made. There is an Italian proverb which runs 'an egg today is better than a hen tomorrow', but I wonder why we should be content with no more than one egg, consultation with Parliament that is in no way binding, when the hen is not far away, when we know that by 1 May proposals are to be submitted as to the breakdown of terms of reference among the Community institutions in the field of economic and monetary union; President Ortoli told us this morning that on 1 June the Commission is to submit new proposals to increase the budgetary powers of the European Parliament; when—as I pointed out in my report—the Council's decision-making procedures are to be reviewed in June.

Now, turning to the speech made by Mr Kirk at Strasbourg, why don't we pluck up a little courage? Why are we fighting here for non-binding consultation when European Parliament should be granted the power of ratification no longer retained by national Parliaments? We want to give European Parliament the power of ratifying these international agreements (and this is one of the proposals made by the Vedel Committee, to be included in the first phase of development of the Community institutions).

We may content ourselves with little if we like, but while the Political Affairs Committee's proposal appears at first sight to be very general, this search for a new procedure is in fact far wider and more binding, for the aim is to involve Parliament more closely in decisions, something altogether different from expressing an opinion which may or may not be taken into account. This is why I think that the Political Affairs Committee has been right in suggesting to European Parliament a way of ensuring that the common commercial policy (covering both trade agreements and cooperation agreements) is subject to effective control by Parliament. I believe this may be the first step towards the recognition of Parliament's right of co-decision, at least in specific fields. It is an important opportunity and I think we should not let it slip. It is for this reason that, on behalf of the Political Affairs Committee, I declare that I cannot agree to Mr de la Malène's amendment.

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

I put to the vote paragraph 2 as amended by amendment No 1.

Paragraph 2 as amended is agreed to.

After paragraph 2 I have an amendment No 3 submitted by Mr Jahn for the Christian Democratic Group which reads :

Paragraph 2a (new)

After paragraph 2, insert a new paragraph worded as follows :

'2a. Avails itself of this opportunity to remind Member States that all the agreements relating to the common commercial policy have to be concluded by the Community and urges the Commission to ensure that this legal situation is strictly observed so that the common commercial policy is not rendered meaningless.'

I call Mr Jahn to speak to this amendment.

Mr Jahn. — (D) Mr President, Ladies and Gentlemen, in the debate on Proposed Amendments Nos 1 and 2 moved by Mr de la Malène, Chairman of the Committee on External Economic Relations, we have already heard some important points which we discussed in the Political Affairs Committee when my colleague, Mr Furler, and I announced that we would move this Proposed Amendment No 3 because we were of the opinion that paragraph 2a should make our motion for a resolution more or less watertight.

Alongside trade agreements pure and simple, an increasing number of technical agreements, capital agreements, etc—mention has been made of these here—are being concluded and these are not subject to supervision in Brussels. And taking the long term view, this amounts to a real evasion of the foreign trade policy. That is why we submitted Proposed Amendment No 3. The view—which Mr Scarascia Mugnozza has already endorsed if I understood him correctly—that Article 228 of the EEC Treaty covers trade agreements and Article 238 association agreements is only relatively correct, and I agree with Mr de la Malène that Articles 228 and 238 do not at the moment cover technical and other agreements. That is the reason for our proposal, which is designed to ensure that in future all agreements pass through the Commission in Brussels so that we have a coherent foreign trade policy which embraces all agreements and can no longer be evaded.

I am extremely grateful that Mr Scarascia Mugnozza approved this idea.

President. — I put amendment No 3 to the vote.

Amendment No 3 is adopted.

President

On paragraphs 3 and 4 I have neither amendment tabled nor speaker listed.

I put them to the vote.

Paragraphs 3 and 4 are agreed to.

Does anyone wish to speak?

I put to the vote the whole of the motion for a resolution as amended by the amendments agreed to. The whole of the motion for a resolution as amended is agreed to.¹

10. *Change in the agenda*

President. — Ladies and Gentlemen I propose that we go on immediately to discussion of the report by Mr Aigner because the rapporteur has to attend a meeting of the Committee for Finance and Budgets at 6 pm. I do not know how long the other reports on the agenda will take and I therefore think it preferable to proceed with this discussion.

Is there any objection?

That is agreed.

11. *Regulation on the replacement of Member States financial contributions by own resources*

President. — The next item on the agenda is discussion of the report by Mr Aigner drawn up for the Committee for Finance and Budgets on the proposal of the Commission of European Communities to the Council for a regulation.

Mr Heinrich Aigner presented this report drawn up on behalf of the Committee for Finance and Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 248/72) for a regulation amending Article 6 (2) and Article 9 (1) of Council Regulation (EEC/EURATOM/ECSC) No. 2/71 of 2 January 1971 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources and on the proposal from the Commission of the European Communities to the Council for a financial regulation authorizing a departure (for the 1972 financial year) from Article 9 (3) of the EAGGF financial regulation of 5 February 1964 (Doc. 288/72).

I call Mr Aigner to present his report.

Mr Aigner, Rapporteur. — (D) Mr President, Ladies and Gentlemen, the report will be very

short. You have before you two regulations and two resolutions by the Committee for Finance and Budgets.

The purpose of first Regulation is to ensure that the Community's probable cash requirements pass from the Member States to the Community in good time. There have recently been liquidity problems in the Community, mainly because on the one hand the time limits set for the paying over of funds the Member States to the Community were too long while on the other hand, for example in the case of the Guarantee Fund, advance payments to Member States were operated in such a way that real difficulties were created in the cash position.

I should now like to ask the Commission, especially when it is a matter of increasing the Community's own resources—regarding value added tax—to recognise this problem in good time and submit to us appropriate proposals for a solution.

The second Regulation, Mr President, goes at least some way towards meeting one of Parliament's political desires expressed during the last budget discussions here. We requested that above all the funds in the Mansholt reserve should be available in full for the purpose for which they were approved and therefore we proposed that these funds should be incorporated directly in the budget. That was rejected by the Council on legal grounds, but with this Regulation the Commission is submitting a new proposal according to which these funds could be transferred from the Mansholt reserve for a period of 5 years.

Mr President, that agrees with our political view. These are two technical Regulations that I believe we can accept without discussion as they meet our wishes. I would ask you to accept both Regulations.

President. — Does anyone else wish to speak? I would stress that the report by Mr Aigner concludes in favour of two motions that I shall put to the vote in turn. I put to the vote the motion on own resources.

The resolution is agreed to.²

I put to the vote the motion on the financial regulation concerning the EAGGF.

The resolution is agreed to.²

¹ See Official Journal, Series C.

² See Official Journal, Series C.

12. *Directive on internal fittings of motor vehicles*

President. — The next item is the discussion of the report by Mr Bermani drawn up for the Legal Affairs Committee on the proposal.

Mr Alessandro Bermani presented his report, drawn up on behalf of the Legal Affairs Committee, on the proposal from the Commission of the European Communities to the Council (Doc. 162/72) for a directive on the approximation of Member States' legislation on the internal fittings of motor vehicles (protection of the driver against the steering column in the event of collision)—(Doc. 285/72).

I call Mr Bermani to present his report.

Mr Bermani, Rapporteur. — (I) Mr President, honourable Members, this is certainly not so high-flying a report as that of my colleague, Mr Giraud; it is less ambitious but I think that it may nonetheless make a worthwhile contribution.

Due to technical difficulties, in particular due to the usual problems of translation with which we are assailed at this time of enlargement of the Community, the motion has been submitted without a written preamble and it is for this reason that I shall now briefly speak to it.

The document under discussion concerns a draft directive relating to the approximation of the laws of Member States in the matter of the internal fittings of motor vehicles to protect drivers from the steering column in the event of collision. This is a technical matter but one that comes within the purview of the Legal Affairs Committee, of which I have the honour of being a member, as it concerns the approximation of legislation in pursuance of Article 100 of the Treaty and therefore in substance compares and formulates legal measures. As a sop to those who think that jurists, despite their tendency to believe their own knowledge to be encyclopaedic, may have their shortcomings (hardly surprising when we are dealing with steering wheels!), I shall say at once that before drawing up its report the Legal Affairs Committee consulted the Transport Committee and the Committee on Social Affairs and Public Health.

The Transport Committee has stated in a letter from its Chairman, Mr Oele, that it is in favour of this directive and that it considers it to be a further step towards greater road safety. The Committee on Social Affairs and Public Health has also declared in a letter from its Chairman, Mr Müller, that it agrees with this draft directive. Furthermore, the Commission, in proposing the

directive in question, did so on the basis of work already done in Geneva by the United Nations Economic Commission for Europe which was very thoroughly weighed and examined. The Commission has told us that it has submitted the text of the directive to the States who have recently joined the European Community and that no comment has been received. From this we can assume that the new Member States are also in agreement, as confirmed by the fact the Legal Affairs Committee has unanimously approved the draft directive and has therefore obtained the favourable vote of the representatives of the new Member States.

It should be emphasised that the directive comes within the sphere of an outline directive approved by Parliament in February 1970, based on a report by Mr Cousté regarding procedures for EEC homologation of technical regulations for motor vehicles. Based on this outline directive, Federal Germany forwarded draft regulations to the Community which would modify its highway code, with specific regard to the section covering protection of the driver from the steering wheel in the event of collision. France, too, sent a draft decree, again setting out regulations for the protection of the driver from the steering wheel in the event of collision. The Commission asked these two countries to defer application of the text of their legislation until the time of the current directive. Both Germany and France agreed to do so and this makes it even more imperative that this directive be approved.

There is one thing, however, which may be surprising at first sight: the field to which this directive applies is limited to four-wheeled motor vehicles used for the conveyance of passengers and seating a maximum of eight persons, thus excluding rear-engine vehicles, in other words vehicles in which more than half the length of the engine is located behind the foremost point of the base of the windscreen and in which the centre of the steering control unit is located in the first quarter of the length of the vehicle. At a meeting of the Legal Affairs Committee, the Commission representative, replying to an observation made by the British representative who pointed out that besides four-wheeled vehicles there are also three-wheeled vehicles, explained that the purpose of the directive is to solve the most urgent problem, the problem that involves the largest number of vehicles on the roads, which cause the greatest number of accidents. The Legal Affairs Committee accepted this reasoning but nonetheless asked the Commission—as shown by the text of the draft resolution—to submit proposals as soon as possible regarding

Bermani

the protection of drivers of lorries, buses and rear-engine vehicles. In the case of the remainder only minor changes have been made and these are more a matter of form than of substance. I would propose, therefore, that the Assembly approve the draft resolution submitted by the Legal Affairs Committee, especially in view of the favourable opinion expressed by the Committee on Social Affairs and by the Transport Committee.

I think that this directive should be put to the vote, specially in expectation of the European highway code discussed this morning by the President of the Commission. Nonetheless, the provisions set out in the directive, though partial, are opportune in that they help to prevent the loss of human life in accidents. Measures such as these should be welcomed and it is a good thing that they be implemented as soon as possible.

Ladies and Gentlemen, as I said at the beginning, the discussion of changes to steering wheels is a task that on the surface is of far less importance than other subjects debated in this Parliament. But if—and this is in fact the case—it saves many human lives, then the problem must be of great relevance. I believe that the Commission is to be praised for having turned its attention to this question, and I am sure that Parliament too will express the same view in the most parliamentary manner possible, by voting for the directive.

(Applause)

IN THE CHAIR MR SCHUIJT

Vice-President

President. — I call Mr Gundelach to inform the Parliament of the position of the European Communities on the proposal for a modification presented by the Parliamentary committee.

Mr Gundelach, Commission member. — (DK) Mr President, Members, the Commission would like to thank the Legal Affairs Committee and its rapporteur, Mr Bermani, for their very positive deliberations on a matter which we regard as extremely important.

The Commission agrees that it is desirable for appropriate protective regulations to be established for buses, lorries and other vehicles which are not included in the present proposal for a directive and the Commission will try to put forward a proposal on this as quickly as possible. The Commission also agrees with the proposed amendments to the wording of Article

6 and will send the Council a proposal for an amendment to this effect.

Thank you.

President. — Does anyone else wish to speak? I put the motion to the vote.

The resolution is agreed to.¹

13. *Directive*

12. *Directive concerning the right to continue to reside within another Member State's territory after exercising activities as self-employed persons—Directive for coordination of special measures applied to movement and residence of foreign nationals.*

President. — The next item on the agenda is discussion of the following two reports by Mr Memmel drawn up for the Legal Affairs Committee on:

— Report on the proposal from the Commission of the European Communities to the Council (Doc. 106/72) for a directive on the right of citizens of one Member State to continue to reside in the territory of another Member State after exercising activities as self-employed persons (Doc. 283/72).

— Report on the proposal from the Commission of the European Communities to the Council (Doc. 107/72) for a directive extending the validity of the Council directive of 25 February 1964 on the coordination of special provisions restricting the entry and residence of foreign nationals on grounds of public policy, public security or public health, to nationals of Member States who avail themselves of the right to remain in the territory of a Member State after the cessation of their activities as self-employed persons (Doc. 284/72).

By agreement with the rapporteur and the committee I would propose that these two reports be discussed together.

Is there any objection?

That is agreed.

I call Mr Memmel to present the two reports.

Mr Memmel, Rapporteur. — (D) Mr President, I thank you for the decision to discuss both reports together, as they belong together. I

¹ See Official Journal, Series C.

Memmel

should like to explain them very briefly, as there is no explanatory statement attached to the reports themselves.

In 1964 the Council issued a directive according to which each Member State had to grant the nationals of other Member States the right to remain in its territory for an indefinite period for as long as and insofar as they were exercising activities as self-employed persons.

On 29 June 1970 a Regulations was adopted which gave employed persons, not self-employed persons the right to remain in another Member State after exercising such activities. And now the same right, the right to remain, is to be granted by the proposed directive to self-employed persons.

It is only right and fair that self-employed persons should be granted the same right as employed persons. The whole proposal for a directive has only one flaw, and that is that the Council has a number of proposals on the activities of self-employed persons before it and has not yet adopted them. The practical effects of our regulation are therefore minimal at the moment as not until the Council has adopted the first regulations on self-employed activities can self-employed persons exercise certain activities in other countries, and not until they have exercised such activities and have ceased to do so because of illness, accident or age can they make use of this right to remain. What we are producing here is a directive to be put on ice, if I can use that expression, which cannot have any practical effects until the Council has adopted the numerous proposals for directives submitted to it on the activities of self-employed persons.

The second proposal for a directive is on similar lines; it is intended to harmonise these special measures for persons no longer exercising an activity and entitled to remain in another Member State. There are no special comments to be made on this subject.

President. — I call Mr Gundelach to inform us of the position of the Commission of the European Communities particularly on the proposal for a modification proposed by the Parliamentary committee in its report No 283.

Mr Gundelach, Member of the Commission. — (DK) Mr President, Members, the Commission thanks the Legal Affairs Committee and its rapporteur, Mr Memmel, for the very positive consideration given to the two proposals for directives concerning the right of residence of self-employed persons. At the same time, the Commission thanks the Committee on Social

Affairs and Health Protection and its rapporteur, Mr Schwabe, for the positive opinion they have given on the two proposals.

The Commission has noted with pleasure the reception given to the proposals. It is able to support all the comments made by the Legal Affairs Committee and the Committee on Social Affairs and Health Protection. May I in particular emphasize the following:

1. The Commission intends to support to the Council the motion for amendment of Article 8, laying down 3 years as the minimum period of residence of a permanent nature in a Member country enabling an individual to return there after the cessation of paid activities.

If the Council agrees to this, the Commission will in turn alter its regulations on the right of residence of wage-earners with a view to instituting the same treatment for wage-earners and self-employed persons.

2. The Commission is aware of the advantages of coordinating the social security contributions for self-employed persons.

There are advantages in such coordination, not only in connection with the proposal for a directive on the right of residence, but also, and in particular, in connection with the realization of the general objectives of the the Rome Treaty, such as the constant improvement of the standard of living and working conditions.

The Commission therefore intends to study the question with the attention it demands, with a view to investigating all the possibilities and appropriate methods of procedure with regard to the realization of this coordination.

3. The Commission agrees that directive No 64221 should be reviewed and the Commission intends to put a proposal before the Council to this effect.

Meanwhile, in the opinion of the Commission, the first requirement is to consider the problems created in the new Member States by the application of the directive in its present form, and only then to produce the necessary proposal for an amendment.

Thank you.

President. — Does anyone else wish to speak? I shall put the two motions to the vote in turn.

I first put to the vote the motion in the report by Mr Memmel on the directive on the right to remain within the territory of another

President

Member State after having engaged in activities as self-employed persons (Doc. 283/72).

The resolution is agreed to.¹

I now put to the vote the motion in the report by Mr Memmel on the directive for the coordination of special measures on the movement and residence of foreign nationals (Doc. 284/72).

The resolution is agreed to.¹

14. *Financial Regulation applicable to the budget of the European Communities*

President. — The next item is the discussion of the report by Miss Flesch drawn up for the Committee for Finance and Budgets on the proposal of the Commission of the European Communities to the Council for a financial regulation applicable to the budget of the European Communities (Doc. 298/72).

I call Miss Flesch to present her report.

Miss Flesch, Rapporteur. — (F) Mr President, Ladies and Gentlemen, the Commission's proposal which we are examining today concerns the financial regulation which should really have come into force on 1 January 1971 as a logical consequence of the entry into force of the Treaty of 22 April 1970 amending certain Budgetary Provisions of the Community Treaties and, more particularly, unifying the Community budgets and strengthening the powers of our Parliament.

You will recall that Parliament was requested to express its views on a first proposal in January 1971, on the basis of a report drawn up by Mr Rossi for the Committee for Finance and Budgets. The Council organs have subsequently maintained, amended, worked out and brought up to date this text which until now had never legally been made public. Meanwhile the Community has lived on amounts carried forward from the former financial regulation which was often out of date in its logic and effectiveness, or partial provisions concerning especially the Social Fund and the EAGGF, these provisions having often been drawn up without Parliament having been consulted, which is obviously very regrettable.

In drawing attention to this situation I wish to explain how difficult it is to translate the principles expressed in the Treaties into Community facts. In the absence of an organic series

of provisions for implementing the Treaty of April 1970, the Community has lacked during the last two years a single and organic text of a financial regulation. This is all the more serious because it is legitimate to think that this situation, whatever one may say about it, constitutes an added reason for the delay in developing institutional powers with regard to the budget, the fixing of the tax and determination of the expenditure.

When our Parliament expressed its views on the first proposal for a financial regulation in 1971 it did so, as I said, on the basis of a report drawn up by Mr Rossi on behalf of the Committee for Finance and Budgets. When examining the first proposals this Committee was convinced that it had before it a text which must necessarily evolve in the near future if it was true that as from 1975 the Treaty of April 1970 was to be substantially reviewed in order to strengthen the powers of the European Parliament.

What, then, were the main shortcomings in the first proposal for a financial regulation examined in 1971? This proposal did not take sufficiently into account the development of Parliament's budgetary powers. Its rules did not, therefore, exactly reflect the new distribution of powers between the Community institutions. The Council remained the principal budgetary authority. It remained responsible for fixing the provisional one-twelfth of the appropriations, the procedures for making transfers from heading to heading, and the decisions for meeting the Commission's needs etc.

What now are the characteristics of the draft financial regulation after the readjustments made by the Council bodies and as submitted to us today? In general we should feel greatly satisfied that several of the amendments we proposed in 1970-71 have been incorporated therein. It is nevertheless true that, even if in a less striking way than in 1970, the general tenor of the text still makes the Council the main budgetary authority of the Communities. It is no longer the sole budgetary authority, but it is still the main one. From this point of view which you will agree is a basically political one, this remodelled text cannot therefore yet give satisfaction to Parliament.

Special remarks will be made about the amendments proposed to the various Articles of the Commission's proposal. But the Committee for Finance and Budgets wished these comments to be mainly directed towards, firstly, stressing the interim value—up to the end of 1974—of the text submitted to us having regard to the necessary development of the budgetary pro-

¹ See Official Journal, Series C.

Flesch

posals of the Treaties on which it is based; secondly, towards regarding as completely provisional the whole of the proposals of Title VI, which concern the rendering and auditing of the accounts as well as the conditions governing the exercise of the powers of supervision of the Communities' Audit Board.

In this latter connection it seems essential to record, in our resolution, the consent of the other Community institutions on the provisional character of these provisions. It seems clear that this heading should be reviewed at the end of 1973, after the Committee for Finance and Budgets has completed its work. This Committee has indeed to study these problems in a working party in which not only the Community institutions but also representatives of the national Audit Offices will participate. That is why it seems to me that the consent of the other institutions on the provisional character of the proposals concerning the Audit Board should be recorded, and I note that the Executive Commission has already given its consent.

One last remark of a general nature. In this financial regulation reference is often made to another regulation, an implementing regulation which has not yet been made public and which has to determine the ways and means of carrying out the financial regulation. In these circumstances it should be noted that if a regulation for implementing the financial regulation is necessary (obviously the financial regulation is only a model regulation) a number of problems, and not the least important ones, nevertheless remain unsolved with regard to the model regulation we have before us today.

These briefly are the considerations which underlie the motion for a resolution which the Committee for Finance and Budgets proposes to Parliament for approval.

(Applause)

President. — I call Mr Deniau.

Mr Deniau, member of the Commission of the European Communities. — (F) Mr President, Ladies and Gentlemen, I should like first to thank Miss Flesch for her excellent report on the draft financial regulation and also the Committee for Finance and Budgets which has discussed the matter very speedily and in a most positive spirit.

I am happy to point out that it is the Commission which wanted and made possible this fresh consultation of Parliament on the financial regulation by tabling on its own initiative an amended proposal and by asking the Council to give your Assembly, as it wished, an oppor-

tunity to express its views again on this text, after the important changes it underwent when it was presented to the Council bodies.

It is true that this somewhat slowed down the procedure and maybe slightly prolonged the work, which began in November 1970. Nevertheless I believe that finally it is extremely helpful that your Assembly was able to study all these texts again and that it was thereby possible to introduce a number of interesting and substantial improvements.

In passing, I should like to thank the Council's legal service for the valuable assistance it has given us throughout our work.

I should also like to emphasise the significance of these provisions. On this point, of course, I entirely agree with the views expressed by Miss Flesch. The document we are debating at present is of a transitory and provisional character. The Committee fully shares the feelings expressed by Miss Flesch. Indeed, the regulation takes into account the consequences of the changes which the introduction of the Community's own resources and the parallel readjustment of the budgetary powers of the Parliament have wrought in the financial regulations of the Community. Clearly, the whole of this text will have to be reviewed again and adapted to the enlarged powers which would result from the proposals which, as Mr Ortoli stated this morning, the Commission proposes to table on this subject by 30 June.

This transitional character of the financial regulation in no way impairs either its compelling force nor its immediate practical importance. Neither does it imply that its provisions make it possible to anticipate the exact form of the institutional balance which will emerge from the process of amending Parliaments's budgetary powers.

On the other hand, we must not use this interim character as a pretext for postponing till later some practical changes which might immediately improve the procedures of adoption, execution and supervision of the budget and strengthen the role which Parliament should play already now in its procedures. This involves a list of practical measures of which perhaps each one individually does not have a spectacular character, but the whole of which should effectively and concretely enable Parliament to exercise a better control.

It is a question of adding a financial memorandum to proposals likely to have budgetary repercussions—that is, Parliament should be enabled to assess the budgetary and financial effects of any proposal it might happen to

Deniau

debate. Transfers of funds which have a political character would be communicated to Parliament every three months. What is involved is to ensure an integrated presentation of the policies and budgetary credits provided for in the statement of reasons for the draft general budget of the Communities.

All these elements, which should make it possible to assess more accurately the main sections of budgets and the policies which determine them have already a practical significance as regards the possibilities of intervention and supervision of your Assembly.

These reflections on the transitional nature of the financial regulations concern primarily the provisions relating to the internal and external control which, together with the question of funds of which I shall say a word later, constitute the most important and contentious points of the debate between the Council and Commission.

The Commission is obviously in a rather delicate position. It is at one and the same time the guardian of the Treaties and is therefore responsible for the general balance between the institutions, and it is the main organ controlled or affected inasmuch as under Article 205 of the Treaty it is the Commission which is responsible for executing the whole budget of the Communities. Furthermore, it is obviously the section which more immediately concerns it which is by far the most important.

In this matter, therefore, I am completely willing and determined to strengthen the controls.

This being the case, the work must be divided up in a completely clear way and far from rivaling or opposing each other, the various controls which may exist must be complementary in their functions and independent in their organization and operation.

The internal control forms part of the execution of the budget and is thus the sole responsibility of the Commission. The function of this control is essentially of a preventive character. It is a question of enlightening the Commission as to the legality of acts of a budgetary nature and their compliance with the principles of good financial administration, so as to give a warning which may enable it to avoid any errors or abuses which might be committed. Should its financial controller refuse his endorsement—and I would say at once that here again I personally consider that the powers, authority and methods of investigation of our financial controller should be strengthened—it is up to the European Commission, as you know, to take the final decision and possibly overrule this refusal to endorse,

for reasons which may be of general interest. In exercising this responsibility the Commission naturally remains subject to the control of the budgetary authority through the discharge procedure.

On the other hand, the supervision effected by the Audit Board is external and a posteriori. This emerges clearly from Article 206 of the Treaty: just as Article 205 made the European Commission responsible for the execution of the budget, so Article 206 states explicitly that the accounts for the total revenue and expenditure shall be examined by an Audit Board and that it shall make its report after the end of the financial year. What is involved is an assessment, which may be a very broad one, of all the legal and economic aspects of the budgetary administration of the Community once it is completed. It thus goes without saying that an intervention by the Audit Board in the execution of the current budget would be contrary to the terms of Article 205, which reserves this responsibility for the European Commission.

It seems to me of vital importance to separate these two types of control, each one having a highly important mission which it must be fully able to perform, and which missions are complementary. The text submitted to you for consultation duly observes this principle. It is this which has enabled the Commission to accept the numerous and by no means negligible amendments which this draft introduces in respect of the powers of the Audit Board and the conditions governing their exercise. In this extension we are no doubt limited by the Treaties of which I have just recalled the basic provisions and by the actual status of the Audit Board, which it will be up to the budgetary authority to modify if necessary.

Within this double limit, however, the strengthening of the external control as proposed is already significant. It is this which has enabled the Commission to assent to these provisions, more especially by reason of the considerable improvement which Article 85 of the new financial regulation gives to the working methods of the Audit Board. Henceforth the Commission has the assurance that the controls will be effected at a high level when important matters are at stake, and that the executive tasks of the control will be carried out under the authority of the Audit Board itself.

Thus most of the objections which the Commission could feel about a practice which has hitherto been somewhat faulty, against extending the powers of the Audit Board, become pointless, a fact which I personally welcome. The present text seems to me good, clear and coherent.

Deniau

On the other hand, the amendment to Article 85 which has been introduced by Mr Gerlach and which, I say quite openly, does not fundamentally change matters, may lead us to re-open the debate, especially with the Council, as regards the simple wording of the text, and I would prefer this debate not to be re-opened.

But I believe there is a slightly more important problem—perhaps, Mr President, I am a little in advance of the debate—: the amendment to Article 90, on which I should like to make myself completely plain. I believe it is not possible, as I have already said, to mix two functions together. And, as much as I should like the Audit Board, an institution for which I have the greatest respect, to have its powers increased and its vocation to some extent transformed into a kind of European Audit Office, I believe it is not wise to mix statutorily the function of an Audit Office with that of a body or organ which is certainly less eminent, which might for instance be the general Inspectorate of Finance. These are not the same functions, nor the same tasks. The one is bound to the Executive and the execution of the budget, the other is a control effected a posteriori, on the basis of vouchers and, where necessary, on the spot once the financial year is closed. In any case this would place us in an extremely difficult position as regard the strict interpretation of the Treaty.

With regard to the complementary nature of these two controls, however, I believe that a number of important steps have already been taken and, as you know, it is now planned—and I personally am very happy about it, for I have always favoured this solution—that all cases in which the European Commission overrules a refusal by its financial controller to give his endorsement must be submitted to the Audit Board. For if the European Commission does overrule such a refusal, it must have very good reasons for doing so, and in my opinion it is most advisable that it should explain these reasons to others. I feel this point is one of the most important improvements in the text we have before us.

Lastly, I should like to say a word about the second problem which has greatly preoccupied the Community authorities with regard to this text: the Community funds. As you know, the difficulty arises essentially from the time lag which exists between the moment when the Community has to make available to the national paying bodies the resources they need for the management of the Guarantee Section of the E.A.G.G.F. and the moment when the Community's own resources are actually transferred. Since 1971 we have been obliged to pre-finance

the major part of the common agricultural policy. We collect the Community's resources about 60 days after they have been fixed, and this makes a hole in the funds which may last from 3 to 4 months. As it was not possible to count on a financial regulation adapted to the new needs arising from the resources of the Community itself, it was necessary to resort to various expedients in 1971 and 1972. The solution to this problem is contained both in the present financial regulation as regards the essentials and secondarily, but this is an important point affecting a question of date, in the amendment to the regulation on which Mr Aigner has reported and which was adopted a moment ago.

In its Articles 31 et seq., indeed, the financial regulation provides for two types of measures for reducing to a minimum the gap between revenue and expenditure. On the one hand, the Member States will have to pay each month, as contribution, the difference between the needs established by the Commission and the payments out of the Community's resources. On the other hand, with regard to the contributions prescribed for the supplementary programmes concerning Euratom, the payments will be divided into two instalments.

To conclude, I should like to express my satisfaction that on the initiative of your Committee for Finance and Budgets and with the complete agreement of the European Commission, it has thus been possible to amend the financial regulation on several points, thus at the same time settling some problems which though technical have a certain practical importance such as those concerning the funds, and already introducing into the institutional machinery a number of concrete improvements whose value is immediately apparent. I do not want to under-rate these interim improvements. Certainly, as Miss Flesch rightly said, this is an interim system, but I believe that the hope for deeper changes should not serve us as a reason, even an alibi, for not improving here and now what can and should be improved.

(Applause)

President. — I call Mr Aigner; he speaks on behalf of the Christian-Democratic Group.

Mr Aigner. — *(D)* Mr President, Ladies and Gentlemen, I should first like to thank Miss Flesch most sincerely and congratulate her on this excellent report which must really have been written at great speed. We had only one meeting with her and that is why I congratulate her on enabling us to examine it here at such short notice.

Aigner

I should also like to thank Mr Deniau for facilitating our work so greatly by showing so much understanding for the problems of a Parliament that is supposed to exercise supervision and is the budget authority but has no instruments for this supervision. It is no more than natural at all times and in all Parliaments that a conflict of views can occur here between the one that supervises and the one that should be supervised, and we shall certainly have much more discussion on this problem.

I should like on behalf of my group to make a few comments on this financial regulation as it is put before us. It will not be final. But I believe that it is a step forward in our ideas and naturally the question of the presentation of accounts and auditing as such is of the greatest interest to us here. As the budget authority we are responsible for being able to say: the supervision is fully efficient. When we give discharge together with the Council, we can do it with a clear conscience. And I believe that a serious objection can be made here, Mr President, to the general draft, but that lies in the structure of the Community. The new financial rules do not take sufficient account of the fact that the collection of own resources and execution of the vast majority of the Community's tasks are not the responsibility of the Commission, but of Member State administrations on behalf of the Communities. The only provision is that the Audit Board may be present at the audits at its request. I need do no more than refer to Articles 13 and 14 of Council Regulation No 2/71. Apart from these provisions, all the new financial rules are set out as if the collection of all revenue and the execution of all tasks was the sole responsibility of the Community's departments. And that is not so. And here the complexity of our system starts. The endorsement system is just not good enough here, Mr Deniau, and consequently new ways must be sought and new concepts formulated.

Let me now bring up a second point which is currently causing us much concern; this is the fact that considerable amounts are handled and accounted for outside the budget. For years, Mr President, the Audit Board for example has been complaining about these serious shortcomings. The criticisms cover three main points: firstly the increase in revenue and payments booked outside the budget. This cannot be entirely avoided, but the extent to which it is done here in the Community is quite wrong. Secondly, the accounts opened in this way outside the budget with the payee are left for many years without being closed. They are therefore not included in the general budgeting. And there are cases—we have mentioned them

in the reports of the Committee for Finance and Budgets—in which it is no longer possible to ascertain how these balances were obtained. I need only mention two facts to show the uninitiated quite clearly what happens when the supervision is not fully efficient.

In note 68 b of the report of the Committee for Finance and Budgets for 1970, mention is made of two of these accounts with debit balances, the origin of which the Committee tried to clarify. It was partially successful with one of these accounts which showed a debit balance of about 4,000 units of account. This was mainly attributable to the theft of a cheque form on which 3,700DM was then drawn. This did not appear in the books. In the case of another account with a debit balance of 4,000UA it was established merely that it was a deficiency "in connection with the administration of a pay office during the period 1965-66", for which no explanation had so far been found. The surprising point is that no further mention is made of these two accounts in the Audit Board's report for 1971. I would say to Mr Deniau that in my opinion these examples alone show that we are faced with a problem here that it is essential to tackle jointly.

Let me make my third point. I can understand that the Audit Board as constituted at present cannot perform its function. A part-time position to which the individual members are appointed from national Ministries cannot provide an independent audit body of the type that Europe needs. I need only recall the hearing with the Presidents of the national Audit Offices; I believe we have found a common denominator: we need a European Audit Office. That is beyond doubt. It is of course difficult to point to a model as we have various accounting systems in the Member States and they must all be able to cooperate because I cannot build up a gigantic audit apparatus alongside the national audit authorities. I must find a system, a formula in which the different audit systems of the Member States can become integrated at the top in order to attain genuine Community auditing.

The weaker the internal supervision in the Commission, or the less efficient it is, the stronger and more complicated the structure of this Audit Office must be. Of course there are two different accounting systems, one internal and the other the external audit, one concomitant and the other after the accounts are closed. They are two different accounting systems, but they must be interlinked in such a way that they can benefit mutually from the respective working basis. And here a reproach I have to make to the Commission—not for the first time, as you know—is that it has not

Aigner

organized the internal supervision to be sufficiently independent, that it has not given it the necessary latitude, and in my opinion the internal supervision must also be expanded into a Community supervisory service, together with the supervisory services of the Member States. In other words, not only cooperation in the external audit, but above all cooperation—at Member State level—in internal supervision.

Mr President, I should like to make one last point—and then I shall speak in support of my proposed amendment, and I would ask you to allow me to do this, as I have to leave the meeting; I regret that these financial rules have not followed the principle of the full inclusion of all funds, even though this would have been possible, or at least would have been possible to a greater extent than in the past. You know, for example, that the ECSC levy remains outside these financial rules, that development aid funds remain outside these financial rules. Now I admit that different financial rules are necessary for the development fund from, for example, administrative funds. However, there are basic facts of budget management that are so general that they must cover all funds, and then where special provisions are necessary, special provisions must be included in financial rules for these particular funds. We have done this for the Social Fund and for research appropriations. If it can be done there, then in my opinion it should also be possible for other funds.

Mr President, those are just a few comments on the current situation in the discussion of the financial rules. I hope that we shall continue our dialogue not only with the Commission but also with the Council and above all the Audit Board, and I hope too that we shall soon see a further improvement in the financial rules of the Communities.

(Applause)

President. — I call Mr Wohlfart on behalf of the Socialist Group.

Mr Wohlfart. — *(F)* Mr President, Ladies and Gentlemen, like all my colleagues, I believe, and especially my friend Mr Aigner and our Rapporteur Miss Colette Flesch, I can only rejoice to see a new motion for a resolution on the financial regulation applicable to the budget of the Communities being dealt with today. Like Mr Deniau just now, I congratulate Miss Flesch on the excellent report she presented so succinctly to our Assembly.

The importance of this regulation cannot escape anyone, and for this reason it is to be deplored that it has remained so long under discussion, has been subjected to so many amendments,

although I admit sometimes important ones, and thus could not come into force at the same time as the Treaty of 22 April 1970.

Despite these delays, this regulation is not yet in operation since an implementing regulation has still to be finalized. It is, moreover, regrettable that this latter regulation was not submitted to us at the same time as the financial regulation, since this would have made it possible to clarify certain trends which are still too indefinite and would have enabled each of us to express our views with the full facts at our command.

Despite the sometimes rather vague character of this regulation and certain gaps it contains, however, the Socialist Group is in favour of its adoption, especially after the amendments and improvements which have been made to it by our Committee for Finance and Budgets. And for this reason I consider that it is guiding in the right direction the balance of the relations between the institutions of the EEC in the budgetary field and will enable the strengthening of the budgetary powers of the European Parliament to be taken more into account, though still insufficiently.

On this subject certain Articles of this regulation still remain to be reviewed, corrected and improved, particularly as regards the Guarantee Section of the EAGGF as Mr Aigner said just now, the Social Fund and the provisions concerning the Audit Board. These amendments should be introduced taking into account the proposals which the European Parliament has repeatedly made on this subject.

Lastly, I would emphasize very strongly the provisional character of this regulation. For as from 1 January 1975 it will have to be adopted and strengthened when the Community possesses its full financial autonomy. This task should therefore be tackled already now, due heed being paid to the new provisions on the strengthening of the budgetary powers of Parliament which will be drawn up between now and that date, in accordance with the commitments undertaken by the Community and promised by Mr Deniau.

Subject to these few remarks, the Socialist Group will vote in favour both of the motion for a resolution and the regulation.

(Applause)

President. — I call Mr Offroy, who will speak for the European Democratic Union Group.

Mr Offroy. — *(F)* Mr President, the Group of the European Democratic Union wishes to

Offroy

associate itself with the congratulations expressed to Miss Flesch for having presented this excellent report to us so quickly.

We consider that the regulation submitted to us constitutes an important and positive stage with regard to the improvement of the budgetary powers of the European Parliament. We are also aware that this is only a transitional stage, but anyway it is in operation and we should like to congratulate the Committee on this fact.

In particular, we are interested in the Articles which define the powers of the Audit Board. We are glad to know that this Board may effect its control on the spot and on the basis of vouchers, which was not always the case in the past. This was the aim of our action, as I indicated when I presented my report on the budget of the Communities, and I am glad to see that the regulation submitted to us takes account of the points of view which were then expressed by the European Parliament.

I would even hope, since an implementing regulation is proposed, that the procedure would be made somewhat lighter and simpler. It is specified that the European Parliament may ask the Audit Board, in addition to the annual report, for reports or analyses on specific questions concerning the closed accounts of the financial year. This is a good thing, but I personally would hope that talks could be arranged between the Committee for Finance and Budgets and the Audit Board. If, for instance, once every three months the members of the Audit Board could discuss with the members of the parliamentary Committee for Finance and Budgets the question of the execution of the budget and the control effected by this Board, such a dialogue would be of value for it would certainly make it possible to discern on what points the European Parliament should exercise its vigilance. We could then report to the Parliament on these various points. These necessary personal contacts between the members of the Audit Board and the members of the parliamentary Committee should thus be added to the relations provided for in the draft regulation.

As regards the amendment presented by Mr Gerlach and Mr Aigner, of which several speakers have already spoken, we share the feelings of Mr Deniau. This amendment is contrary, not only to Article 205 quoted by Mr Deniau but also to Article 206 of the Rome Treaty, which indicates that the control must be effected by the Audit Board after the closing of each financial year. By providing for controls during the financial year, the amendment thus runs formally counter to the provisions of the Rome Treaty, and I hope that Parliament will

not adopt it. It seems to me that there is on the part of the authors of this amendment a confusion between what we call in our country the Inspectorate of Finance and the Audit Office. The Inspectorate of Finance comes under the executive authority and obviously acts during the execution of the budget, by forestalling any obstacles which might arise in applying the budgetary rules. The Audit Office, on the contrary, acts after the winding up of the budget, to check whether the rules have been applied. There must not be any confusion between these two bodies, and that is why I think it advisable, on this point, to abide by the amendments proposed by the Committee for Finance and Budgets.

I should like to point out, moreover, as a member of the Committee for Finance and Budgets and as Rapporteur on the budget of the European Communities, that after having been discussed and rejected by the Committee, the proposal of Mr Aigner and Mr Gerlach has finally not been incorporated in the report and proposals of Miss Flesch. We should therefore keep to the amendments proposed by Miss Flesch.

President. — Ladies and Gentlemen before going on I should like to clarify one point.

The rule is that the sitting shall be adjourned when Groups have a meeting planned. Similarly we shall have to press on quickly with our work to enable Mr Ortoli to attend an exceptional sitting of the Council on the monetary crisis tomorrow afternoon. Lastly it is planned that Mr Haferkamp should make a statement at the beginning of the sitting on Thursday on the outcome of the deliberations of the Council on the monetary crisis.

Bearing all these points in mind I would propose that we continue until we have dealt with all the items on the agenda.

I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, I had asked you to adjourn the sitting because it had always been planned to end the sitting today at 6 p.m. Even in view of the fact that the committee meeting will be held tomorrow morning, I would propose that discussion of this report should be continued after the debate on Mr Ortoli's report.

President. — Mr Gerlach has thus tabled a formal motion to adjourn the sitting.

I put this to the vote.

The request for adjournment is rejected.

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — (E) I should say I am not speaking for the Conservative Group, but only in my own name; and as the hour is late and there are other interests which are attracting the attention of Members, I will speak very briefly. I would like to take this opportunity of congratulating our rapporteur on the speed with which she produced her report, her admirable presentation of it and, of course, in particular on the recommendations which she has made, which I think we must all accept. I would also like to congratulate and thank Mr Deniau for the admirable clarity of his statement but, more particularly, for the extremely friendly and cooperative manner in which he spoke to Parliament.

For British Members of Parliament, the proposals in this draft regulation are somewhat unfamiliar. It is a part of our constitutional history which we all remember that the House of Commons gradually won authority over the Executive—not without a very bitter struggle—by seizing control of the finances of the State; but I regret to say that in recent years, perhaps it may be in recent decades, the House of Commons in Westminster has been steadily losing control over the way in which the British budget is handled.

This applies both in questions of detail and even in questions of long-term planning as well. The British Treasury has taken over the functions of control, both over detail and in terms of long-term policy and these matters are not now easily overseen by Members of the House of Commons. Mr Deniau referred to the fact that this resolution is of a transitional character only, but it certainly is part of an extremely significant constitutional development for Europe and I think it right that we should give close attention in coming years to the relationship between the Parliament and the Executive in the ways in which our funds are disposed of.

The role of the Audit Board and the role of the Parliament, it seems to me, must be kept absolutely clear because if there is any confusion between them we shall find that the Parliament is not dealing only with what is practical and helpful, but also has become involved in what is time-consuming and trivial. We shall not then be giving as much time as we should to the grander implications of expenditure for the long-term development of European institutions. I suppose that the role of the Audit Board may be said to be the mastery of detail, and the role of the Parliament the application of policy. I feel that it will be helpful if these two functions are kept strictly separate because otherwise we may find that

the Audit Board is inclined to bulge over into questions of the application of policy, which are strictly parliamentary matters. I promised to be brief, Mr President, and I would like only to say that I feel this afternoon we have made a good start to our dialogue with the Commission because of the most forthcoming and helpful way in which Mr Deniau spoke; but we still have a very long way to go.

President. — Does anyone else wish to speak? The general debate is closed.

We come now to discussion of the proposal for a regulation; the motion will be dealt with later.

On article 90 I have an amendment No 1 tabled by Mr Gerlach for the Socialist Group and by Mr Aigner for the Christian Democratic Group which reads:

At the end of this article, insert a new paragraph worded as follows:

‘The Council and the European Parliament may also ask the Audit Board to supply reports or studies on specific questions which do not relate to a current financial year.’

I call Mr Gerlach to speak to his amendment.

Mr Gerlach. — (D) May I remind you, Mr President, that it has always been customary in this Parliament to adjourn the sitting when a Group so moves. I regret that this excellent practice was not followed today.

On the proposed amendment itself, I should like to make the following comment: I shall shortly be submitting to you a report in which I go into great detail on the Commission’s views regarding the interpretation of Articles 205 and 206. The Proposed Amendment that I am moving here, Mr President, has nothing at all to do with Article 205, but takes up a practice that is common in national Audit Offices.

I should like to refer you to an article written by the President of the Federal Audit Office: ‘15 000 million without adequate supervision: we need a European Audit Office’ by Mr Schäfer, President of the Federal Audit Office. In it he shows, giving very precise and detailed evidence that we must expand the functions of the existing Audit Board into a type of European Audit Office. I quote from the law constituting the Federal Audit Office in the Federal Republic. Paragraph 88 (2) reads: On the basis of audit results, the Federal Audit Office can advise the Bundestag, the Bundesrat, the Federal Government and individual Federal Ministers. Translated into our terms, this means that the

Gerlach

European Audit Office, or to use current terminology the Audit Board, can advise Parliament and the Council of Ministers on the basis of audit results. My proposal says no more than this and it does not in any way affect the Commission's budgetary rights.

I find it very surprising that the Commission has changed its view of the Audit Board in this way. I am very pleased, but it has no consequences. It does not accept genuine supervision as it really should, but rejects any supervision of the efficiency of the budget management and accounting. And we, the Parliament as an authority and also the Council of Ministers, want to commission the Audit Board with reports and analyses so that it can introduce additional checks at our request, as a result of our own decisions, and not merely when the accounts are closed.

Mr President, I should like to remind you of something that was widely discussed in the press when that famous article appeared in a German newspaper saying that the Commissioners were flying all over the place in chartered aircraft at enormous expense. I think it only right, in the face of such criticism, which need not and should not be justified, for Parliament to be able to instruct the Audit Board to investigate such complaints immediately, and not only after the end of the financial year, not only after accounts are presented.

Mr President, I should like to point out the following circumstance: contrary to the view expressed here, the Committee for Finance and Budgets has attached great importance to the approval in principle of the subsequent audit. On the other hand, the supervisory function of the European Parliament, especially since the amendments to the Treaties in April 1970, is a permanent one and through this function it has to ensure that accounting and implementation of the budget proceed on the right lines throughout the year, and Parliament has and must have the right to base its considerations not solely on completed budgetary and accounting procedures. If we were to accept this as it is set out here, it would be contrary to all Parliamentary understanding. In my report which will be submitted to you later, but which is already reflected in this Proposed Amendment, I shall demand that Parliament and the Council as the competent budget authority can in specific cases demand investigations by the Audit Board at any time.

I shall revert to this because in the discussion on each audit report we have already referred to this right, to this compulsion I would almost say. The right to subsequent verifications, Mr

President, can be derived clearly from the provisions. I recall the first speech by our new British colleague who said here in this Chamber that anything not specifically prohibited is allowed, and we have taken upon ourselves this right to entrust the Audit Board with analyses and reports that we consider necessary. This does not in any way encroach on the Commission's right to implement the budget on its own responsibility pursuant to the first paragraph of Article 205 of the EEC Treaty. The problem of efficiency in the implementation of the budget also calls for a partial qualification of the principle of subsequent verification. Checking the efficiency of the implementation of the budget implies permanent observation and supervision of the organizational and administrative procedures of the Commission's departments and—I lay particular stress on this—not only the departments directly concerned with budgetary operations, but all departments. And this interpretation is also particularly underlined by annotators of the EEC Treaty.

In brief, I should like to refute what has been said here by Mr Deniau and other speakers to the effect that this proposal is not in conformity with the Treaty. On the contrary, it is in conformity, it underlines Parliament's wish to make use of the supervisory right that Parliament has, that it must have and that it must not allow to be taken away from it. On behalf of my friend Mr Aigner as well, I would ask you to approve both his and my proposal.

President. — Mr Gerlach may I say, in order to avoid any misunderstanding, that I did not know that your motion to adjourn the sitting was tabled for the Socialist Group.

I call Mr Bertrand.

Mr Bertrand. — (N) Mr President, I have read the amendment by Messrs Gerlach and Aigner with very close attention, but have also listened with great interest to the comments by Mr Gerlach on his amendment. I am in entire agreement with him that the audit must be carried out by Parliament. It must be able to carry out better supervision of activities, of the use of credits, of the application of receipts, and of expenditure. As far as that is concerned I can support him fully, but I am not in agreement with his interpretation of Article 206 of the Treaty, which does not accord with the text of Article 206 itself.

Article 206 is quite clear. There can be no doubt on this. It says here: '... the purpose of the audit, which shall be based on records and if necessary,

Bertrand

performed on the spot, shall be to establish that all revenue has been received and all expenditure incurred in a lawful and regular manner and that the financial management has been sound'. Proceeding from this wording Mr Gerlach would now like to achieve with his amendment that we can examine whether financial management has been sound. No-one is against this, but the second paragraph of Article 206 goes on to say: 'After the close of each financial year. the Audit Board shall draw up a report...' and this can refer only to an audit of the accounts of all receipts and expenditure. So as long as there are no accounts the Audit Board cannot carry out an audit. And in the second place it has to draw up the report on its audit after the close of each financial year. This is therefore a juridical difficulty. The amendment offers no solution to this. Should it be accepted it can nevertheless not be applied in practice. It will therefore remain as a pious hope of our Parliament. The Audit Board cannot withdraw from the obligations imposed on it by Article 206. It must draw up a report at the close of the financial year on the receipts and expenditure accounts for that financial year. That is the upshot of Article 206.

I should also like to request those moving the amendment to make a small alteration, that would make it possible for an analysis or report to be given regarding specific problems. This can be asked of the Commission or of the Council. The text of the amendment, however, runs: 'The Council and the European Parliament may request from the Audit Board reports or analyses in the matter of specific problems, and also with reference to financial years not expired. This is where unlawfulness starts. The Audit Board cannot, according to Article 206, prepare any reports on unexpired financial years, in view of the fact that they cannot have sight of the complete receipts and expenditure accounts. I should therefore like to ask those moving the amendment to agree to the following wording:

'The European Parliament may request from the Commission or the Council reports or analyses in the matter of specific problems, and also with reference to unexpired financial years.' Then partial satisfaction is achieved. And in this way the first step can be taken.

I should further like to propose to those moving the amendment that they bring up this problem again at a time when we are looking at the proposals regarding the extension of the budgetary powers of Parliament together with the Commission. We could take that opportunity of discussing this problem. Then will be the moment for, in fact, proceeding further than pro-

vided for under Article 206. I would have nothing against it if recourse were made to Article 235 of the Treaty in order to effect an amendment of Article 206, as a result of which the audit could be tightened and an audit office could be set up such as we have in our national parliaments. The amendment in its present version seems to me to be premature, however. It could give rise to juridical difficulties that our Parliament could well do without. The wording of Article 90 of the financial rules proposed by the Committee for Finance and Budgets is in accord with Article 206. I should also like to ask the Rapporteur for agreement with the amendment in the form as altered by me.

(*Applause*)

President. — I therefore have a motion from the Socialist Group that the sitting be adjourned. I note, however, that we have already begun the voting procedure.

I call Mr Gerlach.

Mr Gerlach. — (D) As far as I can see, Mr President, we are still dealing with the proposed amendments. Please forgive me for disagreeing with you in this matter, but in my opinion we have not yet reached the stage of voting. But you are President.

In reply to our colleague who has just spoken, I should like to point out, Mr President, that I said initially that at the next part-session of the European Parliament a very exhaustive report on questions concerning the Audit Board will be submitted, in which I will make a special examination of these questions and report to you in great detail on my views, which I hope will also be those of the committee and of Parliament.

It is just because the Proposed Amendment is an anticipation of this report that I call for its adoption in the form in which I am moving it, and once again I ask on behalf of my group that the sitting be adjourned before the vote and the discussion be continued tomorrow after the debate on Mr Ortoli's report.

President. — I think that I should follow the traditional practice and accede to the request for an adjournment. The vote will therefore be deferred.

What is the opinion of the rapporteur?

Miss Flesch, rapporteur. — (F) Yes, Mr President, here is my opinion on the amendment proposed to us.

The discussion we have just heard reflects fairly closely the one we had in the Committee for

Flesch

Finance on the same subject. It has been pointed out here that this amendment had not been adopted by the Committee. I must add that the discussion was a very hard pressed one and that during the vote we were divided between the two differing arguments. That is why I have obviously not taken the amendment into account in my report, as it was not adopted.

As has already been said, I do not think it is a question here of the interpretation of Article 205. But I am less certain about Article 206. I think it is truly a question of making an interpretation of this Article, and I must note that the opinions of the lawyers differ somewhat about this interpretation: some are in favour of the view taken by Mr Gerlach, while others defend that expressed by Mr Bertrand.

For my part, it seems to me eminently desirable that we should arrive at the point proposed by Mr Gerlach and should grant the Audit Board of the Communities the same role as that played by our national Audit Offices in most of our Member States. That is the aim we should endeavour to reach.

Having said this, I have also some hesitations about the interpretation to be given to Article 206, which seems to me fairly clear, particularly in its second paragraph.

Mr Bertrand has just proposed to us a second amendment which seems to me a rather interesting one. It aims at enabling the European Parliament to ask the Commission or the Council for reports or analyses concerning specific problems which also relate to budgetary years which have not yet been closed. I am inclined to agree to it, since this offers a means of reserving our position in the future as we shall in any case return to this question when we examine the report of Mr Gerlach. It seems to me that in order to be able to follow this report completely it would be necessary to amend the Treaty, which I for my part consider desirable since it is important that our Audit Board should be a real one. Meanwhile, however, I cannot agree to Mr Bertrand's amendment on behalf of the Committee since the Committee

has not yet been able to decide on this question. Personally, however, I have great sympathy for this amendment.

President. — We shall now adjourn. The discussion of the motion and the various votes will be postponed until tomorrow.

15. Agenda for the next sitting

President. — The next sitting will take place tomorrow Wednesday, 14 February 1973 with the following agenda:

10 a.m. and 2.30 p.m.:

- Introductory address by Mr Hillery on trends in the social situation in 1972;
- Report by Mr Jozeau-Marigné on adopting Parliament's Rules of Procedure;
- Debate on the presentation of the Commission's Sixth General Report and its annual programme of activities;
- Vote on the motion for a resolution contained in the report by Miss Flesch;
- Report by Mr Mommersteeg on the motion for a resolution on Vietnam, Laos and Cambodia;
- Report by Mr Aigner on the supplementary budget of the European Parliament.

I would also confirm that the Commission of the European Communities will make its statement on recent events in the monetary field on Thursday, 15 February 1973 at 9.30 am.

The Christian Democratic Group has also asked me to point out that it will be meeting tomorrow morning at 9 am.

The sitting is closed.

(The sitting was closed at 6.40 p.m.)

SITTING OF WEDNESDAY, 14 FEBRUARY 1973

Contents

<p>1. <i>Approval of minutes</i> <i>Mr Giraud</i> 100</p> <p>2. <i>Documents submitted</i> 100</p> <p>3. <i>Reference of a petition to committee</i>.. 100</p> <p>4. <i>Time-limit set for the tabling of amendments to the emendatory and supplementary estimates of Parliament for 1973</i> 100</p> <p>5. <i>Change in the agenda</i> <i>Mr Kriedemann, Mr Dich, Mr Radoux, Mr Lücker</i> 101</p> <p>6. <i>Adaptation of the Rules of Procedure of the European Parliament.</i> <i>Discussion of a report by Mr Jozeau-Marigné drawn up for the Legal Affairs Committee:</i> <i>Mr Jozeau-Marigné, rapporteur</i> 103 <i>Resolution agreed to</i> 102</p> <p>7. <i>Developments in the social situation in the Community in 1972. Introductory statement by the Commission of the European Communities</i> <i>Mr Hillery, Vice-President of the Commission of the European Communities; Mr Müller, Chairman of the Committee on Social Affairs and Public Health</i> <i>Statement referred back to committee</i> 104</p> <p>8. <i>Change in the agenda</i> 109</p> <p>9. <i>Financial regulation applicable to the budget of the European Communities (vote)</i> <i>Discussion of the proposal for a regulation:</i> <i>Amendment No. 1 to Article 90</i></p>	<p><i>Mr Bertrand, Mr Gerlach</i> 110 <i>Amendment No. 3 to Article 90</i></p> <p><i>Miss Flesch</i> 110 <i>Rejection of Amendment No. 1</i> 111 <i>Amendment No. 3 agreed to</i> 111 <i>Article 90 agreed to</i> 111 <i>Discussion of the motion:</i> <i>Preamble and paragraphs 1 to 6 agreed to</i> 111 <i>Amendment No. 2 after paragraph 6:</i> <i>Miss Flesch, Mr Ortoli, President of the Commission of the European Communities, Mr Gerlach, Miss Flesch</i> .. 111 <i>Amendment No. 2 agreed to</i> 112 <i>Paragraphs 7 and 8 agreed to</i> 112 <i>Resolution agreed to</i> 112</p> <p>10. <i>Sixth General Report of the Commission on the activities of the Communities in 1972 and annual programme of activities of the Commission for 1973 (continued)</i> <i>Mr Lücker, for the Christian Democratic Group, Mr Corona, for the Socialist Group, Mr Johnston, for the Liberal and Allies Group, Mr Kirk for the Conservative Group, Mr Bousch for the European Democratic Union Group, Mr Leonardi</i> 112</p> <p>11. <i>Documents received</i> 124</p> <p>12. <i>The Sixth General Report of the Commission on the activities of the Communities in 1972 and annual programme of activities of the Commission for 1973 (continued)</i> <i>Mr Ortoli, President of the Commission of the European Communities, Sir</i></p>
--	---

<i>Tufton Beamish, Sir Anthony Esmonde, Mr Normanton, Mr Giraud, Sir Derek Walker-Smith, Mr Petersen, Mr Bro, Lord Gladwyn, Mr Federspiel, Mr Guldberg, Mr Thiry, Mr Christensen, Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities</i>	124	<i>1973. Discussion of a report by Mr Aigner and drawn up for the Committee for Finance and Budgets</i>	
13. <i>Change in the agenda</i>	143	<i>Mr Aigner, rapporteur</i>	143
14. <i>Emendatory and supplementary estimates of the European Parliament for</i>		<i>Mr Fabbrini, Mr Aigner, Mr Bermani, Mr Cifarelli</i>	144
		<i>Procedural motion</i>	
		<i>Mr Berkhouwer</i>	148
		15. <i>Agenda for the next sitting</i>	148

IN THE CHAIR: MR BEHRENDT

President

(The sitting was opened at 10.20 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any objections?

I call Mr Giraud.

Mr Giraud. — (I) Mr President, I should like you to authorize a small change, a change that is merely a matter of form, to set the minutes right. The change is to the resolution on page 7 of the minutes, where subparagraph (c) should be aligned with subparagraph (b) on the subject of Mr de la Malène's amendment, a point with which the Assembly concurred. I have already informed the appropriate offices of the precise wording of the change and I would ask you, Mr President, to be so good as to authorize this, especially as it is merely a matter of form.

President. — Are there any further comments? The minutes are approved.

2. *Documents submitted*

President. — I have received the following documents:

— a motion for a resolution by Mr Springorum on behalf of the Committee on Energy,

Research and Atomic Problems on the development of the joint research programme (Doc. 304/72);

— a report by Mr Heinrich Aigner on behalf of the Committee for Finance and Budgets on the supplementary estimates and the adjustment to the estimates of the European Parliament's revenue and expenditure for 1973 (Doc. 305/72).

3. *Reference of a petition to committee*

President. — By letter of 12 February 1973, the Legal Affairs Committee informed me of the conclusion it reached, under Rule 48 (3) of the Rules of Procedure, at its meeting of 8 February 1973 to the effect that petition No. 2/72, submitted by Mr Feidt, Mr Laleur, Mrs Stevens and others was wholly political in character and thus came within the terms of reference of the Political Affairs Committee.

I therefore propose that this petition be referred to the Political Affairs Committee.

Is there any objection?

That is agreed.

4 *Setting a time-limit for the tabling of amendments to the emendatory and supplementary estimates of Parliament for 1973*

President. — I would remind you that the agenda for this afternoon includes a debate on the report by Mr Aigner on the draft emendatory and supplementary estimates of Parliament for 1973 and that the vote on the motion in this report will take place on the morning of Thursday, 15 February.

President

Pursuant to Rule 50 of the Rules of Procedure, the time-limit for the tabling of amendments will be one hour after the close of the sitting this evening.

5. *Change in the agenda*

President. — I call Mr Kriedemann for a procedural motion.

Mr Kriedemann. — (D) Yesterday evening in this House at about 6.30 p.m. a situation arose which gave pause for thought not only to my political colleagues and myself but to all those who are striving for good order in an assembly which must make its contribution towards the great goal of winning more esteem for the Parliament. I have asked to be able to speak in the hope of preventing a recurrence of this situation.

On Monday we fixed our order of business for the whole week and decided that the time from 6.00 p.m. should be set aside for the work of the Political Groups, thus following an earlier decision which was taken in the knowledge that sufficient time for the work of the Political Groups is one of the essential conditions for the efficiency of this House, preventing the wasting of time on discussions which can best take place within the Political Groups.

While our Political Group was meeting we heard the Members gaily talking on up here although it was long past 6 o'clock and were astonished that a vote was then taken on whether the sitting should be adjourned or whether it could be continued. In order not to make the matter worse I will refrain from stating the figures — the amount of the majority and the minority — taking part in the vote.

I should be very grateful to you, Mr President, if you would remind all the gentlemen whose honour and burden it is to watch over the affairs of this House here and in the outside world that there can be no vote on this matter and certainly not after 6.00 p.m., for by that time the President should long since have closed the sitting out of respect of the decision taken by the House at the beginning of the part-session.

President. — I call Mr Dich to speak on the order of business.

Mr Dich. — (DK) I wish to speak regarding the agenda because it seems to me that a discussion of Item 199 on the agenda, the report made yesterday to Parliament by Mr Ortoli, in our present situation is hopeless. First of all I would like to support what was said yesterday about

the impossibility of stating one's views on problems raised in the House when the documents are not available.

The position is that at present neither the report on 1972 nor Mr Ortoli's speech which contains the plans or programmes for 1973 is available in Danish. This means that essentially the Danes present here are excluded from giving their views on the problems raised.

Moreover it also seems to me that if this Parliament is to continue to claim to deal with the problems seriously or if at any rate people are to consider outside the Parliament that these problems will be treated seriously here, it would be extremely difficult for Parliament to discuss Mr Ortoli's report of yesterday in the situation which has arisen following the events of the last three or four days in the monetary field. I would therefore suggest that this item be removed from the agenda.

President. — I should like to make the following statement on what Mr Kriedemann has said: Mr Kriedemann, you are quite right to emphasize that Parliament must adhere to the agenda that it has set.

I am told that when the last point on yesterday's agenda was being discussed, the problem of continuing the sitting arose. It emerged that it was not possible to conclude the discussion on the point at issue. This is why the time-limit of 6 pm was not observed.

Mr Dich, I am not quite sure that I understand you. The agenda includes those points we have decided to include and I think that we must deal with them in the order in which they are set down.

I call Mr Dich for a procedural motion.

Mr Dich. — (DK) It is true that it was agreed these matters should be discussed but I think that the conditions have changed.

My first point is that on agreeing to this agenda the Danes believed that the relevant documents would be available in Danish. This is not at present the case. We have no documents to serve as a basis for this discussion.

Secondly I think that the situation which has arisen with reference to currency means that a discussion of Mr Ortoli's report would be like discussing building castles in Spain. It would be a form of political speculation which I do not think anybody could regard as serious.

President. — After what you have told me Mr Dich I must recognize that it is difficult for

President

you to discuss the statement by Mr Ortoli without having the text in Danish. I think, however, that you would agree that we must all cooperate in overcoming our present difficulties. Although I am sorry that for technical difficulties I cannot give you satisfaction I think we should now begin the debate on the statement by Mr Ortoli.

Following the discussion held yesterday with the Chairman of the Political Groups, I propose that we should proceed as follows this morning:

- rapport by Mr Jozeau-Marigné on the adaptation of the Rules of procedure of the European Parliament then
- statement on the social situation in the Community, and lastly,
- a discussion of the introductory statement by Mr Ortoli on the Sixth General Report of the Commission on the activities of the Community in 1973 and its programme of activities for 1973.

Normally we should also discuss the report by Miss Flesch. Unfortunately it will not be possible for Miss Flesch to be here before 12.30 pm. If at that stage we are not still engaged in the discussion of Mr Ortoli's statement we could perhaps set aside some time for this report. I should like to know the opinion of the House on this proposal.

I call Mr Radoux.

Mr Radoux. — (F) Mr President, we are all aware, I believe, that we will be working under somewhat exceptional conditions during this part-session. Consequently, as you have said, we should all try to be patient and understanding. In view of the time, Mr President, and the fact that, if my information is correct, the President of the Commission has to leave us at 3.30 p.m., I should like to ask you whether steps should not be taken to ensure that the debate on the report by the President of the Commission begins at a reasonable hour.

I would add that I do not believe that the financial and monetary situation should be allowed to prevent this debate taking place. The monetary situation is urgent and extremely important, but we shall be able to discuss it with the full facts at our disposal tomorrow, whereas the answer to be given to the President of the Commission is an answer on an overall programme. This is why I am pressing for the debate on this overall programme to be opened at the earliest possible opportunity.

We must all be prepared to be understanding because of the difficult conditions under which we are working, but we must also be under-

standing towards President Ortoli, whose presence at the Council of Ministers' meeting in Brussels scheduled for this afternoon is essential.

President. — Ladies and Gentlemen I made this proposal on the assumption that the report by Mr Jozeau-Marigné could be discussed in a very short space of time. I also think that the statement by Mr Hillery will not take more than three-quarters of an hour. We could then go on to discuss the introductory statement on the General Report; we shall begin by calling a speaker for each Group and then we shall hear the answer of Mr Ortoli. Then will hear other interventions on the General Report to which Mr Ortoli will unfortunately not be able to reply today. The answers of the Commission will have to be postponed until tomorrow when we shall hear the statement by Mr Haferkamp on the decisions of the Council and on developments in the monetary situation. I think that in this way we shall be able to have a useful discussion and that Mr Ortoli will be able to answer the questions put.

I should be glad if you could accept this proposal.

I call Mr Lücker.

Mr Lücker. — (D) I have the impression that President Ortoli may agree with my proposal. If I have understood correctly, you said that after the first speakers from the Political Groups, President Ortoli would reply. Could we arrange matters so that we hear Mr Ortoli's answer this afternoon at the beginning of the 3.00 p.m. sitting, so that we have our discussion up till the end of the morning sitting, with speakers from the Political Groups who request it being heard, and that at 3.00 o'clock President Ortoli—who will still have half an hour left—should give a short answer before leaving us?

President. — Thank you for your suggestion Mr Lücker. I would point out however that this afternoon's sitting is already planned to begin at 2.30 pm to enable us to save as much time as possible.

Consequently, to sum up, I propose that we should proceed as follows:

- rapport by Mr Jozeau-Marigné on the adaptation of the Rules of Procedure of the European Parliament
- statement on the social situation in the Community in 1972
- beginning of the discussion on the introductory statement by Mr Ortoli on the Sixth

President

General Report of the Commission on the activities of the Communities in 1972 and its programme of activities for 1973

- possibly, vote on the motion in the report by Miss Flesch
- continuation of the discussion on the introductory statement by Mr Ortoli, it being understood that we shall first call the spokesman for the Political Groups and hear the answer of Mr Ortoli.

Is there any objection?

That is agreed.

6. *Adaptation of the Rules of Procedure of the European Parliament*

President. — The next item is discussion of the report by Mr Jozeau-Marigné drawn up for the Legal Affairs Committee on the adaptation of the Rules of Procedure of the European Parliament to the new situation resulting from the enlargement of the European Communities (Doc. 301/72).

I call Mr Jozeau-Marigné to present his report.

Mr Jozeau-Marigné, rapporteur. — (*F*) Mr President, honourable Members, I shall make every effort to comply with the request of our President, by being very brief in submitting, on behalf of the Legal Affairs Committee, a report on the adaptation of the Rules for Procedure of the European Parliament to the new situation ensuing from the enlargement of the European Communities.

Your Legal Affairs Committee submits this text to you pursuant to Article 139, paragraph 2, of the Act concerning the conditions of Accession which provides that our Assembly would introduce such amendments to its Rules of Procedure as are rendered necessary by the accession of the new Member States. I should like to stress, Mr President, that this is a matter of adjustments of a technical nature, and although Mr Kirk stated during the ceremonial sitting of January last that he had that same day tabled a memorandum containing suggestions for the improvement of the methods and procedures of the European Parliament, we shall not be going into this matter now, since it has been decided that an ad hoc committee would be set up for the purpose. Consequently, the matter will not be discussed by Parliament until this committee has submitted its report.

The motion before honourable Members today concerns only two matters: the number of Vice-

Presidents, which is covered by Rule 5, and the use of official languages.

As regards the Bureau, there have been eight Vice-Presidents hitherto. Provision has been made to raise this number to twelve; this is the proposed modification to Rule 5, paragraph 1 of the Rules of Procedure. According to Rule 7 which deals with the procedure for election, the number of Vice-Presidents is indicated on a single ballot paper. Your Committee proposes, rightly in my opinion, that all reference to a specific number should be deleted from Rule 7, since Rule 5 stipulate '... the *twelve* Vice-Presidents'.

The use of languages is covered by Rule 15. I feel that I should remind that the rules governing the languages of the institutions of the Community are laid down by the Council acting unanimously pursuant to Article 217 of the Treaty, on the basis of which, the Council, in April 1958, adopted a regulation by the terms of which the four official languages were to be German, French, Italian and Dutch. Since the enlargement of the European Communities, this regulation has been amended in accordance with Article 29 of the Act of Accession, and the official languages, of which there are now six, are Danish, German, English, French, Italian and Dutch. These official languages are laid down specifically in the Council regulation, and we felt that it was no longer necessary to keep paragraph 1 of Rule 15. In paragraph 2 of Rule 15, which now becomes paragraph 1, it is stipulated that all the documents of the Parliament must be drawn up in *the* official languages, instead of *these* official languages, since they are no longer enumerated.

In a word, this is a very simple technical problem which your Legal Affairs Committee has endeavoured to solve in accordance with the commitments entered into. Mr President, my dear colleagues, may I conclude by confirming that this motion, which was examined in the Legal Affairs Committee under the chairmanship of our friend Mr Brouwer, was approved unanimously.

President. — On the motion there are no amendments tabled and no speakers are listed.

There are no comments.

The resolution is deemed agreed to¹.

7. *Developments in the social situation in the Community in 1972*

President. — The next item is the introductory statement by Mr Hillery on developments in the social situation in the Community in 1972.

¹ See Official Journal, Series C.

President

I call Mr Hillery.

Mr Hillery. — Mr President, it is a great pleasure for me to introduce in the Parliament the Report on the Social Situation in the Community in 1972.

I think it only appropriate that I should at the very beginning of my statement pay tribute to my predecessor as Commissioner with responsibility for social affairs, Mr Coppé. The Community owes much to him for his efforts, his accomplishments and his positive will and spirit, first as a Member of the High Authority of the European Coal and Steel Community and then as a Member of the Commission of the three Communities. I know I speak for all the Members of the Parliament in expressing deep appreciation of his work and of the results achieved during his long period of distinguished service.

May I take this opportunity of expressing my sincere hope for the establishment of the closest possible relations between myself and Parliament and its individual members. Indeed, I consider that the establishment of such close relations is absolutely essential for the achievement of the major objectives in the social field at Community level which we all wish to see.

The Report on the Social Situation in the Community in 1972 which I am formally presenting to you to-day will, in accordance with the usual practice, be available to members later this month and will form the basis for discussion in Parliament at a subsequent session. The Report, in its structure, does differ in some significant respects from the Reports of previous years. I think that the changes that have been incorporated in the structure of the present Report do, in fact, represent an improvement which I shall be anxious to maintain in future years.

It may be useful to draw your attention to the changes that have been incorporated in the present Report.

The principal change in presentation is that Part I deals with the major overall trends in the social field. It compares these trends with the norms laid down in Community policies, regulations and recommendations, action programmes, resolutions and so on. This part of the Report can be regarded, therefore, as being of a political character. It can be considered as a response to the wishes of members of the European Parliament to receive a report on the social situation which would form a better basis for the debates in this assembly. I hope, therefore, that it will facilitate parliamentary examination and debates in the social sector.

Part II of the Report contains the purely descriptive sections concerning the development of the social situation in the individual countries of the Community. Because of the introduction of Part I, it has been possible to reduce these descriptive sections in the present Report.

A third Part has been added which deals with the social situation in the three new Member States of the Communities. This Part III can be regarded as a supplementary chapter to Part II so as to give an overall picture of social developments in all nine countries which constitute the enlarged Community.

Another important structural change introduced in the present Report is the inclusion of so called "Social Indicators". These are a series of detailed and comprehensive statistics which are set out in the Appendix to the Report and which give an overall view for the nine Member States of the enlarged Community of the developments from 1958 to date in all important social fields such as population, employment, education and standard of living. The introduction of these statistics into the Report is an important innovation and I am confident that it will be welcomed by the members of Parliament.

I hope that, as the system of Social indicators is developed, it will satisfy the needs of the members of Parliament for reliable and relevant statistical information in the social sector.

As in previous years, the sections contained in the General Report on the activities of the Commission in the social field have been incorporated in the Report on the Social Situation in the Community.

I would draw your particular attention to the introduction to the present Report in which, once again, the opportunity is taken to express the views of the Commission on social policy in the Community in general. Emphasis is given to the very important decisions in the social field made by the Heads of State or Government at the Paris Summit Conference in October, 1972 and, in particular, to the programme of action proposed by them. I should say in this connection that the Commission's over-riding preoccupation in the social sector is now the formulation of a draft programme of action in pursuance of the decisions made at the Summit Conference.

The programme of action envisaged by the Heads of State or Government at the Summit Conference is a most far-reaching one. A number of major objectives are identified. There should be a co-ordinated policy for employment and vocational training. Living conditions and conditions of work should be improved. Workers should be more closely involved in the develop-

Hillery

ment and progress of firms. The conclusion of collective agreements at the European level in appropriate fields should be facilitated on the basis of the situation in the different Member countries. Finally, the measures for consumer protection should be strengthened and co-ordinated. The decisions of the Paris Summit Conference require that a series of concrete measures be drawn up to achieve the aims set out by the Heads of State or Government.

This is indeed a wide mandate for a programme of action. It represents a major breakthrough at Community level in the social field. The drawing-up of a programme of action in accordance with the decisions of the Summit Conference and the implementation of this programme will ensure the development within the Community of a coherent and comprehensive Social Policy responsive to the needs of the peoples of the Member States.

It is now for the Commission to translate the political will of the Summit Conference into terms of practical dimensions capable of being put as proposals for decision by the Council of Ministers.

But it must not be overlooked that, while this preparatory work is proceeding in drawing up a draft programme of action—for discussion with the Council, with the Parliament, with the Economic and Social Committee and with the partners in industry,—important work in the social sector at Community level progresses on the basis of decisions already taken. Thus, the groundwork has progressively been laid for the comprehensive social programme of action which will be formulated and developed during 1973.

It would be useful, I think, to invite the attention of members of Parliament to a number of these activities in one of the most important areas of social affairs, that is, manpower and employment.

The Commission is convinced that it is vitally important for the successful development of an employment policy within the Community that the whole situation in the labour market be made as transparent as possible. This calls for the harmonisation of employment statistics and for the introduction of specific statistical enquiries at Community level. To this end, the Commission is planning to set up a community-wide electronic computer network with a terminal in Brussels, so that in the long term we shall have at our disposal all relevant information on the composition, the structure and trends in the manpower field throughout the Community.

It is as well to remember in this connection that the Commission is already engaged in the work

of employment forecasts in the short and medium term. The Community's Medium Term Economic Policy Committee has, of course, been in existence since 1965. Each of the Community's programmes covers a five year period and they contain forecasts concerning employment in the three main sectors, that is, agriculture, industry and services, including public administration. But more is required. There is a need to develop the gathering and presentation of employment statistics so that a break-down of the present figures will be available by branch of activity, by region, by sex, by age-group, by qualification level and so on. This is obviously not going to be an easy task and it will require quite a considerable period of time to achieve our goal. But we must work energetically for its achievement at the earliest possible date.

For *vocational training* a Community programme has already been worked out. The guidelines for this programme were approved by the Council in July 1971. At the end of 1972 the Commission sent to the Council a more detailed programme for the coming 3 years. Discussions are now taking place on this programme.

There is, then, in the area of manpower, major problems relating to special groups. I refer to the handicapped, migrant workers, working women, the elderly and young people leaving school. There are, it is true, already various programmes and activities in operation at Community level in relation to these special groups. Much more remains to be and has to be done, to improve the job opportunities for people in these groups, and to ensure for them their proper place in society.

In all the activities of the Community and the proposals for new departures in the social sector, there must, in the view of the Commission, be a clear recognition of the need to involve workers so that they will have the opportunity of influencing manpower policy. The Commission, has, therefore, taken important initiatives on worker participation in industry. The draft Statute for a European Company submitted by the Commission to the Council proposed an initial but important step in this direction. So also did the draft Fifth Directive submitted by the Commission to the Council in October 1972 containing the proposal to have two organs in all joint stock companies employing more than 500 people, that is to say, a Supervisory Board and a Management Board, with representatives of the workers or their trade-unions on the Supervisory Board.

On the question of consultation in regard to employment problems, I should recall that a Permanent Committee on Employment was set

Hillery

up in May 1970. The Committee's role is to ensure permanent provision for discussion and consultation among the Council, the Governments of the Member States, the Commission and both sides of industry 'with a view to facilitating the coordination of employment policies' of the Member States in harmony with the Community's objectives. The Committee is consulted before decisions on employment are taken.

Up to now, the Committee has met at regular intervals and the discussions dealing with the drafts for a new Social Fund, the Italian Memorandum concerning employment and social policy, the draft regulation on dismissals and others have, I think, been regarded as most useful by all participants. The Committee's role and potential are obviously of considerable importance and it is my intention to stimulate its activities as much as possible.

Mention should also be made of the retraining and reconversion measures taken in the coal and steel industries. The Commission provides substantial financial help for coal and steel workers faced with redundancy. Grants are available for the retraining of workers for new jobs in the same or other industries and resettlement grants can be given for workers obliged to change their location. Reconversion loans can be raised to finance investments in the coal and steel industries or to help to set up new industries in coal and steel regions. Up to this time more than 166 million dollars have been granted by the Community for the retraining of nearly half-a-million coal and steel workers. Reconversion loans for the creation of new jobs in the coal and steel regions have totalled about 280 million dollars. At the same time about 300 million dollars have been granted to assist in the construction of nearly 121 000 houses for coal and steel workers.

The major development at Community level in the past years has, of course, been the creation of the reformed and expanded European Social Fund which came into operation in May 1972. The original Social Fund was set up under the EEC Treaty to help resettle and retrain workers affected by economic changes. At the request of the Government concerned the old Fund reimbursed 50% of the expenses incurred in such projects in Member States. However, the Fund as previously constituted was more or less a passive clearing house. The Member States, relying on the principle of "juste retour", endeavoured to seek from the Fund as much as they put into it by way of financial contributions.

In 1971 the Council decided to transform the old Fund into a more dynamic instrument of a common employment policy.

The major change is that the Commission and the Council will now be able to steer an increasing portion of the Fund's budget into helping workers directly affected by the execution of the Community policies. So the Community is now able to take the initiative in deciding where, when and whom to help. Particularly, the Commission is able to propose to the Council:

- which regions, branches of industry or categories of workers shall receive assistance,
- what form the assistance should take,
- how long the workers will receive assistance.

But the Fund will also continue its traditional activity. It will reimburse, automatically, part of the total costs of aiding workers affected by structural unemployment or under-employment as well as handicapped and older workers, women and young workers. All workers in the Community will be eligible for help as will self-employed workers in special circumstances. Furthermore, when reforms are carried out—industrial or agricultural reforms—the Community will be able to help workers before they lose their jobs.

These operations will be partly financed by the Community's own resources. There will, therefore, be less pressure from the Member States in seeking to ensure that they receive as much from the Fund as they put into it as has been the case in the past.

The powers of the new Fund are divided. As regards assistance arising from the operation of Community policies, the Commission will take the initiative in making proposals, having first consulted a tripartite Committee composed of Government representatives and representatives of both sides of industry. Then the decision will be taken by the Council. In other cases, questions of aid will be decided by the Commission on the bases of certain criteria and in consultation with a standing tripartite consultative committee.

Between 1958 and the end of 1972, the Fund was able to help more than 1 500 000 workers. Its grants amounted to 265 million dollars. For 1973, grants to a total of 364 million dollars covering a three-year period will be available from the Fund. Of this, 160 million dollars will be expended in 1973. This latter sum is composed of 70 million dollars for special activities under Article 4, and 90 million dollars for grants under Article 5 of the Regulation.

The activities which I have outlined represent significant achievements in the social sector at Community level. They must continue and be

Hillery

pursued effectively. But more than that, we must build on the present activities and the achievements to date in order that we may create the kind of comprehensive social policy which the Heads of State or Government of the Member States envisaged at the Paris Summit Conference.

As already stated, the Commission is now engaged in drawing up a draft programme of action in the social field.

Our preparatory work can be divided into three main areas. These are employment, conditions of work and living standards and the closer involvement and greater participation of the partners in industry in social matters.

In the area of employment, there is great need for the co-ordination of the employment policies of the Member States with a view to harmonising them with the Community's objectives. This calls for the improvement and intensification of the dialogue in the Permanent Committee on Employment. The relationship between employment policy and regional policy within the Community must be developed and improved. I have in mind here in particular the creation of jobs with long-term viability in the economically under-developed regions or regions in decline of the Community.

We should certainly seek also to have the activities of the new Social Fund further extended both as regards interventions under Article IV and Article V of the Regulation governing the Fund.

The implementation of the action programme on vocational training is another important area of action which lies before us, once this action programme has been approved by the Council of Ministers to which it has been submitted.

Programmes and activities for certain categories which have serious unemployment or under-employment problems must be developed and expanded. I refer in particular to migrant workers, handicapped persons, elderly people, women and young people leaving school.

The need for greater transparency in the manpower and employment situations to which I have already referred calls for the further development of information sources and techniques. Employment forecasting in the short and medium terms must be greatly improved—not only in respect of the large economic sectors such as agriculture and industry but also in respect of the branches and regions of these sectors.

The Commission's draft programme of action must also concentrate on proposals relating to conditions of work and living conditions. Here there are a number of important tasks and initiatives which should certainly be undertaken. It is clearly most desirable in the interests of the promotion of improved working conditions and a higher standard of living for workers that the Commission should have detailed and continuing information on the social policies and trends within the individual member States. This calls among other things for the early establishment of a European Social Budget.

The mass employment dismissal procedures in operation in the member States call for harmonisation. Indeed, the Commission has already submitted a draft directive to the Council in this matter. International company mergers and the intensive concentration of industry can obviously have serious social implications. We must, therefore, examine the feasibility of dealing with such problems by means of binding measures at the Community level.

The intensification of activities relating to houses for workers in the coal and steel industries and the possibility of having funds made available for housing for other categories of workers such as migrant workers must also be included in our examination in the context of the preparation of the draft social programme. So also must the improvement of the health and safety standards in places of work as well as for living conditions generally.

The communiqué from the Paris Summit Conference spoke of closely involving workers in the progress of firms. What we must surely examine and promote in this connection is the democratisation of economic and social life at all levels—the Community level as well as the national; the sectoral level as well as that of the enterprise. We must seek to establish in industry and particularly for the most important branches of manufacturing industry new bipartite committees at sectoral and branch levels. There is a need also to improve the dialogue within those tripartite committees which are already institutionalised at Community level. I refer to the Social Fund Committee, the Committee on Vocational Training, the Committee on the Free Movement of Workers and the Committee on Social Security of Migrant Workers.

As regards the question of collective bargaining, the potential for Community action is two-fold. Firstly a clearing house for collective agreements on a European basis to be established progressively; secondly, the question of promoting the conclusion of European collective agreements.

Hillery

Workers' participation in industry is of course of fundamental interest and importance in the context of future action in the social sector. Already, the Commission has taken a lead in this matter to which I have referred; firstly, through the relevant provisions in the proposed Statute of the European Company and secondly, in the proposals for the fifth directive on the structure of jointstock companies. These matters are now before the Council. Another relevant matter which should be further examined is the promotion of ownership by workers by means of premiums; tax exemptions, investment savings, participation in the increase in value of the enterprise and so on. (Politiques des Patrimoines, Vermögensbildungs Politik).

I have endeavoured to give some indication of the matters which, in the view of the Commission, must either be covered in the draft programme of action in the social field or which should be considered seriously for inclusion in this programme.

In the preparatory work that is taking place at present on the draft programme all these matters are being fully examined. There is one point of overriding importance which I should like to emphasise before I close my statement. It is vitally important that the development of the Community's social policy in pursuance of the decisions of the Summit Conference should not be dissociated from matters relating to the development of Community policies in other sectors which were covered in the Summit's communiqué. An integrated approach is essential. Only with such an approach can we ensure that Community policies in the economic, monetary, regional, industrial fields, to name but some, can effectively contribute to the social objectives of contemporary society. At the same time, the development of a social policy within the Community must contribute to the achievement of economic and monetary union.

I shall end by recalling to members of Parliament one of the principles laid down by the Heads of State or Government at the Paris Summit Conference. They declared:

'Economic expansion is not an end in itself. Its first aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all the social partners. It should result in an improvement in the quality of life as well as in standards of living. As befits the genius of Europe, particular attention will be given to intangible values and to protecting the environment, so that progress may really be put at the service of mankind.'

It is on the basis of this solemn declaration of principle that the Commission's work and preparations for further action in the social sector are progressing.

(Applause)

President. — Thank you, Mr Hillery, for your statement.

I call Mr Müller.

Mr Müller, Chairman of the Committee on Social Affairs and Public Health. — (D) Mr President, Ladies and Gentlemen, the Committee on Social Affairs and Public Health will, as it has always done, take a very close look at this important annual report by the Commission on the development of the social situation. It will examine in detail what is set out in this comprehensive document, and through me it sincerely thanks Vice-President Hillery straight away, and naturally also his predecessor, Mr Coppé, who worked on the report, for the fact that it has been laid before Parliament punctually.

We are not yet acquainted with the report itself but Mr Hillery has at least indicated some of the axes round which the further development of social policy will revolve. It was no accident that the problem of the Community's employment policy was mentioned at the beginning of Mr Hillery's introduction. He has once again stressed to this House that it is not a question of finding just any jobs for workers in the Community, but that rather it ought to be our objective to be able to make available on sight a suitable job for every worker. He pointed out to us that the availability of jobs suited to the individual worker is of particular importance for some categories of workers for whom we must take special trouble.

He also spoke of the younger workers for whom it is known that there is an acute unemployment problem in some Member States. On the other hand we know that we must make special provision for older workers so that they do not get left high and dry when rationalization and conversion by companies results in their redundancy.

Thankfully Vice-President Hillery also reminded us that we have a special duty towards those people living in our Community who are handicapped and ought not to be left out of things and that the primary essential is that they should be given a new value in society by having a job which is so suited to their powers that they can carry it out properly and thus gain a completely different feeling of living than they would if, as I have just said, they were left out.

Müller

We need not go into the categories in detail, we need not speak of the many women workers, who represent a third of the whole labour force of the Community. We know that there is still much to be done in this field. I need only mention the question of equal pay for men and women for the same work.

In his second section Mr Hillery has tried to describe, at least by way of allusion, what we call the improvement of living conditions and conditions of work, the whole chapter being entitled 'Environment and quality of life'.

This has always been one of the main concerns of the Committee on Social Affairs and Public Health and will continue to be so in the future. We know that it is decisively important for the future how far we succeed in coming to grips with these problems which the protection of the environment poses.

The third chapter, entitled 'Democratization of working life', also contains a theme which the committee follows with great attention. Mr Hillery spoke of the two tracks, the one track being the bringing of employees and employers into the decision-making processes in the Community and in the Member States, and the other track being increased democratization by the treatment of worker-participation at the place of work and worker-participation in firms as serious subjects.

There are serious problems, particularly in Member States where worker-participation—especially worker-participation in firms—is not yet so far developed as in other Member States. We know that work is being done in this field, for instance within the framework of the European Company. In its statement of position the committee has drawn up proposals and made suggestions for improving conditions here.

In conclusion I should like to say that we will be closely following the Commission's proposals on asset-building by employees in this report on the social situation. Mr Hillery did not touch on this theme just now: I hope that we will find something said about this very important matter in the annual report.

My final point—and it was also Mr Hillery's final point: we should never lose sight of the fact that there is a close relationship between the realisation of Economic and Monetary Union on the one hand and the further development of a coordinated social policy on the other. If this Europe is to be a true home for all its 250 million citizens—and it ought to be—much must be done that has been neglected in the past, particularly in the field of social policy, and we must use a lot of imagination in

introducing new ideas for the further development of this policy.

I will restrict myself to these brief observations, Mr President, and I repeat that the committee will prepare a detailed report on this social report, which can then be debated point by point here.

President. — I propose that we refer this statement back to the Committee on Social Affairs and Public Health which will submit a report at the part-session in March or in April. Is there any objection?

That is decided.

8. *Change in the agenda*

President. — When we were setting the agenda this morning, I proposed that we should set aside some time for a vote on the motion in the report by Miss Flesch as soon as the rapporteur was able to join us.

As Miss Flesch is now present I propose that we should vote at once.

Is there any objection?

That is decided.

9. *Financial regulation applicable to the budget of the European Communities (vote)*

President. — The next item is the vote on the motion in the report by Miss Flesch drawn up for the Committee for Finance and Budgets on the proposal from the Commission of the European Communities to the Council on the financial regulation applicable to the budget of the European Communities (Doc. 298/72).

We come first to discussion of the proposal for a regulation; the discussion of the motion will be postponed.

I would remind you that the House examined Amendment No. 1 to Article 90 yesterday.

To make quite clear what is at issue in the vote I would remind you of the text:

Amendment No. 1

by Mr Gerlach for the Socialist Group and Mr Aigner for the Christian Democratic Group

Article 90

At the end of this article, insert a new paragraph worded as follows:

President

'The Council and the European Parliament may also ask the Audit Board to supply reports or studies on specific questions which do not relate to a current financial year.'

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, please accept my apologies for my request to address the meeting before you put the matter to the vote. I am doing this for the simple reason that last night I tabled a new amendment to the Gerlach-Aigner amendment and that the meeting was adjourned for the very reason that I had put this new amendment. From the discussions which have since taken place, a compromise would appear to be possible on my proposal contained in Amendment No. 298/3 which was circulated this morning.

With a view to a compromise solution I should like to ask, first of all, whether it might not be possible to support the amendment I have put to the Gerlach-Aigner amendment. As it is I am in agreement with the principle defended by Mr Gerlach and Mr Aigner who in fact are in favour of the formula of a sort of audit office to be attached to the European Parliament, as in the case of our national parliaments. By virtue of Article 205 of the Treaty this is, however, not possible at present, because Article 206, of which our colleagues' amendment is an interpretation, states very clearly that the Audit Board only draws up a report on the accounts of all revenue and expenditure after the close of each budget year. The amendment now tabled requesting reports and analyses before the close of a budget year cannot, therefore, be adopted within the framework of Article 206 of the Treaty. This question was discussed at length in the competent committee; after lengthy discussions the amendment was rejected on a vote in which the differences of opinion were shown to be very pronounced.

My fear is, Mr President, that this amendment, if we adopt it, will be without any effect. In view of the fact that the lawyers are divided, the Audit Board will be unable to go into the request made by the Gerlach-Aigner amendment and it will come to nothing. My amendment, in which I ask that the Commission or the Council should submit reports or analyses to Parliament, also with regard to the budget year still in progress is, however, a step forward. In addition, by such action we shall also indicate the trend we desire in dealing with the extension of Parliament's supervisory powers on which the Commission has to make proposals to us. At that moment we will discuss the basis of the question which has been mooted in the Gerlach and Aigner amendments. I should,

therefore, like to know the opinion of the Commission's rapporteur on this point, and in the second place I should like to hear from our two colleagues whether they are not prepared to adopt this compromise proposal, so that the legal discussions may be postponed until the moment when the Commission makes proposals to us to increase the supervisory powers of our Parliament.

I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, I have unfortunately not got a copy of this proposed amendment. I can therefore say nothing that is based on a study of the text, but I would like to point out again that we spoke on this problem in great detail yesterday. What Mr Bertrand seeks to achieve, if I have understood him correctly, is what we do not want. He wishes to instruct the Council or the Commission to initiate an investigation on behalf of Parliament. This I consider downright grotesque.

The Council and the Parliament have their own budgetary powers vis-à-vis the Audit Board. It would be more than comic if Parliament were to go to the Commission, which has absolutely no powers in regard to the Audit Board, and beg then to initiate an investigation. For this reason I ask that Mr Bertrand's proposal be rejected and my own proposal be accepted.

President. — I am apprised of an amendment by Mr Bertrand. I note that he has received No. 3.

Amendment No. 1 by Mr Gerlach and Mr Aigner goes further. We shall perfore vote on on this one first.

For the purposes of the discussion I propose that we should discuss amendments No. 1 and No. 3 together.

Amendment No. 3 reads as follows:

At the end of article 90, insert the following new paragraph:

'The European Parliament may ask the Commission or the Council for reports or studies on specific questions even if they relate to a financial year not yet ended.'

What is the opinion of the rapporteur?

Miss Flesch, rapporteur. — Mr President, I do not wish to return to the subject of yesterday's debate. Following the presentation of the amendment by Mr Bertrand, I stated that I could not of course commit the committee, since it had not been informed. Nevertheless, personally, I saw Mr Bertrand's amendment as a possible com-

Flesch

promise which would enable us to get out of the situation in which we found ourselves, both in the committee and in the plenary sitting, where various interpretations of Article 206 were expressed. This, Mr President, is why I yesterday expressed my agreement with the amendment proposed during the sitting by Mr Bertrand.

President. — We come now to the vote.

I put to the vote amendment No. 1 by Mr Gerlach and Mr Aigner.

The result of the vote by show of hands being in doubt we shall now vote by standing and sitting.

Amendment No. 1 is rejected.

I put to the vote amendment No. 3 by Mr Bertrand.

Amendment No. 3 is agreed to.

I put to the vote Article 90 as supplemented.

Article 90 as supplemented is agreed to.

We come now to discussion of the motion which was set aside. No amendments have been tabled and no speakers are listed on the preamble and paragraphs 1 to 6.

Does anyone wish to speak?

I put these texts to the vote.

They are agreed to.

After paragraph 6 I have amendment No. 2 tabled by Mr Aigner for the Christian Democratic Group and this reads:

After paragraph 6, insert a new paragraph worded as follows:

'6a. Considers that the principle of the universality of the budget must also hold good at the Community level and that consequently the revenue and expenditure of the ECSC and especially that of the European Development Fund must also be fully integrated in the Communities' European budget so that the relevant provisions of the financial regulation or any special provisions can be applied to the revenue and expenditure.'

What is the opinion of the rapporteur on this amendment?

Miss Flesch, rapporteur. — Mr President, Mr Aigner explained the grounds for his amendment in his speech yesterday. This amendment as presented appears to me to be entirely in keeping with the consistent line and philosophy

of the Committee for Finance and Budgets. The committee has always held that the principle of the universality of the budget is an important principle which should be applied.

Having said this, Mr President, I am not sure that there would not be certain legal difficulties. I imagine these could be overcome more easily in the case of the EDF, where adaptations could be made when the new convention is adopted, than in the case of the ECSC, which would appear to necessitate some modification of the Treaties. I do not believe that the Commission has defined its opinion on this amendment, and I hope that it will let us know its point of view on this matter.

President. — Is the Commission ready to state its position on this point?

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — From the legal point of view, the Commission shares the views which Miss Flesch has just expressed. Consequently, if the ECSC budget were to be included in the general budget, the question of a modification of the Treaty would arise.

As to the other aspect, this is optional and does not therefore raise the same legal problems.

President. — I call Mr Gerlach.

Mr Gerlach. — (D) I do not think that legal reservations can be upheld in this form. Even the budget of the ECSC can be a part of the total budget and subject to the judgment of Parliament. This is what the honourable Member, Mr Aigner, was trying to achieve. No legal alteration is required, merely inclusion in the budget, so that Parliament can form a judgment on it, as we have indeed already done in the preliminary discussion on receipts from ECSC levies.

So I believe that the legal arguments are not relevant here.

President. — I call Miss Flesch.

Miss Flesch, rapporteur. — Mr President, if Mr Gerlach's interpretation of paragraph 6b is correct, and since this is a request which the Committee for Finance and Budgets has repeated time and again, I for my part would be prepared to accept Mr Aigner's amendment, despite my initial misgivings.

President. — I think we can now vote on amendment No. 2.

President

I put it to the vote.

Amendment No. 2 is agreed to.

There are no amendments tabled to paragraphs 7 and 8 and there are no speakers listed.

I put them to the vote.

Paragraphs 7 and 8 are agreed to.

I put the whole motion to the vote as amended by the various amendments agreed to.

The resolution as amended is agreed to¹.

10. Sixth General Report of the Commission on the activities of the Communities in 1972 and the annual programme of activities of the Commission for 1973.

President. — The next item on the agenda is continuation of the discussion on the introductory statement on the Sixth General Report of the Commission of the European Communities on the activities of the Communities in 1972 and on the annual programme of activities of the Commission for 1973.

I call Mr Lücker for the Christian Democratic Group.

Mr Lücker. — (D) Mr President! President Ortoli's report on the Commission's programme and on the Sixth General Report has left a lasting impression on me and I think the same is surely true not only for my political friends but for the majority of honourable Members in this House. We were naturally very excited to see how the new President of the Commission and the new Commission would present themselves and express themselves here for the first time.

There is no doubt that in the first days of this year the Commission has made an active start which deserves our respect and recognition. For this reason we awaited the declaration of the Commission's programme yesterday with a certain political tension and I think the general impression was that President Ortoli and his Commissioners had made good use of the few weeks of their period of office. They have not only allocated their responsibilities among themselves and tested out their esprit de corps as colleagues—of which Mr Ortoli spoke yesterday—but they were also able, in the declaration of their programme, not only to present a programme of work but to show, through their esprit de corps, a certain political will coupled with dynamism. In my opinion this suits the new Commission very well, and we would ask

them, nay beg them, to show this spirit in the future at all times and in all places.

Beyond this I would like to take the opportunity of saying a personal word. I was impressed by the intellectual honesty and the intellectual demands with which President Ortoli addressed himself to Parliament as a partner in a permanent dialogue. I think I am certain that a political passion was speaking here which surely does not only apply to the President but is, I hope, a reflection of the spirit and will of his whole Commission. Nevertheless, Mr President, and I think this should be said quite openly, the declaration of the programme, in my opinion at any rate, emphasized the continuity in the development of the political life of our Community as *one* element of the basis for action, and on the other hand was based on impulses which were undoubtedly given to the future life of the Community at the Paris Summit Conference of last October. From this starting-point President Ortoli has attempted — and I think he has succeeded — in setting course for the objective which he characterized as immovable, namely the achievement of a European Union by the end of this decade as was laid down in the final paragraph of the Paris communiqué.

Yes, Mr President, the second point is that President Ortoli naturally — whether it is really so natural I would not know — mixed his speech with a heavy dose of political caution everywhere where he should have made quite concrete statements on the great concealed objectives and problems. At this point I would like to refer to one thing: I found it sympathetic and political, not the first time we have experienced this but something we have always applauded, that at the end of his official statement President Ortoli made a few quite personal remarks which gave me the impression that he is not at odds with his colleagues on the Commission. In doing so he perhaps gave us a glimpse, not quite into his soul, but into the ideas which guide his deliberations.

President Ortoli, you said: Please regard the Commission and its President as a partner which is always ready for a necessary and useful political dialogue with this Parliament, an institution which has a great role to play in the future of the Community.

President Ortoli, for my part I would like to reply that you may rely on my political friends and myself, and probably on the whole Parliament, to regard this offer as a duty to act in this way. I have added this here because I think I can be sure that you too, President Ortoli, have the feeling that the dialogue which you offered to us yesterday, and the declaration of your programme, must be made concrete, at a time

¹ See Official Journal, Series C.

Lücker

when it is a question of translating the stages, steps and goals which you mentioned yesterday into practical politics, into the reality of the political life of our Community.

Let me cite just three occasions for this, which President Ortoli mentioned yesterday. First, if you must produce a proposal by 1 May on the future allocation of responsibilities between the Member States and the Community for the realization of the Economic and Monetary Union. Then if you must present your proposal on the Second Davignon Report for the improvement of political cooperation by the end of June this year, or if we discuss it. I cite these two elements here because they are *the* two elements which must be realized if political union, the European Union, is one day to be institutionally, constitutionally, constructed. And I add: at the time when we have the Commission's report on the measures following the second stage of the Economic and Monetary Union before us for discussion, the hour will have arrived in this House when we must finally be clear in which political perspective our decisions in this matter must be taken.

President Ortoli, as I have just mentioned, based his speech on the programme among other things on the Paris Summit Conference and certainly spoke consciously several times of the necessity of assisting the further progress of the development of our Community in developing and working out a European identity. We have always agreed with this, particularly my political associates in this assembly, and in this we are certainly in accord with President Ortoli.

In two places in his report President Ortoli spoke of the European Union and at one point he introduced a new terminological concept into the debate when he characterized the European Union as a European democracy. I agree, President Ortoli, if this is meant to be the alternative expression, or an alternative expression, for our political union, which we have naturally always regarded as a structure on a democratic foundation. Now, one or other of us may at the moment be a bit more cautious in his choice of concepts, but one day we will have to be completely clear in our minds as to the direction we wish to travel and I would like to stress once again on behalf of my Political Group that there can be no question in the future of only organizing Europe on economic and social lines. If all the relationships of our Member States, indeed of our peoples, are involved, then it can only be a political union, a European democracy, a European Union in this sense. In this connection it may be accepted for the moment, although President Ortoli did not touch on it or speak of it in his presentation of the programme, that in

our view of the way beyond the improvement of political cooperation following Davignon we must keep before us a clear idea of this political dimension, that is to say that at the end of this development there must be a common foreign policy which does not exclude a common European security policy.

President Ortoli was in agreement with this at a certain point in his report when he said that we must arrive at a consensus with the industrialized nations, especially with the United States, when he said that the negotiations on the International Monetary Fund must take place in conjunction with the developing countries, when he also mentioned the Conference on European Security and Cooperation and did not neglect to refer to the negotiations with the developing countries. This is indeed the magic square in which we move and if we are to do justice to these tasks, Mr President, it will not happen without a better political consensus, that is to say we must come together in a genuine common European Union, European democracy, European political union, which will then be really able to set about these tasks with success.

Let me say something about a second problem: one could perhaps say that President Ortoli might have been even a little bit more cautious if he had had to deliver his report today or tomorrow.

We are now in a situation where we have to discuss a relatively optimistic report from President Ortoli and yet we all know that at this very moment our Community is facing another baptism of fire, another testing ordeal, and the discussions yesterday and this morning in our Political Groups here have shown this: this afternoon the Council of Ministers will meet in Brussels and it must accept its responsibilities. If we start from the assumption, Mr President, that we can only make progress both internally and in our external relations to the extent that we overcome the tasks and problems facing us, if we know that this Community can assume its role and responsibility amid these great inter-connecting world forces and trends, then we must realize that there are bodies of experts for all economic, financial and other problems who can provide us with the instruments to master these problems.

We can adopt methods which will help us to tackle these problems, but let me make one thing quite plain, Mr President: if there is a disproportion, an imbalance, between the chosen methods and instruments on the one hand and an adequate political consensus among the partners acting on the other hand, then solutions will never be attained and will never be of a lasting nature.

Lücker

This means therefore that we are faced with the task, both internally and in our external relationships, of bringing about this political consensus at a faster tempo than at present. And at this point I must say that when I think of the events of the last few days, Mr President, there seems to be a great deficiency in this area. I will not analyse, as though I were an expert, whether the governments of our Member States have responded to the present currency crisis, which seems to descend on us in six-monthly cycles, whether there has been crisis management in order to get the better of the crisis — all this I leave to my more expert colleagues.

I would just like to say that my political associates and I noted with a certain dismay and with displeasure that at the first attempt to tackle these problems, the finance ministers of only three of the governments of the Community countries met in Paris; it was not until a second meeting that a fourth finance minister was present. I asked myself, what have the four or five finance ministers of our other Member countries done? Are they considered unworthy or incapable of taking part in these discussions, or is it thought that some can assert the right to take decisions or to make far-reaching preparations which the others must then simply accept? That is not the Community spirit, Mr President. *(Applause)*

I should like to direct this appeal quite plainly to the Governments of our Member countries: if you carry on in this way you are destroying what can be heard in solemn declarations and weekend speeches everywhere in our countries from those responsible for our policies. If we wish to build Europe, we must ourselves first submit to the discipline which is necessary in order to give practical proof of this Community spirit, this feeling of solidarity, this feeling that we all really belong together, and we should not think of this as a burden but as a natural prerequisite for action.

I should like to add—I do not know if President Ortoli can correct me—that we have also had the impression that the Commission was bypassed when these measures were taken. I do not know how much the Commission participated in the secret conferences and telephone conversations. We have gained the impression at any rate that at least for a long period the Commission was not made a party to these matters at all, or if it was, then only very peripherally, and we regard this too as an infringement of Community discipline and of the Community solidarity to which we have pledged ourselves. It is all very well for this solidarity to be pledged and continually held up before the people of Europe at summit conferences and other such

solemn occasions, but in the practical life of the Community it simply gets forgotten and we all of us know, Mr President, that these great problems can only be solved by genuine Community measures. I say to you quite plainly, if we do not succeed in making the Community take a very great degree of responsibility for the protection of our currency and the control of the amount of money in circulation in our countries we will never escape from these difficulties. This means that we not only need Community measures, we also need Community means, to overcome these problems and to arm us against the speculation which is threatening to swamp us from outside. This is what gives me and my associates the greatest anxiety at the present time, Mr President. I cannot keep quiet about it because President Ortoli is leaving us this afternoon to go to a meeting of the Council of Ministers.

If the conference this afternoon achieves no progress in this direction we can forget about Economic and Monetary Union. There is very great danger that the Union will not merely suffer a setback but that its very existence will be put in jeopardy, and this includes the common agricultural market which we are still laboriously maintaining. We must be quite clear about the consequences which are at stake today. In this Parliament, Mr President, we were really on the point of standing up for an abandonment of the former sectarian politics in favour of a political globality embracing all sectors of economic, social and monetary activity and this I think is the basic principle according to which we must act in future.

Mr President, I do not want to speak for too long because many others wish to speak here today, so I will let the matter rest here. We will be returning to the many other subjects which I have only mentioned in passing. But if President Ortoli declared in conclusion that it was necessary to interest the people of Europe in the building of Europe, to arouse their awareness, to win them over, so that they could share in its building, then we must also make the political process in our Community more transparent, more convincing and more credible for our people and must not let the conduct of our day-to-day politics conflict with our solemn declarations. I believe that the dialogue between the Commission and Parliament, which has been offered to us in such a friendly way, will be accepted by us and that this dialogue must find ways and means of really finding an entry into the minds of the people of our Community, so that they genuinely commit themselves to this Europe. But they will only do this if we bear two things in mind in this assembly: firstly, we must, in all democratic fairness, shift the strug-

Lücker

gle for political power, for political leadership, to a European level and not let it continue any longer as a domain of discussion at national level. We must shift political discussion to a European level if we really want the people of Europe to participate in the political reality of the Community of tomorrow and if we want to win them over to it. And there is a second thing we must do—President Ortoli alluded to it—we must let our differing policies and individual political tendencies compete with one another in offering to shape this Europe—this is our democratic right, indeed our duty.

The society of the year 2000, of which Mr Ortoli spoke, which must establish itself in this Europe — and he quoted Léon Blum — must be a civilization of man. I agree, President Ortoli! That is our intention and I think I can safely say the intention of all political persuasions in this House. Let us content with each other for it, but let us do so by political discussion at a European level. A dialogue between Commission and Council behind closed doors is not enough, nor is a dialogue between Commission and Parliament enough, but we must really find a way into the hearts and minds of the people, so that we can win them over to this task more than we have done hitherto. Then we shall surely succeed in building this Europe.

(Applause)

President. — I call Mr Corona on behalf of the Socialist Group.

Mr Corona, speaking on behalf of the Socialist Group. — (I) Mr President, Ladies and Gentlemen, the serious events of the past few days have not only brought us face to face with the dramatic reality of the financial and currency situation in Europe and the world, but have above all emphasised the enormous delay with which Europe is tackling these problems in the course of its integration. It is a delay not in the achievement of the final ends, however noble these may be, but a delay in meeting practical day to day needs. For years we have been discussing Economic and Monetary Union and now we find ourselves exposed to assault, to aggression by international speculation, which is placing our currencies in a state of crisis, threatening our economy, casting grave doubt upon the future of our policies and, if we are not careful, our institutions themselves.

All this adds to rather than detracts from the interest of the discussion on yesterday's report by the new President of the Commission of the Communities. We shall not, however, restrict ourselves to the report which he read out to us with considerable oratorical skill, or to the off-the-cuff interjections in his long list of the tasks

the Commission has set itself—comments that were charged with human warmth—as I would emphasise, President Ortoli, on my own behalf and on behalf of the Group which I have the honour of representing. We consider that yesterday's report forms part of a sort of triptych embracing the first speech made by President Ortoli before the enlarged Parliament, his second at the meeting of the Political Affairs Committee and the third which we are discussing here today.

May I say, Mr President, that among the many bouquets and compliments that your report merits, one fundamental comment seems to me to be called for. From these three statements, we have seen a sort of descending parabola emerge, as if President Ortoli were "losing momentum", while we believe it is vital that the Commission retain its full potential impetus, that impetus that characterised the President's first speech to European Parliament.

But at this juncture, before we embark upon our comments, our reasons for approval and sometimes for perplexity, may we present our visiting card, a card that would certainly be familiar both inside and outside this House did not electoral passions and the fear of failure sometimes lead us to forget what the Socialists have done and are doing to build Europe. Allow me, as I was saying, to present our visiting card, especially in regard to the way we see relationships between Community institutions, except for the Commission which is here before us, without ever losing sight of the construction of a Europe which will gradually extend to all fields.

It is quite logical and natural that the Socialists, like everyone in Parliament, should claim the right of control, but it is equally logical that they should make a distinction between different Community institutions. Two of these can be said to be typically Community in nature, to be representative of European reality and fitted, by their nature as well as by their attributions under the treaty, to carry out the work of the Community: Parliament and the Commission. It is something that we have been saying for years, at least since 1969, it is something that we have also heard with satisfaction being authoritatively repeated in this enlarged Parliament. There are, on the other hand, institutions of another type which continue to be inter-governmental in spirit and which in our opinion sometimes sacrifice the interests and outlook of the Community to this spirit. It will also be recalled that in 1969 the Commission itself officially reproved the Council of Ministers for having too often forgotten its role in the guidance of a Community of men, becom-

Corona

ing no more than a place in which the various international interests were weighed against each other.

This, then, is the basic comment I should like to make: despite the obvious difference in their roles, Commission and Parliament have a common and mutual concern in reinforcing their respective powers. It is in the interests of Parliament that the Commission should be more than the 'donna dello scherms' celebrated in old Italian poetry, i.e. a mirage to draw attention away from the true centre of power: but rather an alert and vital institution with a real ability to take action; this is why we do not want it to be led into those exhausting struggles of which one of your predecessors, Mr President, has spoken, which caused it for example to give up its right of initiative in the tabling of motions, merely submitting memoranda to the Council, as officially notified to European Parliament. In addition, it is in the interest of the Commission not only that its own powers be reinforced but also the powers of Parliament be reinforced, just as it is in our interests to ensure that the Commission is strengthened. We want to be able to control those who hold the real decision-making authority within the Community and who avail themselves of this authority in favour of the Community, and I think that it is in the interest of the Commission, if it wishes its measures, its proposals, to succeed, that it should deal not with a sickly Parliament weakened by protracted reluctance to recognise its rights, but a Parliament worthy of the name and worthy of the Europe for which we hope.

In your first official speech, President Ortolini, we welcome your call for a political role for the Commission. This political role is not an undisputed claim between us and within the Community, at least it has not been so for several years; it is not an undisputed claim, as we all know, in the eyes of certain states and certain political schools of thought. To support the desirability of the Commission's political role implies rejection of the theory that the Commission should be no more than a secretariat for the Council, with purely technological terms of reference. This is undoubtedly one of its shortcomings in public opinion in our countries and one of the causes of the difficulties that Europe has been encountering in its enlargement, as testified not only by the failures but also by the doubts and perplexities expressed even in this House by honourable Members from the new Member States. And yet you argued in favour of the Commission's political role, Mr President, on the basis of two fundamental considerations: the first is the Commission's power of initiative, the second is the significance of an institutional dialogue between

the Commission and our Assembly, as laid down in the Treaties.

Mr President, we naturally see it as a matter of prime importance that the Commission should carry out its task. The Paris summit meeting laid down a set of tasks and also a timetable for those tasks. I have counted eleven such tasks, and I believe that is the correct number; but there is a twelfth task, perhaps the most important of all, for which no timetable or deadline has been laid down but which should be undertaken, without further delay. We call upon the Commission, as you have already done, to comply with these deadlines. We would be very sorry and we should be forced to use every instrument that the Treaty allows us if any one of these deadlines were not met. We even believe that in the case of some of these tasks the deadline, or at least the discussions on these tasks could be brought forward so that the international press would not be able to comment that there are declarations of common attitudes in abundance but no concrete action, the type of action that Europe needs more than ever.

The second argument advanced by President Ortolini in support of the political role of the Commission is the relationship between the Commission and Parliament. What is this relationship? It is in fact the only relationship of a truly democratic nature within the Community. Although we are well aware that we are not elected by direct mandate, we do know that in our task we do not represent the interest of individual sectors but the interests of all those who have faith and hope in Europe and who are actively working for its achievement. At this point, Mr President, we face the general problem of democracy of our institutions, the type of relationship that the Commission would like to maintain with Parliament. In the opinion of the Socialists, Parliament could be the natural ally of the Commission in the building of Europe, each retaining its own role, its own dignity, its own rights. But the relationships must be clarified in terms of acts and initiative. And may I say that your initial speech, or to go even further back, the speech you made on the 15th January 1973, if I am not mistaken, at the first meeting of the European Council of Ministers, led us to hope for a little more. On that occasion you said something very true: that the Commission looked upon its responsibilities as collegiate, and that the Treaties have given it the right to propose but that it also had the duty of imagination.

When I had the opportunity of seeing you again in the Political Affairs Committee, it seemed to me that this imaginative faculty, this inventiveness inherent in the Latins, which I

Corona

hope you yourself would not wish to lose, was greatly attenuated. This faculty, however, is important; let me explain by taking an example.

At a certain point in its history, Parliament insisted on having a voice on subjects that are of vital concern to Europe. There is so much talk about Europe speaking to the world with a single voice, whereas Europeans are continuing to straggle to Washington one by one, perhaps helping to aggravate our relationships with the United States, instead of suggesting a more comprehensive platform that will help to pave the way for compromise. When, therefore, Parliament claimed its right to intervene in major European affairs, the Council gave proof of imagination: it took a step that we still consider to be inadequate, by introducing the Davignon procedure which allows for relationships with Parliament and with the Political Affairs Committee that did not previously exist.

We should like the new Commission of the European Communities to tell us something about this, for, as has already been stated here, we are happy that we have heard the solemn declaration that the Commission is a collegiate body and not a coalition. This affords hope that the unpleasant episodes which we have known in the past will no longer occur in the future. We are happy that the Commission, referring to the words of a Socialist, tells us that Europe must be built on a human level, to a human scale; nevertheless, not all men are equal and we should not care for our Europeanism, like our dedication to the social question, to be viewed solely as a sentimental or charitable attitude towards certain productive sectors or social classes. In our opinion, it is a technical necessity in modern development to meet the needs of man, as it is from the point of view of the citizen and also from the point of view of the State.

Mr President, the first of the deadlines which concern you and which concern ourselves is 1 May 1973. The question is of vital importance: the allocation of responsibilities among Communities and Member States. And here we probably discount the fact that in this period of transition we have not had the necessary powers; I might say incidentally, that it is not true that policies determine powers and not powers which determine policies: the process should at least be parallel. How can we involve these millions of citizens? I would repeat, especially to those who appear doubtful: there is a problem of youth, there is a problem of the working classes, we have seen it in Norway, we have heard of it in Denmark, we know it from Great Britain itself, from the Labour party's decision, whatever its rights or wrongs.

Here again, we do not want charity, we do not want a body which will weigh social policy in the balance, we want all Community activities to be guided by social considerations.

I am coming to the end, Mr President. Well, since time presses and brevity is the order of the day, I should like to ask you a question: is the final part of your speech, in which you discuss the relations with Parliament, a proposal or a gesture of recognition? We should be grateful even for a gesture, for this would be an act of courtesy. But the problem now before us is connected with the proposals that you are to present by 1 May 1973; these, I repeat, are of concern to Member States as well, for many of them, not only the new members, would like, before they convert their national powers into Community powers, to see greater democracy to guarantee proper control over the exercise of power.

Do you intend to submit a text to us before 1 May? In other words, will Parliament be consulted in accordance with normal practice or will you take the initiative, will you give proof of imagination by addressing yourself to Parliament beforehand so that your proposal to the Council is supported by the consensus of the political forces which, I believe, are worthily represented here?

I would repeat, in view of pages 19 and 20 I cannot make what I believe would be an unjust deduction, that there has been a lack of will on the part of the Commission, but we should be deeply happy, Mr President, if the reply on this point could be in the affirmative, not only with regard to the document to be submitted on 1 May but with regard to all the steps the Commission wishes to take.

I end, Mr President, with good wishes for the Commission in its work, and at the same time I should like these good wishes to act as a stimulus, and as such respond to our function as parliamentarians as those bearing the responsibility of representing the peoples of Europe, to borrow your own words.

IN THE CHAIR: MR BERSANI

Vice-President

President. — I would remind all speakers listed that speaking time is limited to 15 minutes for spokesmen for Political Groups and 10 minutes for Members speaking in their name.

I call Mr Johnston for the Liberal and Allies Group.

Johnston. — Monsieur le Président, Mesdames, Messieurs, je suis très heureux d'être ici parmi vous et de pouvoir prendre la parole au sein de ce Parlement. Pour un Ecossais, c'est un moment excitant et émouvant, un moment de défi aussi, que de se trouver pour la première fois avec les représentants des principales Nations d'Europe occidentale, qui siègent ici pour résoudre des problèmes communs.

Je ne pourrai malheureusement pas prononcer tout mon discours en français...

Vredeling. — Say it in English, please!

Johnston. — ...mais je tenais à le commencer dans la langue qui est la langue diplomatique...

Vredeling. — But we are no diplomats!

Johnston. — ...la langue diplomatique de l'Europe depuis des siècles, et qui est en honneur en Ecosse depuis l'époque de Marie, la reine d'Ecosse.

ici en tant qu'Ecossais, je suis aussi un Britannique et un libéral. Je ne suis pas ici pour imposer mes croyances philosophiques et politiques, mais pour travailler avec vous afin de rechercher des solutions justes et honnêtes à nos problèmes communs.

(L'orateur poursuit en langue anglaise)

Reverting to my own language, I wish briefly to address some remarks to Chapter 4, section 2 of the report which we have in front of us. I am referring specifically to that portion which deals with regional policy. I wish to make four brief points. Firstly, I believe that the evolution of an acceptable and effective—and the two things are not always quite the same—regional policy is fundamental to the lasting success of the Community, and that if our objective in the long run is to evolve towards some kind of federation or confederation, offering greater possibilities to all the constituent parts than they could hope to enjoy by themselves, then we must devise ways whereby each and every part of our Community feels that it has a fair deal. Since all regional disparities, whether they are in Britain, or in France, or in Italy, are the consequence of the failure of the national Parliaments and national Governments to deal effectively with their problems, there is from the beginning an evident area of disagreement between the Institutions of the Community and national Governments. This we must face. If we take Britain, for example, (and I would be obliged if the interpreters would interpret that as 'Britain' and not 'l'Angleterre' or 'England') the British failure

to deal satisfactorily with Scotland or Wales, or South-West or North-East England, is not the Community's fault, is not the Commission's fault, but it will soon become the Community's and the Commission's responsibility. And because this is so, the acceptability of the Institutions of the Community within the regions will be dependent upon the capacity of the Community to devise solutions which at times may be in conflict with the aims of national Parliaments.

Secondly, leading on from that, it seems to me not simply unavoidable, but necessary that the Commission should begin to look at the governmental structures through which its regional policies will operate, and upon which the success of these policies and the co-operation of the people they are designed to help will depend. The inevitable increase in centralization of power which, let us face it, will be required in order to achieve Economic and Monetary Union, necessitates in my opinion a counter-balancing decentralization, and if this is not forthcoming it could produce serious political alienation. We will be making a serious mistake, in my opinion, if we believe we can simply impose regional policy from the centre. An effective regional policy must be one in which there is local involvement in decision-taking.

I believe that the highly centralized nature of Government in Britain and France, for example, is linked to its regional problems, and is of itself a factor which the Commission cannot ignore.

Thirdly, while the time-table set out in the report and referred to yesterday by Mr George Thomson is encouraging, we should not pretend that the way ahead is other than very difficult indeed. The Commission, (and I think here I would like, since I am talking about regional policy, to pay particular tribute to the work of Mr Borschette: I think little Luxembourg has produced a surprising number of people of rare talent) the Commission has been pressing since 1969, when it produced its quite visionary proposals, and nothing has happened. The Paris Summit certainly put it on the agenda, but the motivation on that occasion stemmed much more from an understandable and defensible desire by the British Government to claw back some of the money which it is going to pour into the common agricultural fund than from any sudden enthusiasm for the proposals of 1969.

In the year ahead, two very basic questions must be resolved, and their resolution will be extremely difficult and fraught with political problems. How large will the regional fund be, and according to what criteria will it be disbursed? One hears it rumoured that a figure of

Johnston

perhaps 40 million units of account per year is being considered. Even if that is an underestimate, it will not go very far. Particularly it will not go very far with nine countries having a claim upon it and with the problem of concentrated industrial obsolescence being a major factor in regional development, a problem which for Britain bulks larger, perhaps, than for any other member of the Community. Industrial obsolescence is a very expensive illness to cure. When it comes to evolving yardsticks for the allocation of the Fund, then also there are very great problems. At present, something like 40 per cent of the land area of England alone is assisted, but when one adds on Wales and Scotland and Northern Ireland, and looks at the position for Britain as a whole, the figure goes up to 68 per cent, which is well in excess of the position in any of the other three large members, France being the nearest with 47 per cent. Here is a real and practical problem. The logic of regional policy is the establishment of a preferential system of assistance linked to a preferential system of restraint, which means in some way controlling the inter-Member bidding which Mr George Thomson referred to yesterday. At the very least as of now, it seems to me that there is a need for an effective information service to potential non-European investors.

Fourthly and lastly, one must never assume, I do not think, that geographical aid, or indeed sectoral aid, is the sum of a good regional policy. Unless it also has the ultimate effect of raising general living standards and reducing unreasonable disparities of wealth, then it fails, so it inevitably, ineluctably overlaps into the social field. I think what has heartened and warmed me at this meeting in Luxembourg and indeed at the meeting last month in Strasbourg, is the feeling, that, rightly concerned as each and every Member is with the needs and problems of his own country, we know that these problems cannot be solved in isolation and that our neighbours' difficulties are our concern also. That, it seems to me, is why regional policy is so vital.

In the North of Scotland, where I live, many people still speak Gaelic and there is a saying in Gaelic 'Sin mara tha, 's mara bha, 's mara bhiodh,' which translated means 'That's the way it is, that's the way it was, that's the way it will be.' Now this fatalism of the weak which is common to many regions, is a thing that we must wash away and I believe that in the steps the Commission has taken, and which have been explained to us, we have set ourselves on that road; but we must never delude ourselves: the way ahead will be extremely difficult and extremely hard.

President. — I call Mr Kirk, for the Conservative Group.

Mr Kirk. — (E) Mr President, unlike Mr Johnston I intend to deliver my speech entirely in English, if only because I am anxious that the President of the Commission should understand what I am saying. Sir, the report that we have before us, and indeed the speech which the President delivered yesterday, are documents of great importance which are of course going to occupy us for many hours in the months that lie ahead. I, like Mr Johnston, on this occasion intend to limit what I am going to say to certain, in fact very few, aspects of it. I do not want, for example, to enter today into the details of the monetary crises. We shall have an opportunity, I understand, to discuss this tomorrow in any case, and by tomorrow, as a result of the meeting which Mr Ortoli is having to attend this afternoon, it may be that the situation will have changed once again. I must say that I share the concern that Mr Lucker expressed about the way in which the situation has been handled within the Community up to now and I would hope very much that the President of the Commission, when he returns to Brussels this afternoon, will try and impress on the Finance Ministers of our Nine countries that little groups of two or three meeting by night secretly in Paris is not the way in which we understand the Community should be carrying out its business.

(Applause)

Having said that, may I turn to what seems to me to be the theme of perhaps the greatest possible long-term interest in this report and indeed in the speech which Mr Ortoli delivered yesterday. A speech remarkable, I think, for two things: the width of its coverage and the way it became more interesting when Mr Ortoli left his prepared text. I think we must all hope that, in future, the amount of paper he has in his hand gets less, though I hope that does not mean that the speeches get shorter in consequence, because we have noticed, both at Strasbourg and here, that when he can be induced to depart from what he has written down, he says things which are not only of great interest and stimulus to us, but much more encouraging than what's written on the piece of paper, as Mr Corona remarked. The importance, I think, to the Community, not just of the enlargement, but of the new situation in which we find ourselves in 1973, turns very much on the Community's external relations: something which, at present, lies very largely in the hands of the Commission and therefore very largely within the competence of this Parliament, and something therefore which this Parliament, I think, should be

Kirk

concentrating as much attention as possible upon. We are faced, or the Commission is faced, and therefore we as the 'interlocuteurs valables' of the Commission are faced, with a whole series of absolutely vital negotiations due to take place in the course of this year. The renewal of the Yaounde Convention, the invitation to certain former Commonwealth countries, to take part in a renewed Yaounde Convention, the multi-lateral trade negotiations which will be going on through GATT, the global approach to the Mediterranean which Mr Harmel informed the Political Affairs Committee under the Luns procedure was to substitute for individual agreements with countries like Spain, Israel, the Magreb countries and Egypt and so on, and above all perhaps the negotiations with the United States of America, which are due to start towards the end of this year. And I think the importance of all these negotiations cannot be overstressed, particularly perhaps the United States negotiations. Nobody who has been in Washington recently can be unaware of the extent to which relations between Europe and the United States have deteriorated over the last twelve months, particularly in the economic field. It may be, of course, that this is just the growling of two heavyweight boxers before entering the ring in order to smash each other to pulp; the sort of flexing of muscles, the 'I can lick anybody in the house' stuff, which people do before they enter serious negotiations. But I think, in fact, it is deeper than that and certainly at discussions that I had in Washington just before Christmas, I was deeply alarmed by the way in which representatives both of Congress and of the Administration are now tying their economic relations with Europe in with their political and indeed their military relations with Europe and considering this as a whole. And this leads me, I think, to the first point that I want to make — the absolute necessity for the Commission and indeed for the Parliament, if not for the Council of Ministers, not to concentrate on sectors of external policy but to deal with external policy as a whole, because external policy, like peace, is indivisible, and you cannot assume that you can have commercial relations with someone which do not reflect your political relationships — they do. And when one can go to a meeting in Washington and hear an official of the American Administration — certainly not a very high one, but nevertheless an official of the American Administration — say semi-publicly 'for every citrus farmer in Florida who goes bust, we withdraw 20,000 men from the United States Army in Europe', one can realize how deeply this feeling and resentment by the United States against certain of our trade policies have gone. And, of course, the same is true over here as well. There is considerable

resentment here, expressed by Sir Christopher Soames, I understand, the day before yesterday in a speech in Brussels, at the refusal of the United States Congress to give an effective mandate to the President to negotiate a liberal trade policy. The only result of this type of snarling, if it comes to a trade war, is going to be to the detriment both of the United States and of the Community. I suspect more to the detriment of the United States than of the Community, though I think we will be very unwise to over-estimate our own strength. What I would call this globalization of the Economic with Foreign and Defence Policy also applies to the Middle East. Does anybody seriously imagine that you can negotiate economic agreements with the Arab countries, with Israel, with Turkey, with Greece, with the Magreb without paying some account to the political situation in those areas and to the relationships not only that those countries have with one another, but that we must have with all of them? And that too, I think, is something perhaps that the Community, because it has tended to stress in the past the fact that it is an economic community, has tended to overlook. It is perhaps the duty of this Parliament constantly to remind the Commission of that, and for that reason my Group will be tabling today two motions which we hope to have referred to the Political Affairs Committee, which bear on this specific point the need for a relationship between political and economic policy so far as the Community is concerned.

And that, of course, inevitably brings one to the third point, the Davignon procedure. I do not think anyone can regard this as satisfactory, certainly we do not. I asked Mr Ortoli in the Political Affairs Committee the other day what need there was for Davignon, what indeed was the Commission supposed to be doing about all this and why did it not take the lead in this matter and, as I imagined he would, he side-stepped the question with the gracefulness of any speaker in French, and obviously preferred not to have anything further to say on the matter at that particular moment. I do not blame him in the least; it is an extremely difficult matter for anybody, let alone the President of the Commission, to take a position on, and I would not expect him this afternoon at 2.30 p.m. or 3.00 p.m. to have changed the view which he held in Brussels at 2.30 p.m. or 3.00 p.m. last Friday afternoon. But the question will not go away, Mr Ortoli, the question will be there for you to answer and for the Council to answer again and again and again, because if anyone imagines that we are going to be satisfied in this Parliament with the Davignon procedure, over which we not only have no control, but which I per-

Kirk

sonally do not regard as very much use anyway, then they are very mistaken indeed. So I think one has to regard the whole of this as one global external relation concept...

Mr Vredeling. — Would you please repeat this in the House of Commons?

Mr Kirk. — I would be delighted to, Mr Vredeling, nothing would give me greater pleasure. I have, in fact said it before in the House of Commons but I will say it again if you wish. And I think this is something which the Commission itself has got to devote a great deal of attention to. Perhaps I can mention one or two other small points, again mainly in the external relations field. I hope very much that every effort will be made to bring eligible Commonwealth countries into association under the Yaounde Convention instead of under a separate association agreement. Not only would a separate agreement be untidy in my opinion, I think also it would lead to a lack of harmony, particularly in the English-speaking and French-speaking States of Africa, which could create very considerable difficulties in the future, and one hopes therefore that they will look at their options under Protocol 22 in a positive rather than a negative spirit. But having said that, I hope that although it was very largely outside the scope of the negotiations for enlargement, the Community will not overlook the problems of Asia. Asia perhaps has more problems than Africa, indeed it is a poorer area, it is a much more heavily populated area but I notice only one reference to it in Mr Ortoli's speech and not very much more in the report. And I would hope, therefore, that at some stage in the course of this year, when we are dealing with this problem of development aid, and I hope we shall have a new committee of this Parliament able to deal with it more effectively, that the problems of Asia too will be raised.

These are the main points that I wish to make on behalf of the Conservative Group. As the time for this debate before the President replies is inevitably short, I will not take up the whole of my time, because I think it is important that as many Members as possible should be able to put their views in front of the President of the Commission. I wish him well, of course, on behalf of the Group, we are delighted so see him there and have been very impressed by the interventions that he has made so far, and we can assure him that we shall be critical but fervent supporters of everything he does to further the European idea.

The President. — I call Mr Bousch to speak on behalf of the European Democratic Union Group.

Mr Bousch. — Mr President, honourable Members, in presenting the General Report on the activities of the Community, Mr Ortoli outlined the vast programme of action which he envisages for the Commission during the year 1973. He encouraged us, even invited us to make our suggestions, but also our criticism, known to him.

I should like to begin by telling him that my colleagues and I wish to extend every encouragement to him for the ideas and actions which he intends to pursue, and for the accent which he has placed on the Commission's spirit of initiative and the political character of its work without neglecting the magnitude of the practical and social aspects of the proposals which the Commission intends to submit.

The speed with which all of the administrative organs of the new Commission have been set up calls for special commendation. Perhaps the choice of certain men for certain positions was a little surprising, but the collegiate spirit and willingness to cooperate already displayed within the Commission augur very well and lead us to conclude that the choice of men may perhaps be of less importance than in the past, and that the Commission, when dealing with the major problems will always take decisions, which will at least be collegiate decisions preceded by the fullest discussions.

I can therefore assure you, Mr President, of our readiness, not only to support your actions, but to support the actions of all the commissioners who, with you, have agreed to share the heavy burden of responsibility for the phase of the building of Europe which we are now entering upon. You have already agreed to facilitate dialogue with our Parliament, and only yesterday we introduced Question Time, a new form of Parliamentary supervision. Even if some of our colleagues did not receive the replies that they had hoped for, particularly on questions which were somewhat curious, this does not detract from the fact that democratic supervision has gained a great deal, and Parliament has appreciated this.

Mr President, you, like all of us, will have noticed the exceptionally strong attendance and the level of attentiveness in the House yesterday, and we even noticed a number of distinguished men following our proceedings from the gallery. In your own words, 1972 was a crucial year for the Commission and for all of us; it was a great year for Europe. Indeed, 1972 will go down in history as the year of enlargement, the year in which three new countries, including Great Britain, entered the Community. It will also be remembered as the year of the Paris Summit Conference, which outlined the course to be taken by the Community in the construc-

Bousch

tion of Europe between now and the 1980s. It is now to join in translating the intention and undertakings expressed in the Final Communiqué of the Conference of our Heads of State and Government into concrete actions. As you yourself said we also have to establish a clear definition of Europe's identity and the place of our Community in the world. To do this, we must improve and indeed develop our relations with Eastern Europe, as has already been said, with the developing countries, as has just been repeated, but primarily with the United States of America, with which it will be necessary to enter into constructive dialogue in order to leave bickering over motives behind us and build this new international economic order to which you referred. The United States must understand our responsibilities and problems and we, for our part, must try to understand theirs. Only in this way will we be able to overcome our present difficulties and create a favourable climate for the forthcoming trade negotiations which, in our opinion, should be a frank and, perhaps, occasionally hard exchange of views, but should bear no resemblance to a round of boxing in which each side seeks to smash the other to pulp. On the contrary, both should explore avenues through which our weakened ties can be re-established.

If the Community must develop its external affairs, there are also internal matters to which it must attend. Here, one of the most immediate and important tasks of the hour is the establishment of Economic and Monetary Union, the finalization of the first phase and preparations for the second phase. Let us not delude ourselves, this will raise a number of institutional problems which will have to be solved. We do not believe, however, that this need give rise to dialectical argument.

We hope that the decisions already taken will be applied effectively by all concerned, and that rather than introducing complicated considerations or very complex mechanisms, steps will be taken to ensure that all the administrative organs already set up and the other bodies for which provision has been made are able to function perfectly, and that whenever difficulties arise, political will prevails and further progress is made.

As to research policy we approve of what you said yesterday; we owe this first success in this field to the Commission, and perhaps to yourself, Mr President. We can only welcome the fact that the problem of the Joint Research Centre has finally been solved after being in suspense for so many years. The maintenance and development of the common agricultural policy repre-

sent for us, Mr President, a test of the political will to strengthen the Community. We hope that in this sector, Mr President, you will manage to ensure that the regulations still outstanding for certain types of products which are not yet subject to common organization of the market, notably cattle and potatoes, are drawn up and accepted by the Council comparatively quickly.

On regional policy, a subject often raised in this House, particularly since the arrival of our new colleagues, you stated that it was essential to the establishment of a balanced social and humanitarian Europe. We hope that the Regional Development Fund which is due to be set up by the end of the year and financed from the Community's own resources will mean that it will at last be possible to make progress in this field and that this problem, which is a matter of concern to almost all honourable Members, will now be able to move out of neutral gear, where it has been for too long.

If this Europe which you seek to build and which, thanks to the initiative of the Commission, we shall build, is to serve mankind, the social policy must be developed and the workers must be made to feel secure in full and better employment in an environment which is acceptable to all. You said yesterday that it was necessary to this purpose to improve your information and to make it as objective as possible. This is certainly true, but it is even more important that our peoples should feel more directly involved, that they should be able to participate more through their elected representatives in the Parliament, and also through the dialogue with the two sides of industry. In order to succeed we must try to get away from the excessive ascendancy of technical decisions and paperwork and raise the level of debate to political decisions and find means of implementing the concrete decisions which have already been taken more rapidly so that the realities of this Europe of ours become more tangible to its peoples and the grand design of the European Union by 1980 becomes more credible.

Until such time as our peoples are given tangible evidence of the results of our work on the urgent problems of today and the results of the building of Europe, until such time as our peoples feel the tangible results of the struggle against inflation, which is a matter of concern for all our workers, of the measures against speculators and the far-reaching social consequences of mergers and take-overs, the European idea will never win popular acceptance. Mr President, you described your task as one of making the voice of a united and indivisible Europe heard in the world. Make this voice heard, make it credible

Bousch

and the European Democratic Union Group will be behind you in everything you do.

President. — I call Mr Leonardi.

Mr Leonardi. — (*I*) Mr President, Ladies and Gentlemen, yesterday we listened with interest — and I must say with a certain feeling of solidarity — to the speech by the new President of the Commission, who is taking on this important office at such a critical juncture.

We have the honour of being members of this Parliament, but our numbers here are far from representative of the force of our movement within the Member States. Over the past few years we have consistently attempted to make an active contribution by active opposition and criticism. Our party recently defined its position in the form of a Central Committee resolution along the following lines: 'The Italian Communist Party states that there is a possibility in this framework of working for the achievement of unity of Western Europe in confidence and cooperation, for a profound democratic transformation of the European Economic community, for an independent Europe that is neither anti-Soviet nor anti-American, which is indeed upon friendly terms with the USSR, the Socialist States and the United States of America and which can establish a new relationship with the developing nations. Italian Communists will fight for these objectives, for their achievement, and will continue to work for greater unity and understanding among all the democratic and left wing forces in Western Europe—Communist, Socialist, Social Democrats and Catholic.'

It is in this context, in the context of this political position, that I should like to take a brief look at your speech. I do not believe that this is the appropriate time to enter into details.

First of all I should like to point out many positive elements: the fact that you have clearly stated that technical considerations always have their political content, the need for a new political dimension, the need for the Community not to be merely a factor making for economic prosperity but also a factor easing tension in Europe and in the world, remoulding and re-fashioning its relationships with the whole of the rest of the world without discrimination, the general nature of our views, etc. But it is in relation to this very positive stand, in relation to the sensitivity you bring to bear on the great and new task on which you wish to place greater emphasis, that we see a basic contradiction emerging. You believe that these objectives can be achieved by continuing along the old path, a path that is seen as essentially right and whose most recent expression has been the summit

meeting in Paris. Indeed, you have referred continually to the Paris summit — even though such meetings are not envisaged in the Treaties, which at most express an extreme, almost paradoxical form, of authoritarianism. You forget that the Paris summit was preceded by the summit meeting at The Hague which made proposals that have never been implemented.

We recognize the validity of many of your proposals, but we consider them impossible of realization if we continue along the old path, a path that is fundamentally based upon the removal of national defences between countries whose circumstances and histories are different. This removal of national barriers which you propose to extend to every field, harmonizing not only tax legislation but also other fields of law, has in fact permitted greater expansion of existing forces, mainly forces operating in the private economy, above all the large groups which due to their nature do not act in the interests of the Community, which do not owe allegiances to Community solidarity, which do not distribute resources to promote fairer economic conditions in our countries, but they act in the opposite direction and increase divergences. Many of these groups, too, are bound by strong threads to groups outside the Community and it is not clear on which side they stand. The expansion of the market produced by the new Community has not been backed up by political decisions, by decisions on common policies that will help the Community to derive the benefits of that expansion. I should like to remind you of the position adopted by President Mansholt during the last few months of his office up to the very time at which he gave up that office.

All attempts to overcome these contradictions, which take the form of growing internal differentiation at a time at which the need for a common attitude towards the outside world is becoming increasingly apparent as a result of difficult monetary agreements, have failed, because every government has in the last resort had to look to its own internal needs. This situation has also been expressed in your report, specifically at the point where, having discussed the need for further elimination of national barriers, you say, that, in support of the action which I have mentioned, there are also those actions which, to adopt a curious term, are called accompanying and flanking policies, which are in fact an integral part of, and to a large extent a determining factor in, economic union. Nevertheless, the term 'accompanying policies' should not surprise us, for it reflects the logic that has been adopted until now it building up the Community and the forces which sustain it. According to this logic, all active policies — energy, regional, industrial, research, etc. — are no more

Leonardi

than accompanying policies which should be allowed to follow 'market forces' as closely as possible (as in fact occurs). Unless these market forces are controlled and conditioned, as I have said before, they work increasingly against the Community process, since we do not wish this to be based on force or to constitute a new military bloc; nothing today can be considered as irreversible.

It is from this contradiction that we must emerge. Our States are moving away from Economic and Monetary Union. All the agreements that have been reached to establish a common attitude have failed due to external pressures which have gained momentum from the increasingly divergent internal situations in the Community. The United States is acting with increasing self-sufficiency, taking decisions which it considers are most closely in line with its own interests, confident in its own strength, to achieve new predomination based on the possibility of a positive balance of current payments that will finance all the expenditure it sees fit to promote its policy in other countries. Since it is no longer able to make other countries foot the bill for its own political decisions by means of a simple monetary mechanism — in other words by exporting paper dollars — the United States wishes to combine monetary and commercial instruments to achieve the same end. These are the circumstances in which they are coming to the Nixon Round to which you rightly made an important reference and which will prove a further test of truth and of the feasibility of a Community policy.

But we cannot shift the whole blame for our weaknesses onto others. United States policy follows its own logic which we deplore and which we can influence only by taking up a proper Community stance; unfortunately, there is no such stance, nor have we as yet remoulded the Community process in such a way as to make it possible to recognize our true interests.

In conclusion, I too should like to refer to the Paris summit meeting which, as often happens in history, through its very degeneration may have paved the way for change and revival. After having repeated statements already made by the previous summit meeting at the Hague, statements of no practical value, the summit meeting entrusted the Community institutions with the task of tabling motions for the reform of its own implementing procedures, not out of the kindness of the Heads of State and Government but because the summit meeting had no alternative but to do so. You too have rightly referred to this need, and this is a very good thing. We recommend that it become a main task, to be implemented in democratic coopera-

tion with this Parliament and with other social forces; then we shall succeed in reversing the process of building up the Community, starting from the bottom, in other words from the interests of the people and our States. On these bases we may evolve common attitudes towards the rest of the world—in other words, we may find our own individuality.

(Applause from parts of the House)

President. — We shall now adjourn until 2.30 p.m.

I would point out to all Members that President Ortolini will answer all the interventions of this morning at 2.30 p.m. I should like everyone to bear this in mind.

(The sitting which was adjourned at 1.10 p.m. was resumed at 2.40 p.m.)

IN THE CHAIR: MR LUCIUS

Vice-President

President. — The sitting is resumed.

11. Documents received

President. — I have received from Sir Tufton Beamish a motion tabled on behalf of the Conservative Group on the development of the Community's external relations with special reference to the role of the European Parliament.

This document will be printed and distributed with No 306/72 and, if there is no objection, referred to the Political Affairs Committee as the committee responsible and to the Committee on External Economic Relations for its opinion. I have also received from Sir Tufton Beamish a motion tabled on behalf of the Conservative Group on the Middle East.

This document will be printed and distributed with No 307/72 and, if there is no objection, referred to the Political Affairs Committee.

12. *The Sixth General Report of the Commission on the activities of the Communities in 1972 and the annual programme of activities of the Commission for 1973 (continued)*

President. — The next item is continuation of the discussion on the introduction to the Sixth General Report of the Commission of the Euro-

President

pean Communities on the activities of the Communities in 1972 and the annual programme of activities of the Commission of the European Communities for 1973.

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, as is only natural in a debate like this one, the various speeches I heard this morning have their share of roses and their share of thorns. I think this is the meaning of the dialogue we wish to establish and I have been conscious of the fact that some of those who criticized certain views expressed by the Commission or questioned it somewhat anxiously about its intentions have pointed out that they did so because if we really wanted to be partners, these partners should express themselves quite freely. If, therefore, the amount of approval felt about what the Commission has presented deserves to be made known, I also think it right that any reservations should be voiced or questions asked. In particular, it is only natural that the various speeches should have made reference firstly to the major themes, the major problems, the present state of affairs, and secondly to the problems raised by the relations between Parliament and the Commission and, more generally, the institutional problems involved.

I have nevertheless been surprised to see that the various speeches have stressed the question of the Community's external relations nearly as much as the institutional question. I think this is a matter for concern which has been clearly expressed by Mr Corona, Mr Lücker, Mr Johnson, Mr Kirk, Mr Bousch and Mr Leonard. Each of them in one way or another has made this problem of external relations as well as the monetary problem more or less the central issue of our debate.

I will not repeat the remarks I have already made about the problem of external relations, but in trying to sum up, somewhat rapidly, what was said this morning, I was struck by three points.

The first concern seems to me that the Community's capacity for unity should be further developed. I think there was a feeling that the Community was under an obligation, by the very aims it has adopted and the procedures it is setting into motion, to find a means of expressing itself in a unified manner, that its capacity for unity should be reflected in its institutions, so that we do not have the feeling that the whole of the major international commitments we are facing is finally the outcome of a series of national attitudes. This idea of the

capacity for unity, and a deep-seated unity, has been in my opinion a key one in the minds of those who expressed their views.

I also noted a second point, which is the need for coherence and the fact that any external relations policy should possess a concerted character, even if it is mainly concerned with economic relations, as is the case today. You will have noticed that in my speech I expressed my conviction that the economic responsibilities which were to be inferred from this series of tasks in the external field actually gave our Community a political dimension.

Lastly, there is a third point which appeared in several of the speeches and which was voiced most clearly by Mr Kirk: that is, that we are not only people possessing interests and responsibilities of considerable size or importance, but we are also people who ask themselves questions, particularly about the developing countries. I have noted the weight which was attached to the overall proposals to be made on this subject. I shall not go into this last point, not out of indifference because I am on the contrary convinced, like all of you here, that this implies for the Community something which corresponds deeply to the kind of responsibilities to which it may legitimately lay claim and which it may nobly assume. This is perhaps one of the things in which Europe has the most to contribute, in view of its history and present position. If I do not dwell on this matter, it is because we shall be discussing it again at the parliamentary level, either with regard to the policy to be adopted over the developing countries or with regard to the outcome of Yaoundé and Arusha or again with regard to Protocol 22.

We are entirely clear about two ideas: the first is that we certainly have special responsibilities and must respect them. This has been said unequivocally ever since the Community was created and every time the Committee has questioned itself about its political attitude. But it is also true that we should take an overall view of the situation. Naturally Mr Kirk will tell me: You have mentioned a number of things very rapidly. But at least I have mentioned them! In a speech which could not go into great detail, I have taken care to refer to the various points in a precise way in order to prevent any ambiguity arising over unduly broad terms of global or overall policy.

As regards what has been said to us about Europe's capacity for unity and its political coherence at a time when it is embarking on the problems of external relations, I have a slight difficulty with Mr Corona and Mr Kirk since, with a firmness which I am told will be reiterated, I have been asked about the problem

Ortoli

of the Davignon report or more exactly the Davignon procedure. I have had the opportunity to raise this subject in the Political Affairs Committee. It may be that my thoughts were not fully understood, for what I read or heard showed that the situation was a rather difficult one since several differing opinions were expressed on this same procedure, firstly in a report and then in the speeches. I drew attention to something which in my eyes is far more important in order to answer your question, which is one not of procedure but of substance. What I pointed out and what must be understood is that the mass of speeches of Community type already have such an important bearing, admittedly of an economic character, on the question of external relations that we are faced with a potential situation of Community dimensions. It is up to us, therefore, to bear in mind that the Community, and the Commission within the Community, has a common commercial policy, that it has a procedure for negotiations which, in the most important technical and political matter with which we shall be faced—I am thinking of GATT—makes the Commission responsible not only for presenting proposals but also for discussing the issue. We must bear in mind too that we have a conception of the Mediterranean problem which is reflected in the Commission proposals on this subject, and that we have confronted the Community with problems concerning the developing countries.

All this does not determine the external policy of each of our Member States, but I think we must realize that there is a very strong and substantial reality beyond the procedural problems. This reality—and here is my second remark—is sufficiently strong and substantial to enable the Commission, without needing help from anyone, to seek this synthesis of which Mr Corona spoke just now when it draws up its proposals. I am talking of this overall conception, this link between the different elements, but also an assessment of a situation which, when it touches on economic problems, also touches on political ones. Allow me therefore to tell you quite clearly that this is precisely our idea and our aspiration. We do not intend to resemble those narrow-minded officials who keep their affairs in watertight compartments so that we decide our policy from the economic point of view alone. It is true that we must take Europe's interests into account, but we must also understand what is the general policy which Europe may effectively pursue. It seems perfectly clear to me that our relationship with the United States is a subject which calls for reflection and such reflection should help us to ascertain our own capabilities. Maybe

we are not entitled to make public our thoughts on this subject, nor to explain fully the reasons for some of our reactions, but I can assure you that we shall have the intelligence not to be schizophrenic about it—that is, to confine our thoughts and investigations solely to those points on which the technical details might be available. I wanted to say this because even if you reproach me for not having completely replied on the Davignon procedure, this is a vitally important and very real point. With regard to the United States, it seems from the various speeches which have been made this morning that it is thoroughly realized that from the Community point of view this is a problem and an issue of capital importance. True, there are problems, and it would not be very realistic to imagine that they are simply going to be dispelled by mutual policies of smiles all round. But when there are problems, when one has interests and choices in common with this great American Continent, as is the case with us, we must be intelligent enough to analyse them very thoroughly and try to remove those which ought not to arise; I am thinking here of a whole series of misunderstandings. We must also ensure that the state of mind in which we discuss these matters should not from the start be one of systematic opposition, anxiety, suspicion and resentment, even if the problems are there, but perhaps just because they are there and must be handled in the common interest. These are the few remarks, Mr President, that I wanted to make about external relations, and I apologize once again for their brevity.

I have been asked about another problem which I hope we shall talk about at much greater length tomorrow. This is the monetary question and the concern which this type of question may evoke in Europe.

If you will allow me I will leave aside everything which is retroactive and concerns the past, and I will simply note that these decisions have been taken mainly and at the outset by two countries: the United States and Japan, which are not members of the Community. With regard to the Community, it is because of this that another country, Italy, has been induced to accept the floating of its currency. We have set in motion in a fairly modest way a certain number of Community procedures, since there has been a meeting of Bank Governors and a certain number of contacts.

I should simply like to be perfectly clear on one point: The Commission, like Parliament, cannot imagine that decisions concerning the Community can be taken on behalf of one or the other

Ortoli

of its Members by any body other than the Community itself. On this point, which is the question of substance which you raised and which Mr Lückner was the first to mention, our position is identical to that which I have heard voiced by each of you. But we have also some lessons to learn from what has just happened. This has shown up the need to accentuate the Community character not only of the procedures but also of the instruments at our disposal. You will have noted that the text I drew up before knowing what would happen yesterday morning emphasized very strongly the problems which these speculative movements have created for us, and pointed out that it was a kind of rejoinder aimed at neutralizing the effects on the internal economy and introducing procedures which could always be set in motion at once, so that we should not have to invent procedures at the moment the problem arose, and which should as far as possible be coherent on the Community level. In our eyes it was therefore very important to have a means of riposting. I have noted, but this is a more difficult task, that we must certainly have a method of preventing such occurrences. This method of prevention naturally applies to a general whole, it is even connected to some extent with the international monetary system in the broadest sense. There is work to be done here to create lasting conditions which will make it possible to prevent the recurrence of such situations. I also stressed the necessity for Community solidarity when I spoke of instruments and methods. I willingly share the view—we shall have to see how this can be done, but it is something I feel—that this will very probably lead us to speed up a number of processes, to make more complete Community arrangements, not to content ourselves with mere procedures for concerted action but to adopt measures which are genuinely joint ones.

In what form will the Commission make the proposals on this subject which it is required to present? We shall see what the Council will have to say a little later, but I want to state very clearly that both as regards the development of our procedures and the reality of the structure we erect, the ideas which have been expressed this morning — once again with the desire, as far as I am concerned, to look the future in the face and see what we can do — are ideas on which there seems to be broad agreement between our Commission and Parliament. There are of course some replies that I could make to certain specific points which are, however, of crucial importance. Mr Johnston, for instance, raised this morning all the problems of regional policy. He did so by asking a number of questions some of which will ob-

viously have to be answered when the debate on regional policy takes place.

I have noted in particular that his questions related to points which are indeed big problems: what kind of a fund will it be? What will be its size? What criteria will be adopted for its use? By what procedures will the Community's cooperation and action be expressed? I hope he will forgive me for not embarking on another problem of a far more general nature which he raised and which concerns the amount of centralization or decentralization within the Community in certain economic sectors.

Other problems too have been mentioned. Mr Bousch talked about research. I shall return later to this matter because in a way it will enable me to reply a little more fully to a remark made to me by Mr Corona this morning.

Besides all these points which affect the Community's very existence there are the institutional problems which I have felt to be as much a question mark for the future as a disappointment for the present. I do not agree with Mr Corona when he says something like this: you made some fine statements on 15 January, but we find you much more cautious today, and we should therefore very much like to know where we stand. I do not think there is the slightest difference, except perhaps in the actual implementation which is of quite a different nature, between the intentions the Commission voiced through myself on 15 January and those I indicated yesterday. Allow me to say that it is far more difficult to express in a very short time things of which it is one's duty to speak when one is responsible for a policy and the conduct of that policy, and that as a result this question of implementation by its very essence calls less for a political impetus. I regret to say so, but this calls less for a political impetus than does the political declaration which, however, remains fully valid.

Mr Lückner said to me: 'I question myself, but I find in your very way of expressing yourself a form of answer and an intention which correspond to what we ourselves want.' As for Mr Corona, he told me: 'I will wait and see, we will leave our visiting card with you. Our visiting card is intended to remind you of the reasons why we consider that Parliament's powers must be strengthened and that the Commission and Parliament must get down to the task together and agree to regard themselves in fact as special partners to some degree.' I think I have thus understood the thought expressed.

I would point out that we took up our duties only five and a half weeks ago. So much weight is attached, it seems to me, to the thinking of

Ortoli

the Commissioners, to their acting as a collegiate body, that they too are expected to explain, more or less instantaneously, exactly what Europe will become in the near and distant future. But on the contrary the very heavy work we have to do requires us to examine each of the big problems with great care and precision. Personally I believe our task will lead us, I repeat, to discuss the institutional problems. I had no desire to shirk the issue. I simply said: 'We must look matters in the face.' And I added — and this is a profound truth, one of a technical nature perhaps but nevertheless profound — that as soon as we have to put forward proposals, taking into account what we believe to be the second stage, the content of these proposals — that is, what we intend to put into this second stage — will determine the scope, size and character of the institutional arrangements which will accompany it.

In other words, we may well carry out a series of exercises of a philosophical and political nature on how Europe may develop institutionally, but we must first know what will be the competences to be discussed in order to see how these competences fit into the framework of an institutional development or an institutional solution of a different kind.

I should also like to revert to another remark. You said to me: 'You have spoken to us about your powers of initiative, what will remain of them?'

To this, Mr Corona, I would answer two things. Firstly, I do not feel at all that anything that may have happened since we took up our duties has shown that the Commission regarded its powers of initiative as an obligation to make compromises. We are faced with two things which, of course, may not appear very weighty but which have been of considerable importance to us both from the point of view of our work and assessing the proposals or decisions reached, and also that of the action we might pursue in order to facilitate their implementation. One is well known, it is the way in which we were actually able to enter the agricultural Common Market on 1 February. But as regards the second, a matter which was nevertheless said to be very difficult and on which we were expected to take action—I mean Euratom—I have not heard it said that the Commission has been found to be other than fully united in its ideas and the policy it was pursuing, absolutely firm about the initiatives it had taken and so resolute that matters ended up, to everyone's surprise I realise, exactly on the lines we proposed. I take these examples in order to show that it is not solely by the spell-binding effects of words that powers of initiative are upheld or perpetuated.

Neither does it mean that it is always very easy to exercise powers of initiative. I can assure you that at certain times we shall have problems, I can see and feel it; there will be times when these powers will be exercised with dash and vigour, and then there will be others in which we shall find ourselves either challenged about the technical solutions we shall propose or embarrassed for political reasons because we will be regarded as having taken the wrong course. This is possible, but we shall be quite capable of maintaining our powers of initiative.

I should like to make a second remark for you told me, with regard to our powers of initiative, not to let anyone take them from us. You are absolutely right. Then immediately afterwards you suggested we should share them with you, but there you are wrong. You tell me, Mr Corona: 'Take the initiative, be the kind of body which is independent of everyone and everything and which when it takes up an issue naturally tries to understand the whole situation, analyses the technical aspects, assesses the political aspects, makes contacts, listens to people, and seeing that you have the power of initiative, exercise it fully.'

I would reply that if, before taking the initiative, we were to submit some of our ideas to you and ask you not only what you think of them but also what we can try to say jointly on the subject, we would be in just the situation you fear.

You asked me what we were going to do in such a case. In such a case we have to take the initiative and it is up to us to give full effect to the procedure of presenting an opinion. It is always awkward to propose one is going to do a certain number of things better because this seems to show a lack of imagination and to shirk the issue. For myself, it is by no means shirking the issue. I am convinced that we have here to conduct debates which have all the force of the parliamentary debates we desire, in which we shall hear certain things said about proposals we have made, to which we shall reply by explaining why we have or have not adopted a certain idea. It will then be up to us to see whether in fact and to what extent this spirit of partnership of which I was speaking can be expressed in a clear statement of policy by the Commission, which would then say to Parliament: 'We have proposed the following, we have obtained Parliament's advice; this advice seems sound to us on this or that point or on the matter as a whole, and consequently this is how we feel the affair should be dealt with.' We shall be talking about all these matters again, but let me say frankly that this will not make them much easier to handle. They are not easy

Ortoli

to handle because we have a rather remarkable institutional balance arising from the Treaty, a balance which it is often tried to alter. When one tries to think of a way of altering it one seeks at the same time to strengthen its character to some degree; that is what Mr Corona did when he asked that the Commission should extend its activities and that Parliament should have more powers of control. But it must be realized that we have rather a peculiar institutional system whose characteristics several of us have described at length. We shall have to discuss this again. I do not know whether you will welcome enthusiastically the proposals to be made by the Commission. It would be as dishonest for me to expect enthusiasm from you as it would be not to try to give replies to all the questions the Commission will have to tackle at each of the stages I have indicated.

I will now quickly conclude. First of all, let me thank you for the candour with which the various ideas have been expressed. Once again, it is never unpleasant to receive a few roses and I am thankful you have offered me some small or even slightly larger bouquets of them. This, however, is not the purpose of our debate, although I thank Parliament for having stated that it felt it was also its task to voice its explicit approval at the necessary moment. For if we talk about partners, mutual relations and support for each other, this means that if you must criticize us, you must also sometimes encourage us and admit to the outside world and, for instance, to the Council that the course we have embarked upon is the right one. This, I believe, is a good way of working together. As I told you, we shall consult the committees regularly. Mr Scarascia Mugnozza will follow all these matters with me with particular care. As I said, we had to ask ourselves a great many questions before examining the actual nature of the powers of initiative. On the other hand, the idea that in committee we can speak freely, voice our ideas, hear each other's reactions, also seems to me one of those small ways which will help us, in the system of relations between the Commission and Parliament, to find a mutual trust and a kind of intimacy and familiarity which will enable us to work together and to derive full benefit from what should be a dialogue between us.

(Applause)

President. — Thank you for your answer Mr Ortoli.

I call Sir Tufton Beamish.

Sir Tufton Beamish. — Mr President, I am sure that all Members greatly appreciated the spirit of

genuine dialogue in which President Ortoli made his forceful and constructive comments on the main points that have been raised by the leaders of the political groups, and that we all feel very grateful to him indeed. I make no apology for returning to the subject of foreign relations, which has run through all the speeches we have had so far. Curiously enough, this subject had very cursory treatment in this slim little bedside volume with which we were presented for reading yesterday: barely a page. What I have to say, Mr President, arises out of the question that I put to Mr Scarascia Mugnozza yesterday, and I would like to thank him very much for his helpful reply, and it follows logically on from the initiative that the Conservative Group took in Strasbourg last month to try to ensure that Parliament is consulted at an early stage when trade agreements are being negotiated by the Community. And I think we made a lot of progress there. Quite simply, now, Mr President, I am seeking assurances that the European Parliament will invariably be consulted early enough to influence the Community's foreign relations. This is a problem which I think has only arisen fairly recently in an acute form, and the reason for this, I suggest, is that the Community has only recently become a great power, strong enough, if it exerts itself, to have a decisive influence on the balance of power in the world. I agree with Mr Lücker and other speakers that there are many features of our foreign relations where one would like to see the Community speaking with one voice. And I believe that when the Community does speak with one voice we have more potential influence than the United States or the Soviet Union, or any other group of powers. I believe too that many nations, and many peoples in growing numbers are looking to the Community to use their power and use their experience in the interests of wider peace, understanding, stability and respect for the law. When President Ortoli said there is something very real here, he was indeed right. Mr President, our horizons as a great power can have no limit, though the problems on our doorstep are bound to exercise us more at present. The two problems which stand out most clearly are significantly the two problems to which the Council of Ministers has recently paid most attention. Firstly, the forthcoming European Conference on Security and Cooperation with the Soviet bloc, and secondly the Middle East. Where the former is concerned, few Members of the House will confuse genuine détente with what the Soviet Union euphemistically calls the status quo. It is not only in the Council of Europe that there are empty seats. As for the Middle East, I believe that 1973 could prove a turning point towards

Sir Tufton Beamish

peace, based on Security Council Resolution No. 242 of 1967, if the Community throws its whole weight behind this. Both these problems, I suggest, are pre-eminently European problems though in both, of course, the American role is obviously a vital one. I thought it right, Mr President, to sketch in very briefly the background to what I wanted to say before asking two questions.

First of all, how do the existing institutions match these great new responsibilities and, secondly, where does the European Parliament come into the picture? Well, to take the first question first, how does the machinery match up with our responsibilities? If we were just a supermarket with common social and cultural ties, I should think the answer to the first question would be 'quite well'. But, as I have pointed out, we are very much more than that, so my answer is 'not at all well', and furthermore we are still to a considerable extent in my opinion living in a world of make-believe. The make-believe is that the Commission is concerned with economic policy and not with politics. I found the President's remarks in this context very realistic, I may say. Mr Kirk referred to this problem as well. The gap however has been partly filled by giving the Davignon Committee what I might call a semi-permanent character with the fiction that they can discuss external relations and political problems outside their economic context. In fact, we all know very well that it does not and could not work like that. The miracle is that it works as well as it does, and all the time we are supposed to maintain yet another fiction, that the work of the Commission and that of the Council of Ministers and even of the Davignon Committee has no defence implications whatsoever, because defence is not mentioned in the Treaty of Rome.

Now, Mr President, the Fouchet Recommendations and later on the work done by the Catani Committee unhappily came to almost nothing, for some good reasons I suggest, and some bad. Their work, I think, was well ahead of its time. Now, thirteen years later, we are, what I might call 'back to square one', in English phraseology, by which I mean that we are back to the Bonn Declaration of 1961 which clearly aimed at creating the necessary machinery to forge a common foreign policy. Meanwhile, we hear, Mr President, that the Davignon Committee is busy drawing up a full report on all those major matters where there is an obvious need for concerted Community action in the field of external relations. More power to their elbows, I think everyone in this Chamber will echo that. We know too that our countries' Ambassadors outside the Community meet regularly to exchange views and coordinate their policies,

which is an excellent thing. Somehow, slotted into all this, is the Commissioner holding the newly created external relations portfolio, which I am given to understand is exclusively dealing with trade questions, while external relations other than trade relations are the prerogative of President Ortoli. I would certainly be grateful if that could be confirmed later on.

In my supplementary question yesterday to Mr Scarascia Mugnozza, I drew attention to the overlapping responsibility with other institutions. What I had in mind, Mr President, was the overlapping of responsibilities with the Western European Union for example, with the assembly of which this Parliament still has no formal contact whatsoever, any more than it does with the still unofficial, yet influential North Atlantic Assembly. As for the Council of Europe, it is thought sufficient to hold one annual joint meeting between this Parliament and their assembly to discuss our annual report, and I question very much whether it is sufficient.

All this I suggest respectfully is altogether too haphazard, and the urgent need now is for the grand design which has been talked about for over 20 years, and it is the Council of Ministers and our Governments that must solve these problems. The intention to 'extend joint action to cope with growing world responsibilities', and I am quoting here, was clearly stated in the recent Summit communique, as was the intention to have closer contact with this Parliament. So, I am sure we are pressing at last on an open door, and this seemed to be confirmed by what President Ortoli said yesterday and today.

Now, my second question. Where does Parliament come in? Nothing that I've said is particularly original, and indeed I fully recognize that many members of this House have been saying much the same thing for quite a number of years. It was the Bonn Summit in 1961 that invited this Parliament to extend its deliberations—I am quoting here—'into new areas', which I took to mean areas not covered by the treaties. This is in fact just what has been done, though there has been all too little publicity for it. I am thinking in particular of the report that Mr Radoux made on behalf of the Political Affairs Committee on the Helsinki Conference in Document 191 of last year, and Mr Berkhouwer's proposition on behalf of the Liberal Group. I am thinking too of Mr Scarascia Mugnozza and his report on behalf of the Political Affairs Committee in 1961—Document 88—where they emphasized very strongly indeed that they wanted to see the Community speaking with one voice on the Middle East,

Sir Tufton Beamish

on the situation in the Mediterranean Basin and on the Conference on security and cooperation with the Soviet Union. To conclude, Mr President, I see the Community as a tripod. Two legs, the Council of Ministers and the Commission, are bearing their full share of the weight. But the third leg, the European Parliament, is not doing so. I speak for the moment only of foreign relations. The Commission has always been punctilious in consulting Parliament and is, I am sure, just as anxious as we are to increase the pace of European integration where external relations are concerned. But how and when does the Davignon Committee consult with us, as Members of the European Parliament? Through the Council of Ministers? And what, as I asked yesterday, is the Commission's formal link with the Davignon Committee? I still do not know, and I regard this as far from satisfactory. Things have moved fast in the last year or so, and...

President. — Will you please bring your remarks to a close?

Sir Tufton Beamish. — (E) I'm very sorry Mr President, by my watch I have spoken for nine minutes—I have it in front of me—I am very sorry if I have gone on too long. May I simply conclude by saying that the Community will only be an effective instrument of foreign policy if this Parliament is regularly consulted and public opinion at home feels that its voice is being heard. The third leg of the tripod is just as important as the other two.

President. — I call Sir Anthony Esmonde.

Sir Anthony Esmonde. — (E) Mr President, fellow delegates—may I first of all express my thanks to Mr Ortoli for his very comprehensive statement. It certainly conveyed to me the impression that he is going to take an interest in what the Parliament says here—which would seem to me to be the main function of a Commissioner.

There are one or two general points I want to make, Sir. One is that there are ten of us who have recently joined the EEC, who find ourselves in a somewhat difficult position in that a lot of these regulations and motions for a vote and so forth were discussed before we came into the Parliament. And I think that was evidenced by the transport vote a couple of days ago. We in Ireland have not had time, and I understand that the UK and the Danes were in the same position, to study these matters fully. It is only due to the courtesy of the Rapporteur Mr Noè, who is in the same Group as I am, that we were able to get an adjournment for a

month. I would ask the Commission not to rush us too much. We have a lot of things to do; as new Members coming in we have got to study new regulations and we have got to set up new committees, and there is a lot of work to be done, and therefore we are not fully ready to go at full speed ahead. I recognize the fact that other countries have been here all the time, that they are naturally anxious to push on with the work, but I think we new Members ought to be given some slight consideration on those lines.

Very briefly, Sir, I want to say something about regional policy, something that we are particularly interested in in Ireland. We are a nation of small owners. Agriculturally, our structure is not quite the same as that of European countries. Although we have many small farmers, we have not got the same degree of fragmentation that you find in small farms in Europe. It is very desirous, from our point of view, for the stability of the country as a whole that as far as possible we should be able to maintain our people where they were born and bred and reared. For that purpose, we are particularly interested in the regional policy, because we feel that the development of small industries in small outlying areas is very desirable. In this way, those who are on small farms, and who are not prepared to accept in this rather progressive age the standards of living that their forefathers did may be encouraged to stay where they are, rather than to move out to another area. I would ask the Commission to consider this as a particular problem for the country that I represent. We have a lot of unemployment in Ireland; it is largely due to the fact that in the changing circumstances of the time, when people are going away from the land, the difficulty is we have found they emigrate to bigger centres, and ultimately they leave our country altogether. I am sure it is in the interests of all the countries here concerned to expand our economy and maintain its stability in every way. One other point I want to make, Sir, concerns the social policy outlined by Dr Hillery, our Irish colleague and former Member of Dail Eireann. I was very glad to note his reference to handicapped people. I do not know if my colleagues are aware of the fact that in parts of the world where there has been prolonged starvation,—and here Nigeria springs to mind, with people in extreme degrees of hunger in the Civil War there—this is the predisposing cause of mental handicap, a problem for each and every one of us here. And I am glad to know that in the social policy he promulgated this morning, Dr Hillery has that particular aspect in mind. Finally, Sir, I do want to say a word about

Sir Anthony Esmonde

agriculture, which is vital to us in Ireland. As I follow the debates that have taken place here, we have mountains of butter and we have a deficiency in beef. We can supply more beef. We should be able to do so. But, as against that, we do not want to make the mountain of butter any bigger. I would suggest to the Commission that they concentrate as much as possible on turning milk into protein products, so they may be easily exportable and provide nutrition for those parts of the world that stand in need. Also, I know that you are looking at the clock and I did not notice very carefully when I got up what time it was. I thought I should say these few words as I am the only Irishman in this place and the rest of them are all at home fighting for their life in the Election.

President. — I call Mr Normanton.

Mr Normanton. — (*E*) Mr President and honourable Members—I wish first of all to ask this Parliament to place firmly on the record, and do so, may I add, in English, because I am in a sense one of a prejudiced majority, surrounded by so many other nationals inside Britain who speak all sorts of languages other than our own. I deem it a very great privilege indeed, an even greater honour and a particularly great challenge to take my seat here in this European Parliament.

I come no doubt, as do all of us for the first time in this Parliament, deeply involved in the traditions and practices of our own national Parliaments. We have one in particular in my Parliament to which I hope you, Mr President, will allow me to refer in opening this particular contribution. I refer to the practice of the maiden speech made by all new Members on their first standing-up in the Parliamentary Chamber and making a speech. We have a protocol—simple, unwritten, but almost universally accepted—that the speech itself should be stereotyped in format, should open with a reference to our predecessors in the Chamber—even though they may well have been slaughtered in the political field of battle recently—which remains vividly in our memories. Secondly, we then introduce ourselves by referring to our constituents, their problems, their anxieties and their hopes. And then last of all we make a brief, but non-controversial comment about the major issue of the debate in which we are taking part.

As far as predecessors are concerned, we, from the United Kingdom, have no such predecessors to eulogize. But I would certainly join with my colleagues, who would pay great respect, and indeed recognize the great debt we owe to those

from the whole of the original six Member States who have made a massive contribution to bringing the Parliament of Europe to this particular stage of development. At the same time, I would take advantage of the occasion to put on record the deep regret which I know all my colleagues feel at the absence from our contribution here in this Chamber today and for the foreseeable future, of those political opponents from our Parliament who for better or for worse, for reasons best known to themselves, have decided to abstain from coming to join us soon.

Their absence will be felt. We hope they will join us soon. Secondly then, I deal with the constituency. I do so, not by way of being parochial, but to illustrate the background against which I have read and studied carefully the General Report which we are now debating. My constituency is called Cheadle, and it lies some 15 kilometres south of Manchester. Though it does lie to the south of Manchester, it is a residential area. It has but little industry, but it has a very large electorate, probably the second or third largest in the United Kingdom. Some 130,000 men and women who have the right to vote, to express their views, their hopes, their fears, do so in a most articulate, literate, critical and analytical manner. They do so critically, but they do so in a constructive manner, and it is in this spirit of a critical and constructive approach that I, personally, hope my contribution in this debate and, indeed, in the years which lie ahead, will be seen and proven by my colleagues to be such.

Also I happen to have by tradition, by connection, by association, the dual responsibility, as I see it, for representing, or at least reflecting, the hopes and fears of the north-western Region of England, which was very clearly in the mind of the President of the Commission when he referred to the proposals for regional development policies in the report.

This Region was the cradle of the Industrial Revolution of Europe. It was the home of the massive industrial output of cotton, engineering, coal, iron and steel. I need not remind the House that it has very acute problems which it has inherited from the past. I welcome therefore, unreservedly, the attitude, the responsible, far-sighted, visionary thinking enshrined in this report.

I welcome the proposals of the Commission to treat regional policy on an overall Community basis. I only ask that they do so in broad terms, and do not indulge in getting involved in too much detail. We want the broad approach to regional development policies established here

Normanton

in the centre, and inside that framework of broad principles and broad policies, we want to encourage and stimulate the application and interpretation of those policies to fit the requirement of the widely diverse conditions prevailing in the regions.

And now to the Report itself, Mr President. There are only two parts of it which I propose to make comment on here. One is the Community science policy referred to on page 17. Mr Ortoli welcomed the four years' extension, or new lease of life of the Joint Research Council. I too welcome this in principle, but unlike perhaps some in this House I do not give it an unqualified, unconditional welcome. I enter, therefore, two particular caveats and I earnestly hope that Mr Ortoli and the Commission will bear these two particular points in mind in dealing with these problems in the foreseeable future. I want to see the most effective means developed for controlling the work programme of this Joint Research Council. From personal knowledge and involvement in research activities, I have still to come across any institution of this character which cannot find something to do. But whether that something is indeed productive or not is very much open to question, and I would earnestly hope that the Commission will ensure that the programme of work is meticulously prepared, rigorously monitored and then we will, for once, avoid duplication, which we can ill afford when dealing with this rare commodity of scientific knowledge. There are many national, industrial, and indeed university institutions which could and should be kept and utilized to the maximum benefit on behalf of the Community.

The second point about the Community's science policy I wish to refer to is the control of expenditure. Here again the sum of money involved in keeping this Joint Research Council alive for a further four years is massive. The purpose in the minds of some, I am tempted to suggest, might be to provide employment for scientists. My concern, and I am sure that of this House is to maintain productive employment, not just employment per se.

My last point comes from page 9, on external economic policy and developing countries. I strongly welcome the statement made in the Paris communique. The aim is the expansion of international trade in the field of manufactures and raw materials. But here again I enter two clear and very urgent caveats. Let us by all means expand trade in manufactured goods, but let us not expand European industry in the course of doing it. Here I have a painfully vivid experience before me, as has the whole of the north-western region of England, i.e. the

run-down of the textile industry in which 150,000 jobs have been lost, never to be recovered in that field of textiles, during the last 20 years. Although I believe it to be well-intentioned, the duality of the importance of expansion of trade must be linked with the important urgency of maintaining viable and profitable industry inside our country.

Lastly, I would refer to the question which I put to the Commissioner, Mr Deniau, yesterday. He gave very clear evidence to me that he understood and appreciated the nature of the problems facing not just industry as a whole, but textiles in particular. But here I would ask him, would he reconsider what he has said in the reply to my supplementary question. He said that he would report later to this Parliament, and he would be dealing with this particular problem later this year. Later, Mr President, could mean too late, and I would therefore put this urgent appeal to him, and to the Commissioners responsible, to act urgently, positively and constructively in the negotiations about to take place in Geneva, for the GATT long-term agreement for textiles. I want an extension of the GATT LTA and an enlargement of it.

President. — Mr Normanton your speaking time is up. Would you please bring your remarks to a close.

Mr Normanton. — (E) Mr President I will not take the time of this Assembly one more moment, only I had expressed the hope that the Commission and the Assembly will receive this, my contribution to this debate, in the spirit with which my electorate views its own representations in the Westminster Parliament; critical perhaps, constructive most definitely.

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, the few minutes which I am allowed will not enable me to deal with the issues raised by Mr President Ortoli in his report on the programme. Like every honourable Member of this House, I was impressed by the quality and scope of his report and am personally particularly grateful to him for his tribute to Leon Blum, for, in my youth, I had the honour of pressing him to draw up and implement the plans for a civilisation which would once again be human.

Without neglecting the many technical and practical points raised in the catalogue which was laid before us — and it will be necessary to establish an order of priority between them in the light of developments, for the man of action is always required to deal with the unforeseen—

Giraud

it seems to me that the extent to which our work, whether in the Council, the Commission or the Parliament, is to bear fruit will be determined by the degree of political cohesion prevailing in the enlarged Europe. It is all very well to proceed with the gradual establishment of a European identity and an organization and structure leading to irreversible union. But later, Mr President, you add: 'It is nevertheless clear that consultation measures alone, however well worked out, will not be enough to achieve the unity of the Common Market. We shall have to proceed with concrete measures demonstrating the genuine progress made towards unification.' However, all too often we give the impression experienced by an audience watching a group of singers shouting: 'Forward, off we go', and then proceeding to stay put.

Whatever the fields to which we turn our attentions—and the list we heard yesterday was a long one—everything will always be secondary to the political will to establish a Community policy suited to the factual circumstances. 1980, the date fixed for the foundation of a European union which has yet to be defined properly seems very far off to me. Indeed it is not a question of institutions, although, as you yourself said, it is essential to ensure that our institutions function democratically, and, in particular, to invest the European Parliament with all the powers and authority which by right it should enjoy. The key issue is the division of powers between the Member States and the Community. The events of the last few days have brought another outburst of monetary crisis, and can serve as an excellent example of the inability of our countries to deal with the fundamental problems in unison. Once again, we have been able to witness a re-enactment of the battle between the Horatii and the Curiatii, in which the latter entered the fray without any organization and met with an opponent who knew exactly what he wanted. Must we go on criticising the other side, when we would be better employed if we took a more critical view of our own actions? Until such time as Europe finds the necessary political will and the Member States cease to seek to solve their own problems in the light of their own interests, it is vain, futile and pointless to entertain the illusion of an independent Europe. Europe must assert its independence, not against the rest of the world, but in a spirit of cooperation. To play this game any other way is to be certain of losing.

If I may quote from one of today's French newspapers, Mr Raymond Aron, who knows what he's talking about, says: 'Nothing can be achieved as long as the Europeans lack the unity to set their will against the will of Washington'. During

these last few days, the journalists have been to see that the European authorities have remained silent, or, if they have given the matter some consideration, that the Commission has played only a very minor role. The result of all this, Mr President, is that whilst we have been haggling over a few million units of account for the European Research Centre like—and I ask honourable Members to forgive the expression—so many horse-traders, the speculators have made over 300 million dollars in Germany alone in a few days.

Under the circumstances, Mr President, either we grasp our future together, in which case each will benefit from the actions of the others, or we shall continue to believe that each country can benefit unilaterally from a given set of circumstances by going it alone, whilst the others suffer. Shortsighted thinking of this nature will discourage public opinion in our countries and arouse scepticism, and even hostility, towards an institution which shows itself incapable of solving the fundamental problems of our continent. The will to progress towards a genuine Community approach was not, to my way of thinking, expressed sufficiently firmly in the address which we heard yesterday. This seems to me to be a fatal shortcoming, and I hope that the year ahead will finally oblige our Community really, truly and effectively to assume its responsibilities and finally act accordingly through all its institutions, whose only guarantee that their actions will be effective lies in cooperation.

In conclusion, let me follow my friend Mr Corona in saying that the French Socialists stated their support for the building of Europe as early as the end of the First World War. After the Second World War, they were the first and, at one stage, the only people in France to pursue their endeavours towards this goal. They will not stint in their efforts in the future and are certain that, with the support of the other countries in the Community, they will be able to ensure that this Community ideal will progress and prevail, to the benefit of the peoples of Europe. In the absence of a Community will shared by the Council, the Commission and Parliament, there can be nothing but irrelevant verbiage and pretence.

(Applause)

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — (E) Mr President, I would like to make brief comments on three aspects of the Report and the speech of the President. The first aspect arises from the words in the opening passage of Chapter 3 of the Report, which deals with the question of the

Sir Derek Walker-Smith

free movement of persons and goods, itself the primary and basic purpose of the Community. There it says this: 'The problem of abolishing all obstacles within the Customs Union has not lost any of its topicality.' The contrary is in fact true. These obstacles are daily felt with growing acuteness, if not bitterness, by nationals of Community Member States, whether it be in their business life, or during cross-frontier travel as passengers. In spite of all that has been done, therefore, and is sought to be done, this problem is still very much with us and, indeed, as the Report says, the Community does not yet appear to individuals as a symbol of the free movement of persons and goods. This I believe is very important if the Community is to achieve what President Ortoli in his speech described as the building of a Europe with a human face in the service of man. This primary and basic purpose, this concept of greater freedom of movement, fewer barriers, fewer irksome formalities, less red tape, constitutes indeed the main attraction of the Community to the ordinary citizen. It has to be set indeed against features which are less attractive to the ordinary citizen. Abstract and stratospheric concepts which may be discussed here have little or no appeal to the ordinary citizen, and the concept of supra-nationalism is not of itself attractive to him, still less the idea of bureaucratic institutions. It follows therefore that if the Community is to find its way into the hearts of ordinary people, if it is to wear the human face of which President Ortoli speaks, it must concentrate on further progress in these liberalising processes in regard to customs, travel, free movement and so on. The tendency is always to be seeking new spheres of action, pushing out to new frontiers, invoking Article 235 of the Treaty for this and that purpose outside the formulated powers of the Community. Indeed, the Paris Communiqué drew attention to Article 235 and its possibilities, but we humbler mortals who sit in this Parliament represent, or should seek to represent, the feelings and aspirations of ordinary citizens. It is right therefore that we should keep in mind, and that the Commission should keep clearly in mind, the basic objects and purposes which are attractive to the ordinary citizen, and regard progress in these spheres as having a higher priority than further, and to the ordinary citizen less welcome, excursions under Article 235. I welcome therefore, Mr President, the clear indication in Chapter 3 of the Report that the Commission recognizes the continuing importance of this problem and the necessity for further progress.

My second point arises in the context of the position of the Community in the world. In his speech yesterday, President Ortoli said that we must differentiate ourselves from the rest of the

world and thus take Europe's destiny into our own hands. Those are brave words, indeed, but I hope they are not to be interpreted as meaning an inward-looking or exclusive role for the Community. The facts and logistics of the modern world are against any such concept. The world is clearly much smaller than it used to be; distance has been shrunk by science and communications, and Europe's destiny, in President Ortoli's words, must therefore, I think, take account of the fact that it has to take its place in the wider world and accommodate its policies to these considerations. 1973 will be a testing year for such cooperation, already tested in the current monetary crisis, but further tested in the GATT negotiations in the autumn. If the coming session of the GATT is to repeat the success of its predecessor, it will require a high degree of understanding and cooperation, an outward-looking and global attitude on the part both of the Community and the other great industrial nations, in particular the United States and Japan. President Ortoli referred to this matter both yesterday and today. He said the United States must understand our responsibilities and our problems and so of course they should, but it must, Mr President, be a two-way traffic. The Community must also understand the problems of the United States; the greater that mutual understanding, the greater the prospect of overcoming the protectionist tendencies in Congress and elsewhere and of achieving through the GATT that greater liberalization of trade which the world so clearly and so closely needs.

My last point concerns the work and status of this European Parliament. The Paris communiqué called attention to the need for strengthening the powers of parliamentary control and increasing the powers of this Parliament, but it is of course easier to state these admirable objectives than to formulate the action required to achieve them. Here, as you know, Mr President, we are engaged in seeking to improve our procedure, such as the institution of Question Time, so as to be worthy of these increased powers. But the question today is, what action will the Commission and the Council of Ministers take in regard to these matters and the ball is clearly in their court at present with their consideration due in 1973 of the Vedel Report. It will be for the Commission to formulate their proposals and for this Parliament to consider them including the possibilities of a power of co-decision. The matter, of course, bristles with legal, constitutional and practical difficulties and in a short general debate one cannot enter into those. The best position, I would think, would be a combination of steady progress to powers of control for the European Parliament with perhaps a power of co-decision, together with the maintenance of the powers of national Parliaments in regard to

Sir Derek Walker-Smith

directives under Article 189. Conservely, the worse position would be a failure to progress in expanding the powers of control of this Parliament over the executive processes of the Community, together with a shift away from directives to regulations, thus constituting a further erosion of the powers of the national Parliament. I for one would not be happy with such a situation. I believe that we here owe a duty, not only to this Parliament, but to the national Parliaments, since in the absence of those direct elections which the Treaty contemplates we of course sit here only by virtue of our membership of our national Parliaments. I conclude therefore, Mr President, by expressing the hope that the Commission and Council will keep in this coming session these two things in mind. First, the undesirability of shifting from directives to regulations, as expressing the executive decisions of the Commission and secondly, the importance of persevering in a conscientious and thorough examination of the proposals of the Vedel Report to see what procedures can best be evolved for strengthening within the Community the processes of parliamentary and democratic control.

(Applause)

President. — I call Mr Petersen.

Mr Petersen. — *(DK)* Mr President, Mr Ortoli emphasized how difficult it was to gain an overall impression from the many programmes and many technical details he was setting out. All the worse, said Mr Ortoli, is the impression people have of our work, not an impression of foresight, boldness and resolution.

That is quite true. In many countries there is a sceptical attitude towards politicians. A feeling that the politicians and our institutions cannot solve our problems. This sceptical attitude is very widespread. There is a general feeling that it is technology which decides matters and that the politician's task is increasingly to ward off the consequences of the huge technological development and that this activity is not always to our advantage.

The question as to how the European Parliament can assure itself of a position and a working form in which we are not held up on details while the main principles are forgotten is of the greatest importance in all circumstances.

Mr Ortoli referred to the question of the European identity and said that if Europe's identity was to emerge, it was first necessary to define Europe's place in the world. Then Europe must have a structure which gave room for the necessary interplay between the economic, monetary, social, regional and industrial policy and finally,

said Mr Ortoli, all our actions must be guided by consideration for humanitarian factors and the participation of individuals in the general development, because it is necessary to establish the principal lines of a new civilization.

Mr Ortoli made use in this connection of a strong formulation of the necessity that we should live up to the expectations which the developing countries cherish about us. This is not a political obligation. It is, Mr Ortoli said, a basic fact of what we are and what we believe.

Mr President, there is every reason for us here in the Parliament to produce a statement on the short-term and long-term goals which the Commission believes the Community should pursue in this area.

Since in about the year 2000 the population of the world will have reached seven thousand million and since the majority of this population explosion is taking place in the developing countries, there is urgent need for a new outlook if collapse is to be avoided, and we must accept the consequences of this.

The same applies to other great problems which confront the world. The problem of pollution has high priority at the moment. Whether we live up to the theories we propound is another question. The raw materials and energy problem has not yet gained the attention due to it in the discussion. The information about the energy problem set out, for instance, in the document submitted by the Commission is very alarming and calls for solutions, not only within the European sphere, but solutions which transcend the frontiers of Europe. Here, as in other fields, it is of the greatest importance that there should be the necessary cooperation between parliaments and researchers.

It is not simply a question of matters directly concerned with technology but it is increasingly a question of how we can control technological development and prevent technological development from controlling us. We in the European Parliament must initiate vigorous research into human relations on all levels, both international and national, and this also concerns global security in the widest sense.

Since the question of the quality of life was raised again in Mr Ortoli's speech and since it was the central concept of the declaration from the Paris Summit Meeting, then it is reasonable that we should set to work in earnest on the tasks associated with this concept.

What lies behind the term quality of life? What answers have we? What proposals have we for solutions? We shall be facing circumstances which will present us with great difficulties

Petersen

because we find it so difficult to work with values other than concrete, material ones.

We really must concern ourselves with the individual's possibilities of development, with the environment in the widest sense, and in this connection I would like to suggest, Mr President, that the material elaborated by the Commission on industrial democracy—here I am thinking of the proposal on European company statutes—be presented for debate.

What is crucial is what happens in our education and training. How can we help our children and the young people to deal with the tasks with which mankind will be faced in the coming decades?

The developments which are in progress are proceeding so rapidly that experience from earlier periods scarcely applies any more. I hope that, on the basis of what Mr Ortoli said, we in Parliament will have the opportunity to discuss research and education problems, not in order to try to impose uniform solutions on each other—that cannot be done in this sphere any more than in others—but in order to support each other and to exchange the fruit of our experience.

Mr President, according to what has been said on the part of the Commission, through Mr Ortoli's speech, we have reason to believe that we have good prospects of obtaining that fruitful dialogue between Parliament and Commission which is so necessary.

Thank you.
(*Applause*)

President. — I call Mr Bro.

Mr Bro. — (*DK*) Mr President, Sir Derek Walker-Smith has already referred to the question of the free movement of people and commodities in the Community. I would therefore like to say something about passports and identity papers which are needed when people cross the frontiers.

It is not more than a generation since ordinary people did not have passports and did not need passports and did not need passports in order to travel in Europe. In fact, one could almost say that the passport was a status symbol and it was as big as a status symbol, too.

Passports and identity papers between peoples who live as close together as we in the Community do are an impediment and an embarrassment. I therefore think that it would be a popular expression of the cooperation practised in the Europe of the Community if we stopped

using passports and identity papers when we travel between each other's countries. Briefly, I mean that a passport union would be the solution to some of the problems with which we are all faced in practice. One could put it this way, that the most difficult mountains to climb — and this has also been true in the Community — are the mountains of paper. I would therefore put forward the idea on behalf of the Conservative Group that we abolish passports and identity papers in the hope that further work will be done on this question and in the expectation that we will find a solution such that ordinary people are also able to see that as long as they travel within the countries of the Community they are in one and the same Europe and that they will not be hampered in any way by bureaucracy or other things which have so often been exposed to attack.

Thank you Mr President.

(*Applause*)

IN THE CHAIR: MR SCHUIJT

Vice-President

President. — I call Lord Gladwyn.

Lord Gladwyn. — (*E*) If I may respectfully say so, Mr President what I myself have particularly appreciated in the utterances of President Ortoli has been the note of dedication, even of passion, which characterized the last part of his speech in Strasbourg, the last part of his speech here yesterday and almost the whole of his speech to us this afternoon! I must say I was deeply impressed.

Unfortunately, what everybody knows is that there are immense obstacles in the way of the Ministers' keeping to the timetable which they laid down for themselves in Paris a few months ago. It is certain that these can only be overcome if the Commission, working as a team, and under what might be called inspired leadership, disentangles the main issues from the surrounding mass of detail and insists, so far as it can, on the Ministers' facing those problems by a given date and taking the necessary decisions. It is at this point, namely when the Ministers simply must take decisions, that, as it seems to me, Parliament ought to come into the picture. For instance, and ideally, if really massive votes in favour of a certain thesis urged by the Commission on the Ministers could somehow be timed to coincide with one of the famous 'marathons' in Brussels, there is no doubt that that would have a considerable, if only a psychological effect on the decisions of the Ministers — perhaps in the middle of the night. Maybe this is

Lord Gladwyn

not practical in such terms. But it is surely this kind of procedure at which we must aim.

What I really mean, Mr President, is that, as I see it, we are the Commission's natural ally. Like the Commission we should, I suggest, chiefly concentrate on the impracticable rather than on the immediately practicable. Thus, it may not be practicable at the moment for the Ministers to make any serious efforts to organize the conventional defence of the Community within a continuing Atlantic Alliance, without which effort, however as we all know, there is small likelihood of their successfully harmonizing their respective foreign policies, still less of their ever 'speaking with one voice'. Of course we must all recognize that foreign and defence policies, and indeed foreign economic policies, are all one and cannot possibly be separated in practice. If, then, there is a profound divergence of view on the general strategy of defence, there must be a profound divergence of view on foreign policy also. It is true that there may be divergent views among us all as to how a common conventional defence can best be organized; but I suspect that a majority of us would not reject the idea that, with good will, it may be possible to conceive of a new type of common conventional Western European defence that could be organized with no damage at all to the prospect of *détente* and indeed as the only reasonable means of producing a *détente* in the context of a relationship with the United States that is obviously changing before our very eyes.

Mr President, we are probably at this moment approaching one of the great moments of history, and we should be conscious of this and be worthy of the occasion. I doubt if in the circumstances of the modern world, we should indulge, as the Americans did in the early stages of their Union, in great theoretical debates between Federalists and Confederates. As it seems to me, a great majority of us here, even if for different motives, know that what we want, which is what the Commission wants, which is the early establishment of an authority of a new type based on an intimate association between the Commission and the Council that acts in accordance with what might be called a general will expressed in a directly elected Parliament. If we proceed unitedly with our eyes firmly fixed on this simple goal, then I believe that we shall indeed reach it before the end of the decade.

President. — I call Mr Federspiel.

Mr Federspiel. — Mr President, I rise with some diffidence to speak on a document which I only received yesterday and which is the size of a

normal telephone directory. I received it in the English language, and therefore I shall not use my own language, but speak in English and apologize to the interpreters of the Danish language for having to go into reverse gear.

Now, I shall address myself to the impressive survey which President Ortoli gave on the future tasks of the Commission and note that he wisely refrains from any promises of action, presumably for the very good reason that under our rules this is in the hands of the Council of Ministers, which leads me to my first point.

How can we, in this House, effectively contribute to blast the breath of life into the many good intentions expressed from time to time by our Governments, last at the Summit in Paris in October, when in the words of President Ortoli, Europe of the Nine became a political reality even before it was a legal reality. It was, as President Ortoli so rightly put it, the preoccupation of this meeting to define the European identity.

The present monetary crisis which is certainly not resolved by the devaluation of the dollar and the floating of other currencies, will make heavy demands on the power of political decision. We are all in difficulty, whether we have deficits or surpluses. We must have a genuine unified market, not only of commodities, but of capital movement. Why should capital be treated differently from any other commodity? We can only solve these difficulties if we can show an overall unified European policy. But this, as President Ortoli put it, is not achieved merely by consultation. It requires concerted action and this is why our attention is focused on the meetings going on at this moment in Brussels. For a small country like my own, we owe much to the European Communities, and we expect that the Communities in their enlarged form, and in particular with the inclusion of the United Kingdom, will be able to act with greater efficiency on a global European basis than before. During this debate, attention was rightly called to the referendum in Norway, which showed that understanding of the European future is not clear. In my own country, there was not inconsiderable opposition to the entry of Denmark into the Communities. Now, how can we defeat this kind of opposition, which prevailed I understand some 15 years ago in other countries, and which has now virtually disappeared?

I believe we can only do this by showing convincing results from the process of integration, and it is my firm belief that the way to make our Community credible and convincing is to forge that European identity, the search for which President Ortoli takes to be one of the

Federspiel

challenges of the October Summit. This identity can obviously not be established by stopgap and piecemeal decisions from case to case. Our policy must be seen as a whole. There has been an unhappy tendency to separate the Davignon procedures from the development of Community affairs in the general context of the Treaties. Let us hope that this artificial barrier will gradually wear down and that our Governments will have the courage and the wisdom to build up European policy also in the framework of the general interests of all our countries.

By the Treaties, we must remember we are a group of sovereign independent nations who have delegated important parts of our legislation to the Communities. This inevitably brings us to some of the problems facing this House, of how to achieve genuine parliamentary control. My fear, and I shall here not anticipate the work which is due to begin shortly on the interesting proposals of Mr Peter Kirk, is that we may ultimately run into a situation where there will be conflict between the European Parliament and the national Parliaments.

This I believe we must at all costs avoid and clearly see what is the nature of this Parliament. Evidently it is different from a national Parliament. We have no power to force the Government to resign. We have no legislative power; that has been delegated to the Council of Ministers, which is evidently the most practical procedure. But we still have the means to exercise very considerable power, and I believe we can only do this by the closest possible cooperation with our own national Parliaments, by informing our colleagues at home of the work done at European level and by confronting Governments with their responsibilities in the European context with the support of our colleagues at home. In this way, the two Parliaments can work closely together. This is one of the reasons why I fear that very little would be achieved by following the line which was taken up again at the beginning of the Community report, of aiming at direct elections for the European Parliament. If there were to be a conflict between the European Parliament and the national Parliaments, it is quite evident that the national Parliaments would win, for the simple reason that they have the power to reverse the Government's decisions, and to control Parliament.

Now, Mr President, the object of my intervention is really to make it clear that we in my country have the greatest expectations of the progress of the Communities. At the same time we must be careful not to offend the ultimate political power which is the local electorate and which depends as we depend for the success of

its work on making the Communities and the functioning of the institutional Communities credible and convincing.

President. — I call Mr Guldberg.

Mr Guldberg. — (*E*) In contrast to my colleague, Mr Federspiel, I shall take the liberty of speaking in my own language which is Danish. (*The speaker continues in Danish.*)

I have asked for the floor because in some of the comments made by the spokesmen, Mr Lucca and Mr Corona in particular, there is clear concern over the whole problem of the relationship between the Parliament, Commission and the Council of Ministers and we observed how preoccupied one is here in Parliament by the problems surrounding the formal position. But as a newcomer and the representative of a group which has politically been positively engaged in the European idea from the very beginning, I would like to venture to make the observation to our colleagues who have been working in this Parliament for 15 years that there has been great preoccupation with the Parliament's formal position and this has also been the case in my country during the debate on membership, yes or no.

Perhaps this debate which is also taking place here, about the formal conditions, has obscured the reality and I as a newcomer would like to say — against the background of one sitting in Strasbourg and this sitting — that the question of influence in a parliament is not simply a formal, constitutional question, but a real question. How much attention is paid to what is said in this House or in the committees?

And it is my distinct impression, perhaps as a function of the particular constitution, that what is said in the European Parliament has more direct influence on the political judgement of the Commission than what is said in a national Parliament.

This does not mean that I am opposed to the idea of continuing on work towards expanding the common influence both of the Parliament and of the Commission. But it leads me to request that thought be given to the fact that so many practical, important questions have been waiting for amplification, perhaps not so much with regard to Denmark as with regard to others, and that if we are too concerned at this point in time with a debate about the constitution of European cooperation, we may run the danger of having a negative effect on the compulsion and the need to solve some factual, concrete problems which have all been referred to in the Commission's report and we know from national experience

Guldberg

that a constitutional discussion can block questions of practical policy for a long time.

Consequently, without in any way opposing further work on the expansion of the Parliament's formal status and cooperation between Parliament and Commission, I would nevertheless like to point out that it is not certain that all of us who are coming in from the outside are so particularly convinced that this is the most important task. It is the concrete questions which have the really decisive, substantial importance and are also important to an understanding of the work in progress.

In all the countries of the Community, as far as I know, there are also problems about the question of democracy and the tendency to divide it up, to parcel out the basis of it, which is universal, common, equal franchise, into groups whose dominating positions may often attain to and have the strength of the parliamentary, democratic power.

If we want to progress in European cooperation it is certainly necessary for us to concern ourselves especially with the concrete possibilities and results and use them to underpin a slow, careful development of our parliamentary foundations so that we are based at all costs on the common, democratic standpoint and escape the division of power which in many countries in the Community, including the one to which I myself belong, raises questions from time to time about the principle of our system. So my contention would be that we should try to assemble our forces on concrete matters at the present time, though this should not be interpreted as an objection to the development of a broad democratic basis for our common European cooperation.

President. — I call Mr Thiry.

Mr Thiry. — (*F*) Mr President, in his report, which many of us have found remarkably comprehensive and sufficiently practical, President Ortoli did not fail to attribute appropriate importance to regional policy as a part of European action.

The 31 December deadline for the setting-up of the Regional Development Fund laid down by the Summit Conference, to which Mr Ortoli referred, must be ever-present in our minds as a reminder of the urgent priority of this aim. I listened with interest to the brief information which Mr Ortoli gave us on the state of progress of the studies carried out in this field. Regarding the European regional aid policy, there may have been some grounds for concern since the raising of the question of whether productivity

and growth are valid ends in themselves has instilled at least some element of doubt in certain quarters on whether the pursuit of the goal of increased production is ultimately beneficial in terms of human happiness. There is no need for me to recall how clearly the alarm signal from the Rome Club was heard in our institutions themselves.

I do not intend to discuss this theory here, nor, of course, would I have the time; I shall restrict myself to calling to mind a topical event which may perhaps be a turning point in criticism of this sociological speculation: the forthcoming publication of the book by Alfred Sauvy on this question of zero growth, extracts of which have already appeared in the Press.

But the brief comment which I should like to offer, which may be somewhat marginal to the exchange of views which has been held on the subject up to now, is that, whatever may be thought of the issues surrounding a systematic limitation of growth in general, there can be no question of any such limitation being applied in any degree whatsoever in the agricultural or industrial regions which have been recognized as needing and deserving support from European solidarity for their development or recovery efforts.

Mr President, I am not as convinced as others might be that this is a statement of the obvious and that I am pleading a cause on which everyone is in agreement. This tendency to mistrust the policy of productivity in general which has been noticeable in public opinion since the emergence of the theories to which I have referred has not always been accompanied by an awareness of the need to assess the requirements of individual regions. In the case of those regions which the Community has decided qualify for its special collaboration, it is clear that no restriction on development could be justified, either as regards capital equipment or, to take another example, as regards population, whatever views on these matters gain ascendancy in the world at any time in the future. Consequently, there can be no doubt on the principles themselves which could influence the tasks in the field of regional policy which we have assigned ourselves and which have just been confirmed by the Summit Conference. I am sure that the regions concerned will welcome the information supplied by President Ortoli on the state of this policy.

(*Applause*)

President. — I call Mr Christensen.

Mr Christensen. — (*DK*) Mr President, I have listened to the discussion which has been taking

Christensen

place, partly on the basis of Mr Ortoli's report to Parliament here and partly I have been listening very intently to what has been said by honourable Members here in the House and I must admit they are right in expressing the view that very often in this Parliament—at least during the period for which I have been permitted to be a Member and take part in these two sittings—we have concerned ourselves with our own opportunities for power and influence, whereas we may have paid less attention to purely practical matters. I would also like to join those who warn against our becoming pre-occupied with discussions of constitutional matters and forgetting the purely practical part of our work because it is my opinion that broadly speaking we have far more power than one might think from listening to the debate here.

Having said this, I would like to make a few comments about some of the things mentioned in the report which affect me personally. There is the whole question as to how the social and labour market policy can be integrated in the European future and I would like to speak of this because among other points raised at the Summit Meeting in Paris importance was attached to what is called the quality of life and to the idea that Economic and Monetary Union must be supported by a socio-political effort towards harmonization at an increasingly high level in order to prevent the problem which is slowly but surely arising throughout the whole range of problems we are working on, namely a form of social dumping. I would like to say that in the whole of this question of social and labour market policy and also in the whole question of the environment and the pollution problem and all that involves, we should be extremely wary of relegating social and labour market questions to the rear as a result of an economic and technological development which we may not even be able to control.

I come from a country where from time to time, as it seems to me, and perhaps too often, we boast of pursuing a progressive social policy, but in any case in the last decade we have experienced the fact that you can do almost anything you like in the socio-political sphere. Nevertheless one is surprised by the recognition that even with full employment, even with all the wheels turning, even with an economic development unlike anything we have seen this century, yet the modern industrial society still produces more and more social casualties and so the question must be asked: is it because we have put the emphasis in the wrong place? Is it because our goals are wrong? Is it because, when we attach such importance to economic development, we lose the human being and the human qualities on the way? This is the question

that I would dearly like this Parliament to reflect upon because if we do not do this in our discussions of social policy, our discussions on a broader European collaboration, then I am afraid that the social policy will turn into a sort of refuse collection system for the casualties of the industrialized society, casualties occurring in greater and greater quantities.

No one in this House can doubt that in many spheres we can say that a great part of the younger generation gets dropped on the floor in this race for constant economic development. I know that there are some here in the House who will say: yes, but the point of departure for socially improved opportunities, for improved qualities of life, lies precisely in improved economic growth, because that is the way they must be paid for. And to this I would only say that there is no self-contradiction in the idea of altering the centre of gravity from having economic growth as the ideal goal to looking at the purely human qualities, and what we are losing on the way if we do not take this as our foundation, because one can still achieve economic growth. A slower economic growth, perhaps, but at least it would be a growth where the individual man in society, including the European society, which we want to build up, may no longer feel so neglected, so lost, so despairing in the face of the result of a modern, rapidly industrialized development.

This is what I would very much like to see being given concrete consideration in the future work of the Parliament. General statements on the part of the Commission, general statements from the Council of Ministers, general statements here in the House, are not enough to make us pay more attention to this aspect. We must see in our purely practical work how we can prevent ourselves from going into a European Community which may be economically strong and which may have an economic development which cannot be paralleled by that of many other areas of the world, but what is the good of this if we lose the individual human being on the way? And there are many things to indicate that precisely this is the result of the development taking place in our countries.

Thank you Mr President.

President. — That was the last speaker listed.

Does anyone else wish to speak?

The debate on the introduction to the Sixth General Report of the Commission and on the annual programme of its activities is therefore closed.

In conclusion to this debate Mr Scarascia Mugnozza has asked to speak. Before calling him

President

I should like to point out that we still have to discuss the report by Mr Aigner this afternoon.

At 5.30 p.m. there is a meeting of the Committee of Presidents and this will be followed by a meeting of the Bureau. Lastly the Groups will be meeting at 6 p.m. Under these conditions we shall have to conclude this discussion at 5.15 p.m. so that we have approximately 15 minutes to devote to the report by Mr Aigner.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, honourable Members, even though as has been clearly stated many times by Mr Ortoli, the Commission is collegiate in nature, I am very sorry that I cannot reply to those who have spoken this afternoon with the same authority as displayed by Mr Ortoli in his replies at the beginning of the debate. As you know, he has had to go back to Brussels to take part in a meeting of the Council of Finance Ministers and he has honoured me with the task of attending this afternoon's debate and replying to those who have spoken in the debate to the best of my ability.

I must therefore thank all those who have taken part. In particular, I should like to pay tribute to the European idea and to the spirit of understanding which has been manifest in the course of today's discussion. I confess that, having gone through the long period of preparations in the European Parliament for the enlargement of the Community, I would never have imagined that in such a brief period we would have managed to speak a common language in this House, with some reservations. Today's discussion is the best tribute to the efforts made by all and by the Commission and I personally would like to express our pleasure in this respect.

Turning to individual contributions, I must repeat to Sir Tufton Beamish, although I do not see him in the House, what I said yesterday on behalf of the Commission, adding that unfortunately as things stand there is no direct contact between the Commission and the Council of Ministers under the first Davignon report. There is such a direct relationship, on the other hand, between Parliament and the Council of Ministers, and in this context there has always been unity of intent between Parliament and the Commission in the sense that the Commission has always supported the need for ever closer involvement of Parliament in political cooperation, while Parliament has repeatedly requested the presence of the Commission at all the deliberations of the foreign ministers.

I must also thank Sir Anthony Esmonde, whom I see is still among us, for his presence, and congratulate him for his dedication to European Parliament despite the election in his country. He obviously has no election worries. Nevertheless, I should like to address my good wishes to him in view of the forthcoming elections and hope that he may be able to continue to represent his country so worthily in this House.

I should like to remind Mr Normanton, who has spoken mainly of the problems of energy, that there will be a debate tomorrow attended by my colleague, Mr Dahrendorf, who is specifically competent on those matters, and there will be full opportunity to discuss his concern at that time. I hope, too, that Mr Giraud will be able to obtain the statements in which he is interested from my colleague, Mr. Haferkamp, in reply to the issue he raised.

I think, honourable Members, that Lord Gladwyn has expressed his concern regarding the possibility of the Commission and Council of Ministers being unable to meet their commitments, especially in the light of the objectives and timetables laid down by the Summit for the implementation of certain policies.

I must admit that when the summit meeting took place, there was probably no idea of the trauma that enlargement would cause in the departments of both European Parliament and the Commission. The trauma has not been due to the presence of new nations but to the need for a redimensioning and a reordering of offices. Despite this, I can assure Lord Gladwyn that the Commission will meet the appointed timetable and will submit the requisite motions in good time. We trust, therefore, that the Council of Ministers will thereby satisfy these needs, so keenly felt and so clearly expressed by European Parliament.

To Mr Petersen and Mr Guldberg, whose faith in Europe is evident, I shall say that I understand the prudent manner in which they have spoken, for at this time they are going through an extremely delicate political experience in their own country. I think that Mr Guldberg has said that the manner in which we must proceed must be both safe and sure, and Mr Petersen has supported him in this statement. I believe that nobody in the Community or in the Community institutions has any intention of stifling the concern that exists in the Member States. The community of spirit by which we are bound must help us to allow for the needs of each one, to discard certain prejudices, to be orchestration which should characterize the right and proper path, and I believe therefore that full assurances can be given to guarantee

Scarascia Mugnozza

that, within an enlarged Community, individual national positions can complement and integrate each other until we achieve that harmonic orchestration which should characterize the European Community. I believe, therefore, that there should be no such concern in this respect.

With regard to the other points raised, I believe that the main issue arousing general response is the quality of life, the need for our Europe to acquire a human face, the possibility of Europe being not merely an expression of a few summit meetings: but the idea on which it is founded can indeed be perfectly well understood by the man in the street, by the 250 million citizens whom we have the honour of representing and governing. I believe that Mr Ortoli has been extremely clear on this point. It is in this direction that the Commission intends to proceed. And it intends to do so by political measures which cannot only be understood by the people but are also such as to ensure that young people in particular receive training and information that helps them to face the new life which is opening out within our Community and to prepare for the tasks which they will have to tackle in the future. It is a commitment of great importance, on which I think that Mr Ortoli's words and statements have been very clear and very forceful. It is a commitment to guarantee a certain quality of life for the citizen, to provide him with the best possible working environment and life, to ensure that young people feel that they are on the same level as all the other citizens of Europe. The Commission will take those steps it thinks fit to translate this intention into action, naturally with the consensus of Parliament. And I believe that, as Mr Ortoli has declared, the dialogue between Parliament and the Commission on this theme will be fruitful: we will be able to submit the proposals we consider to be most appropriate, but we will modify them and be guided by the prism of peculiar sensitivity inherent in yourselves by virtue of your more direct contact with the citizens, your electors.

Mr President, I have nothing more to add. I should like to thank you, but I also hope, as Mr Ortoli has already declared, that European Parliament will grasp the concept which I believe to be of vital importance, the concept of 'collegiality' advanced by Mr Ortoli on behalf of the Commission. Collegiality does not mean that all must be in agreement on the conduct of policies, but that all the Commission's policies must be coordinated and channelled in a single direction within that body. This implies collegiality not only between the Members of the Commission, but also in the outlining of all policies that are intended to improve the lot of

European citizens. I believe that this is the best wish I can offer in conclusion to this discussion, a wish that expresses the keen desire of the Commission that the dialogue, the contact, the union and above all the cooperation between Parliament and the Commission can become ever closer and more fruitful.

(Applause)

President. — Does anyone else wish to speak?

The debate is closed.

13. *Change in the agenda*

President. — I propose that we should now discuss the report by Mr Aigner on the emendatory and supplementary estimates of the European Parliament and discuss the report by Mr Mommersteeg on Vietnam, Laos and Cambodia tomorrow.

Is there any objection?

That is agreed.

14. *Emendatory and supplementary estimates of the European Parliament for 1973*

President. — The next item on the agenda is discussion of the report by Mr Aigner drawn up for the Committee for Finance and Budgets on the emendatory and supplementary estimates of the revenue and expenditure of the European Parliament for 1973 (Doc. 305/72).

I would remind you that the vote on the motion is planned for tomorrow morning and that the time-limit for tabling amendments expires one hour after the end of the sitting.

I call Mr Aigner to present his report.

Mr Aigner, rapporteur. — (D) Mr President, Ladies and Gentlemen, the European Parliament, just like the other institutions, has calculated the effects of the non-accession of Norway to the Community on its budget for 1973.

On the occasion of the examination and presentation of the emendatory budget, the Committee for Finance and Budgets has taken the opportunity of putting together some necessary adjustments which arose due to the enlargement of the Community to form a supplementary budget for 1973. The possible savings on account of the non-accession of Norway and above all the fact that Norwegian will not be used as a

Aigner

working language amount to 220,100 UA. The savings on account of the absence of Norway from the Audit Board, whose funds are shared fifty-fifty by Council and Parliament, are 7,250 UA.

The necessity of a supplementary budget is due in the first instance to the setting up of a Conservative Political Group in this House. For the necessary secretariat for this Political Group and the consequent alterations to the establishment plan, funds amounting to 124,800 UA are provided; these relate to 1 A/3, 2 A/5-4, 1A/7-6, 1 B/3-2, 3 C/1 and C/3-2 posts. This establishment plan corresponds in content to that available to the other Political Groups.

I may add that the Committee for Finance and Budgets has also given a favourable opinion to the proposal to provide an additional amount of 80,000 UA for the Political Groups in respect of additional political activities in promotion of the European idea.

I would remind honourable Members, Mr President, that when I presented our budget for 1973 I expressly pointed out that additional requirements for political purposes resulting from the enlargement had not been taken into account. The enlargement taken into account for 1973 was purely an enlargement on an administrative level. It is clear that the Political Groups have now naturally formed somewhat clearer ideas of their additional political activities which are due primarily to the enlargement. These funds amounting to 80,000 UA, Mr President, must be accounted for on conclusion of the budget to the Bureau and to Parliament and its Committee for Finance and Budgets in its function as a quasi-audit committee. I may add, Mr President, that the Political Groups are thus required to give a clear account of the application of these funds to the President.

You may ask, why not plan a detailed programme of work in advance? Of course there are budgetary reasons for suggesting this, but I should like to say that in respect of expenditure for political purposes budgetary considerations have been set aside. I do not believe that you can lay down guidelines as a straitjacket for such activities by the Political Groups, because the actions and ideas of, say, a Socialist Group will certainly differ from those of a Conservative Group in England or a Christian Democratic or Liberal and Allies Group. However, the basic objective is clear and this is what the political parties will be accountable for here.

Another necessary decision was the increase of funds of 20,000 FB per Member of Parliament for the secretariats of the Political Groups.

I should remind you that the previous amount was 30,000 FB. But the Committee for Finance and Budgets was of the opinion that the further 80,000 UA which were necessary for this, i.e. the increase from 30,000 to 50,000 per head, should be financed in full from Chapter 98 funds. We introduced this heading, Mr President, on discussion of the 1973 budget estimates as a reserve and support heading, because of course we had to draw up this budget with a wealth of unknown factors and because, like an equation with several unknown quantities, it had to be reduced to a formula. We are of the opinion however that we can finance this increase in full out of these funds without having to increase the reserve funds. The decision to make this increase does not therefore lead to any increase of total expenditure.

Finally I must mention that following the directive for the premature retirement of executives as a result of the enlargement of the Community, funds of 264,000 UA must be provided for in 1973. This is the largest item in the supplementary budget, but it is a legal obligation and arises from the alteration of the Officials' Service Regulations; it therefore affects all Community institutions.

Mr President, this large amount is due to the fact that we must pay a year's salary to retiring officials and this amount must therefore be provided for immediately for 1973.

Ladies and Gentlemen, if one calculates the balance from the necessary increases on the one hand and the named savings on the other, we arrive at an emendatory and supplementary budget estimate of 241,450 UA.

May I remind you, Mr President, that in the meantime some proposed amendments have been tabled. Above all the non-attached Members wish to announce their requirements, as a non-political group. We must discuss these proposals again in committee, Mr President, and I should be grateful if you would announce that we must come to a decision on these proposed amendments in the Committee for Finance and Budgets by 7.00 p.m. at the latest, so that a vote can be taken on this supplementary budget in plenary session tomorrow.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (I) Mr President, Ladies and Gentlemen, I would not have intervened in this discussion and I would have finally accepted the initial draft of the amended and supplementary budget on behalf of my political party had not a decision been introduced at the last moment, a decision reached by the Bureau of Parliament

Fabbrini

of which Mr Aigner has reminded us here. That decision by the Bureau will not receive our support unless it is altered on the lines which we have put forward in the amendments that have been submitted and that are to be examined shortly by the Committee for Finance and Budgets and put to the vote tomorrow morning. The decision reached by the Bureau of Parliament repeats, in our opinion, and in certain aspects aggravates, a discriminatory situation within this Assembly that we have several times deplored: according to this view, all Members of the European Parliament are not on the same level, they do not have the same rights. Now I would ask the Members here present what sense there is in talking continually of democracy, of the need to upgrade Parliament, to increase its powers, to bring this institution closer to the peoples of the Community, when we are incapable of granting those rights to all our own Members?

Why do I say that it has repeated a discrimination and in many ways has aggravated that discrimination? Because the decision to increase the contribution to the Groups by 30 to 50 thousand Belgian francs in respect of each individual member of Parliament belonging to the group is combined with another decision, a decision that refers to those not affiliated to a Political Group, so that the contribution to non-attached members, which was already lower than that granted to the members of Groups, has been raised from 23,000 Belgian francs to only 35,000 Belgian francs.

We cannot accept a discrimination of this nature, I would repeat; if this decision is not altered by this Parliament's vote, we shall therefore vote against the motion itself. But as I have already said, the decision of the Bureau of Parliament aggravates the situation and it does so because it provides for the distribution of 4 million Belgian francs among the various official Groups in our Assembly according to specific criteria laid down by that Bureau. Those not affiliated to a Group, in other words my own political party, have no access to any part of that allocation of four million Belgian francs. Now I should like to ask why some of those funds have not been allocated to us, since the Bureau Memorandum states that they were to be used to mobilize political forces within the Community—a definition which has been superseded in the motion by the formula 'which are to promote additional activity of the Groups to publicise the European idea'? Why do we not share in the distribution of these four million Belgian francs? The reason I believe is political, and solely political, for we are considered to be the opposition political party in this Assembly, even though, as everyone has always, seen, our

opposition is constructive, based on goals of a political character, on democratic and social goals, repeatedly enunciated by us in the course of the discussions. This would seem to be the only possible explanation and if so it would introduce an absolutely unacceptable principle into the life of our Parliament, in flagrant contradiction of the most elementary principles of democracy that should inspire the work of an Assembly such as this, an Assembly of which we all have the honour of being Members.

The decision of the Bureau of Parliament therefore, aggravates a pre-existing discrimination and we should like to hope, we should like to believe, that more mature reflection on the part of the Groups and of individual Members will lead to a change in this decision on the lines indicated by us in the amendments submitted. Let it be very clear, however, that our criticisms are not based solely on purely financial factors, on the extra 15,000 Belgian francs, which would be fairly petty if not negligible grounds. Our criticism is based upon a desire to help restore in our Assembly a basic principle which is in essence very elementary and very simple: the principle that every parliamentarian has the same duties but also the same, identical and inalienable rights. The only reply that was given me when I made these comments in committee was that in fact we do not appear to be, that we are not, a Group. Although I believe the statement reflects the truth, for it is true that we are not officially a Group, that we are not a Group as yet (at least, so we hope), although we do not amount to the 14 Members specified in Rule 36 of the Rules of Procedure, nonetheless, as we have pointed out in a letter sent to all the Chairmen of the Groups and to the President of this Assembly, it cannot be overlooked that we are a great political force, present and active in all the countries of the Community, that we are also a composite force which embraces not only the Communist Party but also an independent left wing group and a Danish People's Socialist Party, and that we are nevertheless a homogeneous force. Now, when it is a question of determining the salary for each individual Parliamentarian (even though this is paid to the Groups through the secretariat) it is not possible to shelter behind Rule 36 of the Rules of Procedure. One must have the courage to look at reality as it is, for it certainly cannot be expunged: the reality that we represent 10% of Europe. We Communists account for 12% of the electorate of the Community States, combined with the independent left wing parties, who form part of the non-attached group, if I may give it that name. The justification that consists of saying that we shall not be a Group cannot be considered as valid if we wish to look at the problems as they really are, as they arise

Fabbrini

within the Community, with serenity, objectivity and political realism.

I have spoken of discrimination and I know that this term is not liked by many of the parliamentarians present, as has already been pointed out yesterday by the Committee. I have tried to find another word in the dictionary of the Italian language, with all its wealth of vocabulary; I have tried to find a term which expresses this concept, this reality which I have deplored here. I have not, however, managed to find one, and I should like to call upon your help in finding a more appropriate word to define a situation that I continue to describe as intolerable, for it is based upon unacceptable discrimination.

For these reasons, we reaffirm that if the memorandum, if the decision of the Bureau of Parliament, is altered to reflect the legitimate and reasonable and proper motions tabled by us in the amendments which have been submitted, we too shall vote in favour of the emendatory and supplementary estimates. If this is not the case, we cannot vote in favour of them and we hereby declare our opposition and we shall express it in concrete form tomorrow. We trust, however, that upon more careful reflection as to the problems that I have briefly outlined here, that I have tried to summarise in this short speech, both the Committee for Finance and Budgets which is due to meet shortly and tomorrow's Assembly will agree to the requests that we have made.

(Applause from parts of the House)

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) I do not wish to anticipate the decision of the Committee for Finance and Budgets, but I should like to make a few observations, without however entering an ideological discussion.

Let me make two observations: the Bureau's proposal to give a certain sum to the Political Groups to enable them to carry out certain tasks embodies the claim, or the recognition, that the Political Groups as such are the real repositories of political power in this Parliament. I think it is one of the great advantages of this House that we do not sit in national groups. If there are national groups then it is only because there are no comparable party organizations in other countries. But it is the Political Groups who carry out the decision-making here and if we wish to realize our demand to be really strengthened politically in order to do justice to our tasks, then these Political Groups must involve themselves in additional political activities and above all must strengthen their links with our

national parliamentarians. And this function of the Political Groups as such gives not only the justification, but also the obligation, to provide the necessary funds for these tasks as well.

Naturally I have every sympathy for the non-attached Members who say: 'But we have our functions too'.

But you see we must draw the line as regards the political groups somewhere. If you say you want to form a political group with eight or ten members, then tomorrow there will of course be a demand to form a group with seven, six or five members. You have got to draw the line somewhere! So I would like to replace this word 'discrimination' by the only correct word, which is 'differentiation'; a differentiation based on the structure and the nature of the tasks. I think that if we look at it in this way we shall form a fairer judgement.

Secondly I think one should not allow one group, the Communists, to speak of opposition in this assembly. We are not a parliament like a national Parliament. We do not have a majority to form a government. I regret this! We are a parliament *sui generis* representing the desire of our European people to advance the process of European integration. This is our task! And if someone puts himself forward and says he opposes this task, then he naturally cannot expect the European taxpayer to pay money for opposition to the process of integration. But if you do not mean it in this way, you must formulate it differently. Then you are not in opposition against Europe but in opposition against something which you must then define. I think that neither you nor we constitute an opposition in the old classical parliamentary sense, for then we would have to draw up completely new fronts. There can be opposition against petty proposals, against proposals by the Commission which we believe are not progressive enough. There can be an opposition in this sense, but there cannot be an opposition in the old sense—at least not in the present state of our Parliament—as there is in the national Parliaments for instance. I therefore ask you to accept this motion. I support not only the motion of the Bureau but also the opinion of the Political Groups and the opinion of the Committee for Finance and Budgets. They put forward their arguments yesterday in committee. You know that even on this point there was a very clear discussion and I believe that there will be no difference of opinion in this House on this question.

President. — I call Mr Bermani.

Mr Bermani. — (I) Mr President, as you all know, I am a Socialist and not a Communist.

Bermani

I should like to reaffirm this, for even in this House so many times—too many times in my view—when a Socialist upholds theories he personally believes to be right but which coincide with those of the Communists, it is all too readily said that 'he is a Communist as well'.

No, I am a Socialist and I have always been one. In my country, during the period of Fascism I went to prison for being a Socialist fighting against Fascism. Nonetheless, perhaps for the very reason that I am a Socialist and a Socialist of this type, an old-style Socialist, I always like to express my own personal opinion, even if this lands me into trouble. And in Italy, I have sometimes paid dearly for this politically.

Nevertheless, when one expresses one's own ideas freely one is also heartened by the support one receives from many sides, and it is this that encourages me now to say a few words in support of Mr Fabbrini's views. I have listened to what the rapporteur has said. I do not even know whether the problem has been discussed by my Group, at least up to this time: it will probably be discussed in a later meeting. The view I am expressing now is entirely my own.

The rapporteur has not won me over to his side. Let us leave aside the matter of discrimination: he has called it differentiation, so let us discuss differentiation. Well, I do not believe such differentiation to be right and one of the main reasons why I do not believe it to be right is that it may have an adverse effect on public opinion.

In Italy, we Socialists—and I am proud of this, in the name of democracy—have argued that the Communists should have the same rights in second degree elections as the other members of Italian Parliament. In consequence, the Communists have come here and this I believe to be right and proper and in accordance with the principles of democracy.

But now that the Communists are here among us, why should we make such a differentiation? In my opinion this differentiation is harmful; it is harmful also to the European idea. Second degree elections are still necessary today but one day—a day that I trust will soon arrive—European Parliament will be elected directly by the people. And if at that time we still continue to discriminate—I mean differentiate—in this way, and if the Communists raise the issue and point out its anti-democratic nature, I believe the Italian Socialists would reproach me for having voted in favour. I would repeat, there-

fore, that this viewpoint is my own, that I do not share the rapporteur's view and that if amendments are proposed to correct the situation I shall vote for them.

(Applause from parts of the House)

President. — Mr Cifarelli, for reasons connected with our timetable I should like to ask if you would conclude your intervention at around 5.30 p.m.

You have the floor.

Mr Cifarelli. — *(I)* Mr President, Ladies and Gentlemen, I have asked to speak for two reasons. One reason is the time factor, for I shall be unable to attend tomorrow's sitting and cannot state my views there, so I cannot vote on an amendment to be tabled on this subject.

But I have asked for the floor for another reason as well, Mr President: I want to say that I am not at all in agreement with one argument advanced by the rapporteur, my colleague Mr Aigner. Had he said no more than 'the Rules of Procedure do not allow it, you need 14 members to make up a group and in this case there are fewer than 14 members' (although I must say frankly that I do not agree with this contention), we should have had to fall back on the old Latin dictum—is it not so, Mr Jozeau-Marigné?—we should have had to say 'dura lex sed lex'. But this the rapporteur did not say. The rapporteur added a few comments to the effect that an evaluation in one sense or in the other depends on the fact of whether or not it is an 'opposition'. Now I am neither a Socialist nor a Communist. I am an Italian Republican, a democrat like so many other people. But I cannot accept such a line of reasoning in this Parliament, for it is absolutely without foundation and especially anachronistic today—perhaps Mr Aigner was not in the House—when our colleague Mr Leonardi read out the solemn declaration at the beginning of his speech in the name of the body—how shall I put it?—the line-up of non-attached members. That speech, which was of fundamental political importance—may I say this, as one who has always fought against the Communists and will continue to fight against them. But who is a democrat and therefore recognizes the reality, the political reality of the situation,—contains a solemn declaration by his party that it is in favour of the development of Europe, of a certain concept of Europe. Well, this is a clear political stance, a stance of democratic opposition, and it would be absurd, it would be fatal not to recognize it as such.

Cifarelli

And then, Mr President, I should like to submit another thought to the Assembly. In the Italian Parliament, with the previous rules of procedure that still apply to the Chamber of Deputies can confirm this—a special revocation has been made to the effect that if a group consists of deputies from one political party which is of importance in the country and whose historical significance is common knowledge, then this group can be recognized as being on the same footing as the others, even though the number of members is less than the minimum prescribed by the rules of procedure. The Chamber of Deputies upheld this principle in the case of what used to be the party of Mazzini and Garibaldi, the Italian Republican Party. I give you a direct example, I who am not a deputy, but the practice has now been adopted by the three legislative bodies. Now, the Italian Chamber of Deputies has not fallen as a result, and I may express the hope that a revocation of this nature could be adopted here, and that a solution could be found to this problem. If it could not be solved, we would say 'dura lex sed lex' but we cannot accept the arguments advanced by my colleague Mr Aigner, and his strange concept of opposition, which says that members are or are not entitled to rights depending upon their opposition. If we adopt this concept, we would close down our Parliament.

(Applause from parts of the House)

President. — The discussion on this point of the agenda must now be adjourned.

I call Mr Berkhouwer for a procedural motion.

Mr Berkhouwer. — *(NL)* Yes, Mr President. There are difficulties insofar as my Political Group wonders whether we cannot conclude this matter now, in a few minutes, otherwise we are not going to do it.

President. — The House decided that in view of the meeting of the Committee of Presidents, the meeting of the Bureau and the meeting of

the Political Groups the discussion would be adjourned at 5.30 pm.

This was a formal decision and there can be no question of revoking it.

15. Agenda for the next sitting

President. — The next sitting will take place tomorrow Thursday, 15 February 1973 with the following agenda:

9.30 a.m. and, possibly, 3 p.m.

- Report by Mr Mommensteeg on Vietnam, Laos and Cambodia;
- Resumption of debate on report by Mr Aigner on the emendatory and supplementary estimates of the European Parliament for 1973;
- Statement by the Commission of the European Communities on the latest monetary developments;
- Report by Mr Löhr on the economic situation in the Community;
- Motion for a resolution by Mr Springorum on the development of the joint research programme;
- Interim report by Mr Briot on the organization of the market in ethyl alcohol of agricultural origin;
- Vote on the motion for a resolution contained in the report by Mr Vandewide on cocoa and chocolate products;
- Report by Mr Dewulf on the temporary suspension of duties on varieties of fruit and vegetables originating in the AASM and the countries of the East African Community.

The sitting is closed.

The sitting was closed at 5.30 p.m.

SITTING OF THURSDAY, 15 FEBRUARY 1973

Contents

1. <i>Approval of the minutes</i>	150		
2. <i>Statement by the President: translation and distribution of working documents—compliance with time-limits</i> ..	151	Mr Löhr, rapporteur	159
3. <i>Membership of the Committees</i>	151	Mr Lange, for the Socialist Group; Sir Brandon Rhys Williams for the Conservative Group; Mr Bousch, for the European Democratic Union Group; Mr Leonardi; Mr Burgbacher; Mr Arndt; Mr Bos; Mr Artzinger; Mr Lange; Mr Haferkamp; Mr Löhr	161
4. <i>Order of business:</i> Mr Christensen	151	A resolution in the report by Mr Löhr agreed to. A resolution tabled by Mr Lückner, Mr Kriedemann and Mr Berkhouwer for their Groups agreed to	176
5. <i>Documents submitted</i>	151	Resolution tabled by Sir Brandon Rhys Williams for the Conservative Group agreed to	176
6. <i>Resolution on Vietnam, Laos and Cambodia.</i> <i>Discussion of a report by Mr Mommersteeg drawn up for the Political Affairs Committee:</i> Mr Mommersteeg, rapporteur	152	9. <i>Common organization of markets for alcohol of agricultural origin.</i> Mr Scott-Hopkins; Mr Houdet, Chairman of the Committee on Agriculture	176
Mr Bertrand, for the Christian Democratic Group; Mr Broeks for the Socialist Group; Mr Petersen, for the Liberal and Allies Group; Mr Bousch, for the European Democratic Union Group; Mr Leonardi; Mr Dahrendorf, Member of the Commission of the European Communities	153	10. <i>Procedure for reviewing the Sixth General Report.</i> Resolution tabled by the Chairman of the Political Groups agreed to	177
Resolution agreed to	156	11. <i>Emendatory and supplementary estimates of the European Parliament for 1973 (continued).</i> Discussion of the motion:	178
7. <i>Statement by the Commission of the European Communities on the latest monetary developments. Mr Haferkamp, Vice-President of the European Communities</i>	156	Mr Pêtre, deputy rapporteur	178
Procedural motion: Mr Lange	158	Mr Lückner, for the Christian Democratic Group; Mr Kriedemann, for the Socialist Group; Mr Fabbrini	178
8. <i>Economic situation in the Community. International monetary situation. Tabling and vote on two motions for resolutions. Report by Mr Löhr drawn up for the Economic Affairs Committee discussed with the statement by Mr Haferkamp</i>	158	Motion on reference back to committee: Mr Berkhouwer; Mr Lückner	183
		Motion rejected. Discussion of the motion (continued):	

<i>Mr Dich, Mr Romualdi, Mr Schwörer, Mr Dich, Mr Fabbrini, Lord O'Hagan, Mr Pêtre</i>	184	13. <i>Directive on cocoa and chocolate products:</i>	
<i>Preamble and paragraphs 1 and 2 agreed to</i>	187	<i>Vote</i>	197
<i>Amendment 1 to paragraph 3.</i>		<i>Discussion of the motion in the report by Mr Vandewiele drawn up for the Committee on Social Affairs and Health Protection:</i>	
<i>Amendment 1 rejected and paragraph 3 agreed to Amendments No 2, 7 and 5 to paragraph 4</i>	187	<i>Miss Lulling, for the Socialist Group.</i>	197
<i>Amendment No 2 withdrawn</i>	188	<i>Preamble and paragraphs 1 and 2 agreed to</i>	197
<i>Lord O'Hagan, Mr Fabbrini, Mr Romualdi, Mr Lücker, Mr Fabbrini.</i>		<i>Amendment No 1 to paragraph 3.</i>	
<i>Amendment No 7 agreed to</i>	189	<i>Mr John Hill</i>	197
<i>Withdrawal of amendment No 5 which had become to no effect</i>	189	<i>Amendment No 1 and paragraph 3 agreed to</i>	197
<i>Amendment No 3 after paragraph 4.</i>		<i>Paragraphs 4 to 12 agreed to</i>	198
<i>Amendment No 3 withdrawn</i>	189	<i>Resolution agreed to</i>	198
<i>Paragraph 5 agreed to</i>	189		
<i>Amendment No 4 to paragraph 6.</i>		14. <i>Regulation temporarily suspending duties on varieties of fruit and vegetables originating in the Associated African States and Madagascar and the countries of the East African Community.</i>	
<i>Amendment No 4 to no effect, withdrawn</i>	190	<i>Discussion of a report by Mr Dewulf drawn up for the Committee on Relations with African States, Madagascar:</i>	
<i>Paragraph 6 agreed to</i>	190	<i>Mr Dewulf, rapporteur</i>	198
<i>Amendment No 6 after paragraph 6.</i>		<i>Mr Briot, Mr Dahrendorf, Member of the Commission of the European Communities, Mr Dewulf</i>	199
<i>Mr Houdet, Mr Pêtre</i>	190	<i>Resolution agreed to</i>	200
<i>Amendment No 6 agreed to</i>	190		
<i>Paragraph 7 agreed to</i>	190	15. <i>Dates for the next part-session</i>	200
<i>Provisional estimates agreed to</i>	190	16. <i>Approval of minutes</i>	200
<i>Resolution agreed to</i>	190	17. <i>Adjournment of session</i>	200
12. <i>Motion on the development of joint research:</i>			
<i>Mr Noè, Lord Bessborough, Mr Petersen, Mr Leonardi, Mr Bousch, Mr Dahrendorf, Member of the Commission of the European Communities</i>	190		
<i>Resolution agreed to</i>	197		

IN THE CHAIR: MR W. BEHRENDT

President

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

President. — The Sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes are approved.

2. Statement by the President: translation and distribution of working documents—compliance with time-limits

President. — Some time ago the Bureau was obliged, in agreement with the House and for quite understandable reasons, to take measures for the translation and distribution of all our documents in the six languages.

It was difficult in a period of transition and without engaging further staff—which has not been effected without difficulty—to translate and distribute all documents in the six languages in the same way as we used to in the four languages.

So we agreed that only the motions for resolutions in the committee reports would be translated into six languages and distributed.

I am pleased to be able to tell you that this was only a temporary arrangement and that, thanks to the great efforts made by our Secretariat, an attempt will be made at the next part-session in March to return to our normal parliamentary practices as laid down in our Rules of Procedure.

In future not only the motions for resolutions but also the explanatory statements, in other words the complete committee reports, will as far as possible be translated into the six languages and distributed.

This will be conditional on one thing: strict observance, with no exceptions, of the rule that reports must be submitted ten days before the start of the part-session, that is, on the Friday before the week preceding the opening of the part-session.

If this deadline is not met, once again only the motions for resolutions will be translated into six languages and distributed.

I am sure I can count on your cooperation and understanding and I would like to ask you to note that, in accordance with previous decisions by the Bureau, the explanatory statement must be brief and should not, for example, go into the previous history of the matters to be discussed.

3. Membership of committees

President. — I have received from the Socialist Group nominating the following :

— Mr Broeksz member of the Transport Committee

— Mr Vredeling member of the Political Affairs Committee.

Is there any objection?

These nominations are ratified.

4. Order of business

President. — I call Mr Christensen for a procedural motion.

Mr Christensen. — (DK) Mr President, in view of the fact that a considerable number of votes are to take place on today's agenda and that in the course of the week I have noticed that there have often been votes in which a very few people have been present, I would like to ask the President if it would not be possible to give rather better warning and rather earlier warning before votes place in the House.

This is a new building. It is difficult to find our way about. Many people have many different matters to see to while sittings are in progress and it seems to me that the bell rings at the exact moment when the vote is taking place. I think this is a mistake and I respectfully request that this practice be changed from this day on.

Thank you.

President. — Ladies and Gentlemen no president will ever be able to tell you at what precise moment a vote will be taken. It depends, to a large extent, on the number of speakers listed and the length of their interventions. A precise time for a vote is only set in quite specific cases on exceptional points. This cannot be the general practice.

Similarily the authorization to convene a meeting of a Group during a plenary session is only granted exceptionally so that all Members can still be present when a vote is taken.

5. Documents received

President. — I have received the following documents :

(a) from the Council of the European Communities, a request for an opinion on the proposals from the Commission of the European Communities to the Council for

I. a regulation temporarily suspending the customs duties applicable to varieties of fresh vegetables and fruit originating in

President

the Associated African States and Madagascar or in the Overseas Countries and Territories

- II. a regulation temporarily suspending the customs duties applicable to varieties of fresh vegetables and fruit originating in the Republics of Tanzania, Uganda and Kenya

This document had been referred to the Committee on Relations with African States and Madagascar as the committee responsible and to the Committee on Agriculture for its opinion ;

- (b) from the Parliamentary Committees:

a report by Mr Maurice Dewulf

drawn up on behalf of the Committee on Relations with African States and Madagascar on the proposals from the Commission of the European Communities to the Council (Doc. 309/72) for

- I. a regulation temporarily suspending the customs duties applicable to varieties of fresh vegetables and fruit originating in the Associated African States and Madagascar or in the Overseas Countries and Territories
- II. a regulation temporarily suspending the customs duties applicable to varieties of fresh vegetables and fruit originating in the Republics of Tanzania, Uganda and Kenya

6. *Resolution on Vietnam, Laos and Cambodia*

President. — The next item is discussion of the report by Mr Mommersteeg drawn up for the Political Affairs Committee on the motion tabled by Mr Lückner, Mr Vals, Mr Berkhouwer, Mr Kirk and Mr Triboulet, Chairmen of the Political Groups, on Vietnam, Laos and Cambodia (Doc. 299/72)

I call Mr Mommersteeg to present his report.

Mr Mommersteeg, Rapporteur. — (NL) Mr President, the horrible Vietnam drama has hung for many years around the necks of the many who, in spite of everything, continued to believe in the possibility of an active peace policy. 'Thank God, at last' is how it sounded from the mouths of millions on 27 January.

When Mr Lückner, Mr Vals, Mr Berkhouwer, Mr Kirk and Mr Triboulet, Chairman of the Political Groups, presented their motion on Vietnam, Laos and Cambodia on 19 January, at the previous

part-session in Strasbourg, that stage had not yet been reached. At that time we lived only in the hope and expectation of an early truce.

In the meantime an agreement was reached in Paris on 27 January and I believe it is no exaggeration to say that this agreement was received everywhere in the world, not least in the countries of our Community, with satisfaction and relief. This was evident during the discussions in the Political Affairs Committee and was also expressed in the third preambular paragraph of the motion now on the agenda. The satisfaction and relief are understandable for many reasons: the war in Indo-China has for many, many years brought death and destruction to the Indochinese peoples and caused the wholesale displacement of people who are so devoted to their native soil and local communities. The war also caused serious international tensions, both in Asia and the rest of the world. Through television we were confronted almost daily with this war and it had—certainly insofar as public opinion is concerned—a disquieting effect on the relations between Europe and the United States. The feelings of satisfaction and relief are thus readily understood. This does not mean, Mr President, that pessimism has, all of a sudden, turned into optimism. Events since 27 January have underlined the fact that the Paris Agreement does not signify an automatic end of the armed struggle, not in Vietnam and even less in Cambodia and Laos. Although the Paris Agreement includes an article (Article 20) stating that all foreign troops must be withdrawn from Laos and Cambodia, this is not tantamount to a truce in those countries: to this end separate agreements will have to be concluded. It would appear that, as far as Laos is concerned, the negotiations have happily reached an advanced stage ; an agreement may, in fact, be signed this week.

The Paris Agreement does not yet offer a solution to the political problems. It does provide a sort of mechanism for a political settlement. I would mention a number of commissions: an international control commission, a national council for conciliation and unity and an international conference. Indeed, the international conference will be held this month in Paris. Incidentally, Mr President, it is worth noting that both the secret and public negotiations which led to the truce agreement, as well as the international conference, in all likelihood partly as a result of a French initiative, are being held in Paris.

It is, however, evident, Mr President, that violent feelings of resentment and hatred must be mitigated and fierce political differences resolved, if compromises are to be found and accepted,

Mommersteeg

and if those feelings are to be turned into readiness to cooperate by all parties concerned, a cooperation necessary to build up a more peaceful society in the region. A development of this nature is of importance for the whole of Asia and in particular for the whole of South East Asia. Mr President, the Political Affairs Committee has concentrated its attention not on the past, but on the future. At last there is a chance to build peace. The peoples of Indo-China who have suffered severely and are still suffering, are in need of direct humanitarian aid:—food, medical supplies, housing—and, if the chance of building peace is to become a reality, long-term structural development aid is also desirable, if not an absolute necessity. It is indeed clear that in the whole world, not least in the countries of the European Community, there is a readiness to grant aid: governments, national Parliaments and private organizations have clearly expressed this readiness. But it is not inconceivable that aid, if insufficient or given haphazardly may not have the results hoped for hence the Political Affairs Committee thinks, as stated in the fourth preambular paragraph, that one would have to aim at good, coordinated international action for recovery, and preferably under the auspices of the United Nations if possible. I would remind you that the Secretary-General of the United Nations will probably take part in the international conference in Paris, possibly even as Chairman.

International action on this scale would give the peoples concerned new prospects for the future and stimulate the readiness for compromise and mutual cooperation in the region. Whether such international coordination under United Nations' auspices will come about cannot yet be said, but whether or not it is done within this wider international framework, the European Community as such and the Member States themselves could do much to achieve effective coordinated aid for recovery and development, particularly in the longer term: aid offering the peoples concerned a better chance for an independent and happier existence.

Mr President, the European Community is not a bloc, but it is nevertheless a new entity *sui generis*; it is able by purposeful action to remove any suspicion still heard in the world that the Europe of the Nine might entertain neo-colonial ambitions. It was not the Political Affairs Committee's task to indicate in detail the concrete ways and means for aid to the peoples of Indo-China.

The motion does demand emphatically that the Community and the Member States investigate the possibility of a substantial and effectively coordinated contribution.

I personally would observe that extra means should be made available and that these should not be found by limiting the aid promised to other developing countries.

I should like to draw your attention to the Mekong river which with its great socio-economic possibilities might become the artery for the cooperating peoples of Indo-China. Plans for the development of the Mekong were drawn up long ago. They are indeed in the course of being carried out by the Mekong Committee; several Member States are already giving their support to its work. It is noteworthy that all contending parties have respected this work as much as possible and it seems to me that this work may now be intensified and speeded up for the benefit of all the peoples of Indo-China.

Mr President, the great majority of the European Parliament in any event—of this I am convinced—holds the view that the European Community should not be a third or fourth bloc. It rejects a division of the world into spheres of influence and is of the opinion that questions of war and peace also concern us, here in Europe, even if they involve distant lands.

We are interested in the problem of peace in Vietnam, not only because of the humanitarian aspects, but also because we think that the European Community should and can be an influence for both peaceful change and world stability, i.e. that it should and can be an active influence for peace.

Mr President, the motion and its imaginative execution by those concerned offers an opportunity to take well-considered concrete step in the direction of the European Political Union which we all wish to create.

I therefore hope Mr President that Parliament will approve this motion unanimously.

(Applause)

President. — I call Mr Bertrand for the Christian Democratic Group.

Mr Bertrand, Spokesman for the Christian Democratic Group. — (NL) On behalf of the Christian Democratic Group we wish to express first and foremost our great satisfaction that the various Group Chairmen have taken the initiative to present this motion and to compliment the Political Affairs Committee and its rapporteur on the speed with which they have summarized our real aims clearly and distinctly.

I believe that this motion should not give rise to long speeches, but be an exhortation to act as quickly as possible. Hence I should like to say

Bertrand

no more than a few words on behalf of the Christian Democratic Group.

We wish, of course, to associate ourselves with the millions throughout the world who have expressed their great satisfaction that the conclusion of a truce has at last put an end to the violence which has ravaged for over twenty years that area in the world.

We trust that after this truce everything will be done as soon as possible to achieve a lasting peace. But before this is achieved, there are at the moment, not only on humanitarian, but also economic and political reasons to underline the urgent need for aid in this part of the world. We would urge, therefore, that the European Economic Community, as one of the richest communities in the world, should draw up a concrete plan of action as soon as possible with a view to taking part in this urgently necessary aid on the material plane, the political plane and also the moral plane, so that this community may be a living community, living with everything that happens in the world. We, therefore, trust that aid will be granted, as suggested in the motion, in mutually coordinated cooperation between the organs of the Community and the Member States, and that it may take place within the framework of the United Nations so as to ensure the most efficient aid. We are asking that the Commission should report to us in the course of one of the forthcoming part-sessions on the proposals it has made, on the Council's reaction to those proposals and on the concrete measures it has proposed, as well as steps taken, so as to enable us to ascertain in detail whether concrete substance has been given to the motion.

It is in this spirit that the Christian Democratic Group is voting in favour of this motion with conviction, trusting it may soon be put into effect.

(Applause)

President. — I call Mr Broeksz on behalf of the Socialist Group.

Mr Broeksz, Spokesman for the Socialist Group. — *(NL)* Mr President, Ladies and Gentlemen, all of us in the Socialist Group are conscious of the fact that in forming the League of Nations after the 1914-1918 war, the world hoped to be spared a similar calamity the future. Twenty-one years later, however, we experienced the 1939-1945 war and since then humanity has lived between hope and the fear of an even more terrible calamity—World War III—which would not only put an end to our Western culture, but could even blow up the whole world. Once again arms are being accumulated in quantities which

could destroy the world ten times over. But although everyone says they are willing to do everything to prevent that calamity, since the founding of the United Nations, there have been small-scale wars which might at any time, so it seemed, lead to world wars. It looks as though the danger has, once again, been averted, but the frightening question always crops up: how long for? What happened was that in those limited wars certain powers were testing their new weapons, and this happened not only in the thirties, in the Spanish Civil War; it has also happened during the last fifteen years, so that limited wars had unimaginably serious consequences for the countries concerned, and their peoples experienced immeasurably greater suffering than would otherwise have been the case. We, the rich countries, have not only been unable to prevent this, but are even accessories to the crime, and among other things to the fact that Vietnam and the entire Vietnamese people have suffered immeasurably more than would have been the case without the assistance from both sides. For do not let us think that the arms industry in Europe—in Eastern and Western Europe—stood aside and failed to profit from the conflicts in Korea, the Middle East and Vietnam. We have all allowed this to happen. Once again we are expecting that the war in Vietnam will come to an end and that reconstruction can begin. There is no point in dwelling upon the causes, the course and the end of this conflict of many years duration, at least not at this moment in this political meeting. We now have to go into this question: what has to be done to help the Vietnamese people in every way to return to a more normal life? There are many who think that the country has been damaged too much for it to be saved, but even if that were true, which I doubt, this could mean only one thing for the other peoples of the world, the rich and even richer ones—more intensive help. This aid will come, of that I am convinced, of that we are all convinced, but the questions is: how, and to what extent? In the case of other types of calamity—floods, earthquakes and the like—the world has seen all too often that aid has been haphazard and unco-ordinated, or extended for nationalistic or even selfish reasons. That has to be prevented in this case. And we, the European Parliament, must exert all our influence to prevent it. This is advocated in the Mommersteeg motion. We are grateful to the Group Chairmen for their initiative and to Mr Mommersteeg for his excellent motion and for his introduction.

We demand international action which should be well coordinated and preferably come under the United Nations. We would ask for a study of what is required in Vietnam in the immediate

Broeksz

future. It is a question of more than only humanitarian aid. We demand immediate, but above all effective action. To this we add: action which in no single country is based on selfish or nationalistic motives, but which is completely disinterested. We are not completely certain in our minds that everything will happen in this manner. Are there not going to be certain nations who, once again, will endeavour to wriggle out of the conditions we consider necessary and which we have set out in the motion? Mr President, I know that in one country aeroplanes stand ready with aid supplies, the only reason for their not having taken off being that no permit to land has yet been received. Uncoordinated action of this kind, however good and however wellintentioned, will ultimately be detrimental on the supply of aid. In view of the fact that our Group is not satisfied on this point, we consider that the second paragraph of the motion is important because it will enable us to follow what the Member States and indeed the organs of the Community do in the supply of aid and associated activities. As far as this is concerned, I am happy to associate myself with Mr Bertrand who has appealed to Parliament and to the Commission to see to it that we really do this. We think the EEC has its own task in the matter; to realize the purpose of aid as set out in the Mommersteeg Report.

In conclusion we would point out that we wish wholeheartedly that the feelings expressed in the fourth recital of the motion may soon be fulfilled and that South East Asia will before long enjoy complete and, we hope, lasting peace.

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

Mr Petersen. — (DK) Mr President, on behalf of the Liberals and Allies Group I support the motion. It seems to me that the Political Affairs Committee adequately expresses the views Parliament must take into consideration over this whole question.

It is not our business here to discuss the origin of the unfortunate war or try to apportion the guilt for what has happened. We might well say that in a way we all have a share in it. We may also have been guilty through passivity but one cannot remedy the endless sufferings by an accounting of this nature. We cannot help the many people who have suffered through this war directly but we can make a contribution to helping with the reconstruction and this help must be quick. It must be big and it must be effective. This is clearly underlined in the resolution by the words 'significant' and 'effective'.

It seems to me to be relevant to stress that the aid programme should principally be initiated under the auspices of the UN. Not exclusively, but principally. We must constantly be in a position to call on private initiatives, but it is important that there should be coordination and that this should be the task of the UN. This should guarantee that the task is carried out without superfluous overlapping.

I am glad that the motion gives the appropriate committee the task of closely following up the Community's activities so that Parliament can initiate discussions, perhaps with a view to improving and strengthening the contribution at points where it is needed.

Mr President, may I add that the events in Indo-China have shown us how difficult it is to stop a conflict when it has once broken out into war and we should learn the lesson from this that we—and this applies to the Community as well (I full, agree with the remarks which have been made as to the Community's responsibility)—that we must take far stronger preventive measures, including research into conflict and peace, but also in other ways. We shall have to take far stronger measures to resolve conflicts arising without the use of force and all the meaningless consequences of force. I hope, Mr President, that later on we in the Community can return to a debate as to what can actually be done for us to be able to institute preventive measures to avoid war in the future. This is one of the most important tasks we face and we must not forget this task in all our efforts to resolve economic and other vital problems.

Thank you Mr President.

President. — I call Mr. Bousch to speak on behalf of the European Democratic Union Group.

Mr Bousch. — Mr President, Ladies and Gentlemen, my Group has countersigned the motion tabled by the Chairmen of the Political Groups in this House. There is therefore no call for me to comment on it at length. I should nevertheless like to add our thanks to Mr Mommersteeg for the diligence with which he submitted his report to this House and the moderation of this comments, which we approve. We are pleased that an agreement has been reached putting an end to this terrible war which has devastated the three States of Vietnam, Laos and Cambodia virtually without interruption since the Second World War. We respect the grief of the families which have been afflicted. We now hope that this peace will be lasting and believe that, to this end, we must offer material as well as moral support to help these peoples to rebuild their ruins and heal

Bousch

their physical and moral wounds. My Group therefore approves the motion for a resolution unreservedly. All our States, and also the Community, must show evidence throughout the world of their solidarity with the countries which have suffered and have been afflicted by a disaster which we hope we can prevent ever happening again.

(Applause)

President. — I call Mr Leonardi.

Mr Leonardi. — (I) Our party has certainly not been passive during the conduct of this shameful war which has created so much grief in the world. Certainly we shall never be passive in reconstruction and I speak simply to declare that we agree with what has been expressed in the motion, and that we shall vote in support of it.

President. — I call Mr Dahrendorf, Member of the Commission of the European Communities.

Mr Dahrendorf, Member of the Commission of the European Communities. — (DK) Mr President, on behalf of the Commission I should like to state that we share the evaluation of the events in South-East Asia that the Political Affairs Committee and Mr Mommersteeg, on that committee's behalf have made here. We welcome the fact that this House is discussing a motion to the effect that we, the European Community, should contribute towards rebuilding to help the people that live there in all those countries that have been the victims of this terrible conflict.

We particularly welcome Parliament's expressed wish Mr President, that a contribution should be made through international cooperation. I must point out, however that at present the opportunities open to the European Community to become active here as a Community are, unfortunately, more restricted than would meet the wishes of this House and the wishes of the Commission. I can state for the Commission that we are preparing a proposal on famine relief in the countries concerned. I can also state for the Commission that we are examining, with the Council, to what extent and in what form common action may be possible in addition to famine relief.

As far as famine relief is concerned, we are, together with the International Red Cross, making a study of the needs of the countries concerned and of the conditions under which a meaningful distribution of food could be undertaken in the situation at present obtaining in the area.

As we are aware of the urgency of the problem and as, like this House, we also know the complexity of the problem, we intend taking preliminary and urgent action as speedily as possible. This will involve selected foodstuffs, such as powdered milk, sugar and rice, and we hope that we shall in this way be able to show that the Community is not remaining inactive in this situation.

As far as consideration of a contribution towards the reconstruction of all the countries that have become victim of this conflict is concerned, however, it would be wrong to awaken far-reaching hopes today, or to make far-reaching promises. For the Commission I can only point out that we are in the course of examining together with the Member States and with the Council to what extent there is a place here for Community activity and how rapidly it can be instituted.

Mr President, the Commission—I would repeat—welcomes this resolution. It will do everything to extend help, from the European Community, to the tormented countries and to the people that have been the victims of this terrible conflict.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

7. Statement by the Commission of the European Communities on the latest monetary developments

President. — The next item is a statement by the Commission of the European Communities on the latest monetary developments.

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (DK) Mr President, Ladies and Gentlemen, the monetary decisions taken in the past few days are known to you. If they are to be assessed from the point of view of the European Communities, the following may be noted as the Commission's interpretation:

In the first place, in devaluing the American dollar and in floating the exchange rate of the yen, steps have been taken that approach the problem of exchange rate capacity from the proper angle.

We have noted again and again in the developments over the last few years that the causes of

¹ See Official Journal, Series C.

Haferkamp

disturbances and difficulties have essentially lain and continue to lie outside the Community. The fact, therefore, that these two currencies have drawn the logical conclusion in the solution that has been found, is in our opinion an approach to the problem from the right direction. We feel that we can adopt a positive attitude to this fact, we hope for our American friends that the devaluation of the dollar will contribute towards an improvement in the balance of payments. We understand that positive effects can only be expected in the medium term. In the short term, things may get worse in the course of the next few months because of a change in the 'terms of trade'. But developments in the long term will, in our opinion, be positive. As far as short-term developments are concerned, it is the view of all of us that we should not lose patience.

The devaluation of the dollar is only part of a comprehensive, long-term overall strategy vigorously imposed by the United States. I believe that we should see this as a challenge in a positive sense for us Europeans. We should face it prepared to cooperate constructively. This preparedness should include the plain speaking usual amongst friends, it should, on this basis enable us to drive a good bargain in individual cases of differing positions and interests.

The monetary decisions of the last few days had obvious foreign policy implications. Any one who read the speech by Mr Schulte, the American Minister of Finance, will share this interpretation. Both aspects of the problem, the economic and monetary and that of foreign policy have determined the attitudes of all concerned. We can say, from our view of the matter, that the Member States of the European Community have scored a victory in the solution adopted. I may add that the Commission would have welcomed it had the victory been accompanied by a yet more effective and speedy consensus within the Community. The Commission is of the opinion that there must be room in the future, and more than in the past, for the Community to be duly and clearly involved in the discussion.

We must not fail to recognise that the organs of the European Communities have done everything in their power recently to achieve the so urgently necessary measure of agreement. The meeting of the Council of Ministers must be seen from this point of view. The results, too, must be assessed from this point of view. I believe that anyone who believed that spectacular concrete decisions that could reach the heart of the problem were to be expected from the newly-found solution within so short a period after this sitting was entertaining false hopes. It can be noted that the Council in its discussions and its reasoning attached particular value to accelerating the

work of achieving Economic and Monetary Union. It has manifested its determination to promote the realisation of Economic and Monetary Union and has stated that this would depend on all Member States participating in a common currency system.

The decisions as to achieving Economic and Monetary Union contained in the final communiqué of the Paris Summit Conference must be expeditiously put into effect. The Council has noted with approval the Commission's statement that the Commission intends to put forward important reports earlier than expected. You know that the Summit Conference has given instructions that a report be produced by 30 September 1973 on the application of short-term monetary support measures, and that the Summit Conference has further instructed that a report be prepared by 31 December on the conditions for a stage-by-stage consolidation of reserves. To speed up the realization of Economic and Monetary Union, the Commission has proposed to put these reports forward by 30 June this year. It will do this with the support of the Monetary Committee and the Committee of Central Bank Presidents. The Council has further emphasised the significance of bringing forward the work of reforming the international currency system and has given appropriate instructions for the achievement and further representation of the common position.

This is our common opinion. You will no doubt share the Commission's opinion—that the problems are not removed by the solution found a few days ago. We have taken an important step forward but we must understand that we must still work towards a settlement in the long term of all the important monetary and economic problems. We are glad that the risk of new currency unrest has been overtaken for the moment. We do not believe, however, that it has been completely eliminated. It is unfortunately still possible that through the speculative plans of the few, the currency economy and hence growth, activity and social security of millions can be endangered. We find this unacceptable. We must consequently work emphatically towards a fundamental long-term and systematic settlement of these difficulties and get to the roots of the problem.

This means that in the eyes of all we are now placing more emphasis on reforming the international currency system. I refer to what I said about the work of the Council. The appropriate preliminary work must be speeded up. We have no reason for changing the positions of the European Communities—which are known. I would recall the decisions of the Summit Conference. As seen from outside, further contributions to-

Haferkamp

wards dismantling trade restrictions of all kinds are required. We are ready to cooperate and to take the initiative.

We must also, however, refer to the fact that this cannot be a one-sided move on the part of the Communities. All participants must cooperate. We must continue the constructive dialogue with the United States. I said that we are sure to find difficulties regarding a series of attitudes and interests in the negotiations that lie before us. We should not let ourselves get bogged down on questions of detail. As far as monetary matters are concerned, we must carry on our dialogue on phenomena and problems which hitherto have not been so much in the public gaze. We must extend consideration to capital movements, to imported power, to 'multinationals' and suchlike, to give just a few examples.

For the Community this means that we must strive for a return of all of the Community's currencies to notional rates or to fixed parities. We know that three Member States in the Community are not at present in this position. We all have cause to seek, and shall do so in all seriousness, how we can help them to return as quickly as possible to notional rates and to fixed parities.

I wish in this context to refer to what I said in January in my statement on the economic position regarding the importance of basic economic facts in the monetary situation.

Because of the consequently effects of monetary events in other areas of our common policy we must make it possible to control the effects of agricultural policy on monetary events more easily. The Commission is therefore in the course of putting together proposals on this point. We need more effective machinery to regulate capital movements. In a process by which controls are progressively shifted to the outer borders of the Community in the course of which capital movement internally is simultaneously liberalized, national machinery can only form a transitional stage. We have a series of decisions by the Council of Ministers that could form a basis for these control measures. I am referring above all to the decision of 21 March last year. The application of this decision and its completion with the aims just mentioned by me seems to us to be an important task. We cannot, however, stop at what we call defence. More important is the positive and dynamic development of Economic and Monetary Union. Here in fact lies our political aim. I have just intold you of the importance the Council of Ministers attached to this aim at its sitting yesterday and in its statement. I have told you how the Commission will attempt to speed up the stages lying ahead of us.

We understand that the present problems have not yet been completely removed by the solutions that have been found and that we cannot pretend that we have eliminated all difficulties by means of the measures taken a few days ago. I should like to refer here to the problem of inflation, which will exercise us further. With the influx of liquidity resulting from the monetary events this problem has not disappeared but has probably become still more acute. The battle for stability has therefore become yet more pressing than it has been hitherto.

Mr President, Ladies and Gentlemen, this House can be certain that the Commission will do all it can to prepare concrete proposals against a background of the general thoughts that I have just expressed to you, and so practically to progress along the road to a better monetary and economic order in our Community and in a world-wide context. Thank you.

President. — Thank you, Mr Haferkamp, for this statement on the latest monetary developments.

I call Mr Lange for a procedural motion.

Mr Lange. — (D) Mr President, Ladies and Gentlemen, I should like to make table a procedural motion. I should like to recommend that the report on the economic position in the Community should now be presented by the rapporteur in conjunction with Mr Haferkamp's statement, so that discussion on both points can then be combined. This procedure seems to me to be rational as we would otherwise be repeating ourselves. I should therefore be grateful if the House would adopt this recommendation.

President. — A request has been tabled that the statement by Mr Haferkamp and the report by Mr Löhr be discussed together.

Personally I am very much in favour of doing so.

Is there any objection?

That is agreed.

8. Economic situation in the Community—International monetary situation—Two motions tabled and voted on

President. — The next item is the presentation of the report by Mr Löhr drawn up for the Economic Affairs Committee on the economic situation in the Community (Doc 295/72) and a discussion of this report in common with the statement by the Commission of the European Communities on the latest monetary developments.

President

I call Mr Löhr to present his report.

Mr Löhr, Rapporteur. — (D) Mr President, on behalf of the Economic Affairs Committee I have this to add to the motion submitted to the House on the report on the economic situation the Community:

The Economic Affairs Committee at its sittings of 1 and 7 February unanimously adopted the motion under consideration on the report on the economic situation the Community made by Mr Haferkamp as Vice-President at the plenary sitting of Parliament on 16 January 1973.

The Economic Affairs Committee supports the views expressed by the Commission to Parliament at that sitting, particularly as regards expectation of further economic growth, improvement of the employment position and the need for a stronger brake on price increases.

The Economic Affairs Committee sees the common fight against inflation as the decisive task of all organs of the Community as well as of the Governments and Parliaments in our Member States.

During the discussion that the Economic Affairs Committee had with the Vice-President, Mr Haferkamp, he clearly and lucidly expressed his intention to take up appropriate negotiations not only with the Governments of Member States but with area corporations and public bodies in order to bring about the necessary contributions towards a recovery of stability not only in words but also in deeds.

The Economic Affairs Committee is of the opinion that the machinery of the market must be used in common within the framework of a medium-term economic policy.

Mr President, we fully understand that in the present economic position of the market we have again come to widely varying basic positions in the economic policies of our Community States. In proceeding from the four characteristics of the run-down of any economy, from economic stability, economic growth, full employment and balanced external economy, I note that there is complete divergence in the relative importance of each of these aspects, ranging—if seen as a graph—from zero to full engagement. As regards unemployment in several of our Member States the scale reaches beyond full employment to over-employment. The Economic Affairs Committee is in no doubt about the consequences. It knows dangers of such circumstances during a period of inflation not only for our Member States, but also for the Economic and Monetary Union towards which we are aiming.

The Economic Affairs Committee stresses yet again the particular significance of structural policy and expects the Commission to submit appropriate proposals to the Council forthwith; these must of course, be endorsed by Parliament. By structural policy, Mr President, and I say this for our newly-arrived colleagues, the Economic Affairs Committee means not only structural policy in the narrow sense but also the regional and sectoral policy of our Community.

As regards the recovery of stability against a background of inflation and the dangers of a further escalation of this inflation, I must emphasise that in several States of our Community there is a danger of demand inflation being added to the existing cost inflation.

If I may now come back to the economic report, to the annual report by the Commission of our Community on the economic position in the Community, I should like to remind this House that the Council expressed the hope, in its resolution of 31 October 1972, that the increase in consumer prices in the States of our Community should be reduced to 4% from December 1972 to the end of 1973. When on the other hand I consider the reality that has come about in our Community during this period then I have to note that the price increase even now, for example in consumer prices in the Federal Republic of Germany, for this month already amounts to 7.2% compared with last month.

And when I further learn from the annual report of the Council that the increase in expenditure by our Member States in the national budget should equate the real with the expected growth in gross national product, and that in the course of this a price increase of 4% in consumer prices is included in the calculation, then I must however note that when I consider the budgetary volume in the various States of our Community, the recommendations by the Council have once again, exactly as last year, not been observed, so that from a critical economic point of view these budgets cannot be regarded as anti-cyclic.

Mr President, a short while ago a leading financial politician told Mr Haferkamp's most worthy predecessor Mr Barre, that recovery of stability was a matter of willpower. I do not wish to associate completely with this, but wish only to say that nothing is achieved by words, which are produced time and again at the Council of Ministers, but that they must be followed by action by the Member States directed not only at the recovery of stability in individual States, as far as possible within the context of market economy, but also at the recovery of a stability which is desirable, indeed urgently necessary, by Community economic concepts, if Economic and Monetary Union is not to become an illusion.

Löhr

I now come to the monetary part of the motion in which the Economic Affairs Committee calls on the Commission and the Council to do everything it can to ensure the Community contributes at this year's International Monetary Conference towards re-structuring the world monetary system and restoring general stability. It further expects that the Fund to be set up by 1 April 1973 for cooperation on monetary policy will receive sufficient scope and will be endowed with the necessary resources. It sees this fund as an important factor in eliminating temporarily disturbances as between the currencies of Member States.

Point 10 of the motion for a resolution notes that the latest monetary developments make a Community economic and monetary policy even more necessary, and calls on the Council, the Commission and the Governments of the Member States to take all the necessary decisions without delay, in order to achieve internal and external freedom of trade for the Community and its members.

Mr President, the Economic Affairs Committee in tabling this motion has again shown, metaphorically speaking, that in continuing to weave the red thread of its general economic and monetary policy and without departing in any respect from the demands it has been making for years, particularly of the Council and Governments of the Member States, that it is doing everything it can on its own initiative to contribute towards the recovery of economic stability, to bringing economic and currency policy within our Community States to a common point of departure, which is necessary in order to proceed realistically, progressively and successfully towards Economic and Monetary Union.

(Applause)

President. — We shall now go on to discuss the report by Mr Löhr in common with the statement by Mr Haferkamp.

I call Mr Löhr, for the Christian Democratic Group.

Mr Löhr. — *(D)* Mr President, Ladies and Gentlemen, I have the honour of speaking on behalf of my Group on recent developments in monetary policy. Since the finance ministers ended their meeting under the auspices of the Group of Ten on 18 December 1971, all of us here in this House have become aware that our Community, the small blossom of monetary union awakened out of the bud, will be exposed to the heaviest attacks from outside. These attacks in the monetary policy field, particularly the unusually heavy inflow of foreign currency into

the States of our Community, have certainly been anticipated not only by us but also by the other organs of the Community, the Council and the Commission. We expected, and there was never any lack of parliamentary references and appeals to the Commission and Council, that preventive measures, decisions, guidelines or orders would be provided by the Council to avert such monetary dangers to protect our Member States and, hence, the Community. We are now faced with the fact that we have twice been exposed to a currency crisis within fourteen months. We were not surprised by what occurred in the Federal Republic of Germany or in Japan in the last few days. We had expected the Council to meet immediately for consultation for joint defence against these events.

But the Council was not convened. We have heard nothing from the European Community in this currency crisis. I can agree wholeheartedly with the points made today by Vice-President Haferkamp on the progress of the consultative meeting of finance ministers yesterday. But I must also note with hindsight—and this is a criticism—that up to the present time nothing at all has been done to bring about the conditions under which these events could be dealt with on a Community basis. I consider it tragic, Mr President, that Mr Ortolí, President of the Commission, should have stated in a television interview yesterday here in Luxembourg that this crisis was not a Deutsch Mark or yen crisis, but a dollar crisis; I agree, and it is particularly worth noting that with regard to the real opportunities that are available to the Commission, this dollar crisis is not immediately a problem of the European Communities, but a problem tied to the land of the Deutsch Mark. That is a tragedy. I agree with Mr Ortolí, it is nothing less than that. If we are honest we must admit that our institutions today have neither the power nor, consequently, the means to act as a Community, but depend on the will and actions of the Governments of our Member States. The tragedy of the situation is that there just is no communal, standard, basic arrangement in the Community, that we have widely varying conditions in our Community States in the field of currency and economic policy. If you will allow me to speak with some irony, this Community is far from being an economic and currency union, this Community has de facto become a community of three: three countries float, three countries have a two-tier currency market and three countries conform to a band of ± 2.25 , i.e. move in their currency manipulations between the upper and lower intervention levels. That is the reality, Mr President, and that is the point of departure for the measures that Vice-President Haferkamp has again explained to us today. All

Löhr

these measures are necessary and we, Mr Haferkamp, support them.

But, honourable Members, in finally noting on this point that in this currency crisis neither a European identity nor a European solidarity emerged, I can only say that until the international currency systems are reformed, and a good deal of time will pass before then, until, therefore this tremendous job of work can be completed, this tender growing Economic and Monetary Union will time and again be exposed to new currency crises, which, Mr Haferkamp, we can only deal with together if we see to it that we gradually approximate the bases of economic policy within the Member States and that we thereby create the necessary conditions for us to be able to act as one. Otherwise, until reform of the international currency system is achieved, Commission and Council will permanently be in a position of orientating themselves to nine different criteria in applying its machinery, conforming to actual conditions in each of the individual Member States.

Mr President, I should now like to welcome yesterday's resolution by the Council on behalf of my Group and should like to associate myself with the points made by Vice-President Haferkamp on the prospective dialogue between the Community and the United States of America.

Mr President, it would be wrong not only from the human point of view but also on the grounds of political accountability if we were not to take this opportunity of stating that the dollar, after 1945, became the saviour of our countries. The prosperity of our European industrial states after 1945 rests on aid from the United States of America. This is a permanent gain. This we must recognize. To act today as if the dollar were the curse of Europe would be unjust. I should, however, like at the same time to make a realistic economic appraisal of the relationship between the Community and the United States of America.

Times have changed since 1945. Europe's countries have come of age in terms of industrial economy. This is a reality that the United States of America has acknowledge but must also continue to bear in mind, so as not to lapse into unrealistic requests and attitudes.

It is no wonder, economically speaking, that with a political commitment of the kind that the United States has undertaken in the world in the last few years dollars should be circulating in such large quantities throughout the world. Apart from this we must note that the capital power of the United States in the last few years has risen considerably through multinational investment. It is therefore only economic logic

if, even in the course of the devaluation of the dollar, a settlement of the balance of payments deficit is still being aimed at through yet stronger activation of the American trade balance. America in devaluing has done nothing more than act with economic sense.

I consequently believe that it must still be clearly recognised during negotiations that the elimination of the dollar crisis is primarily the concern of the United States and should be so. I can hardly accept economically that demands in the nature of trade policy can be read into this, as an American rider to dollar devaluation as it wear. This reality should be pointed out to the competent people in the United States in the course of a friendly dialogue. It is true that with the interdependence of our industrial economy world-wide we feel obliged to help the USA in its great commitment, and here I refer to the statements made yesterday by several Members for the information of this House.

But economic requirements must be kept in context. The Commission should, when starting negotiations, no longer refuse to see the problems of currency policy in connection with problems of trade policy, but accept this connection and in practice do what is possible within the framework of the Community, without a situation in trade policy being able or likely to result therefrom that would be detrimental to the further development of Economic and Monetary Union.

Mr President, I come to the end. Today, after fourteen years of membership of this House, I can only note in my last address as a Member of the European Parliament, that my entry took place under the star of a currency crisis and my exit will similarly take place under the star of a currency crisis.

I can only wish and hope that this House will succeed in cooperating in a spirit of harmony with the other institutions of our European Economic Community to create for the welfare of our peoples the United States of Europe, the European Union. I shall be indebted in spirit to this House and, finally, express the hope that you, honourable Members, shall make this Community, which is still only a Community in word, into a Community in fact. I thank you.

(Applause)

President. — Thank you Mr Löhr for your intervention, particularly for your final comments.

I call Mr Lange for the Socialist Group.

Mr Lange. — (D) Mr President, honourable Members. First of all I would like to thank Mr Löhr

Lange

most cordially for his report and to give him my best wishes for the future. I would equally thank Mr Haferkamp for his statement on behalf of the Commission.

But, honourable Members, Mr President, the points made by both indicate how aware this Parliament must be of the need to press continually towards integrating the individual parts of this Community into a Community proper. It seems to me and this is also expressed in Mr Haferkamp's statement on the economic position, that everything must be set, or will have to be set, towards bringing our differential economic development with its differential effects both on the labour market and on the security of our citizens' livelihood as quickly as possible on to a standard course of development. We are therefore, indeed, forced to recommend highly varied measures to the individual Member States although this House has expressed time and again that it firmly believes in first proceeding on the basis of the Community's needs and working out from that what may be necessary for the individual Member States.

We cannot, consequently, even today do other than stress the communal aspect and emphasize the Community machinery, as in our general economic development, in dealing with inflation and in relationships arising out of the most recent monetary developments it appears again and again that varying means in the individual states do not under all circumstances lead to identical results within the Community. It therefore appears to me, Mr President, to be of particular importance that the varying means of individual states should be transformed into a standard means of the Community, so that by using such standard machinery standard effects will in fact be obtained.

This of course entails, as has already been stressed on earlier occasions, appropriate general political will on the part of Member States, and consequently of the Council as well, of course, which is the legislating and decision-making organ of the Community, to put the actual executive, namely the Commission, in a position to introduce specific measures for the European Communities. We are in entire agreement with the Commission's assessment.

We in fact see the fight against inflation as one of our decisive tasks, but should like to sound a warning note here—and do so with reference to the varying developments in the individual countries—in case a more than average importance is attached to budgetary policy, as much is always being made of this. The demand is always being made that an anti-cyclical budgetary policy must be pursued in appropriate phases of

marked development, and I would point out that if, on the other hand, we want a corresponding economically balanced structure within the Community, we should also as far as possible pursue a procyclical budgetary expenditure policy in specified areas of the Community in such phases, as we shall otherwise never create to the necessary infrastructure in the appropriate areas so that re-structuring can in fact then be undertaken with the aim of creating new jobs in unilaterally structured areas. This, therefore, Mr President, subject to this reservation on the assessment of budgetary policy (though I would not wish to deny that a certain signal effect does certainly proceed from public budgeting) is why we support the request included in the motion that the Commission should come to terms both with the governments and with the social institutions on necessary measures or should draw the attention of Governments and of the area corporations and social institutions, to particular courses of action or should recommend particular courses of action to them, without, this must indeed be stated emphatically, and this must apply in particular to tariff autonomy, wishing to call the autonomy, for example that of the social institutions, into question. This must not be encroached on.

We would therefore again underline the fact that we now consider it to be desirable, if we are to undertake an effective campaign against inflation, that we should take charge of other areas of economic policy, namely competition policy, and trade policy, and also not leave entirely out of account how the Community's agricultural policy may increase price levels for the consumer. I believe that this is only repeating what we have already said on an earlier occasion, but does underline the importance of this question.

Apart from this, to attain this standard machinery in fact, let the request once again be directed to the Commission, without tying ourselves down to fixed periods, to submit a regulation or directive as soon as possible, which would be calculated to ensure stability, growth, high employment and a balanced external economy. This is a difficult task, but we need something of this kind for the Community, so that a common policy can actually be pursued and no longer an autonomous or individual policy, possibly, too, with differential results.

Now I feel that one question is of particular importance. This is expressed in point 10 but also previously in points 8 and 9 of the motion. This concerns what we have to say here in the light of the latest developments in currency policy. It must be ensured in the medium and long-term that we arrive at common courses of action here.

Lange

The basis for this must be what was agreed in December 1971 and was then laid down mutually in detail in the Community with regard to Community currencies. We should not depart from this basis whatever difficulties we may encounter in the Community now in monetary policy, or whatever the difficulties arise from developments outside the Community.

We should be aware of the need—and point this out to the Council and Commission—that if we wish to achieve trade freedom externally, this must have a common basis internally. To conduct a common monetary policy, it seems to me that a common economic policy, particularly a common market policy, is an essential pre-condition. Only on this basis, I believe, can these things be brought about, and items 8, 9 and 10 have consequently been interpreted by us in this way and we should also like to have them understood in this way. This leads to the conclusion, that what should be done is what is required in particular in point 2 (b) of the other motion submitted for the three Groups. Mr President, please allow me to comment on this now. That in fact three countries have freed their exchange rates, three countries have a two-tier currency market and three further countries have adhered to the original agreements, gives rise to particular difficulties, in connection with which I should like to say that the three countries which have adhered to the original agreements and have resisted all temptations and all pressures deserve particular thanks, despite a certain amount of inconvenience that arose in the course of negotiations etc. This may however be attributed to the fact that the Community's position towards the outside thus remained justifiable to a certain extent, as otherwise we would, I am convinced, have ended up in a very difficult situation indeed.

If we want the European economy, and I am now speaking of a European economy and do so as if the fractional economies and the former autonomous national economies had already been completely integrated, if we therefore want a European economy to remain competitive in the world outside, if we really want it to be in a position of offering or ensuring decent living standards to its citizens, then I feel that the push must be made in this direction and the intention in the resolution of the three Groups, basically speaking, is precisely that. If under point 2(a) they still point particularly to the fact that they want to see the Commission authorised by the Council then we mean nothing more or less than that the Commission should be able to proceed actively on its own initiative in the appropriate phases of development and not only on a special mandate from the Council, with a view to appropriately influencing such development. It is not for us now to say to what extent and in what

way this or that currency should revalue or devalue tomorrow. We are therefore pleased that the Americans who originally had not shown nor given any indication of any tendency of taking a decisive step, have nevertheless taken this step on the basis of the position adopted by the Europeans.

I think that we should endeavour here within the Community, Mr President, to return as quickly as possible to the original agreements made as a result of the Smithsonian Agreement. This means that countries who at the moment have freed their exchange rate must attempt to return as quickly as possible, though certainly under conditions acceptable to them, back to the terms of the Community's internal agreement. The same applies to the countries that are happy to continue running a two-tier currency market. I think that we ought to come down to standard bases here.

To define aims beyond this in detail at this point does in fact seem to be unnecessary, therefore, because of the report by our colleague Mr Löhr and the motions from the Groups; because even we should not be so frivolous as to throw ourselves open to every kind of speculation here. It is entirely up to honourable Members, Mr President, to try and promote unrestrictedly on a joint basis that which the resolution expresses, and to achieve in the area of currency policy—and consequently also in the economic field—internal and external trade freedom for the Community, in which we of course wish to take the interests of our partners into account.

Please let me add one further word: none of us has any interest, as has already been said at an earlier occasion, during the currency crisis fourteen months ago, in a trade war between us and the Americans and the Japanese. We must therefore try to reach agreement on this point, and this is also the intention of point 1 or 2 (a) of this resolution.

I am therefore rather concerned to see what the Americans could possibly intend, at least as far as reports and the news indicate, by a strengthening or sharpening of trade legislation. In this there lie substantial dangers for a free trade, a free movement of capital, and if you like, for the free movement of persons. If we therefore wish to maintain what so far has been maintained after a fashion, namely freedom of world trade, not too much impeded by customs duty, still impeded a good deal more by non-tariff obstacles, then I feel that we must push towards dismantling these obstacles, and we should attempt to avoid everything, and do so in conjunction with our external trade partners, that may give rise to new obstacles to international move-

Lange

ment of goods, money and capital and to the free movement of persons, and which practically seals off the world into blocks or completely fences it off.

All this also follows from what stated here by the Rapporteur of the Economic Affairs Committee, Mr Löhner, and from the motion of the three Groups. We shall therefore support both motions and accept them. I thank you.

President. — I call Sir Brandon Rhys Williams for the Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I would like to begin on behalf of the Conservative Group by thanking Mr Haferkamp for coming to talk to us this morning, and I would like to welcome the statement he made. Much of what he said, in fact, corresponds quite closely to the terms of the particular motion for the resolution which the Conservative Group is putting before Parliament this morning and which I believe has just been placed before Members as I rise to speak.

I venture to commend this motion for a resolution to my colleagues rather than the shorter and more specific resolution tabled on the part of the three Political Groups because in the context of this week's events, I feel that it is appropriate that we should try to look at the world picture and not only to deal—as I think it is true to say the resolution of the three Political Groups does—with internal European problems exclusively. I hope therefore that this resolution will be acceptable to members instead of the briefer resolution from the three Political Groups, not because it is in any way in conflict, I feel, with the general objective put forward by our honourable colleagues, but because, in seeking to cover a wider field, I believe that we are making a useful contribution.

I, Mr President, am an optimist, and in spite of the anxieties and disturbances of the last two or three weeks, I remain an optimist about the general direction of events in the world monetary and economic sphere. Since the end of the Bretton Woods arrangements in August 1971, the world has taken two big strides towards a more realistic world monetary system. Firstly, we have all come to recognize—and the Americans have been first in this—the changed status of the dollar in relation to other currencies. The Americans themselves express their anxiety that the dollar should have the same facilities and the same status as other major currencies in the new international monetary rules.

Secondly, we have achieved major realignments of parities, which, in 1970, was long overdue. But

there are still, it seems to us, elements of serious danger and instability in the present situation, and I think that one's optimism does not go so far as to believe that we have reached the end of the present disturbances. Perhaps we may have earned a certain time for thought and effective action.

The US balance of payments on current account is still in very grave deficit, and as Vice-President Haferkamp pointed out, the immediate response to the 10 per cent devaluation is likely to accentuate the American balance of payments difficulties before it begins to effect some sort of cure. And, secondly, in spite of market movements this week in Tokyo, the yen is seriously undervalued in relation to the dollar and to other major world trading currencies. The evidence for this is so obvious in the really inordinately favourable balance of trade which the Japanese achieve on current account. So I am afraid that we have to regard the Japanese economy as still being a major source of instability, particularly because of the continuing tension between Japan and the United States.

Then of course the outflow of capital from the United States does seem likely to continue, and may even be accentuated, by the removal of official restraints which are contemplated by the American authorities. In Europe, and particularly in London, we are all too well aware of the problem of the Eurodollar mass—the mobile expatriate US dollars which are able to move so quickly from one centre to another in search of short-term capital gains and interest rate advantages. This mobile capital in the Eurodollar pool is perhaps the gravest threat to European stability and it is still just as free as it was before the dollar was devalued this week.

The unstable world monetary situation poses special problems for sterling, and I feel confident that one can look to colleagues in the European Parliament to recognize the particular difficulties of the British authorities in choosing, at this juncture, a fixed rate for sterling once again in view of the clouds of uncertainty which are hiding the future from us. Britain recognizes the difficulties caused to our Common Market partners by the continuing floating of the pound and the British Government is determined to return the pound to a fixed parity as soon as conditions make it possible. Now, in our resolutions, we have tried to suggest a workable agenda for Europe.

First of all, we must hasten the reform of the International Monetary Fund which is under discussion in the Group of 20. I believe that Europe can make a helpful contribution if we speak with one voice in these negotiations

Sir Branchon Rhys Williams

which indeed are really only now beginning to get seriously under way. Secondly, we are anxious to proceed with the formation of the European Fund for, not later than April this year, Monetary Cooperation as laid down by the Summit Conference. Now, I do not think I am only expressing a personal view, and in fact I know that I am not, when I say that the draft proposals which have come from the Commission for the European Fund for Monetary Cooperation are extremely disappointing. One had hoped for so much as a result of the Werner initiative, and the document which has been issued by the Commission with recommendations for the setting up of this fund has the appearance of a sketch written on the back of an envelope. If one looks back, for instance, to what was achieved twenty years ago when the European countries came together to form the European Payments Union one sees that the rules of the Union were much more specific. The tackling, for instance, of the problem of the numéraire was much neater and much more convincing than the suggestion which the Commission have made in their proposals. Moreover, here is the European Fund for Monetary Cooperation—but it has no fund. It does not seem that it is going to have convincing status if it has no authority of its own, no life of its own, even for the very limited functions which are proposed for it in this disappointing document. Perhaps before leaving that subject, one ought to draw attention to the fact that this European Fund is not going to be of service only to the Community countries, but is going to be a world body; and we must consider the relationships which the European Fund will have with close neighbours such as Switzerland or Austria and Sweden, as well as with the major industrial countries elsewhere. Next, I think that it is vital that we should arrive at a simple formula, and I am very glad that Vice-President Haferkamp referred to this in his remarks—to facilitate the workings of the common agricultural policy, possibly, by the adoption of a new representative rate that is, a notional conventional fixed rate, until such time as the pound and the lira are able to return to fixed rates for current account transactions.

We have got to evolve formal rules in future for parity changes. The Summit Conference with great wisdom adopted the formula of 'fixed but adjustable' parities. None of us imagines that we have now seen the last of parity changes, either on the world scale or within the Common Market. And if parity changes are going to take effect in the future, they must be handled in the most civilized possible way. I would like to see a bundle of indicators drawn up by which it would be possible to determine in advance when

a parity change was necessary so that it should be taken in good time and also in very limited steps. What we have to do is to take away from the speculators the hope of significant gains as a result of parity changes; and we must also protect traders from the risk of serious losses.

Now, I think that possibly in our approach, and in our draft resolutions we have been somewhat more realistic in regard to the question of capital movements than our colleagues in the resolutions they have put forward. I am afraid that if we proceeded to narrow the margins of market fluctuations, rather than drawing attention to the need to make parity changes themselves much more limited, we would simply deprive our monetary and central banking authorities of their room to manoeuvre in markets from day to day—for instance, in defending us against attacks by Eurodollars. We would remove their latitude but we would still leave the speculators with their possibility of significant gains. So I accept the theme of the alternative resolution, but I feel that the wording is defective in that it calls for further narrowing of margins when indeed the margins are only barely narrow enough at the moment to restrict speculation.

I believe that it is important for Europe to recollect the need for civilized relationships with the other giants of world trade. There is a real danger that our relations with the United States, when we begin the new round of negotiations on trade matters, will develop into a war. This can be to the advantage of no-one, and we must not allow it to happen. Nor must we allow the Japanese to be driven by our hostility and restrictions into the arms of the Communist world. I think that we must bring pressure to bear on the Japanese authorities to adopt a good neighbour policy in their dealings with us; but our actions must not be so severe that we force them to turn their backs on exporting to us in search of other markets and produce perhaps an unholy alliance between the most active Communist country of the world and the most active capitalist country side by side.

In our last paragraph, our resolution draws attention to the interests of the Third World. This is something which, in our preoccupations about Monetary and Economic Union, we must never forget. We must never forget our trading partners, particularly in our former dependencies and close associates overseas who suffer so much from the instability and uncertainty which is caused world-wide by our monetary difficulties. I welcome the resolution by the Summit Conference to tackle, for instance, the stabilizing of commodity prices, and this is something which

Sir Branchon Rhys Williams

certainly deserves further study by the Commission.

Most important of all, we must learn to act more and more closely together both in our negotiations with outside parties and to overcome our own internal weaknesses. This is one of the reasons why I particularly hope we may be able to adopt unanimously the motion for a resolution which we have put forward on behalf of the Conservative Group. We believe that we must work together to make Economic Union by 1980 a real possibility, which indeed it is.

President. — I call Mr Bousch to speak for the European Democratic Union Group.

Mr Bousch. — Mr President, honourable Members, this morning's agenda includes discussion of the report drawn up for the Economic Affairs Commission by Mr Löhner on the economic situation in the Community. But monetary events and the statements which Mr Haferkamp has just made have added a new dimension to our discussions. Indeed, our economic situation, that of the peoples which we have the honour to represent here, is at the very centre of the monetary and commercial negotiations with which our countries are faced at present. I shall thus refer only briefly to Mr Haferkamp's statement in this House in January which he himself described as traditional.

On the whole, I believe that all our States can congratulate themselves on having created the necessary conditions for the rapid expansion of our economy, and we note with satisfaction that, in 1973, this expansion will continue despite our serious concern at what I would describe as the excessively rapid rise in prices. Mr Haferkamp was right to stress that such unemployment as exists in our countries, is of a largely structural nature. We must therefore concentrate our efforts on promoting the constant training of workers under an active regional policy, on the subject of which vigorous representation has been made by several honourable Members during the three days we have been sitting in Luxembourg.

The objective of our Community which, to quote Mr Haferkamp, is to reconcile lasting growth with employment and the maintenance of stability is clearly one which we share. After discussing this aim, I shall take the opportunity of outlining the conditions which we consider essential to the maintenance of this growth.

But I should first like to express our support for the Commission's counter-inflationary action included in the 'Community measures to contri-

bute to the fight against inflation'. The proposed Community action on trade in finished products must be pursued in depth. As the Commission stresses, this action must be accompanied by keener competition on domestic markets, it must encourage the various economic and social groups to participate more actively in the fight against inflation, and it must provide for accompanying measures in each of our countries to ensure that price reductions are passed on to the consumer.

Our Group can only endorse these proposals to the full. However, the economic situation of the Community is not determined exclusively by conditions within our territory, because, in the world of trade, an economy is dependent on outlets and the monetary standard by which they are measured. This monetary standard depends in turn on international agreements or even on the manner in which they are interpreted, or again, the manner in which they are interpreted by a partner with a dominant currency and economy. This naturally brings me to the monetary crisis. Honourable Members will remember that during the crisis in May 1971 when the Deutschmark and the guilder were floating and two European countries, Austria and Switzerland, were revaluing their currencies, our Parliament, through the Economic Affairs Committee, supported the action of the Commission when it recommended that the Member States should solemnly affirm their absolute determination not to modify their parities under the pressures of the speculative crisis of the day. After the measures adopted during the summer of that same year by the President of the United States, our Community was able to lay down a common position on 13 September. When President Ferrarini Aggradi came on 22 September 1971 to inform us about this common position, we gave it our fullest support and expressed our clear approval for the maintenance of six parities, the differential realignment of the parities of the industrialized countries, including that of the dollar, and measures to control international movements of capital. We expressed our approval of a definition of the role of international liquid funds and for the adjustment of the balances of payments of countries in deficit.

Today we can measure the extent to which this September 1971 plan of the Community has remained appropriate to current conditions, even if one had the impression that it was partly undermined by the Washington agreement of November 1971. Calm was then restored after the devaluation of the dollar, the abolition of surtaxes and the realignment of certain currencies. So it was that, by the Basle agreement of 23 June 1972, we were once again able to agree to the narrowing of the parity bands as recom-

Bousch

mended by the governors of the central banks two months previously. Unfortunately, the pound was then immediately floated and our partner, Italy, was not in a position to honour all these agreements immediately, particularly as regards the settlement of its balance of payments deficit. My Group then drew the attention of Parliament to this subject on 4 July 1972 through an Oral Question with debate. However, after the Paris Conference in October 1972, we in this House were able to express our unanimous satisfaction at the new step forward taken as regards Economic and Monetary Union and the decision to set up the Monetary Cooperation Fund.

However no sooner had new firm resolutions been adopted than new threats loomed over the Community horizon, the result on this occasion being a further devaluation of the dollar and, within our Community, a further blow to the agreements concluded in the shape of the floating of another currency, the Italian lira.

Nevertheless, our plan for Economic and Monetary Union was an ambitious one. We had thought that monetary independence and the proper functioning of the Common Market should have a firm base, and that the introduction of fixed parities in the Community was a step in this direction. Without fixed parities, commercial contracts are made out in dollars, the transactions of the central banks are marked in dollars, our monetary policies are, in varying degrees, dependent on the Eurodollar, and as a result, our trade is hampered, complicated mechanisms impede the free movement of agricultural products. With unflinching regularity, pressure on one or another of our currencies is working against the establishment of the necessary conditions for Economic and Monetary Union. I have referred to fixed parities. No sooner was an agreement reached in 1971 than we were faced with a monetary crisis the following summer. Today, we have scarcely had time to take note of the Summit declaration and introduce new measures—notably the establishment of the Monetary Cooperation Fund—before a new wave of speculation threatens to undo all our painstaking work.

On this occasion, however, I believe that it has been the firm attitude of the Europeans which has caused the United States Government to devalue the dollar by 10%. But this devaluation, which I could call a strategic withdrawal, is not a victory, far from it. There is certainly no cause to rejoice, since all that has really been gained is a breathing space. No permanent solution has been found and none will be as long as the dollar remains non-convertible, as long as the amounts of money in circulation on international markets continue to be determined

by the size of the balance of payments deficit of the United States, as long as our American friends are able to buy goods and undertakings in Europe, investing and financing their military and other aid programmes merely by printing bank-notes, as long as there are no clearly-defined common standards for monetary reference and the roles of gold and special drawing rights remain unsettled, the system will continue to work badly and it will get worse.

Without strict control, a country cannot attempt to harness Eurodollars to the value of 60 000 million dollars, which is about a quarter of the amount of American currency in circulation. but more than the total of American currency in circulation, but more than the total of that of any of our countries. When such volumes of money are moved around the world for commercial reasons, it is impossible for any independent monetary policy to prevail, when speculators are behind such movements, they can jeopardize the very existence of a national currency and force countries into revaluation or devaluation. Consequently, the European currencies have been, and remain, dependent on American policy, or rather the reactions of American economic agents who seek to find ways to get round this policy.

For these reasons, despite the floating of the pound, and now lira, which we hope will both be able to return to a more stable parity very soon, we welcome the setting-up of the Monetary Cooperation Fund, which we recognize as an important new development. We consider that the governors of the central banks are best qualified to attend the gradual narrowing of parity bands, the build-up of dealings in Community currency and the development of a concerted policy on reserves. No doubt, these men will be called upon to fulfil a role of increasing importance. As to the Fund, however, one might mention in passing that this Community institution will have its headquarters in a country which for the moment at least, is not a member of the Community. (*Smiles*). However, this is unlikely to be significant.

I should like to conclude by drawing attention to the fact that all our efforts to organize our monetary affairs will be doomed to failure unless we tackle the problem of reforming the international monetary system as a matter of priority. To return to the position defined by President Ferrari Aggradi before this House, he expressed pertinent views which we in this House have often heard expounded by Mr Barre before they were echoed by you, Mr Haferkamp, in calling for the maintenance of fixed parities, the control of international capital movements, the definition of the role of inter-

Bousch

national liquid funds and the adjustment of the balance of payments positions of countries in deficit.

If we believe that our plan the Economic and Monetary Union must be put into effect, we cannot escape the discipline which these measures presuppose, some of which, I might add, are contained in last September's International Monetary Fund report, which recommended a return to the convertibility of the dollar and a definition of the role of gold. Nor, as the previous speaker has just said, can we afford to disregard the disturbing problem of the developing countries, for their concern to finance their economic growth is also our concern.

To sum up, may I say that if we wish to emerge from these cyclical periods of crisis, there must be greater cohesion within the Community, we must give the Commission powers to formulate measures and enter into negotiations as necessary to meet this end, in accordance with the resolution tabled by three Groups in our Parliament, the Christian Democratic Group, the Socialist Group and the Liberal and Allies Group. We must also take steps to strengthen our solidarity vis-à-vis the outside world, as I said yesterday, not in order to defeat any other country, but in order to find a solution enabling the workers of the Community to benefit more fully from the economic development and expansion which we must ensure will lead to an improvement in their standard of living and the quality of life in Europe.

(Applause)

President. — I call Mr Leonardi.

Mr Leonardi. — (I) Mr President, honourable Members, we shall vote against the motion tabled by our colleague Mr Löhr, and I shall clarify our reasons. Paragraph 1 of the motion approves the report made by Commissioner Haferkamp which does not meet with our approval—and here again I shall make only a very brief statement—due to the simple fact that the report defines the economic situation in 1972 of our Community as average, while on the following page it says that it is rather unsatisfactory to have to point out that average annual employment has decreased, the number of unemployed has continued to grow in every country and that the sharp rise in consumer prices is even less satisfactory; the last page concludes that in October 1972 the Community decided to keep consumer price increases below the level of 4%, as if the Community had any power to decide on the rise or fall of prices when we all know that the machinery in this field is virtually non-existent.

We cannot accept the report issued by the Commissioner in January and I should like an effort to be made in the future to submit better quality documents to this Parliament. Furthermore, we cannot accept the Löhr motion because in point 2 it states that the common battle against inflation is the main task for all Community bodies as well as for the Governments and Parliaments of the Member States. Now, we are against inflation we are in favour of fixed exchange rates between the various currencies, for we know that the people who bear the brunt of inflation are always the poor, but we cannot give priority to monetary stability, the leitmotif of the Löhr proposal. In our present situation we must give priority to measures promoting development which, if it is fair, if it is just, will also provide a reliable guarantee for currency and ensure stability. In consequence, priority should be given not to monetary stability but to deciding on the type of development desired and on measures based on the active common policies we have always urged; both the end and the means will be the necessary stable currency, which we too would wish to see. In the present situation, to place priority on stability means that in practice we are harking back to the old concepts of monetary defence and that we are resorting to measures of a deflationary nature. This is the reason why, as I have already stated, we shall vote against the Löhr report.

With regard to the monetary situation on which the Commissioner has courteously reported to us and on which two motions have been tabled, we shall abstain from voting on these motions because, even though they embody concepts that we can share, they are altogether ineffective and I believe that a Parliament must become accustomed perhaps to saying nothing unless it is in a position to exert control later.

With regard to the Report by Commissioner Haferkamp, in view of the experience acquired by this Parliament, in which we have now been meeting for four years, I was extremely surprised at the way in which he presented the situation as a success, as if it were what we would have wished, even as if it constituted a step forward in the process of Community integration, a step in the direction of Economic and Monetary Union.

Now, having followed the work of this Parliament with considerable interest and attention, I would remind you that the first discussion in the monetary field four years ago was in response to a report by the then Vice-President, Mr Barre. This rightly emphasised the need to narrow the bands of fluctuation in exchange rates among Community currencies 80 as to

Leonardi

establish the Community's monetary identity vis-à-vis the outside world and be contributory factor both for economic union and for political individuality. There was a need to decrease our dependency upon the dollar which, since its band of fluctuation was then half of what used to exist among the Community currencies, was the common intervention currency as well as the reserve currency, with all the known drawbacks, since even at that time it was virtually inconvertible.

Since that time various projects and decisions have followed one upon another in this Parliament aimed specifically at this objective, in other words at decreasing the predomination of the dollar and promoting integration by narrowing the field of variation of exchange rates among Community currencies. In practice, after four years, we have arrived at a completely different result. I do not know whether this can be hailed as a victory, Commissioner Haferkamp, because I realise that one can lose the battle but nevertheless win the war, but the first thing is to recognise that we have met with major defeats, that in my opinion the Commission has not paid sufficient attention to what has been happening and that Parliament too has not exerted the control over the Commission that it should have exerted; but the prerequisite for success, I would repeat, is to recognise that battles have been lost, otherwise the war too will be lost. And I fear that this is in a sense the situation in which we find ourselves.

In all these years the field of battle has been dominated by decisions taken by the US Government which has operated directly, either through the multinational companies or through the Eurodollar market, which operates outside the United States but has always been dependent upon the decisions of the American monetary authorities. It is true that the dollar has been forced to devalue, contrary to the demand originally advanced, especially in the August 1971 crisis, that the other currencies alter their exchange rates. There is no doubt that the dollar has lost its authority as a stable point of reference and has therefore lost prestige. Nonetheless, despite all this, it must be recognised that in substance even while the United States is paying these prices (the true extent of which moreover remains to be seen) it is manoeuvring into the best position to attain what has always been its declared objective. Because, Commissioner Haferkamp, one can say many things of the United States but in my opinion it has always put forward its views with considerable clarity, something that we have never done. The United States, in other words, has always said that it wishes to arrive at the creation of an asset balance in current trade—items derived from

trade relations or the flow of capital invested abroad—to give it maximum freedom in its overseas expenditure, in its investments in other countries or in other interventions of a political and economic nature. This is the objective that the United States has always declared, even quoting figures in the order of 13 thousand million, 11 thousand million a year as the asset balance in current trade items. This is the objective which the United States now wishes to achieve, and it wishes to achieve it now because it suffices to force other countries to pay for the recognizes that the situation is changed, it recognize that simple monetary relationships no longer consequences of its unilateral policy requirements. It is trying, therefore, to achieve the same results by combining monetary policy with commercial policy, and it is for this reason that the United States is constantly asking for the two treaties to be combined.

The pugilist who is coming forward to fight in the Nixon Round on behalf of the European Commission will be handicapped from the start, faced as he is with a devalued dollar and therefore with the fact that American products are more competitive. We know that the previous devaluation had already virtually eroded the effects of the Kennedy Round; today the Americans are preceding us and coming to the forthcoming Nixon Round negotiations in an advantageous position. I do not believe, therefore, that this can be presented as a victory for the Community; indeed, I think that it should be presented in the opposite light for, among other things, while the rate of inflation is very high in the Community, it is virtually half in the United States, while its growth rate is also higher than in the Community itself. In other words, the United States has succeeded in turning an awkward situation to its own advantage and placing itself in an advantageous position in the forthcoming negotiations for a reform both of the world monetary system and of the trading system. This I believe must be recognized so that we can better uphold and defend the interests of our countries and of this Community.

Not that my view is pessimistic. I could even be optimistic provided that we are aware of the problems to be tackled. I must admit, for example, that a very interesting phenomenon has arisen in our Community: the habit that has been acquired by our ministers of economic affairs, the governors of the central banks, a habit that may provide a very useful instrument in drawing up common economic policies. History teaches us that bodies are very often set up with a given objective in mind and are then used for other objectives, Commissioner Haferkamp could learn from the history of the International Settlements Bank, which was

Leonardi

created in the thirties to carry out functions completely different from those it has today; and yet it is now a useful instrument for meetings of governors of central banks and for the intervention of these banks on the world monetary and capital market. But this is not sufficient reason to share Commissioner Haferkamp's optimistic views. As I said yesterday in the course of the debate on Mr Ortoli's report, in my opinion there are clear signs that our States are moving away from the conditions vital for Economic and Monetary Union, since the procedure for monetary integration has brought into being forces which are tending to disintegrate the Community. This points to the need to bring active common policies to bear which must no longer be considered as secondary but as primary policies.

I do not want to enter into the controversy which you, Mr Haferkamp, have witnessed, a controversy between the monetary experts and the economists which was conducted mainly by your predecessor. What we have always noticed and deplored, and what we still deplore today, is the complete delusion of believing that we could achieve the conditions for Community integration, conditions favourable to Economic and Monetary Union, if we work from the top in currency terms, in other words if we act through the decisions of the governors of the central banks that are not subject to democratic control. This is what I wanted to say.

To turn now to a related problem, you said this morning that you would be submitting a report on the events and, if I am not mistaken, if I heard you right, you used the adverb 'late', in other words you admitted that you would perhaps have wished to submit this report on the events earlier. Today's 'Le Monde' stated that this report is to be submitted by the Commission, and adds 'better late than never', a sentiment with which we agree; nevertheless, the same newspaper says that the absence of the Commission in recent events is due to the fact that there is no man such as Vice-President Barre who, with his prestige and his ability, was able to give immediate opinions. I believe that this is not the true reason. The Commission's delay in submitting its evaluation of the events and its report has a deeper-seated reason: the Commission has always viewed these phenomena in too optimistic a light, believing that the river set into motion by the process of Community integration would sweep us towards economic union, whereas in fact we are seeking the opposite development. The Commission has been overtaken by the events, which are different from what was expected.

I should like to ask the Commission once again, so that we can help it to work better and give it any support that we can, to submit a document which embodies all the explanations set out in the Uri document but in a more accessible form, including in particular the request that I made years ago—a request that was accepted by President Rey and then by President Malfatti—that we examine the true economic situation of our States and the consequences of the integrated relationship on their economic situation, considering matters from the bottom up, the true state of affairs, and then using this yardstick to measure the monetary events, for they cannot be taken as the guideline for everything, being in themselves the consequence of other situations.

President. — I would point out that after the statements by the spokesmen for the Groups, speaking time for other Members is limited to 10 minutes.

I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, Ladies and Gentlemen, at the end of his speech my colleague Mr Löhr said that 14 years ago when he entered the Chamber there was a monetary crisis and now 14 years later when he is leaving it there is another. He might also have added that 14 years ago the Common Market was still in its infancy, and world trade too, and now, 14 years later, the Common Market of our Community has made substantial progress, and world trade too. For he would have been speaking of two sides of the same coin. It is my opinion that the liberalization of world trade must automatically bring with it what we call a monetary crisis. This is because, when trade and commerce are liberalized, it is hardly to be expected that all balances of payments will be in equilibrium. That would be a miracle and miracles are rare. But as long as this is so, there are always bound to be disturbances in the operation of the monetary system caused by those who have a balance of payments deficit. Since the liberalization of world trade and above all our Common Market are, as it were, sacred to us and after all are the source of social progress for our people, we shall just have to get used to the idea of living with what we call a monetary crisis.

That is one point that I wanted to make, because I believe that, as I said, we have to accept monetary crises, as we call them—are these fluctuations in the value of currencies really always a crisis?—as a lesser evil.

And now, because time is passing, I should like to go on to another point, which also concerns the dollar or the United States. I refer to the

Burgbacher

mass of dollars accruing to the oil producing countries from sales to crude oil purchasers; these amount to billions of dollars which somehow will also appear on the world currency market. The United States will accentuate this problem because an energy crisis is imminent there, an absolute shortage of energy which is becoming more and more acute and will force the USA to step up its energy imports. The US Government expert has said that if this state of affairs continues another 20 to 30 thousand million dollars a year spent on oil will be flowing into the world money market in 1980. This will either be offset by exports from the United States, in which case our export position will suffer, or it will not be offset, and then we shall have another glut of dollars to deal with on the world money market.

In other words, to express myself rather bluntly: if the civilized, industrialized great powers of the world were to import when it was not strictly necessary, this would make a more important contribution to monetary stability than our whole monetary policy.

My first point was the dependence of the monetary crisis on liberalized world trade; my second point is the dependence of the monetary crisis on avoidable imports by industrialized countries. In my opinion, it is worth thinking about those two aspects, so that we can progress from treating the symptoms of the monetary crisis, as the doctors say, to the internal treatment of the root causes. Thank you.

(Applause).

President. — I call Mr Arndt.

Mr Arndt — (D) Mr President, Ladies and Gentlemen, I have before me two motions on the monetary situation, one by the Christian Democratic Group, the Liberal and Allies Group and the Socialist Group, to which I belong, and one by the Conservative Group. I cannot see why I should vote against one of them, as they are not contradictory; they are complementary; I only hope that Sir Brandon Rhys Williams feels the same, then we could consider one as the interpretation of the other.

First I should like to thank the Commission for the work it has done in recent weeks. It had no official terms of reference, but who had of those who brought about the decisions? Not the Japanese Government, nor the American Government, nor the British, French or German Ministers of Finance. They acted outside the Monetary Fund, outside the institution set up for that purpose, and achieved something that must on the whole be considered as right. The Commission was also fully involved,

unofficially, but with considerable influence. Surely no more can be expected in the way of European action in such a difficult area. I can see no reason for European pessimism about the reputation of the European institutions in recent weeks. The Japanese undoubtedly found it hardest to do their part, in the same way as all those who have long believed that exchange rates are taboo find it difficult to change their ways. Anyway, the Japanese are in the process of putting things right and drawing the necessary consequences from their impossible balance of payments position.

The decisions were also useful for the United States, but what does the United States mean in this context? If the present trade deficit is reduced, this means more jobs in the United States, and that will certainly not only benefit the Government, not only benefit the Establishment, but above all is a matter that is of the greatest benefit, of the greatest interest, to the worker, the man on the spot. Consequently it is also an act of solidarity by European workers towards the Americans who at this time are still unemployed.

With regard to the British position, we can understand Sir Brandon Rhys Williams. We can understand him, but understand does not necessarily mean approve. Certainly they cannot return to the tunnel at the old parities. That we understand. The same is true for Italy. The problems of Scotland and of Southern Italy cannot be settled solely by regional policy funds, even if they were 10 times as high as shown in the budget plans of the EEC medium-term estimates. Exchange rates also play a part. But does not the formula of fixed but adjustable parities allow sufficient play for these corrections? And if, in order to find a fixed level, exchange rates are temporarily floated, must that really continue almost into the second year? These are questions that cannot so easily be answered with understanding.

Monetary crisis is also an expression of which one should be wary; after all, it is not a matter of people being moved here and there from country to country, being dispossessed, no horrors are involved, it is only a question of bank balances being transferred here and there from centre to centre, but this is quite a different matter from the horrors that are still being perpetrated in some parts of the world and that were discussed at the beginning of this sitting.

This monetary crisis or rather the monetary events of the past few weeks brought a European solution, or to use President Ortoli's expression, a European identity, almost within

Arndt

reach. Nothing came of this because fixed but adjustable parities were not enough for certain Member States, but the position can be the same again the day after tomorrow. And I can only hope that the Commission would be able to operate in this vacuum with the same expertise and with the same courage as it has shown in recent weeks and that certain Member States would join in the European solution, which would bring many of the things that Sir Brandon wanted, with the monetary fund and new functions.

I am glad that European monetary flexibility has emerged as an almost equivalent possibility; when we think back to the monetary debates held under your chairmanship, Mr President, a year and two years ago, then it is after all a great step forward. Perhaps we shall clear the hurdle if in the course of this year we again have to make necessary corrections to something that is no more than a price, a modest price for foreign currency.

A few more things have emerged from the monetary events of the last few weeks. There is the dispute in discussions on the international monetary reform: when does a country have to revalue or devalue? That lies in the hands of the experts, and there it will undoubtedly remain for many, many months more with success and failure, but we have at least had a definition of the practice in recent weeks. The Japanese case was obvious and so was the American one. An understanding was reached: that is a clear deficit position and that is a clear surplus position, here revaluation is necessary and here devaluation. One should endeavour to make this experience the subject of a legal definition.

Another serious problem is the conversion of the gigantic dollar surplus. This involves many technical aspects, but the vital point is that these dollar surpluses can only be consolidated in a loan to the United States if the United States can redeem and pay interest on this loan. It can only do this when its trade deficit is replaced by a surplus. The step taken in the last two weeks was therefore a step in the right direction, for devaluation, at least after 12 months—much has already been said about the terms of trade—leads to a reduction in imports and expansion of exports. It leads to something else as well, and this has often been discussed in recent years: it encourages the large American firms to concentrate their investment projects in their home country rather than in territories outside the United States, since the position of the United States in a comparison of international wage costs, expressed in dollars, for sites in Europe, South America and the

United States is obviously more advantageous than before.

Perhaps if further measures are taken this could gradually solve another problem which Parliament has sometimes considered here: foreign control, or as a modish but erroneous book once called it, the American challenge, in which we all saw ourselves in the clutches of international monopolies or could imagine ourselves struggling in their nets. All this was steered on to rather more sensible lines by the decisions on exchange rate policy taken in the past week, and I am grateful to all those who acted for us including the Commission.

(Applause)

President. — *(D)* Mr Bos has the floor.

Mr Bos. — Mr President, I should like to begin by thanking the rapporteur for the motion and what he has said about it. I should like to select two points from the motion which in my view are the most important and most urgent and are closely connected; point 10 on the latest monetary events and point 2 on inflation. For the way these two problems are tackled and solved will vitally affect the further development of the European Community. It is, therefore, my view that the way these problems are tackled may be seen as a sort of test case for the Europe of the Nine.

Discussing the result, Mr President, of yesterday's session of the Council of Ministers, I believe that its most positive result may be seen to have been the decision to speed up the creation of Economic and Monetary Union. I believe this to be a most important decision because of the need to find the solutions to a great many problems. I am bound to say that, apart from this, I do not think there is much reason to rejoice at yesterday's session. For on the whole things have remained as they were. And what does this mean? Well, we see a Europe of the Nine which is as present divided into three monetary groupings each of three countries. On this point the Europe of the Nine has split nicely in three groups of three each: one fixed parity group, one with a two-tier exchange market and one with a floating exchange. And if one then looks at the map, it looks rather as though a new sort of development policy is in the process of being carried out. But the most important task for the Commission and the Council is to bring these three groups together again, to place them on one line, to bring them under one denominator.

Another gloomy aspects is, that this monetarily divided Europe is sitting between two giants:

Bos

Japan and the United States. Two giants able to take quick decisions. And in mentioning the speedy reaching of decisions by the two other giants. I am also putting my finger on one of the weakest spots of the Europe of the Nine, that we, the nine of us, have so much difficulty in reaching speedy and effective decisions. Even so, this is what we shall have to do, for otherwise we will undoubtedly be the weakest partner in the negotiations with the United States and Japan. What might happen then is that we, divided Europe, might have to pay the piper, through inability to react quickly and unanimously. We can only contribute to a solution if we are a healthy Europe, if we talk as one unit. I feel that only when the United States, a healthy Europe and Japan agree on a solution, will much of the chill go out of the atmosphere.

And when that has been achieved, Mr. President, we must—as our British colleague has already pointed out—cooperate in assisting the underdeveloped countries to absorb as far as possible, the damage they will undoubtedly have suffered as a result of the monetary crisis.

And, like Mr Arndt, I should like to say with regard to the two monetary resolutions before us, Mr President: they are not mutually exclusive and I do hope, therefore, that it will be possible to forge them into a unit.

A brief word on the other important problem which is being pushed into the foreground by the monetary developments: the fight against inflation, this creeping danger, the fight against which, in Commission's view also, should be the most important task of the common institutions, the national Governments and national Parliaments. This fight against inflation has become all the more urgent, because we must expect the competitive strength of Japan and the United States on the European Market to increase. This means that we shall have to force ourselves, more than ever before, to keep a tight rein on wages and prices, because if we do not, if we do not properly tackle inflation, this will be very much to Europe's disadvantage economically. The dangers connected with the strong and continuous price increases are unfortunately, in my opinion, too often and increasingly underestimated. In my view the United Kingdom Government has said correctly in its 'Programme for controlling inflation' Phase II, that inflation is the greatest danger to prosperity and to the maintenance of economic growth, that it spoils industrial relations and that it is a social injustice. We know, of course, that the fight against inflation is, for the time being, first and foremost the responsibility of the Member States themselves, all the more

so because the consequences of inflation differ from country to country.

Mr President, this is evident from the relationship which exists here and there—or rather the counter-relationship—between inflation and employment. Galloping inflation can be seen everywhere, but where employment is concerned we often see that in different countries—I am thinking, for instance, of Germany and the Netherlands—a reversed situation. It is in this connection that I should like to ask the Commission to check what contribution to the improvement of employment situations can be made by the introduction of a selective investment levy and by improving working conditions by a reduction in working hours which must replace, either fully or partly, a real improvement in incomes.

But although this is essentially the task of national Governments and national Parliaments, I believe that the Commission, too, has an important and increasingly significant task. It must warn the national Governments not to resign themselves to the situation and allow inflation to become permanently accepted. It must advise on the panoply of measures to be taken. It will also have to point to the necessity of drastic measures, if need be by making sacrifices. But if they are to be accepted by the whole population, these sacrifices must involve a fair spread of the burdens. The Commission will have to do its best, within the framework of medium-term economic policy, to introduce as soon as possible a common long-term economic policy. And I believe that it is also of importance to the credibility of the Commission to start a short-term review of the 4% which was laid down at the time for the increase of consumer prices. For this 4% is no longer credible. I believe it to be in the interest of the Commission itself to adjust this percentage to something in closer accord with today's realities.

Mr President, both the European Commission and the national Governments will have to teach us more discipline. Discipline with regard to inflation is a quality we have unfortunately largely forgotten. Perhaps it will be necessary everywhere to take measures as stern as those taken in present-day Britain, or even sterner measures. What is certain, however, is that we are faced with the necessity to return step by step to a condition of stability, because only then can we avoid social injustice. And only in this way can a social policy acquire a real content. In the course of the coming months we must become a healthy negotiator with the United States and Japan. The Commission's task is for us to regain that stability as soon as possible. Its role is modest as yet, but it is at

Bos

least partly up to itself to enlarge its role. And it is for this reason, Mr President, that we are waiting for the proposal on this subject which we hope the Chairman will put before us in the very near future.

(Applause).

President. — I call Mr Artzinger.

Mr Artzinger. — (D) Mr President, just a few words to add to the exhaustive discussion of the monetary events of the past few days, which are still echoing in our minds. I have the impression that the plan for Economic and Monetary Union has not exactly been smiled upon by fortune. Whenever the Community has prepared to move a step forward, a monetary crisis has emerged. Whether one calls it a crisis or not, public opinion has always felt these events to be a crisis. I remember the events of May 1971, a few weeks after the decision by the Council of Ministers to initiate the first phase of Economic and Monetary Union. And it took the events of August 1971 concerning the dollar before the Europeans were able to reach a common position. Not until March 1972 was it possible to establish the snake in tunnel and to agree on measures that could be adopted for defence, measures which the Federal Republic of Germany has now used.

And now, before the formation of the European Monetary Fund, there is a new attack on the German mark. Certainly it was a dollar crisis. But it seems to me that in our general relief that this crisis has been averted we are tending to overlook the fact that Europe's position in this crisis was not as good as we might have wished. I admit that an insider like Mr Arndt is better able to judge the Commission's role than the man in the street, to whom it appeared, as indeed it did to Members of Parliament who were not individually involved in the proceedings, that the management of the crisis eluded the Commission. And that is an impression that must be corrected.

In my opinion, it is not a good thing for our peoples to believe that at such times only national ministers can act, and not Brussels. I am pleased to learn that this is not so, but it is not well known. After what Mr Bos and others have said about the present unsatisfactory state of the varying external defence of our Member States, I need waste no more words upon it. We have various groups. There is the two-tier exchange rate market and the Commission is strongly suspected of inclining towards this model as a common model for warding off undesirable inflows of money. When I say strongly suspected, I do not mean it

prejoratively, not at all. I am even of the opinion that this can be a model, but I should like to point out that it is now urgently necessary to take the first step.

We can be grateful to Mr Haferkamp for saying in his report this morning that the national instruments that have been used to provide external monetary protection can only be transitional and that we must reach a joint solution. I welcome this and believe it to be true. When I reflect on what has happened to the freedom of movement of money and capital over the last three years, while we here have been speaking of continuous progress, possible and necessary progress towards Economic and Monetary Union, it seems to me that we had more union three years ago than today, more monetary union. I will say nothing at the moment of economic union. But we certainly had more monetary union, because the sealing off of our Member States from the outside also implies some sealing off from each other. The task will be to find a system, and that is certainly not possible within the EEC alone; we need a world monetary reform in which we can form a common front against the outside, but have free movement of money and capital inside.

I am very pleased that Mr Bousch emphasized so strongly the necessary solidarity between Member States in monetary matters. I could have wished that rather more of this solidarity had been evident in recent weeks. I hope that the Commission will manage to produce a little of this solidarity for the next crisis, which will certainly come. If we want to bring Europe closer to our peoples, this would be an excellent way of doing it. And I wish the Commission the best of luck. Thank you.

(Applause).

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, I should like to reply to a question that Sir Brandon Rhys Williams asked here earlier. Like Mr Arndt I have no difficulty in agreeing to the motion tabled by the Conservative Group. But on the other hand the Conservative Group must understand that in practice the motion tabled by the three Groups sets out the original aims of the Parliament. We have agreed on the margin, the snake in tunnel, of 2.25 % and on an earlier occasion, on 18 May 1971 when the DM and florin were floating, we said: let us return to fixed exchange rates and in addition we lashed the Community currencies together in such a way that the margin, which at that time was 1.75 %, was narrowed practically to zero.

Lange

I would say to Sir Brandon Rhys Williams that what is said here is a goal, although this does not mean that it can be attained tomorrow or the next day, since the circumstances or conditions in which the Community finds itself do not allow this. In my view, if we vote for Sir Brandon's motion, he can also, as far as the Community goal is concerned, vote for the resolution of the three Groups, so that we can accept both motions.

Thank you, Mr President.

President. — I call Mr Haferkamp, Vice-President of the Commission of the European Communities.

Haferkamp. — (D) Mr President, Ladies and Gentlemen, I should like to thank you for everything that has been said here this morning. Mr President, I shall not deal individually with the numerous ideas and suggestions. I am convinced that over the coming weeks and months we shall have a number of opportunities, especially in the responsible committee but also here in the House, to consider the most important aspects of economic and monetary policy. We shall have a continuous opportunity, in particular when the committee submits its proposals for further steps with Economic and Monetary Union by 1 May and the selected reports, planned for the end of the year, by 30 June. These proposals are of such a nature that they will give us a very broad base for the preparation of a number of the things that were discussed here this morning.

Mr President, let me make a few comments. The events of the last few weeks and the way in which everyone concerned behaved up to yesterday's Council meeting showed one thing, to my mind: even if the results are not yet 100% satisfactory, there is at least a greater awareness of the fact that in monetary and economic matters, and that is all I am talking about at the moment, we are all dependent on each other.

The links of interdependence between all those involved are clear. This is realized even by those who for example—and there has just been mention of the three-way division of the Community—are in different positions with their parities. They are in no doubt about it and they do what they do unwillingly and not deliberately. I repeat, we can understand it, but we need not approve it. The important point to me—as this example shows, and there are many others—is that it has become clearer to everyone that these problems are mutual and call for a common solution. This has not always been so. In considering the possible solutions to the diffi-

culties in recent weeks, we have seen some of the parties involved move from positions which two years ago were questions of principle. We are moving closer together. I think this is a very important point that we should welcome. Even though this did not appear in the Council's statement yesterday in the form of a number of practical instructions and briefs, there is no doubt in anyone's mind that we must make better provision for the future: defensive in averting speculation, offensive in the faster construction of our Economic and Monetary Union.

Naturally when we of the Commission make proposals on this we also bear in mind that—as has been said many times recently—we must arrive at institutions, at machinery to enable rapid and effective decisions to be taken, and of course decisions within the framework of the Community institutions.

In the course of today's debate, reference has been made to the interdependence of our various political tasks in the field of economic and monetary policy. I should like to tell you that when the Commission presents its report on the further development of economic and monetary policy, it will not restrict itself to the areas of economic and monetary matters covered by those terms; in our view, the economic basis, everything that will be required, for example, in the way of regional policy, social policy etc. in connection with this process towards Economic and Monetary Union, all forms part of this.

It is self-evident, when we are dealing with these matters from the aspects of specific terms of reference, that we should not lose sight of the continuing importance to us of the fight against inflation. I will give a few examples to show you that in this connection we want to develop not a narrow, but a general policy.

I can honestly say to you that after the events of the last few weeks I am convinced that we are showing more consideration for each other, that we know more about each other and that, even if it was not so evident from the outside in daily and nightly business, we have tended to come closer to, rather than drift away from, that solidarity that has been mentioned here today.

But in all seriousness we must let our experience in past weeks be a lesson to us, we must draw consequences from it for our future work. This we shall do, and the Commission will not only reflect on it but, make practical proposals so that we can take action. Thank you.

President. — I call Mr Löhr.

Mr Löhr. — (D) Mr President, we are still in the thick of the debate and as rapporteur I should particularly like to thank the Commission and its Vice-President, Mr Haferkamp, for his final remarks and especially for his friendly cooperation with the Economic Affairs Committee during its discussion on the economic position in the Community in 1972.

Mr President, we have three motions before us, these being the motion on the economic situation in the Community, Doc. 295/72, which I recommend the House to accept, and motions Doc. 312/72 and Doc. 308/72 on the latest events on the international monetary scene, which I also recommend the House to accept. Thank you.

President. — The list of speakers is closed.

Does any one else wish to speak?

The discussion is closed.

Before going on to discuss the motions I would like to thank Mr Haferkamp for finding time to present this report on the monetary situation to us today despite the exceptional session of the Council of Ministers yesterday.

We come first to discussion of the motion in the report by Mr Löhr.

No amendments have been tabled and no speakers are listed.

Does anyone wish to speak?

I put this motion to the vote.

The resolution is agreed to.¹

I have also received a motion on the latest developments on the international monetary scene (Doc. 312/72) from Mr Lücker for the Christian Democratic Group, Mr Kriedemann for the Socialist Group and Mr Berkhouwer for the Liberal and Allies Group.

Lastly I have a motion from Sir Brandon Rhys Williams, for the Conservative Group on the latest monetary developments. (Doc. 312/72)

These two motions are coupled with a request for discussion under urgent procedure in pursuance of Rule 14 of the Rules of Procedure without reference to committee.

I consult the House on the request for urgent discussion.

Is there any objection?

That is agreed.

President. — I put the motion tabled by Mr Lücker, Mr Kriedemann and Mr Berkhouwer to the vote.

The resolution is agreed to.¹

I put the motion tabled by Sir Brandon Rhys Williams to the vote.¹

The resolution is agreed to.

We shall now adjourn until 2.20 pm.

The sitting is closed.

(The sitting which was adjourned at 12.50 p.m. was resumed at 2.40 p.m.)

President. — The sitting is resumed.

9. Common organization of markets for alcohol of agricultural origin

President. — I call Mr Scott-Hopkins for a procedural motion.

Mr Scott-Hopkins. — As regards the report by Mr Briot (Doc. 226/72) on ethyl alcohol of agricultural origin, may I suggest to the House, Mr President, that this be referred back to the Committee on Agriculture and indeed to the Commission for further examination and consideration. In point of fact this matter was decided and was examined when the Community was only Six. We are now Nine, Mr President, and I would suggest that this report should be re-examined and the document behind it should also be re-examined by the Commission and a further report submitted by the Commission to the committee and from the committee to us here before the House. I beg to move.

President. — Mr Houdet do you wish to request a reference back to committee in pursuance to Rule 26 (2) of the Rules of Procedure?

Mr Houdet, Chairman of the Committee on Agriculture. — (F) Mr President, we have just heard Mr Scott-Hopkins request that the report by Mr Briot on the common organization of the market in ethyl alcohol of agricultural origin be referred back to committee. Let me say immediately, on behalf of the Committee on Agriculture whose chairman I have the honour to be, that we accept this suggestion, and would remind the House that this matter was already

¹ See Official Journal, Series C.

¹ See Official Journal, Series C.

Houdet

put back from January to February at the request of the chairman of the Economic Affairs Committee, which had not been able to assess this draft in good time. We accepted these grounds for referring the matter back to committee. I should nevertheless like to point out that the Council of Ministers took this matter up some considerable time ago, that it is proceeding with its examination of it and has set a time table. I say this merely to draw the attention of Parliament, stressing that our opinion should not be delivered too belatedly.

However, I should like to confirm the two reasons given by Mr Scott-Hopkins as grounds for referring this matter back to committee. The Council of Ministers transmitted the proposals from the Commission to Parliament on 6 March 1972. The Committee on Agriculture wasted no time in dealing with the matter. It appointed Mr Briot rapporteur and it may be said that we examined this proposal during the remaining nine months of 1972. But the proposal was drawn up in the context of the Six and, although we examined it very closely, our British, Irish and Danish colleagues were not included, with the result that our examination is incomplete, and this justifies the reference back to committee, which the Committee on Agriculture accepts very willingly.

Since you have called on me to speak, Mr President, I should like to take the opportunity to protest on behalf of my committee against the wording—only the wording, not the substance—of paragraph 2 of the opinion from the Economic Affairs Committee, 'which rejects unanimously the interim report submitted by the Committee on Agriculture.' I quote: 'It is not for a committee called upon to give an opinion to judge the work of the committee responsible for the substance. Parliament alone can give such judgment and, if appropriate, decide between our two opinions.'

(*Applause*).

President. — Mr Houdet your last comment will be examined later; for the moment we have a procedural motion and I should like us to confine our attention to that.

Unless I am mistaken Mr Houdet you have just asked for reference back to committee in your capacity as chairman of the committee responsible in pursuance of Rule 26 (2) of the Rules of Procedure.

In this case the reference back is granted as of right.

The discussion on this point of the agenda is closed.

10. Procedure for reviewing the Sixth General Report

President. — I have received from Mr Lücker for the Christian Democratic Group, Mr Kriedemann for the Socialist Group, Mr Berkhouwer for the Liberal and Allies Group, Mr Kirk for the Conservative Group, Mr Bousch for the European Democratic Union Group, a motion on the procedure for reviewing the Sixth General Report of the Commission of the European Communities on the activities of the Communities in 1972 (Doc. 311/72).

This motion is accompanied by a request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

I consult the House on the request for discussion by urgent procedure.

Is there any objection?

That is agreed.

Does anyone else wish to speak on the motion? I put it to the vote.

The resolution is agreed to.¹

I would particularly draw your attention to the fact that in pursuance of point 7 of this motion the General Report on the Sixth General Report must be passed to the Bureau of the Parliament not later than 20 April of this year.

11. Emendatory and supplementary estimate for the European Parliament for 1973 (continued)

President. — The next item is resumption of the discussion of the report by Mr Aigner, drawn up for the Committee for Finance and Budgets, on the draft emendatory and supplementary estimates of the European Parliament's revenue and expenditure for 1973 (Doc. 305/72).

I would remind you that the time-limit for tabling amendments expired yesterday evening and that the Committee for Finance and Budgets discussed those tabled within the time limits yesterday evening.

This morning I received 3 amendments which deal solely with the motion. These can therefore be accepted.

These amendments have been printed and distributed.

Mr Aigner is not able to attend this sitting so I call Mr Pêtre deputy rapporteur.

¹ See Official Journal, Series C.

Mr Pêtre, deputy rapporteur. — Mr President, Ladies and Gentlemen, as the President of this sitting has just said, it is because the Chairman and Vice-Chairman of the Committee for Finance and Budgets are unable to attend this sitting that the members of this committee have asked me to deputize for them and inform you of the decision taken as a result of the meeting held at 7 o'clock yesterday evening.

Your committee was asked to comment on the amendments proposed by Mr Fabbrini and his colleagues to the motion in the report by Mr Aigner, which was drawn up for the Committee for Finance and Budgets. I remind the House that this report relates to the emendatory and supplementary estimates of our Parliament's revenue and expenditure. It will be remembered that this report was presented by the rapporteur and debated in the House yesterday, and it therefore only remains for me today to advise you of the opinion which was formed during the meeting held yesterday evening.

During the discussions, a problem which is not in fact directly related to the amendments in question was raised. This was the matter of whether the funds allocated for members not attached to a Political Group are applicable to all non-attached Members or only to those of the communist and independent parties of the Italian left. I need hardly tell you that the Committee for Finance and Budgets was unable to decide on this point, being of the opinion, that this is a matter which must be decided by the Bureau. On the other hand, your committee was unanimous—I stress, unanimous—in expressing the hope that the problem of the allocation of funds to non-attached Members will be re-examined at the earliest possible opportunity to find a solution which is fair and acceptable to all the Members of our Parliament. The Committee for Finance and Budgets has asked its chairman to approach the Bureau of Parliament on this subject.

It remains for me to notify you of the results of the long discussion in committee. I should first mention that the committee examined the amendments and rejected them by majority votes. You will remember that four amendments were submitted by Mr Fabbrini. The Committee rejected the first amendment by nine votes to five; it rejected the second amendment by ten votes to one, with three abstentions; the third amendment by eight votes to six, with one abstention. Finally, as a logical consequence of the rejection of the first three amendments, the Committee rejected the fourth amendment by eight votes to one, with two abstentions.

Mr President, honourable Members, your Committee for Finance and Budgets therefore asks

this House to approve the emendatory and supplementary estimates for 1973 in accordance with the draft which it has ratified and submitted to Parliament.

(Applause)

The President. — (D) I call Mr Lücker for the Christian Democrat Group.

Mr Lücker. — (D) At this advanced stage of a debate which has kept us all hard at work for some days past, I did not want to start talking about the subject matter itself. But I think that the debate which we had yesterday in this House still calls for a positive reply from one of those to whom it has been imputed, if not by name then certainly indirectly, that in their efforts on behalf of this House they were pursuing objectives which were not in conformity with sound parliamentary traditions. I should therefore like, in order to clarify matters, and also perhaps in the hope of drawing one or two stings which may have been left in after yesterday's debate, to come back once more to the subject in an atmosphere of mutual respect and mutual understanding.

Mr President, let me say next that I deplore, on behalf of all the Members who have taken part under your presidency in this work on the supplementary estimates, that we have had to work to such an exceptionally difficult timetable. The normal supplementary estimates were, like last year, scheduled for April or May of this year. Then suddenly one day we were confronted with the wish of the Council of Ministers that we should state our views early enough for the Council of Ministers to be able to make a final decision on it by mid-March. Then a few days ago we heard in Brussels that the Committee for Finance and Budgets wanted to hear on the same day what the Groups' wishes were regarding the supplementary estimates. It was bad luck for me that on that day I was the only chairman of a Group to be in Brussels, and I was faced with the decision either of dealing with the matter or taking some responsibility for the fact that 1973, so far as the estimates were concerned, would go by without there having been any intervention in the way of a proposal by the Groups, or indeed the possibility of one.

There have been a good many personal contacts in recent weeks and months. We were all on the whole agreed that something must be done in the way of putting up a proposal, with which we were also concerned yesterday. Communication in individual Groups, and between individual Groups, is, as everybody knows, difficult, very difficult, because we do not often see one

Lücker

another. And that of course is why everything has been concentrated into these days when we are in Luxembourg.

Now you were talking yesterday, Mr Fabbrini, about the discrimination which you and your political friends experience when the House follows the line proposed by the Political Groups

I should like to say quite frankly to this, Mr President, that no-one among the Group chairmen under your presidency has ever dreamt of exercising any form of discrimination against any one at all in this Parliament. That was not our intention, it was not the object of our action.

I may remind you that there was no difference of opinion among the Groups in choosing an increase or funds for individual Groups as opposed to the first demand, raising the per capita allocation. When we were working out our final plan of action, and we did not yet have the proposals of our Communist colleagues, we said, for our part: if we increase the funds available for the Groups, we must also increase the funds available for the non-attached Italian Members, knowing well that there is still a genuine problem remaining, that of the non-attached Members outside the Italian group for whom, Mr Fabbrini, you spoke yesterday. But we had to come to a decision there and then, because time was running out, and we had to comply with the time-table. We were however perfectly aware of the existence of the problem, and that a suitable time must be found for its discussion and solution. But without knowing the relevant proposals of the non-attached Italian Members we increased the funds available for them as well.

I must make a third comment because it may help to make the problem as a whole somewhat clearer.

Mr President, the Group chairmen have all received a letter from our colleague Mr Amendola, saying that he is unfortunately ill at the moment, and will not be able to take part this week in the deliberations in Luxembourg. Mr Amendola wrote us a letter on 29 January whose main purpose was an improvement in the administrative arrangements in the House for our non-attached Italian colleagues. The letter is addressed to the Bureau. The Bureau must decide about it. If I am rightly informed, Mr President, you have put this question on the agenda of the sitting of the Bureau in Berlin on 26 and 27 February. So we will consult about this letter from Mr Amendola in Berlin, and we shall see what decision we come to. But I should like to say on this, Mr Fabbrini, that we have always been sufficiently accommodating in the past for the non-attached Italian group

to be able to carry out their political duties in the House.

I should like a clarification, please, in this connection. I think, Mr President, that in the debate or the matter we are concerned with the question is: should there be a differentiation, not any discrimination but just a differentiation, between the Groups and the groups in the House?

I should like to mention another point, Mr President. There are Groups in the House which have Members from all nine countries, with a corresponding number of parties of the same complexion, which have to work in five languages. It is very clear that there must be special problems for a Group of this kind, such as my own. I can't very well say that a Group which has to work in five languages, and has the problem of concerting and harmonising the political views of Members from seven, eight or nine different political parties of the same complexion, can organize itself as easily as a Group which has only one language to work in and Members from one country only.

In the past we have often had occasion to discuss this problem. Nobody up till now has seen any discrimination in the Rules of Procedure, which incidentally, Mr Fabbrini, are not my brain child. I accepted them when I accepted the chairmanship of the Group. We had previously established the size of the Groups at fourteen Members. That corresponded to about 10% of the total membership of the House.

Today we have a Parliament of 200 Members. The corresponding size of the Groups would be 20 Members. But this figure is just a yardstick, a certain quota, which can of course be discussed. That was one yardstick, the other is the multiplicity of languages in the Group.

If we make no differentiation here, then I do not think that we can carry on with the work of the House. I must ask our fellow Members to try to understand how difficult it is to work in a Group which is in the situation I have mentioned just now. And it is just on this that we disagree. It happens moreover that in a Group comprising Members from different political parties of the same political complexion an integrated political view is developed, which is essential if the House is not to revert to parliamentary anarchy.

In the light of this it will be necessary to make some differentiation, not in the sense of qualifying in political terms, but simply on the grounds of providing the best conditions for the proper working of Parliament. And our discussions will be carried out with this in view.

Lücker

I must now come back for a moment to the much disputed paragraph 4 of the proposal. Mr President, it is the result of a whole series of speeches in this House in recent weeks and months. What can we do about something which has seemed even more necessary to us all since the conclusions of the Paris Summit, I mean the European Union, about which President Ortoli spoke yesterday, European Democracy how can we prepare for it and build it up by the year 1980? Every politician in this House knows how much there is still to do here. We ought to have the courage not only to look at the problem, but we ought to have the courage to be far-sighted and effective enough to do what is necessary to mobilise the political forces in our Member States to work towards the building of a proper European democracy, a European Union. Of course this will cost money, but in a parliament of all places surely we do not need to press the point.

I am now coming to the end, Mr President. We went into the matter of course yesterday, and I should like to make a contribution which may enable us to reach an acceptable decision today. I am very grateful to the deputy chairman of the Committee for Finance and Budgets for having told us that, in spite of the very short time he has had in which to accomplish the task, his committee is well aware that there are still problems to be solved, including that of the non-attached Members in the House apart from the Italian group of those not in Political Groups. We must talk about this, Mr President, and because there are still some obvious questions here, we find ourselves faced with a dilemma. Today is the last day for us to come to a decision about the additional funds to be allocated for 1973. If we had two months in which to decide, we should still have time for further reflection. But we must decide about the funds today, and for my part I vote that we do it today. I do not know whether my colleague Mr Kirk will be speaking after me. I should just like to say that we ought to present a united view in the House. As a matter of principle a decision must be reached about this allocation.

But now for the second point, the substance of the proposal which Mr Kirk and I put before the House this afternoon in the name of our two Groups. You already said at the beginning, Mr President, that we cannot change the amount of the budget, or else we should overrun the deadline, which ran out yesterday afternoon, but only propose textual amendments, though reflecting the nature of our political standpoints. In this proposed amendment we are moving to establish the total sum available for additional political activities towards the creation of the European Union by the year 1980 in accordance with the conclusions of the Summit Conference

to October 1972 in Paris. These funds are distributed among the political groupings in Parliament by the enlarged Bureau, after consulting the Committee for Finance and Budgets. The recipients shall be accountable to the President for the proper use of the funds allocated to them.

This means that we simply resolve, in a spirit of parliamentary 'fairness' in our political groupings, which is certainly a healthy and respectable way of looking at things, that the funds should be made available. We can then later on come to a decision in the Bureau on how the funds should be used, and the criteria for their use, after the Committee for Finance and Budgets has given us their views on the matter. That is the purport of our proposal, and I should welcome it very much, Mr President, if today we could summon up enough feeling of parliamentary solidarity to pursue the recommendations of the Committee for Finance and Budgets, reject the proposals on the estimates, and accept the proposal of the Conservative and Christian Democrat Groups.

I believe that in this way misunderstandings would be set aside, and that this will allow us rather more calm in which to make a decision, which we have clearly not been able to do in a few hours during the last few days. Thank you, Mr President.

(Applause from centre of the House)

President. — I call Mr Kriedemann for the Socialist Group.

Mr Kriedemann. — *(D)* If preparing speeches was among my bad habits, I should now tear up my script and have to think up something new. I should have to thank Mr Lücker for that.

My comments which are friendly and based on practical knowledge, will naturally be a little incoherent if I am now asked whether I am acting in a fair parliamentary manner or not, just because I have a different point of view from Mr Lücker, and use other arguments. But I am speaking without a script, so that I do not need to tear anything up, but I dispute what Mr Lücker has said—I hope that I am being sufficiently 'fair'—to the effect that everyone is discriminated against who takes up a different standpoint. I shall have to risk it, and it is not the first time that I have had to accept something of this sort.

Nor do I want any explanations or comments saying in so many words that it was not meant like that at all. I know what it is all about.

Kriedemann

Mr President, when Parliament, and we all know this, whether we have had experience as politicians or private citizens, has to deal with the financial consequences of its own activities, it is always a very difficult business. A lot of people call this politics or agitation, but it is neither the one nor the other. All the same I do not think one can say: all right, it costs money, but it has got to be done; on the contrary, everything must be very carefully considered.

I will willingly grant Mr Lückner that he has tried hard for a long time to explain his attitude and to get people to understand it, and this is not so terribly difficult, because after all we have all had more or less the same kind of experiences and have the same things to worry about, for instance the lack of familiarity shown by wide sectors of the population, and also by dedicated politicians who have not gone into Europe but have stayed at home, with European problems. It could be part of the duties of this House to assume responsibility on its own account for what the individual parties save themselves the trouble of doing. But before I say yes to this disputed paragraph 4, I should like to know more precisely what is meant by it. I made this quite clear in what I have been saying in conversations with various colleagues in the last few days, and I have been reinforced in my attitude by what has happened in the meantime. We have a proposal, which means: no supervision over the use made by the Political Groups, who can act as they please, of public funds which are being made available for their activities. That is what is in the proposal, Mr Lückner. That has certainly reinforced my view that there must be something or other behind this formula. All these doubts would be immediately removed if a document was submitted showing what the funds would be spent on, and how expenditure would be checked, so that there can be no hidden withholding of funds, which the Groups could spend according to their own estimates of their requirements.

As I know that the work which has to be done will cost money, I will not vote entirely against such funds being provided. I shall abstain on paragraph 4.

But I should also like to make an observation about honorable Members from the Communist party of Italy. I do not think it is really appropriate, or in their own interests, to say that they are being discriminated against. The House has a considerable majority, and it would therefore be possible to take the foolish stand that we do not want them, they are political opponents, and we shall simply starve them out. There has never been any talk of that. They have been provided for within the terms allowed

by the Rules of Procedure, and we had agreed among ourselves I do not know if the others will agree with us, that it ought to go on like that. In one respect we were in agreement, as Mr Lückner has said. It was clear to us that those outside the Groups must naturally also be taken into consideration when we talk about a general increase in expenditure and confirm that there must be an additional sum in the estimates. That is valid for the non-attached as well. We had considered among ourselves that we could help them in such a way that we could fall in with their desire for a C 2 status, because that is the minimum a group is entitled to have for its administrative needs, whether it is attached or non-attached. None of this means discrimination, and I should be very glad if this expression is not used in future.

As far as I am concerned the Rules of Procedure can be changed. I shall not be a Member of the House for much longer. It is possible to adopt the viewpoint—I should not welcome it myself—that Groups are not a criterion in themselves. But I am convinced that the getting together of Groups, and their readiness to come to compromise agreements, is an essential prerequisite for our being able to get through the work at all. No blame attaches to being a Group, and neither is it particularly worthwhile or worth a great effort not to be a Group.

In any case we cannot in this House, and I should like to emphasize this very strongly, go against the clear and unequivocal provisions of the Treaty and change the decisions made by our national Parliaments about the membership of the group which they send out here—you will notice how I have taken care not to use the foolish and unsuitable word 'delegation'. So we cannot say that, as it is a matter of 10% or 12%—we must see to it that we are represented here accordingly. That we cannot do. It is not our business.

I should be very grateful, then, if these accusations could cease, as they do not make matters any easier. So, my Group will vote for the motion of amendment number 1, and I shall abstain on paragraph 4, not at all because I do not believe that there is no such question, but because I can foresee that this measure, despite Mr Lückner's good intentions and his clear presentation, would leave our position unnecessarily obscure. I should have been very happy if we or somebody had succeeded in working out a definitive method of supervision, so that we could have known what we were really deciding by accepting paragraph 4. Because we do not know this, but because we are not against it in principle, we shall abstain. I thank you.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (1) Mr President, honourable Members, I must start by saying that I am very pleased that the points I raised yesterday and the amendments I then submitted, which were fully discussed in the Committee for Finance and Budgets, have aroused such interest and also a degree of lively controversy.

I believe that this has happened not so much as a result of what I said but because our Parliament now finds itself in a new position. We have also been reminded that previously the only non-attached members were Communists plus the Italian left wing independent, included in the non-attached group, and that they acquired the secretariat with which we are all familiar. Today, however, in addition to the Communist group which includes the left wing independent and the Danish Popular Socialist, bringing the number up to 10, we have other non-affiliated members in this Parliament. The situation is more complex, therefore, and I believe that some of the difficulties being faced by the Bureau of Parliament, being faced by our Parliament, in this field have arisen specifically from this new situation.

In my opinion, this call for analysis and for consideration of the problem in greater depth, especially from the point of view of financing, from the point of view of the decisions submitted to us by the Bureau of Parliament. One of the reasons is that, of the 21 non-attached members, our 10 represent a homogeneous group even though we do not number 14 and do not constitute an official Group, while the remainder lack our own political cohesion.

This was the reason why we sent the letter mentioned by the Chairman of the Christian Democrat Group, Mr Lückner; that letter calls upon the Bureau of Parliament to take a very close look at the new situation and to reconsider the position in which this more cohesive group—the Communists plus the aforementioned left wing independents—is now placed or should be placed in the future.

I wish to remind you of these things not because the Members of our Parliament are unaware of them but because, in view of the complexity of the situation, I think that decisions cannot be taken under pressure of time, as Mr Lückner has also reminded us, but must be weighed more carefully; this new situation should be approached with greater realism.

I do not want to re-open yesterday's discussion on discrimination or non-discrimination; I only want to say that I accept as right, as absolutely valid, the leader of the Christian Democrat Group's statement to the effect that there is no intention to discriminate. Well, I accept this

statement. If I talk of discrimination it is because, as I said yesterday, I have not managed to find another word to express the concept in the light of the facts. And the facts are known to all of us: they are set out in the memorandum forwarded to the Committee for Finance and Budgets and then inserted, at least in part, in the supplementary estimates motion which we are now discussing.

The facts are these: 4 million Belgian francs are earmarked for distribution to the Groups alone and not to the others. The contribution per Group member is increased to 50 000 Belgian francs, while the contribution for the Communist non-affiliated members is increased from 23 000 to 35 000 francs. Then it is claimed that when discussing non-attached Members, reference is being made only to those already grouped in the secretariat of non-attached Members, which embraces my own political party plus the two Members I have already mentioned.

Now, when, as in this memorandum, it is stated that the contribution for non-attached Members should be increased from 23 000 to 35 000 Belgian francs, I think that reference should be made, that reference is made, to all the non-attached Members. If this is not the thinking of the Bureau of Parliament, it is in my view one more reason for the Bureau of Parliament to review the whole question submitted to the Committee for Finance and Budgets for consideration, bearing in mind the objections raised here many Members, besides myself, who have spoken on behalf of the Communist and independent left wing non-attached members.

I will say here and now that if the President enters into a commitment to Parliament that the Bureau will review the two issues, paragraph 2 of the memorandum I have already mentioned regarding the proportional increase for each member, and paragraph 3 of the same memorandum which refers to the 4 million Belgian francs, I would on behalf of my political party be prepared to withdraw the amendments which I have submitted, except for one as I shall explain.

I await a reply from the President so that I can decide upon the course of action I shall take on this question.

With regard to the Mr Lückner's statement that multi-national groups have greater expenses, something which is manifestly true and that I do not dispute, I should like to remind you that there is a fixed allocation of funds for the Groups which allows for these greater needs on the part of the multinational groups, including those with members speaking different

Fabbrini

languages whose documents have to be translated. All this can be solved, possibly through another channel, without introducing the differentiation in the contribution per member that I deplored (as you see, I no longer use the term 'discrimination' which was disapproved by some).

May I, Mr President, clarify one point so that no further misunderstanding can arise: yesterday matters were either not made clear or they were distorted a little by someone, so that a degree of misunderstanding has arisen. In the amendment when we suggested that the contribution should be raised to 50 000 francs per member, we referred to all the Members of this Parliament without distinction, not only to the non-attached Members who already have a secretariat. And if anyone asks 'but what about those who are not partially organised, like yourselves, who already have a secretariat, who should the 50 000 francs contribution be paid to then?', I would reply that this contribution could very well be paid to the national group of which the non-attached Parliamentarian is a member, and the group can use it to assist with individual Parliamentarians' work on European questions. It is a matter that could be easily solved, in my opinion, and our proposal is certainly not just hot air. Among other things it meets a need widely debated in the Committee for Finance and Budgets last year on the occasion of the 1972 budget, a need suggested I believe by Mr Westerterp before he became secretary of state and, if I am not mistaken, supported by Mr Aigner himself, who is not present today. At that time it was proposed that a direct contribution be given to each Member which he would use for his own secretarial expenses. Our proposal, therefore, responds to a need suggested at that time, although it has not been followed up in any way. There is no doubt that unless a non-attached Member is given some sort of help he will be in no position to make a better contribution to the work of our Parliament.

I do not want to talk at too great length and I would close by reminding the President of the point I raised earlier: could he not undertake to review paragraphs 1 and 3 of the memorandum which was distributed to the members of the Committee for Finance and Budgets? If so, I would withdraw the amendments and, with more time at our disposal, we could surely work out a solution to these problems with greater identity of views and perhaps in a clearer frame of mind within our Parliament.

President. — I do not wish to make a statement on this point now; I must await the result of the vote.

To my mind however the situation is as follows: there is a global credit for the Political Groups but this is not the point at issue. The Political Groups and the group made up of the non-attached Communist members of this Assembly receive a credit proportionate to their strength. It is this latter figure that is under discussion today. It is to be increased to 50 000 FB for the Political Groups and to 35 000 FB for your group. You have a text before you but I do not know what will come of it. In any event if a decision is taken I cannot personally call it into question.

As regards the amendment tabled by Mr Lücker and Mr Kirk this states that your wishes will be taken into account at least so I understand but that the Bureau will have to decide on the allocation. I am sure that I am interpreting Mr Lücker and Mr Kirk correctly in informing you that you will not be ignored when this allocation of funds is made.

Mr Berkhouwer. — (D) I ask for the floor on a procedural motion.

President. — One moment Mr Berkhouwer, I should like first of all to conclude my explanation without taking a decision or giving any undertaking. Mr Lücker, if I understand your amendment correctly it will be the Bureau which will decide how this sum is to be allocated to the Political Groups and what the relevant amount will be. In that case the non-attached members will be taken into account. We have furthermore to decide on the creation of a post in the establishment plan.

I call Mr Berkhouwer.

Mr Berkhouwer. — (N) Mr President, very briefly. I think that on this point we have reached a situation so confused that we are not entitled to continue this debate to the detriment of Parliament. Hence my proposal, which is more or less in accordance with a proposal from the other side, to refer this matter back for the Committee for Finance and Budgets, if necessary in further consultation with the Bureau of Parliament, to shed light on this matter. For, Mr President, there are at present countless matters on which we do not have the facts.

This is my proposal.

President. — I am thus apprised of a request for reference back to committee.

On this procedural motion I call Mr Lücker.

Mr Lücker. — (D) Despite all my understanding for my colleague Mr Berkhouwer, I do not see myself able to agree with this proposal, and for the very simple reason, Mr Berkhouwer, that you were present at most of the preliminary discussions. If today is the last day on which we can come to an agreement on the supplementary estimates, then we must at least decide today about the substantive questions of these estimates.

Mr Berkhouwer. — (D) It can be done later.

Mr Lücker. — (D) Mr President, I request that we proceed according to the agenda, and that we come to a decision today about our estimates. I think that the formula which has now been offered will allow us to do this.

President. — I put to the vote the procedural motion to the effect that this be referred back to committee.

This motion is rejected.

We shall thus continue the discussion on this point.

I call Mr Dich.

Mr Dich. — (DK) I am sorry that I feel obliged to say something general with reference to the remarks made by Mr Aigner yesterday and in part also on the basis of the remarks made by Mr Lücker today.

I will admit that I am not completely able to take things as calmly as my friend Mr Fabbrini. Possibly because I, as a newcomer to the Parliament and a Member of the Folketing in a country where we have a very long parliamentary tradition, am not accustomed to listening to viewpoints such as were put forward by Mr Aigner yesterday. To be honest, they astonished me and they shocked me.

For us in Denmark democracy is something indivisible, not something we have in the peculiar version and if I may so call it, selective version which Mr Aigner expressed yesterday, a version of democracy and parliamentarianism and their ideals of equality which reminded me remarkably strongly of an old saying which for Mr Aigner's sake I would like to have said in German. Now I can do it for Mr Lücker's benefit. I do not know if it is grammatically correct but Mr Lücker will be able to correct me. It runs: 'And wouldst thou not my brother be, I'll smash thy silly skull for the'.

Mr Müller. — (D) That is Communist thinking (*unrest*)

Mr Dich. — It is all the same to me whether it comes from the Communists or any other Party. It is equally distasteful in any version. I am also certain that other members of the Danish delegation were thoroughly shaken at the form of democracy which was being advocated.

It is our basic assumption that if the Danish Folketing appoints 10 Members to the European Parliament these Members enjoy equal rights whatever Party they come from in Denmark. And in the same way we assume that the Members of the European Parliament, who were appointed by the parliaments in Germany, Italy, France, Holland, etc., must also enjoy equal rights. It therefore seems to me that if one talks as Mr Aigner talked yesterday one is not only talking about a different conception of democracy from the one we are used to in Denmark, at least, but also talking with a certain contempt for the Danish Folketing.

I am certain that this Assembly when it has to vote on these problems, after all the fine words I have already heard about democracy and parliamentarianism in the short time for which I have been a Member, will reject an attitude such as the one expressed by Mr Aigner and ensure that all Members, to whatever Party they belong, and whatever views they hold, will have the same opportunities for working here in this Parliament.

Thank you.

President. — Ladies and Gentlemen to me it is quite unthinkable that any member of this House could ever denigrate a single people of our Member States.

(*Applause*)

In the name of the whole Parliament I must state that this has never occurred and that I cannot imagine this could have occurred with any President in the chair at a sitting. You can be certain of what I am saying.

(*Applause*)

I call Mr Dich.

Mr Dich. — (DK) I am very pleased at the explanation the President has put forward and I have no doubt that the President means what he says beyond question, but I must say that the remarks made by Mr Aigner yesterday made me feel that I had to protest. I have no doubt that the great majority in this Assembly honestly mean what they say about democracy and parliamentarianism.

President. — I call Mr Romualdi.

Mr Romualdi. — (I) Honourable Members, I have asked for the floor so that I can clarify to myself and to you the problem raised here of the non-attached Members. In my humble opinion, this is of extreme importance, as the present debate demonstrates, especially as the 21 non-attached Members are of several nationalities and several political schools of thought. There would be a risk of the problem becoming a political one if, after making financial arrangements to determine the amounts to be paid out from the budget for all the new tasks with which Parliament has deemed fit to entrust its Members, if we were not to defer the problem to the Bureau as I think it should be deferred. Otherwise the speeches and polemics could become very unpleasant, especially after the comprehensive and tension-easing speech by Mr Lückner, who has urged that a degree of serenity be restored and has said that it is quite out of the question for discrimination to be entertained in this Parliament.

We note all this; in a sense this has restored my peace of mind after the astonishment I felt when, after twenty years in the Italian Parliament, I came here for the first time a few months ago and suddenly found that I was not to be attached to any established Group, while colleagues from my own political party who had preceded me in European Parliament were attached to an official Political Group.

We then very courteously asked President Berkhouwer why this had happened, especially as the decision split up three members of the same party, of the same Italian political party, two of whom were considered to be non-attached, whereas Mr Covelli, who is of the same political party, from the national right wing, continued to be a member of the Liberal and Allies Group.

After several attempts to clarify the situation with Mr Berkhouwer, who kindly tried to unravel this tangled skein, on this very day we, or rather Mr Covelli, has been forced to resign from the Liberal and Allies Group so that he could join us, his colleagues from the same Italian political party, in raising the problem of the non-attached Members once again.

As my Communist colleague was saying a little time ago, not all the non-attached Members belong to or are associated with the Communist group: there are the three members of the Italian national right wing, for whom I have the honour of speaking now; there are five Irishmen who are also partly in the non-attached group, there are perhaps three more

who do not belong to any formally constituted Group. Now I would urge with all sincerity that the best possible solution be found to this problem, for we have been sent here by the suffrage of the Italian Parliament, in the spirit of European unity which has always inspired the Italian Parliament and every group in the Italian Parliament. It is our desire to fulfil our duty as Parliamentarians, and to be placed in a position in which we can fulfil that duty, on the same footing as all the others; we want to be considered and to consider ourselves to be on the same footing as all the others, without the thought ever entering our heads that any problem of discrimination against anyone may have been generated.

Each one of us, therefore, is committed, to making our own very modest contribution of ideas and intentions towards the constitution of European unity, with all the means that European Parliament can place at our disposal.

In this sense and in this spirit, speaking on behalf of my colleagues, I believe that since all decisions on the subject have now been formally invested in the Bureau of European Parliament, they may be deferred to the Bureau of Parliament so that it can reach what it deems the best decision, in a spirit of absolute equality between us all, as to the means that Parliament makes available for our common battle.

President. — I call Mr Schwörer.

Mr Schwörer. — (D) Yesterday, Mr President, honourable Members, I was present at the proceedings in the Committee for Finance and Budgets which the honourable Member from Denmark has just complained about. Mr Aigner announced in the committee that he could not be here today, and I am wondering why, then, the honourable Member made no mention yesterday of his impression that he or his Parliament was not being treated here altogether correctly. I can only say here that Mr Aigner took the trouble, and showed a great deal of patience, to reply directly to the honourable Member, and he did not cut short the time at all, which was very pressing, what is more, because of some difficulty in comprehension through the shortcomings of a Danish translation. I can only imagine that the honourable Member came to the conclusion he did, perhaps, because certain things were faulty in the translation. I cannot imagine that he really felt seriously that he had been discriminated against here, or wrongly treated. But again I cannot help wondering why the matter was not brought up in committee, when this question was being dealt with by Mr Aigner.

President. — I call Mr Dich.

Mr Dich. — (DK) It is very simple, Mr Schwörrer, because I am not a member of the committee. I did not have an opportunity of being there. The speech to which I referred was the speech made by Mr Aigner in the House yesterday.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (I) Mr President, I have listened carefully to your reply to my enquiry. It does not seem to me to be a precise reply, but I have taken note.

On this point, I merely wish to say that I withdraw amendment No 2 and amendment No 3, while I still submit amendment No 1. The latter amendment is easy to separate from the other two, even though they were submitted at the same time, for the request it contains introduces nothing new. If it is accepted, it would place the secretariat for non-attached Members, which consists of no more than two people at the moment, in a position to work better and to be of greater assistance to the non-attached Members grouped around this secretariat. I continue to press for amendment No 1 and since it introduces nothing new but merely enables our secretariat to work better, I hope that it will be accepted.

I withdraw the two other amendments and declare my support for amendment No 7, submitted by Mr Lücker and Mr Kirk. While I declare my support for this amendment, I must state my position more clearly. The first point concerns paragraph 1 of the Bureau of Parliament memorandum. We can find no trace of this first paragraph in the motion on the supplementary budget, due to the fact that it involves no increase in expenditure and consequently no increase in the budget. Within the limits of the available funds, it is the sole province of the Bureau and I would recommend that the Bureau of Parliament review this problem, bearing in mind the comments that have been made here not only by myself but also by other honourable Members.

As I was saying, I declare my support of amendment No 7, especially the second part, the part saying that responsibility for distributing these funds to various political groupings in European Parliament will be entrusted to the enlarged Bureau of Parliament. What follows is less important.

I must point out, however, that the mention made here of the decisions reached by the Summit Meeting cannot be justified, for two reasons: the Summit Meeting is not a Community body and

it is out of the question to speak of decisions; at most the Summit Meeting may establish guidance to which reference can be made where necessary. I believe, therefore, that it is not proper to mention the Meeting, which is not a Community institution, and even less proper to speak of Summit decisions. The more important comment, however, is that in so doing there is an intention to create difficulties for the opposition, an opposition which may share the view of a certain type of Europe, such as the one which we have always tried to present in repeated speeches since we have been here, but not agree with Summit policies. If this is the case, through this commitment to the Paris Summit the opposition once again would be placed in serious difficulty by the Paris Summit's current decisions. Again this phrase implies what I have termed discrimination, however mild, towards the opposition.

I should like to add something that is closely connected with what I have already mentioned. Yesterday, Mr Aigner, using what I believe to be a very ill-considered phrase, said that the Italian taxpayer, the taxpayer in Community countries, cannot be expected to pay taxes and subsidize the Community, including our Parliament, if these subsidies are to be used by those—and he was of course referring to ourselves—who do not share the view of this type of Europe or support the policy being conducted by this Europe. I would merely like to point out that all the citizens of the Community pay taxes, even those who are absolutely opposed to Community policy, those who may be in favour of Europe but a different type of Europe from the one that has been forged up to this time.

These comments are, I believe, very pertinent to the first part of this amendment. Nevertheless, I will not make a major issue of it; together with my friends here present, I am very willing to vote in favour of the whole amendment after withdrawing amendment No 4, but I would like those who have submitted the amendment to reflect on what I have said regarding the first part.

President. — I call Lord O'Hagan.

Lord O'Hagan. — Mr President, it is with some regret that I bring the House back for a minute to what Mr Fabbrini was saying about his first amendment because, as I understand it, this is the principal subject under discussion at the moment. As I am a member of the Committee for Finance and Budgets I have heard a good deal about this amendment, although today its purpose and its consequences were rather

Lord O'Hagan

obscured by the cloud of glory that Mr Fabbrini trailed over amendment No 7. I regret I have to say this, but I find some contradiction in the attitude of my Communist colleagues here because, although they are 'non inscrits', and not attached to a regularly constituted Group, this amendment would increase the discrimination, increase the difference between their position and that of the other non-attached Members. And if this whole questions is now in the hands of the Bureau, as Mr Pêtre so correctly told us it was after the unanimous resolution of our Committee for Finance and Budgets, then let us leave the situation as it is, as confused as it is, without confusing it any further, without adding further discrepancies, further difficulties, further complications, which this amendment No 1 would introduce if it were accepted.

President. — I call Mr Pêtre.

Mr Pêtre, rapporteur. — Mr President, my dear colleagues, my intention is not, believe me, to protract this debate unnecessarily. I should nevertheless like to thank all those who have spoken, and if I may be allowed to express my satisfaction as the deputy rapporteur, lay stress on the relevance of many of their contributions.

On the other hand, Mr President, I regret that there has been a failure to distinguish between the recognition of political groups and the budgetary proposal now before the House. At the meeting of the Committee for Finance and Budgets last evening, the Chairman wished to stress that budgetary realities were one thing and recognizing political groups another. I really have the impression we no longer understand one another.

May I try once again to remind the House that it is the task of your Committee and the purpose of this report to prepare an emendatory and supplementary estimate in response to a proposal made by the Bureau of Parliament. Problems relating to the allocation of funds to attached and non-attached Members are a matter to be settled by the Rules of Procedure of Parliament. The criteria determining the recognition of a group do not fall within the competence of the Committee for Finance and Budgets and, as I understand it, it is not for us to modify these criteria or the Rules of Procedure of Parliament today.

It is now for the House to decide.

Mr President, I do not think that I could be any clearer in making the distinction between what we have been asked to do and what some honourable Members are suggesting, or even hoping. I am not saying that the Rules of

Procedure are perfect, nor even that the criteria are fair—that is a matter for discussion—but if we really wish to review the Rules of Procedure, if we wish to lay down new criteria, if we wish to behave with what some would call greater fairness, this is not the time to do so. The criteria can be reviewed and Mr Aigner, who was also rapporteur for our committee yesterday, made a proposal which I repeated quite impartially a moment ago.

As regards the amendments, I have reminded the House that I was deputizing for the Chairman, the vice-Chairman and the rapporteur of the Committee for Finance and Budgets. Hence, although I would like to oblige Mr Lucker and the other honourable Members who have tabled amendments, I am the custodian of the opinion delivered by a majority of the members of the Committee for Finance and Budgets. Consequently, I do not consider that I have the authority to ask the House to modify this opinion.

I therefore hope that this House will concur with this opinion but, of course, I leave the matter to the wisdom of Parliament.

(*Applause*)

President. — Does anyone else wish to speak?

The general discussion is closed.

We come now to the motion.

On the preamble and paragraphs 1 and 2 there are no amendments tabled and no speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

These texts are agreed to.

On paragraph 3, I have Amendment No 1 tabled by Mr Fabbrini, Mrs Iotti and Mr Leonardi which reads:

I. — Paragraph 3:

add the following clause to this paragraph: 'and the Secretariat of the non-attached members of the Italian Communist Party, the Independent Left and the Danish Socialist People's Party of a temporary C2 post';

II. — Amend the supplementary establishment plan attached to the resolution accordingly.'

This amendment has already been spoken to.

I put Amendment No. 1 to the vote.

Amendment No. 1 is rejected.

I put paragraph 3 to the vote.

President

Paragraph 3 is agreed to.

On paragraph 4 I have three amendments one of which No 2 was tabled by Mr Fabbrini, Mrs Iotti and Mr Leonardi and has now been withdrawn.

This read as follows:

This paragraph should be amended to read as follows:

'4. Provides for an additional sum of 85 000 u.a., under a new heading 3705b, for the political groups and the non-attached PCI - IND.SIN. - SF Members for further activities geared to the process of European unification; instructs its President therefore to revise the implementing arrangements laid down on 13 February 1973; considers that the political groups and the non-attached PCI - IND.SIN. - SF Members are accountable to the President for the proper use of these funds;'

— The draft emendatory and supplementary estimates of the European Parliament's revenue and expenditure for 1973 should therefore be modified as follows:

- (a) Expenditure:
under Increases, heading 3705b: raise this figure from 80 000 u.a. to 85 000 u.a.
- (b) Revenue:
increase contributions to be collected by 5 000 u.a.

There are therefore two remaining amendments which can be discussed together.

Amendment No 7 tabled by Mr Lückner for the Christian Democratic Group and by Mr Kirk for the Conservative Group which reads:

Paragraph 4

From and including the words 'for the Political Groups' this paragraph should be replaced by the following:

'4.
for further political activities towards achieving European union by 1980 in accordance with the decisions taken at the Paris Summit Conference in October 1972. The enlarged Bureau shall allocate these funds among the various political groupings in Parliament after consulting the Committee for Finance and Budgets. The recipients shall be accountable to the President for the proper use of the funds allocated to them;'

Amendment No. 5 tabled by Lord O'Hagan which reads:

Paragraph 4

Replace the words 'for further political activities promoting the European idea' by:

'for their own use'

I call Lord O'Hagan to speak to his amendment.

Lord O'Hagan. — Mr President, as a very new Member here, I may be not behaving quite in the normal manner of this Parliament, and so I apologise if I am translating something from my own experience which is not entirely correct here. And I hope you will cut me off if I am going too far.

The object of my amendment is to be precise. I believe Parliament should be precise; if we are to ask the Commission or the Council of Ministers for information, and we are to expect precise answers, then we must ourselves be precise. Nor is my amendment meant, nor should it be interpreted as, any form of criticism of the Groups, because it may well be the case that the Parliament can only be as strong as its Groups, although I believe there is also a place for non-attached Members. But it really seems to me beyond the bounds of reality to define the activities of Groups in this Parliament—in so far as I have been able to observe them in my very short period as a Member here—as being solely connected with 'political activities promoting the European Idea.' I feel that if we pass the wording in this report, we are opening ourselves to criticism for not being precise, for not being accurate in describing the activities of the Groups of this Parliament, and I therefore hope that this amendment will be accepted.

President. — I call Mr Fabbrini.

Fabbrini. — (I) I should like to ask those tabling the amendment if they agree to modifying the first part of their amendment along the lines I mentioned, in other words to change this to '... to the implementation of European union' full stop, starting again with 'Distribution of the said funds ...' etc. If this change is made, then we shall vote in favour; otherwise, although we are in full agreement on the second part, we shall abstain. I should like those tabling the amendment to express their views on the matter.

President. — I call Mr Romualdi.

Mr Romualdi. — (I) In supporting the motion tabled by Mr Fabbrini on what are certainly divergent political grounds, in order to separate this amendment from a task that is beyond the

Romualdi

control of Parliament, I too should like to ask those who have drafted the amendment to remove the reference to the Summit Meeting decisions reached in October 1972, especially as I do not believe that European Parliament waited until October 1972 to commit itself towards, to issue a favourable prognosis on all the actions that could and should rapidly lead us to unity, not merely economic, not merely monetary but also political. I would like to ask those who drafted the amendment to consider this reference as a factor detracting from, rather than reinforcing, the will of European Parliament in this moment and not underlining the fact that we in European Parliament must retain the initiative and political will.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, it is very interesting to hear completely differing reasons for this text. I should like to adhere to the text, for the following reason: Mr Fabbrini, we give allegiance here only to the work of constructing the European Union. The European Union was first referred to the Paris Summit Conference and proclaimed as the aim for 1980. This does not mean that everyone in this House must declare his agreement with everything proclaimed at the Paris Summit. I draw attention to the report made by our colleague Mr Müller in November last year. This report was adopted by this Parliament. It mentions a number of resolutions which we have welcomed and supported. Moreover, it refers to a number of decisions of the Paris Summit Conference, or to decisions which were not taken and for which we have criticized the Summit Conference. The matter at issue is quite simple: The European Parliament can be expected to make available funds only for those political activities which make a constructive contribution to the task of European Union within the meaning of such a union. This does not mean that there must be agreement on all details and all methods between all the various political movements in our countries. Even in the individual political parties and groups in this House there are, at least at present, different views as to the detailed nature of this progress.

For these reasons I believe that the meaning which appears to be read into the text in certain quarters here is not justified. The only point we are concerned with, and in my opinion this is one of the decisive criteria for the granting of these funds, is the fact that they are used to promote the construction of the European Union. Thank you, Mr President.

President. — Mr Fabbrini, do you wish your amendment to stand?

Mr Fabbrini. — (I) Yes, for I have not been swayed by the things that have been said here. I would have preferred the text to stop at '...of European union', but since this request has not been approved we shall abstain.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is agreed to.

As a result Amendment No 5 is to no effect.

I put to the vote paragraph 4 as amended by Amendment No 7.

Paragraph 4 as amended is agreed to.

After paragraph 4 I have an Amendment No 3 tabled by Mr Fabbrini, Mrs Iotti and Mr Leonardi which reads:

— Paragraph 4a (new)

After paragraph 4, insert a new paragraph worded as follows:

'4a. Considers—contrary to the President's decision of 13 February 1973—that the proportional amount of Members' individual contributions to 50 000 Bfrs. should also apply to the non-attached Members and that, consequently, the sum of 315 000 Bfrs. should be provided for under heading 3705'.

— The draft emendatory and supplementary estimates of the European Parliament's revenue and expenditure for 1973 should therefore be modified as follows:

(a) Expenditure:

under Increases, heading 3705, provide for 6 300 u.a.

(b) Revenue:

increase contributions to be collected by 6,300 u.a.

This amendment has been withdrawn by its authors.

We can now come to paragraph 5.

On paragraph 5 no amendments have been tabled and there are no speakers listed.

Does anyone wish to speak?

I put then to the vote.

Paragraph 5 is agreed to.

On paragraph 6 I was apprised of an Amendment No 4 tabled by Mr Fabbrini, Mrs Iotti and Mr Leonardi which reads:

President

— Paragraph 6

Replace the amount of 241 450 u.a., by:
'252 750 u.a.'

- Consequently, the total amount of revenue and expenditure for the draft emendatory and supplementary estimates of the European Parliament's revenue and expenditure for 1973 should be increased to 252 750 u.a.

Further to the withdrawal of Amendments No. 2 and No 3 this amendment is however to no effect. I therefore put paragraph 6 to the vote.

Paragraph 6 is agreed to.

After paragraph 6 I am apprised of an Amendment No 6 tabled by Mr Houdet which reads:

— Paragraph 6a (new)

After paragraph 6, insert a new paragraph worded as follows:

- 'a. Requests its Bureau to re-examine at the earliest possible juncture the question of the allocation of the funds earmarked for the activities of the political groups, with a view to finding equitable solutions which take due account of the position of all the non-attached Members;'

I call Mr Houdet to speak to his amendment.

Mr Houdet. — (*F*) Mr President, the rapporteur, Mr Pêtre, has very loyally advised us that we must examine the budgetary estimates but not concern ourselves with modifications to the present Rules of Procedure or with the criteria on the basis of which funds are allocated between attached and non-attached Members. I regret the confusion which arose yesterday evening in the Committee for Finance and Budgets. I regret that the proposal made in the name of the Liberal and Allies Group by Mr Berkhouwer has not been accepted, but I accept this. Nevertheless, and here I join with Mr Lücker, who was even more specific than me, since I am merely expressing a wish in this amendment whereas Mr Lücker has given us hope, I believe that under your presidency, Mr President, the Bureau will soon turn its attention to these modifications to the Rules of Procedure and the elimination of certain injustices between the Members of this Parliament whose existence we cannot but acknowledge. The only purpose of this amendment, if it is not too much to hope, is to achieve unanimity among the Members of the House. Indeed, although matters have not been perfect hitherto, everything is open to improvement and we call upon the Bureau to deal with this and

establish equality as between Members of this Parliament.

President. — I call Mr Pêtre.

Mr Pêtre, deputy rapporteur. — (*F*) Mr President, the opinion which I have given stands. Speaking both personally and on behalf of the Committee for Finance and Budgets, I believe that I cannot accept any amendment other than those which have been approved by the committee.

President. — I put Amendment No 6 to the vote. Amendment no 6 is agreed to.

On paragraph 7 there are no amendments tabled and no speakers listed.

Does anyone wish to speak?

I put them to the vote.

Paragraph 7 is agreed to.

I put the preliminary estimates to the vote. It is agreed to.

I put to the vote the motion as a whole as amended by the amendments agreed to.

The whole of the resolution as amended is agreed to.¹

12. *Motion on the development of joint research*

President. — The next item is discussion of the motion tabled by Mr Springorum for the Committee on Energy Research and Atomic Problems on the development of joint research (Doc. 304/72).

I call Mr Noè deputizing for Mr Springorum to speak to his motion.

Mr Noè, deputy rapporteur. — (*I*) Mr President, Mr Commissioner, honourable Members, the Committee on Energy, Research and Atomic Problems had prepared a motion before the Council of Ministers held its meeting during the night of 6 and 7 February; this motion was tinged with the degree of pessimism reigning at the time on this problem...

President. — May we have a little less noise please?

Mr Noè. — (*I*) The Committee on Energy, Research and Atomic Problems met briefly during the Luxembourg part-session and reviewed the whole situation, and the opinion it formed

¹ See Official Journal, Series C.

Noè

was positive, I would say very positive. Indeed, I would like to thank the committee for what it has done.

In his speech at Strasbourg, President Ortoli said that the Commission felt a physical responsibility for promoting European causes. Since I too was in Brussels, I learned that on the evening of the 6th no less than ten commissioners spoke at the meeting, that decisive meeting for the fate of Euratom, and by their presence they showed a sense of commitment which we all appreciate. In addition, the results were considered positive by the Commission for the simple reason that they were clearly arrived at, and during the meeting of the Council of Ministers clear emphasis was placed on two of the objectives for which our parliamentary committee has consistently pressed over the past few years: on the one hand, the achievement of multi-annual research plans and on the other the need to extend research objectives beyond the strictly nuclear field.

We are also happy at the fact that these objectives have made it possible to maintain the body of research workers almost at the previous levels, without having to make the cuts so greatly feared, which had in fact led us to table the previous motion that we later replaced.

Mr. President, since I live in Milan which is only an hour's drive by car from Ispra, I have had the opportunity to meet some of the researchers over the past few weeks: I saw them again last Sunday, after the meeting of the Council of Ministers on the 6th. Well, their faces reflected, one might say summarised, the optimism that we too share. That optimism is naturally due to the fact that nothing irreparable has happened as yet, but there are no positive long-term reasons for such optimism. We should now work together to construct these long-term positive reasons. First of all, the Commission should make proposals to us, and we in turn should criticise, control and above all cooperate, for it is obvious that if we are to do something good a multi-annual programme is not sufficient; we must see what that multi-annual programme includes. In other words, we must enrich that programme with projects.

On this subject, there is no doubt that the Commission faces a fairly difficult task, for there has as yet been no nuclear industrial policy, and in the absence of such a policy the research themes have often been pauperized, they have often resulted from a meeting between the three experts or the four experts in the fields: in other words, their origin has not been what we have so many times wished. Let us hope, Mr President, that having expressed the desire for

multi-annual research and an extension of research to non-nuclear subjects, in the months and years to come this Parliament will finally witness the launching of an industrial nuclear policy. The same reasoning applies to non-nuclear research matters.

I would emphasize here and now that I am not raising any issue now; Mr Springorum has already postulated a review of these subject in depth so that a true debate may be conducted on the subjects of research during the part-session in April, and far be it for me to tackle these now. I would like to say, however, that in non-nuclear research, too, we must avoid the danger of dispersion: it would be a tragedy if we were to fritter away our efforts in a thousand minor projects.

The Commission has approved the list (a) of research objectives on which there can be no discussion since they have already been launched; but there is also a list (b) of objectives on which decisions are still outstanding. I would appeal, Mr President for the adoption of some guideline so that the decisions can be reached in a manner such as to promote cohesive action. Let me quote an example. Speaking of devaluation, Mr Burgbacker said something today that I thought was apt: that capital leaving America causes a continuous flow of vagabond dollars which is one of the reasons for these monetary storms. This is how the problems of energy come to the forefront, how their solution may have very important consequences. We are of the belief the Ispra Research Centre will be able to provide contributions to the Commission on individual problems in the formulation of energy strategies which may in some manner lead to substitution—for example, if we could find out how to replace a part of what comes from oil, so many things could be put right. For this reason, as well as for obvious social reasons, we are happy that there have been no cuts in its staff.

To turn to list (b), if the choice of subjects were to embrace the field of energy in general, not only that of nuclear energy, we would be in full agreement. For example, these include research on hydrogen. I mention this because it was one of the few original ideas of considerable value that has come out of Ispra. If the Commission cannot promote it from list (b) to list (a), in other words order research to continue to verify the existing concept, other countries might enjoy the fruits of this truly original idea. The temperature at which water separates into hydrogen and oxygen could now be brought down from a temperature of about 3 000 degrees to only 850 degrees by the introduction of specific chemical reactions. It is a fundamental idea

Noè

and we should be grateful to the person who thought up that idea in Ispra, but we must provide the means to press on further. I have taken the liberty of formulating this proposal, especially as in America the Atomic Energy Commission—as is clearly shown by this body's documents—is moving from nuclear work toward energy problems as a whole. In essence these are all one, for they represent one single need of man and one single concern of man.

I shall not continue, for we shall have time to discuss these subjects in committee with Commissioner Dahrendorf. We shall return to this House, Mr President, more thoroughly briefed on all these subjects. This is the first time, however, since I have had the pleasure of entering Parliament that I am able to say something more encouraging. We can look to the future in a more optimistic manner and we need not repeat the same things over and over again, as we have been doing for all too long, in a situation of continual regression. The regression is finished and we are happy for the research workers, but also for the many young people who are devoting themselves to this sector. Once the Community research centres have been launched once again, they will provide places where these young people can work in dignity for the social progress of our peoples and which will be signposts for so many collateral activities.

President. — I call Lord Bessborough.

Lord Bessborough. — (E) Mr President, I am glad to have the opportunity of saying a few words on this motion for a resolution, which has been submitted by my colleague, Mr Springorum, and so ably presented by my friend Mr Noè. I felt that I should take this opportunity of saying something about the allegedly critical attitude of Her Majesty's Government in the United Kingdom, towards the proposals regarding the continuation of work at the Joint Research Centre at Ispra. And I would like to say here that, as I understand it, the United Kingdom has not criticized numbers or costs of the multi-annual programme, but their content and, perhaps, the propensity, if I may put it like that, for the Centre to find jobs for people. The British estimate regarding the number of people that should be employed in these establishments would, I think, have been more like a thousand to 1 100 rather than the 1 440 people which, as I understand it, has now been agreed by the Council of Ministers. I recognise that there has been a good deal of criticism of Euratom from many quarters. It has not been conspicuously successful except, of course, for its safeguards control system. One will be interested to see what progress they make in

the work which Mr Noè has mentioned relating to hydrogen. But I believe that the United Kingdom was, in fact, probably alone in recommending so considerable a reduction of staff. I think, Mr President, that Members will recognize that as a new Member of the EEC, it was only natural for the United Kingdom to want to take a fresh look at the programmes in order to make certain that they were viable and good and I think that we in Britain, scientists and Government alike, will be able to make a useful contribution to the work of the Centre. I do not wish to go into further details today more than Mr Noè did, but I am glad to hear that it is expected that we shall have a full debate on this subject when we meet again here in Luxembourg in April. Meanwhile, I hope, thanks indeed to Mr Noè, that it will be possible for my honourable friend Mr Normanton, who has unfortunately had to leave us, but who did attend the last meeting of the Committee on Energy, Research and Atomic Problems, that it will be possible for Mr Normanton and myself to visit Ispra, as well, I hope, as the establishments in Holland and Belgium and Karlsruhe in Germany. In these questions of scientific research, as I think Mr Normanton said yesterday, in dealing with that section of the Sixth Annual Report, we must examine projects very carefully, and I would personally like to look closely at the two lists which are annexed to the Council's communiqué of 6 February, and which we are taking note of in this motion. I would particularly like to look at the list in the non-nuclear programme in section B which I do not think has been worked out in any detail. I have a number of thoughts about cooperation in industrial research generally, which I hope to be putting to the Committee on Energy, Research and Atomic Problems as soon as it has been reconstituted. I have always thought that if there are to be Community funds available for such research—I am not speaking of the more glamorous areas of atomic energy—but in the bread-and-butter industries, such as, say, textiles, food, and metals associated industries, water and the problems of pollution and so on, then these monies should be provided on a polycentric basis. I am not fearful of dispersal in the sense perhaps that Mr Noè is and also I believe that EEC financial support should go, in this line of thought, to the most appropriate existing establishments or research associations in whichever countries they may be situated and that perhaps in some cases, some of these national research organizations should be converted into EEC centres, rather than remaining largely national in character and outlook. I know that some of our national research bodies in Britain are now much more

Lord Bessborough

prepared to think of themselves as supporting industry in the Community as a whole rather than purely in Britain and the British Commonwealth which by and large they have done hitherto. I hope in the first place it will be possible for the Commission to get out a complete survey or register of all existing industrial research establishments within the whole of the EEC. I do not think that they have done this yet. They certainly had not done so at the end of last year, although I think it is in their minds that such a register is most necessary. I also hope that if they are doing this, that the capability of the two or three Commissioners who may be involved, that is to say, their staffs, should be slightly but only slightly, increased with well-qualified people, who would be capable of judging where best Community research funds should be directed. Meanwhile, in regard to this motion, although unfortunately, neither Mr Normanton nor I were present when the original draft was drawn up, and although I cannot say that I am altogether happy about the wording, I would not wish as a newcomer to your debates to be too difficult and I am therefore willing to support it and advise my friends to do so. After all, as my friend Mr Bousch said to me earlier today, this resolution is really only taking note of what the Council have done and as the Council has done this, there is nothing much more we can do about it; but I would like the House to bear in mind what I said earlier on cooperative research generally. Personally, like Mr Noè, I am optimistic about the future. I think that so many of these fields of research are so costly that it is essential for us to work together on them and I look forward to the future with great interest and particularly to visiting the establishments concerned. I shall look at their programmes carefully. Thank you, Mr President.

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, I will make this very brief. I only wanted to say that speaking for the Liberal and Allies Group I can support the motion and I would like to express my pleasure at the result achieved.

There are Members here who have been here for many years and have followed the difficulties to which EURATOM has been exposed. For them it must be particularly satisfactory that agreement has now been reached to continue the work, even if the economic conditions are not quite as good as one might wish.

As someone coming from a new member country of the Parliament, I must express the view that

EURATOM is a necessity. We cannot solve on our own in the individual countries, and particularly in the small countries, the problems with which nuclear research has faced us.

Reading through the document produced by the Commission on the common energy policy one gets a strong impression that there is a very urgent set of research problems here, especially in the nuclear field. Putting the programme set out in the energy document into execution—and we must assume that atomic energy will be multiplied many times before 1985, means that very great efforts must be made to deal with the problems associated with this production. They concern fissionable materials. They concern radio-active fall-out.

But, Mr President, what I wanted to say was that there are undoubtedly many of us in the Parliament who look forward to the wider debate on research problems. And here I would like to refer to Mr Ortoli's speech the other day, in which he said that the Commission would now be in a position to continue its efforts to establish European research, a research policy, a scientific policy and an education policy, and he emphasized that the Commission felt convinced that it was necessary to look beyond atomic research and take up other sectors as well.

This means, Mr President, that we are entering on the relationship between technological, economic, social and political development and we are approaching some of the considerations brought up at the Summit Meeting in Paris and I very much hope that we here in the Parliament, the next time we meet in Luxembourg, will be able to open a discussion which could give rise to the wide and very vital debate on this extraordinarily important matter which increases in importance from year to year and which must also be considered in the light of the rising demands made on individual Governments to contribute ever-increasing sums to research. But I hope the results will be successful and express my best wishes for Euratom's future. Thank you Mr President.

President. — I call Mr Leonardi.

Mr Leonardi. — (I) For the very reason that my colleague Mr Noè has, as he said, raised an issue, as an exponent of a different political viewpoint I shall abstain from voting on this motion.

Although on the one hand I am happy that the Euratom centre can now continue with its work, on the other I have no guarantee that the programme of work is a sound one, as we read in

Leonardi

the motion. The fact that the programme is multi-annual and that it extends to non-nuclear sectors may be a guarantee of its soundness, but for years the Ispra centre has had a very bad multi-year nuclear programme and this is the factor that has demonstrated the failure of Euratom.

I therefore abstain. Although I am happy with the decision to extend the life of this major instrument for Community research, I should like to judge the programme when I know more about it.

President. — I call Mr Bousch.

Mr Bousch. — Mr President, I shall restrict myself to a few brief observations of a general nature. The purpose of the motion which is placed before you, a few days after the meeting of 6 February, is to acknowledge the importance both to the future of Euratom and to Community research of the decisions taken on that day. The decision taken after many hours of discussions was one which allayed fears in all the capitals of our Community and among those who have worked in Euratom and those for whom Euratom represented a European hope. Their relief was all the greater in that, a few days previously, the most pessimistic forecasts had still been in circulation and consideration had even been given to having the cost of closing the Research Centre closed calculated by the appropriate departments of the Commission. Fortunately, such a solution was rejected, largely—if I may be allowed to say so here—thanks to the very courageous attitude of the Commission, which managed to bring home the disastrous consequences of such a decision to our Governments.

We are thus able to note with satisfaction that, for the first time since 1967, Euratom has a pluriannual research programme valid for four years, which will enable the Joint Research Centre to be maintained at a sufficient level to function properly. The programmes will employ 749 research workers in the various establishments of the Centre. It will be divided into A programmes, all the details of which have already been laid down, and B programmes on which an overall agreement on financing and personnel has been reached, but the details of which remain to be finalised between now and the end of April on the basis of a choice between some ten projects proposed by the Commission.

I do not propose to go into the technical details of this programme. I shall restrict myself to a few observations whose purpose is to place on record—despite the approval of all the previous speakers, my own and that of our committee—

the reservations which the latter has expressed in spite of its satisfaction at seeing Euratom receive a pluriannual programme. In particular, our Committee on Energy Research and Atomic Problems deplored that the Community's research should be subject to considerable reductions in terms of both capital and resources. Our pluriannual research programme involves a total of 180 million u.a., or 45 million u.a. per annum, a modest amount which demonstrates the weakness of the European research effort, if one compares it with the sums spent in other sectors, which I shall refrain from mentioning for fear of giving offence.

Although the Committee on Energy welcomes the fact that the non-nuclear sector has at last been included, although on a limited scale, and is particularly satisfied at the inclusion of the protection of the environment, it regrets that many requests in the field of research have still not yet been granted. On the other hand, it approves the generous application of Article 235 of the EEC Treaty in favour of further joint non-nuclear research projects. Such an enlargement of research activities would aid the Community to take a first step on the road towards achieving the major research policy objectives set out in the final communiqué of the Paris Summit Conference. This is why, in the motion for a resolution before you, our Committee on Energy, Research and Atomic Problems invites the Commission to make new proposals to this effect and to appeal to the Council to take positive decisions on them.

There is another aspect of the consequences of the decision of 6 February, which was discussed by our committee, namely the social consequences of the modification of the programme on the personnel. People will lose their jobs, others will have to be moved within the Research Centre. In the light of this situation, our committee considered it appropriate to make an appeal, in paragraph 7 of the motion, to the personnel of the Centre to work to the best of their ability to advance Community research, thus demonstrating the usefulness and necessity of this Centre, within which it should still be possible to extend the scope of Community research.

Mr President, honourable Members, I cannot claim that, with these few words, I have covered all the problems of Community research a few days after this extremely important decision. My intention was merely to draw attention to the subjects of concern which this decision aroused in our Committee on Energy, Research and Atomic Problems where, despite the political aspects, a number of reservations were expressed.

Bousch

For this reason, I should like to ask the House—and I am sure that our request will be received favourably—to agree to the motion tabled by Mr Springorum, in order to place on record the awareness of our Parliament of the importance of Community research for the future of our Community.

President. — I call Mr Dahrendorf, Member of the Commission of the European Communities.

Dahrendorf. — (D) Mr President, in this afternoon's debate the Commission finds itself in a dilemma. On the one hand, it accords with the Commission's respect for this distinguished House to present some clarification of the decisions of the Council of Ministers on 5 and 6 February here, rather than elsewhere. On the other hand, however, it has not escaped my attention that it is not the intention of the House to listen to a long speech or to conduct a lengthy debate. Nevertheless, I should like to ask you to permit me to compromise to the extent that you grant me a few minutes patience, and I myself promise to be as brief as possible.

The Council of Ministers' decision of 5 February closes a chapter of the common research policy. But this closing of a chapter is only the commencement of our common work. For to-day I put aside anything which is connected with our common task. It will, indeed, be the task of later debates in this House, and of later consideration on the part of the Commission, to define the future research policy of the European Community, having particular regard to the wishes and objections which have been voiced, for good reasons and with every justification, during the sittings of the Council of Ministers during February, and previously in January.

In connection with the end of the chapter, however, two or three comments are necessary in order to prevent any misunderstandings, such as those contained in certain observations and also in the resolution, for which in other respects the Commission is grateful.

First, may I say that the decision of 5 February has been possible because all Member States of the Communities, I repeat, all Member States of the Communities, had the political will to bring about such a decision. There was no lack of political will anywhere. The discussion was concerned not with whether in fact a solution was sought, but exclusively with the methods involved in such a solution. May I add that the occasion provided a good example of how a patient President of the Council may still bring about a common solution even in a difficult

situation. I hope a good example has also been given of how such a solution can be brought about through a clear initiative on the part of the Commission.

As we know, two Member States had accepted the solution only *ad referendum*. Both of these, Denmark and the Netherlands, have since waived their reservations. Concerning the solution itself, and I now answer the questions which have been asked here, the solution, consists of six elements, which will again enumerate to show their inter-relationship.

First: It has been decided, in the context of direct activity for our research, to make provision, for a period of 4 years, for posts for a total of 1,649 persons and for funds totalling 177.7 million u.a. The new factor in this resolution is that the posts and the funds are broken down into a list of programmes already determined for a period of 4 years, that is to say: List A, in a further list of so-called supplementary programmes, in which not all Member States participate, and in a list of programmes offered as alternatives, but from which a selection still needs to be made, namely List B.

Second: The Council of Ministers has decided no longer to retain as Community assets certain plants which were in fact Community-owned. This decision had already been made earlier for the Mol reactor situated in Belgium. We welcome the fact that the Italian Government has already expressed its readiness similarly to take over the ESSOR reactor in Ispra.

Third: The Commission attached particular importance to this: all four plants of the Joint Research Centre at Petten, Gehr, Karlsruhe and Ispra will continue as Community plants. None will be closed. Future programmes will also be developed for all four.

Fourth: Provision is made for a method of programme supervision, and this is of particular importance for the discussions conducted here also. On the one hand, a fundamental examination is to take place at the beginning of the second year of the programme, in the light of the conclusions to be drawn from the Paris final communiqué, that is, in the light of a comprehensive research programme. On the other hand, in the following years in particular the programmes selected from List B will be specially investigated, verified and examined.

Fifth: I have made it my own special task to cultivate contacts with the staff of the Joint Research Centre, in order to ensure that the solution which emerges will be a reasonable one for the individuals concerned. I believe we have made certain of this. Basically, the frequent

Dahrendorf

reference in the motion before the House to a severe reduction, misses the essence of the decision which has been taken, to the regret of individual Member States. On the other hand, the matter has been mentioned here again in order to satisfy our staff. In point of fact, the programme adopted means that 48 out of the 1 948 persons occupied at the Joint Research Centre will have to leave. In addition, a further 50 employees from the old Community of the Six will be replaced by research workers from the three new Member States. This is a limited procedure, accompanied by a series of proposals on the handling of staff, to which we attached particular importance, such as the possibility of fair treatment of staff made redundant, a new type of engagement contract, a new type of agreement for staff in the future, and a further examination of the problem of discrimination at research centres. Our task is made easier by the fact that the Council of Ministers has also released the 600 000 u.a. ear-marked for this purpose, even though the Commission regrets that the release was made exclusively for Ispra, and not for other centres where a similar problem existed.

Sixth: Finally, certain indirect research activities have been decided on—I stress the fact—that is to say, activities in which the Community is engaged in research institutions within Member States. In particular, the Council of Ministers decided to extend key activities, fusions and organic links to the new Member States. That is an impressive result, and one which leaves us with the task of translating the decisions within the coming months i.e. before the end of April, into technical language, to bring about without delay a Council decision which is technically and legally complete, and finally to make proposals based on the existence of List B. These proposals will also give rise to the problem of whether the hydrogen problem temporarily postponed by the Council is to be resumed. Moreover, in individual cases, that is in all programmes under Article 235 of the EEC Treaty, we must have consultations with Parliament in accordance with the Treaty rules; further, by the end of April we have to formulate means of implementing the complementary programmes, to make proposals for staff rules and regulations and hold the necessary discussions, propose further supplementary programmes and programmes for indirect activity and see that a decision is reached. To do this by the end of April is a formidable programme, one in which Parliament will in some cases participate, and one, Mr President, which I imagine will occupy us sufficiently, in carrying out the Council decision of 5 February, to make it difficult to arrange for a full general debate here before the end of April.

Allow me, in conclusion, to say a word about the reception of this decision. The Commission welcomes the Council decision; it has gone to great lengths to make this decision possible. But the Commission has never suggested that this Council decision was any cause for triumph. In fact, I myself have often in the Council pointed out that this was a minimum programme, as well as a programme which in some cases proposes reductions which are scarcely justified, for instance at Gehr and Karlsruhe. Moreover, it has always been clear to the Commission that this decision merely provides a basis for our future task. This decision removes an uncertainty which has already adversely affected the quality of the research. To that extent it provides a basis on which we can build in the future. But we must in fact build on it, and not say complacently that we have now reached our goal. The Commission is not saying this; it is entirely satisfied with the basic tenor of the decision before you, that is to say that we are at the beginning of further developments.

The Commission takes the examination clause seriously. This clause threatens nobody; rather does it challenge us to submit proposals, according to Community procedures, which may lead to a further development of the programme and will, in the end, be the means whereby this programme, and the entire centre and Community research, will be given a more comprehensive character than before. The Commission joins with the authors of the motion in welcoming the fact that part of the programme covers non-nuclear activity. That will be the point on which it will concentrate its new proposals. It will emphasize the fact that we are not developing a proliferation of small individual programmes, but are concentrating on a few themes of central importance to the Community. Here, as elsewhere, our aim surely is that Europe should not duplicate work which the Member States are already doing and can do just as well, but that the European Community should deal with questions which only it can cope with, or at any rate is best able to cope with; let that be a guide for us.

From such proposals, Mr President, questions of organization should certainly not be absent. In particular, we shall have to consider what the prospects are for Community activity, on the one hand, complementary activity on the other, as well as for direct and indirect activity. It is not the Commission's intention to create new anxiety in research quarters. Rather is it the Commission's aim to say, and to say in this House, that together with this Parliament we shall work towards achieving in the future a European research programme which pays due

Dahrendorf

regard to the justified criticisms which have been expressed.

I said that we were ending a chapter, but were only at the beginning of a book of which we are joint authors. The Commission welcomes the fact that Parliament agrees with it in its assessment of the Council's decisions. In this House the Commission is glad to confirm its readiness to develop in cooperation with the Parliament and all other organs, a comprehensive research programme and one worthy of Europe.

President. — Thank you Mr Dahrendorf.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

13. Directive on cocoa and chocolate products

President. — The next item on the agenda is vote on the motion in the report by Mr Vandewiele drawn up for the Committee on Social Affairs and Public Health on the amendments to the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of Member States on cocoa and chocolate products for human consumption (Doc. 216/72).

I would remind you that the discussion of the report by Mr Vandewiele took place in Strasbourg on 18 January.

I call Miss Lulling for the Socialist Group for an explanation of vote.

Miss Lulling. — (F) Mr President, Mr John Hill has moved an amendment to paragraph 3, and I should like to say that, having spoken with the rapporteur, Mr Vandewiele, who is detained in Belgium by his new duties as Secretary of State, for which we offer him our congratulations, and with the Chairman of the committee and a few colleagues, we cannot but agree to Mr John Hill's amendment, which replaces the text which one might justifiably accuse of being somewhat blunt or inelegant. I am therefore able to state, on behalf of both the Committee on Social Affairs and Public Health and the Socialist Group, that we shall vote in favour of Mr Hill's amendment to paragraph 3 of the resolution.

President. — Does anyone else wish to give an explanation of vote?

We come now to discussion of the various paragraphs.

There are no amendments tabled and no speakers listed on the preamble and paragraphs 1 and 2.

Does anyone wish to speak?

I put these texts to the vote.

These texts are agreed to.

On paragraph 3 I have an Amendment No 1 tabled by Mr John Hill for the Conservative Group which reads:

Paragraph 3

This paragraph should be worded as follows:

'3. Considers that, notwithstanding years of effort to approximate laws on foodstuffs within a Community of Six, account must now also be taken of the laws, especially those relating to food standards and consumer protection, and of the manufacturing practices and consumer preferences of the new Members States, but with the least possible delay.'

I call Mr John Hill to speak to his amendment.

Mr John Hill. — Mr President, it seems to be becoming my role to invite your attention to cocoa, no doubt with the approval of the industry, at a late hour—almost as a nightcap. But I would like to thank you and the House for your consideration in deferring this vote from the last session. It has enabled us to study the documents, and as a result we would only wish to move this one amendment. I cannot, however, do so without expressing my regrets that our Chairman will be leaving this Parliament since Mr Müller has treated the new Members with the greatest consideration. In putting this amendment forward I would merely say that we do think that the new Members as a whole (particularly the British) want to stress the importance of consumer choice. We believe this is very important. We have a saying in Britain 'a little of what you fancy does you good' and it is in that spirit that I would propose the amendment. Thank you.

President. — I put Amendment No 1 to the vote. Amendment No 1 is agreed to.

I put paragraph 3 as amended to the vote.

Paragraph 3 as amended is agreed to.

On paragraphs 4 to 12 no amendments have been tabled and no speakers are listed.

¹ See Official Journal, Series C.

President

Does anyone else wish to speak?

I put them to the vote.

Paragraphs 4 to 12 are agreed to.

I put to the vote the whole of the motion as amended by Amendment No. 1 which was agreed to.

The whole of the resolution as amended is agreed to.¹

14. *Regulation temporarily suspending duties on varieties of fruit and vegetables originating in the AASM and East African Community*

President. — The next item is the discussion of the report by Mr Dewulf drawn up for the Committee on Relations with African States and Madagascar on the proposals from the Commission of the European Communities to the Council on:

- I. a regulation temporarily suspending the customs duties applicable to certain varieties of fresh vegetables and fruit, originating in the Associated African States and Madagascar or in the overseas countries and territories
- II. a regulation temporarily suspending the customs duties applicable to certain varieties of fresh vegetables and fruit, originating in the Republics of Tanzania, Uganda and Kenya.

(Doc. 310/72).

President. — I call Mr Dewulf to speak to his report.

Mr Dewulf, rapporteur. — (N) Mr President, I would say: *in cauda venenum*. What I have to tell you here at this late hour is indeed not a very pleasant story for the Community. As it happened, a few farmers in Africa were under the illusion that they, thanks to our cooperation and technical and financial assistance, might apply themselves to the production of fresh vegetables and fruit which were to be imported out of season in very expensive planes at high transportation costs to satisfy the demand of the rich consumer in Europe for high quality food. And for a number of years, in fact, these small farmers—they are not enterprises such as United Fruit and others, you will hear that later, when I mention exact figures—did start to export. A start was made on trade in produce of this kind between the AASM countries and Europe. For three years we, and the gentlemen of the Commission also, in their wisdom, were

of the opinion that such produce was, in fact, allowed to enter the Community freely.

But then we had certain legal and political problems with our own marketing arrangements for vegetables and fruit. And that legal difficulty has been used or abused by some Member States, or at any rate one Member State—I leave it to the House to judge—to bring up a political question, and the Commission was obliged, in order to have a legal basis, to introduce a proposal for a regulation on these vegetables and fruit. This happened, I believe, in the course of 1971 and Parliament supported unanimously—including the Committee on Agriculture except for one vote—the Commission's proposal to allow free import of these products on the basis of the regulation. In its wisdom the Council has unilaterally—that is to say contrary to the spirit of association and without consulting the partners—set aside the Commission's proposal and approved a regulation establishing an import schedule for these products.

Unde ire was the Associated Countries' reaction, and for very understandable reasons. For what is really at stake?

Mr President, we ourselves produce 21 million tons of vegetables and fruit. We import 21 000 tons of peas and green beans, just to give you an idea of what is at stake. And the farmers from the African countries—under these economically difficult transport conditions—put 1 800 tons on the market. Some call this a threat to our agriculture and our farmers. I do not want to spin this story out—I said it was not a pleasant one—but it was bound to come to a clash in the Association Council between the European members on the one hand and the Africans and Madagascans on the other. That clash did occur and then—I regret this somewhat, perhaps the African countries and Madagascar would have done better to submit the matter straightaway to the Court—but all right, they then accepted a compromise offer worked out by the former President Rey. Mr Rey said quite clearly that he did not wish to deal with the legal aspects, but to act as mediator for a political agreement or a political compromise.

After studying the figures, arguments and actual condition on both sides, Mr Rey concluded first and foremost—and this is important—that he was unable to ascertain the least disturbance of our European markets. He could only see worries, if any, regarding the disturbance of our markets and our producers in a distant future. I am going to quote what he said in French: *'un avenir en tout état de cause assez éloigné et devrait en conséquence être rencontré par*

¹ See Official Journal, Series C.

Dewulf

d'éventuelles mesures de sauvegarde' and then Mr Rey passes a judgement of Solomon. He says that it would really be logical to return to completely free imports, but it would also be possible to think of a more liberal import schedule and this idea was submitted to the committee of Permanent Representatives of the Association Council, the Association Committee. Our African friends said that they were not competent, that it was a political question of the highest order and that their Ministers would have to pronounce on the Rey proposals, but in the meantime the committee was of the opinion that something would have to be done as from 1 March, that is to say within a period of a few weeks. It cold-shouldered Mr Rey's alternatives and chose a third alternative, valid for the year 1973 only, in actual fact until the next session of the Association Council. For that period, and with a safety margin for the whole of 1973, it extends the import schedule.

Mr President, your Committee regrets this development, even though there is in the present proposal of the Executive a small improvement on the present situation. For political reasons, for reasons of principle, but also for factual reasons we think that the Commission ought to have had the courage to return to its first proposal, and should have chosen from the alternatives offered by Mr Rey those features which in any event could have improved the climate within the Association and the institutions. It is a pity, Mr President—and with this I wish to conclude—that having stated so often to the world that Yaoundé is a model for development co-operation, we are building contradictions in that model, thus impairing the climate between the partners—and quite needlessly so—and that this should happen on the eve of Yaoundé III, when we are looking over the whole African Continent for partners we could admit with open arms to the new Association.

Finally, and in the presence of honourable British Members I should like to point out that this liberalization also applies to the Arusha Associates; as it is, this Parliament has always pleaded for an identical regime for the two categories of associates. Mr President, I should like to add not only out of courtesy, but in accordance with parliamentary custom, that the Committee on Agriculture agrees with and approves of the proposal.

(Applause)

President. — I call Mr Briot.

Mr Briot. — *(F)* Mr President, following the remarkable report presented by the rapporteur, Mr Dewulf, I should like to say a few words to

stress what this means. The quantity of goods in question is admittedly not large, but in human terms this is extremely regrettable. In fact, the motion recalls that, on the recommendation of its Committee on Relations with African States and Madagascar and of its Committee on Agriculture, the European Parliament unanimously approved on 17 December 1971 the Commission's proposals for the above-mentioned products originating in the AASM, Overseas Countries and Territories and East African countries to be freely imported into the Community throughout the year.

However, the adoption of the Regulation of 25 April 1971, called all this into question. How can you expect our friends in Africa and Madagascar to place any trust in our intentions? This is the problem, and we witnessed major contradictions during the meeting in Ouagadougou because the real effect is that we are reducing our imports in relation to what we import from elsewhere. In the presence of those who have joined with us in forming an Association of outstanding importance, we have risked losing this friendship for psychological reasons. I therefore deplore the failure of the EEC to abide by the undertaking into which it had entered. We have seen States go back on their words, particularly regarding generalised preferences. We do not intend to do the same thing in the EEC.

Therefore, I for my part—and I believe that I am expressing the views of many honourable Members on this point—I am convinced that when we have entered into a commitment with reliable friends, we are wrong to undermine it through regulations. We sent a mediator. Well and good. We have just heard that he settled the matter by a judgment of Solomon. The judgment of Solomon may be a compromise solution but it is rarely synonymous with justice. Consequently, Mr President, I personally deplore the attitude which we have adopted towards the AASM, and hope that nothing similar will happen again.

President. — I call Mr Dahrendorf, Member of the Commission of the European Communities.

Mr Dahrendorf. — *(D)* Mr President, on this matter the Commission shares the feelings expressed by Mr Dewulf and Mr Briot. The Commission can also accept, almost in its entirety, the account given by Mr Dewulf of the history of this problem. I say 'almost in its entirety' because on one particular point of the account the Commission's attitude must be interpreted differently from the construction placed upon it both by Mr Dewulf and in the motion. Paragraph 5 of the motion states that Parliament regrets that, in considering the proposals made by the mediator,

Dahrendorf

the Commission has, provisionally, decided in favour of the second alternative, which is less favourable to the Associated African States and Madagascar. The Commission made no decision in favour of the second alternative. The Commission established that no attitude to the mediation proposal had been adopted at the sitting of the Association Council at Permanent Representative level on 2 February. From this the Commission concluded that no such attitude will probably be adopted before the sitting of the Association Council in June of this year. This means that only after the sitting of the Association Council will the Commission be able to make definitive proposals based on the discussions at that sitting.

The question then arose whether we should just let the matter take its course, or whether, in the meantime, that is to say at any rate for this year, we should make a proposal to ensure that our Associates suffer no prejudice as a result of the delay in making a decision. This, and only this, is the reason why the Commission made its proposal for this interim period immediately after the discussions in the Association Council of 2 February, namely on 8 February. The proposal implies no option in favour of the second alternative in Mr Rey's proposal as a mediator. In my opinion this proposal is fully in line with the spirit of the discussion in this Parliament. I make these remarks for the sake of clarification, and may say, in conclusion, that the Commission agrees with the ideas expressed here.

President. — I call Mr Dewulf.

Mr Dewulf, rapporteur. — (F) Mr President, I thought that I had told Mr Dahrendorf that the Commission has indeed attempted to deal with the most urgent matters, but the problem does not lie there. Mr Dahrendorf, since you were somewhat critical of the European Parliament of the time, I shall not refrain from being somewhat critical at the Commission. Had you had a more political approach, you could have had the courage to say so, because when Italy invokes its vital interest over the matter of precisely 36 tons

entering its market, you could have anticipated Mr Rey's proposals by stating that the simplest solution would be to abolish the regulation and make a return to total exemption. You have chosen the other alternative, as you are of course entitled to do, but we regret that you have done so.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

15. Dates for the next part-session

President. — The enlarged Bureau proposes to the Parliament that its next part-session be held in Strasbourg from 12 to 16 March 1973.

Is there any objection?

That is agreed.

16. Approval of minutes

President. — Pursuant to Rule 17 (2) of the Rules of Procedure I have to submit to the approval of the European Parliament to the minutes of today's proceedings which have been drawn up as the sitting has progressed.

Is there any objection?

The minutes are approved.

17. Adjournment of the session

President. — I declare adjourned the session of the European Parliament.

The sitting is closed.

(The sitting was closed at 5.25 p.m.)

¹ See Official Journal, Series C.