

Annex

Official Journal

of the European Communities

No 157

January 1973

English edition

Debates of the European Parliament

1972-1973 Session

Report of Proceedings

from 16 - 19 January 1973

Europe House, Strasbourg

Contents

Sitting of Tuesday 16 January 1973	1
Ceremonial sitting: resumption of the session — Verification of credentials, p. 1 — Enlargement of the European Communities, p. 2 — Decision on the membership of the Bureau and of the committees, p. 15 — Enlargement of the Bureau of the European Parliament, p. 15 — Membership of the committees, p. 15 — Documents submitted, p. 16 — Texts of agreements received from the Council, p. 17 — Authorisation to draw up reports, p. 17 — Reference to committees, p. 17 — Restriction of speaking time, p. 18 — Decision on urgent procedure, p. 18 — Order of business, p. 18 — Statement by President of the Council on the EEC-Cyprus Association agreement, p. 20 — Statement by the President of the Council on the budget of the Communities for 1973, p. 21 — Statement by the Commission on the economic situation in the Community, p. 25 — Agenda for the next sitting, p. 42.	
Sitting of Wednesday 17 January 1973	43
Adoption of the minutes, p. 44 — Change in the agenda, p. 48 — Letter from Mr Barre, former Vice-President of the Commission, p. 48 — Documents received, p. 48 — A statement by the Commission on the economic situation in the Community (continued), p. 49 — Establishment of community network for storage of radio-active waste, p. 59 — Oral question No 19/72 with debate: Franco-Polish Economic Cooperation Agreement, p. 67 — Resignation of a Member of the European Parliament, p. 73 — Involvement of Parliament in conclusion of trade agreements with non-Member States, p. 74 — Decision on a common approach to air transport, p. 78 — Change in the agenda, p. 91 — Texts of agreements received from the Council, p. 92 — Agenda of the next sitting, p. 92.	

(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 Thursday 18 January 1973 93

Approval of the minutes, p. 94 — Submission of a proposal, p. 94 — Statement by the President, p. 94 — Regulation on legislation for settlement of labour disputes, p. 95 — Inclusion of a new article in Rules of Procedure, p. 98 — Order of business, p. 111 — Oral question No. 26/72 with debate: Build-up and use of surplus butter, p. 112 — Regulation on common organisation of the market in sugar, p. 129 — Regulation on import arrangements for beef and veal, p. 129 — Regulation on Community tariff quota for frozen beef and veal, p. 129 — Regulation on a system of premiums for promotion of beef and veal production, p. 130 — Change in the agenda, p. 143 — Regulation on a system of premiums to promote beef and veal production (continued), p. 143 — Directive on cocoa and chocolate products, p. 149 — Reference to committee, p. 154 — Agenda for the next sitting, p. 154

Sitting of Friday 19 January 1973 156

Approval of minutes, p. 157 — Tabling of a motion and reference to committee, p. 157 — Tabling of a motion and decision on urgent procedure, p. 158 — Regulation on financing assistance by the EAGGF (Guarantee Section), p. 158 — Third directive on turnover taxes and excise duties in passenger travel, p. 163 — Regulations on wines originating in Spain, p. 172 — Regulation on Community tariff quota for certain eels, p. 172 — Regulation on definition of the customs territory of the Community, p. 172 — Decision on action to protect Community livestock against foot-and-mouth disease, p. 172 — Regulations on dried figs and raisins originating in Spain, p. 175 — Regulation on production and marketing of citrus fruits, p. 175 — Regulation on citrus fruit imports from the Arab Republic of Egypt, p. 175 — Regulation on imports of rice from the Arab Republic of Egypt, p. 175 — Regulation on certain fishery products, p. 175 — Regulation on measures to be taken in agriculture to reflect the monetary situation, p. 175 — Dates for the next part-session, p. 180 — Approval of the minutes, p. 180 — Adjournment of the session, p. 180.

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

SITTING OF TUESDAY, 16 JANUARY 1973

Contents

1. <i>Ceremonial sitting: resumption of the session—Verification of credentials ..</i>	1	13. <i>Statement on the Association Agreement between the EEC and Cyprus by Mr Fayat, President of the Council of the European Communities. Mr Vredeling, Mr Fayat</i>	20
2. <i>Enlargement of the European Communities:</i>			
<i>Mr Ortolì, President of the Commission of the European Communities, Mr Fayat, President of the Council of the European Communities, Mr Paul Dalsager for the Danish Delegation, Mr Yeats, for the Irish Delegation, Mr Kirk, for the British Delegation ..</i>	2	14. <i>Statement by the President of the Council on the budget of the Communities for 1973.</i>	
3. <i>Decisions on the membership of the Bureau and the Committees</i>	15	<i>Mr Fayat, President of the Council of the European Communities, Mr Spénale, Chairman of the Committee for Finance and Budgets, Mr Offroy, rapporteur for the budget, Mr Fayat ..</i>	21
4. <i>Enlargement of the Bureau of the European Parliament</i>	15	15. <i>Statement by the Commission on the economic situation in the Community</i>	
5. <i>Membership of the committees</i>	15	<i>Mr Haferkamp, Vice-President of the Commission of the European Communities, Mr Bos, for the Christian Democratic Group, Mr Vals, for the Socialist Group, Lord Gladwyn, for the Liberal and Allies Group, Sir Brandon Rhys-Williams, for the Conservative Group, Mr Triboulet for the European Democratic Union Group, Mrs Iotti, Mr Brewis, Mr Löhr, rapporteur for the Economic Affairs Committee</i>	25
6. <i>Documents submitted</i>	16	<i>Motion on procedure</i>	
7. <i>Texts of agreements received from the Council</i>	17	<i>Mr Habib-Deloncle, Mr Haferkamp ..</i>	41
8. <i>Authorization to draw up reports</i>	17		
9. <i>Reference to committees</i>	17	16. <i>Agenda for the next sitting</i>	42
10. <i>Restriction of speaking time</i>	18		
11. <i>Decision on urgent procedure</i>	18		
12. <i>Order of business. Mr Löhr, Mr Vredeling, Mr Kriedemann</i>	18		

IN THE CHAIR: MR BEHRENDT

President

(The sitting was opened at 11.20 a.m.)

President. — The sitting is opened.

1. *Ceremonial sitting*

Resumption of the Session - Verification of credentials

President. — I declare resumed the session of the European Parliament adjourned on 12th December 1972.

President

As you know, this morning's sitting is a ceremonial one which, in accordance with the importance of the occasion is devoted to the enlargement of the European Communities.

I therefore propose to you that the fixing of our agenda for this week be dealt with at three o'clock this afternoon.

We now come to the verification of the credentials of the delegates from the new Member States.

By letter of 16 November 1972 the President of the Danish Parliament informed me that, on 16 November 1972, the Danish Parliament had designated the following as its delegates to the European Parliament:—Mr Knud Bro, Mr Finn Christensen, Mr Poul Dalsager, Mr Per Dich, Mr Per Federspiel, Mr Ove Guldberg, Mr Erhard Jakobsen, Mrs Marichen Nielsen, Mr Helveg Petersen, Mr Knud Thomson

By letter of 20 December 1972 the President of the Irish Parliament informed me that on 14 December 1972 the Irish Parliament had designated the following as its delegates to the European Parliament:—

Mr Conor Cruise-O'Brien, Mr Michael Herbert, Mr Michael Hilliard, Mr Justin Keating, Mr Thomas Nolan, Mr Richie Ryan, Sir Anthony Esmonde.

The President of the Irish Senate wrote to me on 21 December 1972 stating that on 20 December 1972 the Irish Senate had designated the following as its delegates to the European Parliament:—

Mr Charles McDonald, Mr Farrell McElgunn, Mr Michael Yeats.

By letter of 3 January 1973 I was informed that the Houses of Parliament of the United Kingdom had agreed on the designation of their delegates to the European Parliament as follows:—

from the House of Lords :

The Earl of Bessborough, Lord Brecon, Baroness Elles, Lord Gladwin, The Earl of Mansfield, Lord O'Hagan, Lord Reay, Lord St. Oswald

from the House of Commons :

Sir Tufton Beamish, Mr John Brewis, Sir Douglas Dodds-Parker, Mr James Hill, Mr John Hill, Mr Russell Johnston, Mr Peter Kirk, Mr Tom Normanton, Sir John Peel, Mr Rafton Pounder, Sir Brandon Rhys-Williams, Mr James Scott-Hopkins, Sir Derek Walker-Smith.

At its sitting on 10 January 1973 the Bureau verified the credentials of these members of the Danish, Irish and British delegations, whose

designation by the Parliaments of the Member States has just been announced.

In accordance with Rule 3 (1) of the Rules of Procedure the Bureau has checked that these nominations comply with the provisions of the Treaties.

I therefore propose that Parliament should recognize these credentials as valid.

Are there any objections ?

It is so resolved.

I congratulate our new colleagues and assure them that they are very welcome here.

(Applause)

2. Enlargement of the European Communities

President. — Distinguished guests, Fellow-members of the European Parliament, Ladies and Gentlemen,

Now that we have verified the credentials of the Representatives from the Parliaments of Ireland, Denmark and the United Kingdom, the European Parliament has entered a new phase of its existence. It has ceased to be the Parliament of the Six and become the Parliament of the enlarged Community of nine Member States.

This is a significant occasion which deserves to be marked with due solemnity. This House began its work here on 10 September 1952 as the Common Assembly of the first European Community, the Coal and Steel Community. The Assembly then numbered only 78 Representatives who, with high ideals, worked diligently under Presidents of outstanding ability for the benefit of that Community.

It was primarily through their efforts that the absolute need for parliamentary cooperation was clearly recognized from the outset. It was once again here, in March 1958, that our Assembly became the European Parliament. It was President Furler, who is here among us today, who was in the chair at the final sitting of the Common Assembly and who, in March 1960 was re-elected President of the European Parliament in succession to the first President of this House, Robert Schumann, the torch-bearer of the European Communities. We all owe a deep debt of gratitude to his forcefulness and clear-sighted views on the role of the European Parliament.

We are also deeply indebted to him for his continued service as a member of the European Parliament's Bureau for many years. In my

President

capacity as Vice-President, and more recently as President, I have always set great store by his reasoned advice and political wisdom. Please accept my warm thanks for all your work, Mr. Furler. Our good wishes go with you on your retirement from active political life.

The European Parliament of the Six had 142 Members: 41 new Members have now joined us. May I begin by welcoming the ten representatives of the Irish Parliament to our House.

With the accession of that green isle, whose scenic beauty I recently discovered in the company of our Vice-President, Mr. Bersani, the Community has extended its boundaries to the western tip of Europe. We are also reminded of the fact that in the past century many Irish citizens have been forced by economic necessity to emigrate, generally to seek new jobs on the far side of the Atlantic. I greatly hope that the economic strength and dynamism of the Community will put an end to this phenomenon. We must lay down a common regional policy with effective instruments to eliminate regional disparities.

And now a heartfelt welcome to our 10 Danish Members. The accession of Denmark has pushed back the Community's northern boundary, as we in the old Community always considered necessary. We fully realize that Sweden, like Switzerland and Austria, could not become a full member of the Community because of its neutral status. This was a political decision which we respect. But the negative outcome of the Norwegian referendum is all the more painful to us.

As democrats and parliamentarians we always fully respect any decision of the sovereign judge, the people, even if the reasons for and consequences of that decision do not meet with our approval. It was therefore all the more significant to us when the Danish people reached a different verdict a few days later.

I am sure that the Danish electors' overwhelming vote in favour of the European Community was due in no small measure to the Scandinavians' particularly well-developed sense of shared responsibility. In this connection it has been said that Denmark can now act as a bridgehead, facilitating links between the other Scandinavian countries and the Community. People in Norway, Sweden and certainly in Finland too will now keep a close watch on Denmark's experience in the Common Market. At the same time, there can be no doubt that we in the Community can learn a great deal from Denmark; one important factor will be the Danish example of a modern, well-organized and successful agri-

culture. Once again a warm welcome to our Danish colleagues.

I come now to the largest country to have joined the Community; in recent decades Britain has gradually moved closer to the continent and shed some of its worldwide obligations. In the past 500 years, Britain has left so great a mark on history that many people still find it difficult to realize that its citizens have now joined us in the Community. We have all awaited this day with keen anticipation, as indeed have the British people.

As the assembly of representatives of the people, the European Parliament must, I feel, pause for a moment to consider the many difficulties which had to be overcome before accession could become a reality. A feeling of optimism and even euphoria spread among us when the European Parliament first heard in 1961 of these three new countries' desire to join. Our House followed the sixteen months long negotiations with close attention. Our Rapporteur at that time on Britain's accession was Mr. Biesheuvel, now Prime Minister of the Netherlands. In January 1963 a severe frost settled on the negotiations and indeed on our whole Community.

Since then we have experienced and surmounted many a crisis. We in the European Parliament learnt of the renewed applications in 1967 with much greater scepticism but called at once for a successful outcome. It was not until December 1969 that the Hague summit conference opened the way to accession which then gradually became a reality.

This is not the time for me to outline all the expectations and hopes which we set in Britain's entry. Let me simply express my great joy and satisfaction that after so many difficulties and hesitations, the accession has at long last taken place. I extend a hearty welcome to our British Members.

The enlargement amounts to far more than a geographical extension of the Community in terms of population, economic potential and share of world trade. The political dimension is of paramount importance: Western Europe is moving towards unification and taking shape. Britain with its great historical tradition is no longer an outsider. The countries which still remain outside have chosen to do so, as in the case of the three neutral states, or lack the democratic structure without which full membership is neither possible nor desirable.

Allow me to stress in this connection the positive contribution made by the Paris summit conference when it expressly underlined the democratic nature of our Community in its inter-

President

pretation of the rather inexplicit treaty text. The accession of the three new Member States has further strengthened this democratic character.

Anyone who refers to parliamentary government automatically has in his mind's eye a picture of Westminster, thinks of the venerable buildings of the mother of parliaments and remembers the richly varied history of the House of Commons. What a heroic struggle the British people led from the 13th century onwards to wrest first one and then another right from the crown. And how important their model of parliamentary democracy has become to so many peoples throughout the world. For this we owe a debt of gratitude to Britain. We all know that the progress of technology, communications and the economy has changed the face of our countries in a manner which calls for new checks and balances between parliaments and governments. The European Parliament itself now has the unique opportunity, but also the great problem, of uniting representatives from fifteen parliamentary assemblies in nine countries with different traditions.

I am, however, convinced that we are all inspired by a real desire to learn from one another and fight side by side to win greater powers for this European Parliament of ours.

It therefore gives me particular satisfaction that the Presidents of these fifteen parliamentary assemblies accepted my invitation to a conference in Strasbourg. Yesterday, in a spirit of cooperation and mutual understanding, we held a fruitful discussion on ways of improving cooperation between the parliaments of Member States and the European Parliament.

Progress towards European integration makes it essential to establish closer contacts between parliaments; here the European Parliament has a major role to play. Through its specialized nature, this House has the vital task of ensuring a constant exchange of information and documentation. The dual mandate of our Members calls for a special degree of forbearance from their colleagues in the Member States' parliaments. At our conference we felt it particularly necessary for the parliamentary committees to establish contacts with each other and coordinate their consultations on matters of especial interest. I particularly appreciate the fact that the Presidents of the fifteen parliamentary assemblies of our Member States have honoured our ceremonial session by their presence. In this way they have confirmed their special ties with the European Parliament and stressed the great political importance they attach to the enlargement.

May I therefore thank the Presidents of the EEC parliaments once again for attending our conference and today's solemn inaugural sitting of the enlarged European Parliament.

We specifically wanted this conference of the Presidents of the EEC Parliaments and today's inaugural session of the enlarged Parliament to be held in Strasbourg. Here it was that the Common Assembly of the European Coal and Steel Community began its work and here too the European Parliament regularly meets. In 1949 Strasbourg was chosen as the seat of the Council of Europe, whose Secretary General I welcome among us today, because this great European city gave the clearest and at the same time most terrifying evidence of the political divisions in Europe. With European integration, a successful attempt has now at last been made to close such political gulfs.

Crises and hostilities between Member States cannot and must not occur again. They would spell the end of Europe. On the contrary we must look to the future and unite this Europe of ours into a single political entity, while respecting distinctive national features. The troubled political horizon, the interpenetration of our markets, technological progress and our common cultural heritage compel us to take this path if we are to ensure a future of freedom, democracy and prosperity for our children and grandchildren.

However, I fully realize that there have been opponents to accession in Norway and in the three new Member States. Our own insight into the Community's historical necessity have not taken such deep root there. It is certainly regrettable, but at the same time comforting, that the opponents of accession have sometimes put forward the argument of political interference by outsiders. In the old Community we have largely overcome this phase of mutual mistrust and political opposition. Young people in our countries no longer react to such arguments.

It will be the European Community's task to progressively break down this reticence in the new Member States. As Members of the European Parliament it is our duty to see that our work has an impact on public opinion and sows the seed of mutual trust.

The task of instilling confidence likewise falls to the other institutions whose character has also been changed by the enlargement.

May I, at this juncture, warmly welcome the new Commission of the European Communities under its President, Mr. Ortoli. I am sure that it will devote great energy to its task of leading the new Member States on as quickly as possible to

President

the level of integration reached in the old Community. In addition to this vital task of adaptation, which will surely raise many problems, the pattern for the future must be laid down now. The Paris summit conference in particular defined a number of aims for which specific and very short time limits were set. I am thinking of the completion of economic and monetary union, the creation of a regional policy, the implementation of a common social policy and many other tasks besides.

I am convinced that the Community's standing among its citizens and the rest of the world will grow enormously if we can provide evidence of our ability to act rapidly and constructively. This will depend primarily on the courage and imagination shown by the Commission. The surprisingly quick allocation of portfolios to the 13 Commissioners is a promising start.

And now to the Council. Decisions will be taken in future by nine Ministers instead of six. I warmly welcome the President-in-Office of the Council, Mr Fayat, who is an old acquaintance and friend of our Parliament. Here too I venture to hope that a climate of trust will enable the Council to solve the many and difficult problems now facing it. Unlike the Commission and European Parliament, the Council must never allow itself to forget that it is the supreme decision-making body. This great responsibility is enshrined in the Treaty but the Council could nevertheless decide to progressively transfer some areas of its responsibility to the European Parliament. Up to now a readiness to do so has only been evinced in the budgetary sector. The Council must therefore not be surprised by criticism of its decisions, on the grounds that they are taken too slowly and not always of the highest quality.

The negative outcome of the Norwegian referendum should be a lesson to us. A fear of integration led up to this refusal and it arose because of a lack of information. The Community too is at fault here. Its decisions are so technical in nature that they have become incomprehensible to the man in the street.

The lack of democratic legitimation in the Community's legislative process is a far more serious shortcoming. I am firmly convinced that democratic legitimation will become a yardstick to judge the justification for the Community's further existence.

I now come to my closing remarks: the process of economic integration was set in motion for cogent reasons in 1952. These reasons have in the meantime lost none of their significance. It is still our task to fuse our economic and political forces together as effectively as possible so that

we are always able to act effectively at international level. Even though there are a good many national politicians who—for a variety of reasons—would prefer to return to past methods and procedures, I am sure I speak for the whole European Parliament when I say that we shall continue resolutely on the path we have chosen, namely that of integration and not merely of cooperation. No one has yet produced a convincing alternative. The enlargement of the Community and the hopes now pinned on it by 250 million citizens are reason enough for the European Parliament to pursue its work resolutely.

There is only one goal for the free, democratic western world: a united Europe. There is no alternative!

(Applause)

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

Mr Ortoli, President of the Commission of the European Communities.—(F) Mr President, Ladies and Gentlemen,

I am particularly conscious of the great honour which falls to me today of presenting the new Commission to you.

A great honour particularly because your House, which now includes the representatives of nine European peoples, has received from the Treaties establishing the Community the eminent responsibility of symbolizing the union of these peoples and their participation in the development of the Community edifice. Through you, it is the whole body of the citizens of our countries that the Commission greets with my voice.

A great honour also because our College, a new link in a chain which already stretches back a long way in time, since it began with the first High Authority in 1952, that is to say with Jean Monnet, feels itself guided and encouraged by the splendid example of its forerunners. To succeed—I speak of the single Commission—to teams directed by statesmen of the standing of Mr Malfatti (whom I greet here today) or of President Rey, to say nothing of their eminent predecessors in the three former separate Executives, is a privilege of whose value, but also of whose perils, we are conscious. Along the trail blazed by them it is in fact our task to advance the Community venture as effectively as they did in their time.

You will understand, Mr President, Ladies and Gentlemen, that I also wish to pay special tribute to the three members of the last Commission who are absent from the new one and who,

Ortoli

each in his own way, have left their mark on this Community which they have done so much to shape. I refer to President Mansholt, a man of strong convictions and of action if ever there was one, and who takes his place, undisputed, among the Founding Fathers; to Vice-President Barre, whose resolute action, served by the penetrating intelligence and the rare power of persuasion you all know, has laid the foundations of the economic and monetary union; and, finally, to Mr Albert Coppé, who has given his whole heart and mind to the multiple responsibilities which, one after another, have rested on his shoulders during the last twenty years.

The common legacy from all our predecessors, I feel, is that the Commission, which people are so ready to call a technocratic organ, is by necessity and by nature an institution whose role is a political one. If there were any need to do so, it would be sufficient, in order to convince oneself that this is the case, to measure the implications of the Commission's powers of initiative and to assess the significance of the institutional dialogue which the Treaties organize between it and your House.

These are two points on which I would like to elaborate somewhat, for they concern two major directions of the activity in which my colleagues and myself plan to engage.

The Commission's power of initiative. Our College will have the obligation, even more than the occasion, to make wide use of this in the years ahead. The mere administration of what has already been achieved will not fail, in our enlarged Community—and from the very fact of this enlargement and all the consequences expected from it—to call for some effort of imagination and some tenacity in action. What then is to be said of the implications, in this connection, of measuring up to the many obligations which the decisions of the Paris Summit lay upon the Community institutions, and first and foremost, the Commission? The extension, diversification and deepening of the field of Community competence defined by the Conference of the Heads of State or Government open a vast future to the Commission's power of initiative.

You certainly are not expecting me to describe our action programme today. This will be the subject of the declaration that I shall have the honour to make to you next month. I will therefore limit myself to sketching out the main lines of approach necessary for our action in the year which is beginning.

We will first of all have to pursue assiduously the achievement of the programme of economic and monetary union, and this in all its aspects.

It will also be a question of elaborating and proposing the new elements necessary for the pursuit of this vast enterprise. In this field, as in others, our College fully intends to respect the commitments entered upon by the earlier Commissions vis-à-vis both the Council and this House. I refer here to the proposals the Commission will submit for the strengthening of the budgetary powers of the European Parliament.

In the second place, we will reserve a good part of our efforts for the development of a vigorous European social policy.

Picking up from the substantial progress achieved in the course of the last two or three years, and following the line plotted by the Paris Summit, the Commission will establish a programme of concrete measures. In this matter, even more than in others, it counts on the support of your House to help it to make our society more humane and just.

As regards the Community's external relations, the Commission will also have plenty to do. On the one hand, it will have to propose without delay an overall concept of the Community's positions for the big multilateral negotiations to open in GATT in the autumn. Here, enlightened but firm defence of our interests will have to go hand in hand with the will to pursue the liberalization movement which began after the last war and which has greatly profited all our countries.

On the other hand, it will be necessary this year to start hammering out the new association policy which will succeed the Yaoundé Convention in the context of the prospects resulting from the Accession Treaty. Negotiations will likewise have to be conducted with the various countries regarding which commitments have been entered into, in the first place the Mediterranean countries. Moreover, in the light of the guidelines indicated at the Paris Summit Conference, we shall have to push on with defining an overall view of the Community's relations with the developing countries.

Finally—and this is not the least of the tasks awaiting us—we shall have to carry out the wishes of the Heads of State or Government by doing what is necessary to improve the decision-making procedures and the operation of the institutions, and we shall have to implement the practical measures for strengthening the House's powers of control and for improving the relations of both Council and Commission with the House.

This means, as the saying goes, that our College has "plenty on its plate." We are convinced that we will be all the more able to act effectively in all these fields since the Commission—this is

Ortoli

our second major concern—will have the advantage of a more detailed and richer dialogue with your House. Much progress has already been made in this direction in the last few years, under the stimulus in particular of your predecessors and yourself, Mr President. May I be allowed on this occasion, to pay tribute to the democratic ideal which, inspiring each member of your House, and being always strikingly embodied in its successive Presidents, has made it possible, in the course of persevering progress, to associate the representatives of our peoples ever more closely in the work of building the Community.

The Commission's wish is that this development should continue and, for its part, it intends to do its best to see that this shall be the case. From this very week it is beginning its efforts: hardly ten days after taking up its functions, it wishes to be in a position, after defining its internal organization, to participate fully in your work both in Committee and in plenary session.

I will see to it personally, that as in the past, and even more completely if this is possible, the presence of the Commission and its President is ensured at your work. The responsibility invested by our College in Mr. Scarascia Mugnozza, who was formerly the Chairman of your Political Committee, to follow at my side everything concerning the day-to-day dialogue between our two Institutions is an equally clear illustration of our intentions.

In February, in keeping with the felicitous usage which has grown up in the last few years, the Commission, as I have had the occasion to indicate, will present its programme for the current year to you. At this session we will check with you how work is progressing and how far the programme has advanced. Finally, the Commission will keep you abreast of the action taken on the proposals voted by your House to amend the draft directives and regulations laid before it.

If I have thought called upon to remind you of these arrangements, which may appear to be mere matters of procedure and have already become regular practice, this was mainly to mark the will of the new Commission to take over the commitments entered upon in this matter by those which preceded it, but above all because I attach great importance to everything which concerns the organization of that continuous and living dialogue which constitutes the reality of democracy. Any improvement which can be envisaged on this plane will, I can assure you, be examined and accepted by the Commission provided it is a move in the direction of efficacy in action.

It is with a feeling of modesty—for the stake is an immense one—but also with full awareness of the part it will have to play, that the Commission will submit its action programme to you next month. In this way, the objectives and priorities in the achievement of which my colleagues and myself intend to engage our responsibility will be clearly known. Allow me to express the wish, Mr President, Ladies and Gentlemen, that, in the execution of its heavy task, the Commission may always find in you the well-informed partners for a constructive dialogue, the resolute providers of support which it will often need, and, finally, the wise censors of action which, I can assure you, will be that of men of good will.

Ladies and Gentlemen, I should end my speech at this point because I was given to understand that the tradition, coupled with the need for translation, is that one should not improvise in the House, or at least not say too much off-the-cuff. But nonetheless—and I would ask the interpreters to excuse me—I should like to add a word or two.

I want to tell you that the Commission is very ambitious for Europe. When the Commission meets, it feels the responsibility weighing down on it as if it were something physical. I have to tell you that the Commission appreciates at its true value this responsibility of working for a Europe which has not only grown in size but which has also assumed exceptional responsibility and weight and because it is the future of our old Continent that is at stake.

Lastly I want to tell you that we are passionately committed. We know what our responsibility is and we wish to exercise it to the full. We know that Europe's responsibility is not only to develop the right economic apparatus for a market of 250 million people. We also understand that our human and social responsibility to our peoples is fundamental. We know that in relation to the world at large, when it comes to peace and justice, is immense. This is why this Continent, with its own, aspirations, can stand as something great which is, I repeat, not only an economic entity but something which goes much further.

Ladies and Gentlemen, I have no doubt that this drive is common to us. No one achieves anything with programmes alone, although they must be respected. One achieves things because one believes in them because one is driven forward by a current that overwhelms you. All the Commission feels the same. At the same time, the political will of the States came out very clearly at the Summit. Lastly, there are yourselves. We know, Ladies and Gentlemen, what

Ortoli

this Parliament is and who its members are and why they want to build Europe. We shall try to build it together.

(Sustained applause)

President. — Thank you, Mr Ortoli. I call Mr Fayat, President of the Council of the European Communities.

Mr Fayat, President of the Council of the European Communities. — (N) Mr President, Mr President of the Commission, Commissioners, Presidents of the national Parliaments of the Member States, your Excellencies, Ladies and Gentlemen. My first task which I am delighted to carry out on behalf of the Council is to convey our congratulations to the enlarged Parliament, to the British, Danish and Irish members of Parliament.

For nearly a quarter of a century, Strasbourg has been for your three national Parliaments the European symbol of democracy and of the rights of man, as members from the national Parliaments of your three countries have been gathering here since the inception of the Council of Europe. We have therefore already been united within the most fundamental framework and that is our strength. But there is more.

We are jointly, in the continuous creation of a united Europe, the successors to statesmen, to thousands of members of parliament, union leaders, intellectuals, economists and many generations of young people who have, for 25 years been building Europe wherever it was possible by successive activities which have awakened an evergrowing solidarity.

Not only is the European Community being enlarged by the inclusion of three new members who are here in their rightful place, thus fulfilling a hope of its founders, but we are at the same time embarking on a creative period, on some aspects of which I would like to expand.

The Council of Ministers of the enlarged Community held its first meeting yesterday. Mr Harmel was unfortunately compelled through illness to leave the meeting and he has asked me to excuse him today. As deputy president of the Council, I have not been able to see any difference between the former members and the new ones. All the delegations have behaved in a way that has allowed no room for doubt that they belong to the same institutions.

With regard to its activities for the year 1973, the Council has before it a list of questions summarized in a working document drawn up at the request of Mr Harmel.

In this connection I would like to mention four areas of concern common to the Parliament, the Council and the Commission.

In the first place, the timetable of activities for the current year is one of the most exacting ever drawn up by the Community. There is very little time available if it is proposed to bring about, by 1980, a major reform leading to the complete realization of economic and monetary union and, within the same period determine, by appropriate treaties, the structure of the European Union. Since the time for all these activities is limited, each agency of the Community institutions will have to submit itself to a strict discipline.

In the second place, I wish to point out that the economic, social and political policies of the Community are becoming increasingly inseparable. When, in eight years time, our economic and monetary policies have become common ones in all the most essential points, the transfer of responsibilities to the Community will be so decisive, that the political centre of gravity will move to Europe. In the meantime our activities will gradually become more politically "loaded". The Paris Summit Conference was therefore fully justified in instructing the existing agencies for our political cooperation to remain in close contact with the institutions of the Community, so as to take into account, at the level of international policy, the implications and consequences of the Community policy now being elaborated.

It is also characteristic that the Paris Communiqué has set the same time limit for foundation of the economic and monetary union as for the foundation of the European Union. As the Community assumes ever more important tasks, it must consolidate its institutions and blend the whole of the relationships between our countries into a European Union, that is to say a supranational body with executive, legislative and judicial powers.

Thirdly, taking the foregoing into account, the Paris Summit Conference was right in entrusting the Community institutions with the execution of all new tasks which supplement and go beyond the obligations stemming from the Treaties of Rome and Paris.

These are the "Community procedures" laid down by the Paris Summit Conference for the coordination of economic policy; these are Community solutions which must be pursued in regard to regional problems. The Paris Communiqué does not cease to reiterate that it is the Community institutions which will have the task of drawing up programmes or executing announced policies. What is remarkable is that this also applies to the main purpose: the preparation, for a future summit conference, of the report on the plan for European Union.

Fayat

The aim is clear and is expressed in so many words: as far as possible, reference will be made to all the clauses of the Treaties, including article 235 of the EEC Treaty.

This leads to a fourth point in connection with the programme of activities awaiting us.

Reference to Community procedures means urging on Parliament, the Commission, the Council and the Permanent Representatives to mutual collaboration which must be all the more intensive since the subject matter is in all respects so wide-ranging.

The Council will ensure, Mr President, that regular contact is maintained with you. From next February onwards, we will be here at your disposal for a meeting to discuss ways and means in which the decisions of the Paris Summit Conference should be carried out, in particular with regard to economic union, monetary stability and the fight against inflation.

(The speaker continues his speech in French)

Mr President, Mr President of the Commission, Commissioners, Presidents of the national Parliaments, your Excellencies, Ladies and Gentlemen.

The objectives are known, the time limits are set, but what momentum will carry us across this interval of eight years, and impel us to overcome the difficulties, internal as well as external which will inevitably arise? The driving, dynamic ideas to which Europe owes its awakening are still there, but their dramatic content is blurred.

When Churchill spoke in Zurich in 1946, we had to restore our freedoms, protect ourselves against revolutions imposed from outside, rebuild and develop our prosperity, give real content to the aspirations for social progress, reconcile our nations and ensure internal peace in Western Europe.

Now, thanks to the success of European integration, a tremendous network of common interests is already giving indissoluble unity to our peoples. Would not so many reassuring phenomena deprive Europe of the creative energies which have hitherto inspired its (re)construction? We cannot evade this question any more than we can answer it in a few sentences. It must, however, be ever present in our minds. May I make just three points on this subject.

How are we going to embark on the study of long term trends which will shape the future of Europeans?

Towards what kind of society does our Community wish to evolve in order to create a more humane framework of living?

To be sure, the message of the Congress of Europe at The Hague still remains true: "The supreme conquest of Europe is the dignity of man and its true strength lies in freedom."

It is impossible to map the future of Europe without a sound knowledge of the options open to our society, which must choose its pattern of growth, choose the manner in which it will use it from among those ways which are available. Without this permanent concern for our evolution we would direct badly or not at all a destiny which is henceforth shared.

A second element in our thinking relates to the parliamentary and democratic structure which is essential to the Community and each of its component peoples. The Community institutions of the European Union will have to be defined but it is obvious that everywhere and at the same time in each state the structures of democracy are feeling the effects of the great changes now taking place and the need for adaptation.

Parliamentary democracy is a system common and fundamental to us all, but it is not enough simply to assert this in order to make it adjust to contemporary realities. Everywhere in Europe there is a two-fold need: in every state the need for a redistribution of responsibilities is being felt in the same way, it is both centrifugal and centripetal—towards Europe and towards the regions and the provinces. How can we proceed coherently towards this new division of authority and encourage, at every stage, the vocation of men who will serve the public disinterestedly and competently.

Our nine states have seen to it that the new Commission of the European Communities, like the previous ones should be of a very high calibre. Every country has drawn from its capital of statesmen and that is a good sign. How can we ensure the existence in Europe of a model democracy which would bring to power, at every level the best citizens and the most talented ones? Above all how attract to it, everywhere and continuously the most promising from among our young people?

Mostly, it has often been said the main obstacle Europe has to face is the temptation to nationalist withdrawal of its states. But there is today a danger just as great facing a Europe which has become by its enlargement and prosperity the first commercial power and, in so many respects the first economic power in the world. Henceforth, no Community decision however

Fayat

innocuous will be a matter of indifference to or without repercussions on the rest of the world. The more the scope of our common actions widens, the more each of these actions will be invested with a foreign policy content. In this connection, I am deeply convinced that ceaseless vigilance is essential: we must avoid presenting to any nation the face of a Europe which is selfish, tempted by a desire for hegemony or just solely concerned with itself, animated, as it were, by a kind of European nationalism. This very day, in Helsinki, our nine nations are adopting a common, concerted attitude in regard to proposals for agendas and plans for a mandate for negotiation for the conference on European security and cooperation. It is a practical and important symptom of the unity of our views, but it is also evidence of our common, collective interest in international peace and cooperation. Tomorrow the Community will also have the method for a constructive and permanent and indispensable dialogue with the United States of America, Japan, Canada and other industrialized trading partners; tomorrow we will decide on a common programme for our contribution to the solution of universal problems, those of currency, trade, but above all of the development of the countries of the Third World.

What spirit will inspire us?

May every common action of Europe draw inspiration from the following thought of Montesquieu:

"If I knew something," he wrote "which would be useful to my family but not to my country, I would try to forget it. If I knew something which would be useful to my country but detrimental to Europe and to the human race, I would regard it as a crime."

May our actions take inspiration from such principles and may we constantly remind ourselves that it is always necessary to seek to reconcile the interests of Europe with those of the rest of the world.

To put thus some questions, to state in a few short sentences these views among others, is, at the same time to show the necessity for a constant dialogue between Parliament, the Council and the Commission. Beyond decisions for actions, however great and promising they may appear, we will, I am convinced, see to it that the destiny of Europe is shown in its true light and that the vital impulse which will stimulate our will and justify our hopes, will be released.

(Applause)

President. — I thank you, Mr Fayat. I call Mr Dalsager to speak on behalf of the Danish Members of the European Parliament.

Mr Dalsager. — (Dk). — Mr President, Ladies and Gentlemen, as spokesman for the Danish members of the European Parliament, I would like to begin by expressing the Danish delegation's warmest thanks for the friendly reception extended to us in Strasbourg. Irrespective of our different outlooks, we are all anxious to see how we can participate in the daily work here, looking forward with keen anticipation to taking part in this work and interested in seeing how it will develop in the future.

Denmark is, of course, not unfamiliar with the problems involved in participation in international organisations. Nor are we unaware that things do not always go as easily as we might have hoped, or as fast as we might have hoped, or as well as we might have hoped. This is true of the work of the United Nations, for instance, and of a great many other international organisations, but it is our experience that if there is good will and trust in one's partners in the collaboration, one will see results. This is something we are quite familiar with from many years of cooperation between the Scandinavian countries, including parliamentary cooperation in the Nordic Council. We have met with many difficulties in this cooperation, but with tolerance and determination to achieve results we have come a long way in the creation of close collaboration between the Nordic countries in a large number of fields.

This is something we particularly wanted to mention on the day when Denmark is the one Nordic country to be sending politicians to work in the European Parliament. Denmark's entry into the European Communities was preceded by many years of negotiation and discussion.

We agreed with the original Common Market countries that we would join the Communities on 1 January 1973 and we are not unprepared. Nor are we unfamiliar with the problems which are being debated in Parliament and which must be resolved in the best interests of everyone. There are many big questions and grave problems here, some of which affect the Communities and the countries they comprise and some of which extend to the world outside. We hope that the Communities will make an important contribution to the creation of good conditions for men to live in, in a peaceful world.

The Danish decision to join the European Communities was taken in Autumn 1972, after a long phase of negotiations and an information

Dalsager

campaign. In a referendum in which a very high proportion of the Danish population took part, about two-thirds of the votes were in favour of Denmark's entry, while the other third considered that Denmark's interests could be best served without membership. Of the 5 parties in the Danish Folketing, the 4 largest were in favour of joining, so it was in agreement with the majority of the Folketing when the majority of the population voted in favour. I think I can say that there is general satisfaction in our country that the decision in the referendum was so clear-cut.

In their work in the European Parliament the 10 Danish parliamentarians will join the political groups in which they feel at home, although one of our colleagues, who did not wish to be associated with a particular group, will work under different conditions—also because he represents a party which is sceptical about Denmark's prospects in the European Community. It should be mentioned in this connection that other parties which took a positive attitude to the European Community in the Folketing also contain opponents to the policy. For instance, a small group of Social Democrats and the radical Left in the Folketing voted against membership, and in the referendum there were people from the four parties which support membership who for one reason or another opposed the party line and voted against Denmark's entry into the Communities. I think this fact will figure in the Danish parliamentarians' contributions to the work here in the European Parliament.

We fully realise that we represent a small population by comparison with the background of other representatives at this Parliament as far as their home countries are concerned. We do not think that this in itself gives rise to any particular problems. Of course we do not speak with the same weight as the big countries. Well, that's how it is in international cooperation, and it's a familiar situation for us. But we believe our opinions will be heard and will play their part in the debates and in the decisions which are taken.

The countries participating in the work of the European Parliament each have a particular background to their democracy. It has developed under different historical conditions in the various countries and is organised in accordance with the individual traditions of those countries. Denmark is no exception in this respect. Our parliament has a central role in political and social work. Our Folketing is a supervisory body in relation to the government. It criticises the government, but it is certainly true to say that if in many ways we have been successful in

building up a social structure in broad agreement between the political parties, we owe it to the fact that we attach very great importance to the collaboration between Folketing and government. This cooperation is conducted with mutual consideration and respect, and we think that our experience proves that such cooperation succeeds best when parliament has considerable powers.

The European Parliament has not found its ultimate place in the work of the Community. Over the years there have been debates in the Community as to the amount of power which should be vested in the European Parliament, what its competence and authority should be and in what way the Parliament should operate in the cooperation and constructive work which are in progress. Through all the years of negotiations on Denmark's inclusion in the Community, we in Denmark have been discussing the advantages and disadvantages of this cooperation. It has been a prime theme of the political parties for several years. The newspapers have given thorough coverage to this important topic. The population has taken a lively interest in the discussion and one of the things which has contributed to keeping the discussion alive—and of course has also stimulated the objections and opposition to Denmark's entry into the Community—has been just this question of the inadequate parliamentary powers of the European Parliament. We on the Danish side want to participate in the debates and discussions in which we know that the political groups in the European Parliament are involved, because we feel that it is essential to ensure that the Parliament finds its proper place in the work of cooperation and is on the right level in relation to the Council of Ministers and the Commission.

We are used to having our work in the Danish Folketing followed with lively interest by the Danish people. We very much hope that something similar may gradually develop towards the work in the European Parliament as well. In Denmark we are also used to the interest of the press in the Folketing and the politicians. The press have wide opportunities for following parliamentary work in every phase, and through their reports and leaders, and perhaps through their criticism, they can contribute to the interest in the work of the Folketing. This would also be desirable for the future of the European Parliament, but it means that the potential of the European Parliament must be enlarged. We Danish parliamentarians will do our best to stimulate interest in Denmark in the operation of the European Parliament. We will keep our colleagues in the picture about what is happening here, just as in other ways we must extend

Dalsager

the links between parliamentarians, both as far as the Political Groups are concerned and among individuals. I also believe that we must pay attention to contact between the delegates in the national Parliaments and the European Parliament. A profound understanding is necessary of what is going on everywhere in the 9 member countries.

I would also like to mention very briefly that we on the Danish side naturally want to see that Danish interests are safeguarded as well as possible, as we participate in the work of the European Parliament. It would be wrong not to emphasise that our participation in European cooperation arises first and foremost from the expectation that it will produce the best results for our country in the future. Of course we also know that this sort of cooperation is first and foremost for the benefit of the whole, which means that it must be useful to everyone. I think this is the goal towards which we will all be striving. But on the Danish side we would also say that in our opinion the European Communities have a duty and a mission in the outside world. The Communities cannot be sufficient unto themselves. It is our duty to contribute to justice and peace in the world and we must not forget what wonderful opportunities we have of increasing our joint aid to the developing countries. We must contribute in no small measure to the solution of the enormous problems of those countries. This is a human obligation, but it is also a political obligation for the rich countries.

Mr President, I thank you once again for the friendly reception accorded to us Danish parliamentarians in Strasbourg. We look forward to sharing in the work of the European Parliament and playing our part in the development of the whole Community and I hope that in future the Danish members will be able to make a contribution to the work of the Community and that our membership may be a source of profit and pleasure not only to ourselves but to the Community as a whole. Thank you, Mr President. *(Applause)*

President. — Thank you, Mr Dalsager. I call Mr Yeats to speak on behalf of the Irish Members of the European Parliament.

Mr Yeats. — *(E)* Mr President, this is a great and moving occasion for those of us who have come from Ireland to join from today in the deliberations of this European Parliament. In the first place, it is for us a tangible sign of the membership of our country in the European Economic Community. Our presence at this meeting today is a reflection of the decision made by our people

last year, when after a long and strongly-argued debate, they voted by an overwhelming majority of 83 per cent to join the EEC.

To us in Ireland it is not really a question, as the phrase goes, of our "going into Europe". Although we are a small island situated on the very fringe of Europe, we have, all through our long history, thought of ourselves as Europeans. Our scholars, our saints, brought civilisation and culture to many parts of the Continent, our soldiers fought in the armies of France and Spain. The traces of the Irish are to be seen to this day in many parts of the Continent—in the names of places and of families and in the ancient libraries and monasteries that our ancestors left behind them. Our interest in Europe is in fact nothing new. For many centuries we in Ireland have felt the closest ties of friendship and affection for the countries of the Continent of Europe.

We have therefore, Mr. President, a profound admiration for the inspiration that prompted the founders of the EEC, at a time when much of Europe was still devastated by war, to determine that the nations of Europe would never again engage in such a conflict.

We welcome, and we are happy to play our part in realising, the ideals set out so clearly in the Preamble to the Treaty of Rome. We join in the pledge there given by the Six of their determination "to lay the foundations of an ever closer union among the peoples of Europe" and in their affirmation also that the essential objective of their efforts would be "the constant improvement of the living and working conditions of their peoples".

Even though we realise very well how much still remains to be done, we have followed with admiration the progress that has been made during the past 15 years towards the achievement of these aims. In particular the traditional gap in living standards between those who live in cities and those who work on the land is being steadily narrowed as a result of the beneficial operations of the Common Agricultural Policy.

A beginning, though as yet only a beginning, has been made in the even more difficult and more important task of ending the great disparities that exist between the social and economic development of the different regions of Western Europe. There also remains the task of fulfilling our common obligations as members of the Community to help in the economic and social progress of the developing countries. When the final history of our European Economic Community comes some day to be written, the ultimate success of the Community will be judged not on the extent to which it has succeeded in making the rich richer but on the extent to which it has

Yeats

brought a new hope, a new and a higher quality of life, to those who live in the poorer regions of Europe and of the underdeveloped countries overseas.

While recognising, therefore, that much still remains to be done in the carrying out of the ideals set before us in the Treaty of Rome, we rejoice that so much real progress has in fact been made in setting up the institutions of the new Europe. We are fortunate to be joining the European Economic Community just at the moment when the early gains have been consolidated, and at a time when the great leap forward envisaged in the Paris Summit is about to get under way. We look forward, those of us who come from Ireland, to playing our part in the long and arduous programme of work that has been promised for the coming years.

In a more direct and personal way, this meeting marks for us who come here for the first time today the beginning of our task as members of the European Parliament. However much we may recognise its existing deficiencies, the European Parliament remains for us, as for all peoples of the enlarged Community, the essential democratic framework without which the whole concept of European integration would be rendered futile. We look forward, therefore, all of us, to the varied tasks which await us here, just as we look forward to the prospect of joining with our European colleagues in the activities of the Political Groups. We will do all we can to co-operate in the struggle to increase the powers and the prestige of this Parliament so that it may become a fully equal partner with the other Community institutions.

I thank you, Mr. President, for your kind words of welcome, and I can give you the assurance of our intense and active interest in the forwarding of the proceedings of this great European Parliament.

(Applause)

President. — Thank you, Mr Yeats. I call Mr Kirk to speak on behalf of the British Members of the European Parliament.

Mr Kirk. — *(E)* It is with a great sense of pride that I speak today as the first citizen of my country ever to address this Parliament as a member. My own feelings are necessarily those of profound emotion, for it was the European cause more than any other which has influenced me throughout 18 years of British parliamentary life, nearly half of them spent in our sister assemblies, the Council of Europe and Western European Union.

To me the realisation of Europe has always been a necessity for my country, for Europe and for the world. It is, therefore, a matter of great excitement that I should have been asked to lead the members of my party here in this Parliament and make what contribution I can to the great work which we have to do.

I must warn you, however, Mr President, that not all my colleagues in the British Conservative delegation share to the full the enthusiasm which I have just expressed for this work. We have thought it right, in submitting the names which both houses of our Parliament have unanimously approved, to produce a team which is as representative as possible, and we have given due weight, therefore, not only to the various regions of our country but also to those sections of opinion in the party who have yet to be convinced of the wisdom of the step which we have taken or, indeed, who are flatly opposed to it, at least in its present form.

That the British team is not even more fully representative is something which I naturally regret, though there is not very much that I or any other Conservative can do about it. I do not think it is a gap which will remain unfilled for very long; but until it is filled, I fear that quite a large section of British opinion will remain unrepresented in this Parliament.

That is itself a pity, for the decisions we shall take here in the immediate future are ones which will affect to the full the daily lives of every one of the 50 million citizens of our islands. As the legislation flows out from the Commission, not only in its normal course of business but in pursuance of the decisions taken at the Summit Conference last October, the shape of our Community for the next ten years at least will begin to form and it is vital that the voice of all our peoples, through their representatives here, should be fully heard.

We shall have much to say, particularly on such matters as the Common Agricultural Policy—which still, rightly or wrongly, causes much concern in my country—the proposed regional policy from which so many of our people have great expectations, and the monetary and economic policy which, if it is successful, cannot fail to transform our own economic position in the world even more drastically than the Community in its present form.

We shall have much to say, too, about the workings of the Parliament, for the health of this Parliament is essential to the health of the Community as a whole. The Community cannot function unless it has a base in the hearts and minds of the peoples, and Parliament is the

Kirk

only body which can provide that base. Without an effective Parliament our Community is in danger of strangling in bureaucracy or drowning in apathy.

Parliament must be made to work for the good not only of ourselves but of the two other institutions as well, for if one part of the body is sick it is bound to infect the whole.

We have thought long and hard about this, and we realise the inevitable tendency of new members to try to change everything to their own liking. That we must resist.

Our Parliament, if it is to have true life, will acquire its own procedures based, we hope, on the best that each of our nine constituent Parliaments can provide. Insofar as we can contribute to that task we shall do so. It may well be that there are methods and procedures in use at Westminster which will be highly relevant and useful here. To that end we have drawn up a memorandum, attached to a draft resolution, which I have today tabled on behalf of the Conservative group.

We believe from the study we have been able to make that this Parliament should seize the opportunity created by enlargement to take a thorough but quick look at itself and its relations to the other institutions. We have therefore proposed that a special committee of 13 members should be constituted, charged with this investigation. It would be able to hear evidence from anyone it likes, members of national Parliaments as well as this one, parliamentary officers, academics and the journalists who report our proceedings. It should report back with the minimum of delay, and its report should then be subjected to the fullest scrutiny and debate by us before the changes are made. Only in this way, we believe, shall we get the type of broad perspective which is so essential. But procedural reform, important though it is, is not, and must not be, an end in itself. It can be a real snare, giving the illusion of action without the reality. We also wish to press ahead with those things which Parliament can do now without any changes in the Treaty.

The more we have examined the situation the more astonished we are at the latent power which this Parliament could have if only it would use it. We hope to play our part in this, through things like questions, budgetary control and other measures some of which we have indicated in the document to which I have referred.

We have given many examples of how we can assume power even if it is not explicit in the

Treaty. We take as our motto "Silence gives consent" and that we are entitled to do anything which is not expressly prohibited. Let us do that in every area that we can find it. The power we have may be a negative one. This has always been so in the formative years of parliaments. But it is a real power just the same, and it is there for the taking.

If anyone says, "You have not been given the right of initiative", the answer is simple and clear. Initiatives are not there to be given; they are there to be seized. We can, and must, seize them.

It is in this spirit that we shall act and it is for this that we have come. Our policy is a simple one—power to the Parliament. Our rules must be shaped with that and that alone in mind. There must be power over the Commission first because that is implied in the Treaty. But we must examine our relations with the Council as well. Here we shall need to proceed in closest cooperation with our national Parliaments. The close accord between us here and those remaining in Parliaments at home is something which needs to be developed with the utmost urgency. By this means this Parliament will live and the peoples will clamour to be directly represented in it.

May I end, as I began, on a personal note. As I have said, this day is for me the culmination of all of my political life. A quarter of a century ago, as a young student, I observed the great congress at The Hague from which all this sprang. It was the dead who called us then—the dead of countless battlefields through the ages and particularly those of the two suicidal civil wars which Europe has fought in this century.

They call us still. The voice may be fainter now, the call obscured by the bureaucracy, power politics, the sheer frustration which has intervened since that time. But the call is still there, and it is for us even more than for the other institutions of the Community.

What we then set out to do was penance for their death by the creation of a system which would make such madness impossible ever again, a system which would be for us, the Europeans, but which we hoped would be an inspiration for the world. Despite all of the detours which have taken place, that is still our goal and it is only in and through this Parliament that it can be achieved. This is because it is this Parliament which gives the Community its uniqueness in the world. There is not, there never has been, anything like it. It stands for free discussion and solution by consent, for the willingness of the minority to bow to the will of

Kirk

the majority and of the majority to allow the minority to be heard to the fullest possible extent.

Only in this way can our problems be solved. Only in this way can the world's problems be solved. In this sense, frail and frustrated though it may appear to be this Parliament remains the last best hope of mankind.

(Sustained Applause)

President. — Thank you, Mr Kirk.

3. Decisions on the membership of the Bureau and the Committees

President. — Before we adjourn until three o'clock this afternoon, I would like to point out that enlargement is going to affect the membership of the various bodies of our Parliament. The Bureau proposes that for the interim period, that is to say from today until the March part-session, you approve the following changes:

—as regards the membership of the Bureau, an increase of three members; that is to say, an increase of one for each new Member State and

— as regards the membership of the committees, an increase of four members for each committee; that is to say, two for the United Kingdom and one each for Denmark and Ireland.

Are there any objections?

It is so resolved.

4. Enlargement of the Bureau of the European Parliament

President. — In preparation for the constituent part-session of the European Parliament in March, the Legal Affairs Committee is instructed to prepare proposals for adapting our Rules of Procedure to the situation created by the enlargement of our Parliament, and to report thereon at a plenary session.

For the provisional enlargement of the Bureau, Mr Dalsager and Mr Yeats, and likewise the Earl of Bessborough have been proposed.

Are there any objections?

It is so resolved.

I congratulate the new members of the Bureau, and have no doubt their cooperation will be very valuable.

As regards enlarging the committees, the lists of the new members will be recorded in the minutes of today's sitting.

Any objections?

It is so resolved.

We will now adjourn until three o'clock.

The sitting was adjourned at 12.55 p.m.

IN THE CHAIR : MR BEHRENDT

President

(The sitting was opened at 3.10 p.m.)

President. — The sitting is opened.

5. Membership of committees

The President informs the House that pending the constituent part-session in March, the membership of the committees referred to below will be enlarged as follows :

- Political Affairs Committee: Mr Dalsager, Mr Yeats, Mr Kirk and Lord Gladwyn.
- Economic Affairs Committee: Mr Federspiel, Mr Ryan, Lord Brecon and Sir Brandon Rhys-Williams
- Committee for Finance and Budgets: Mr Bro, Mr Keating, Mr Pounder and Lord O'Hagan
- Committee on Agriculture: Mr Jakobsen, Mr Hilliard, Mr Scott-Hopkins and Lord St. Oswald
- Committee on Social Affairs and Health Protection: Mr Christensen, Mr Nolan, Baroness Elles, and Mr John Hill
- Committee on External Trade Relations: Mr Thomsen, Sir Anthony Esmonde, Lord Mansfield and Sir Tufton Beamish
- Legal Affairs Committee: Mrs Nielsen, Mr McElgunn, Sir Derek Walker-Smith and Mr Brewis
- Committee on Energy Research and Atomic Problems: Mr Petersen, Mr Cruise-O'Brien, Lord Bessborough and Mr Normanton
- Transport Committee: Mr Guldborg, Mr Herbert, Mr James Hill and Mr Johnston
- Committee for the Association with Greece: Mr Bro, Mr McDonald, Sir Tufton Beamish and Sir John Peel

President

- Committee for the Association with Turkey: Mr Christensen, Mr McDonald, Sir Tufton Beamish and Sir John Peel
- Committee on Relations with African States and Madagascar: Mr Dich, Mr McDonald, Sir Douglas Dodds-Parker and Lord Reay.

6. Documents submitted

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 regulations on the implementation of generalized preferences in favour of developing countries for 1973 (Doc. 254/72) This document has been referred to the Committee on External Trade Relations as the committee responsible and to the Committee on Relations with African States and Madagascar and the Economic Affairs Committee for their opinions;
- a letter from the President of the Council of the European Communities to the President of the European Parliament on the the proposals from the Commission of the European Communities to the Council referred to in Doc. 254/72 (260/72).

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

- the proposal from the Commission of the European Communities to the Council for a regulation amending Council (EEC) Regulation 1463/70 of July 1970 on the introduction of a monitoring device in road traffic (Doc. 256/72).

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

- the pluriannual financial forecast for the budget of the European Communities (1973, 1974 and 1975) (Doc. 257/72).

This document has been referred to the Committee for Finance and Budgets;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No. 1009/67/EEC on the common organization of the market in sugar (Doc. 259/72).

This document has been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a regulation on imports of rice from the Arab Republic of Egypt (Doc. 262/72).

This document has been referred to the Committee on Agriculture as the committee responsible and to Committee on Relations with African States and Madagascar for its opinion.

(b) from the parliamentary committees, the following reports :

- Report by Mr Linus Memmel drawn up on behalf of the Legal Affairs Committee on the insertion in the Rules of Procedure of an Article 47A concerning the introduction in the European Parliament of an hour set aside for questions and debates on request and directives as to how they should be organized (Doc. 252/72);
- Report by Mr Cornelis Berkhouwer drawn up on behalf of the Economic Affairs Committee on the Commission's first report on competition policy (Doc. 31/72) — (Doc. 253/72);
- Report by Mr Charles Durand drawn up on behalf of the Committee on Social Affairs and Health Protection on the proposal from the Commission of the European Communities to the Council (Doc. 173/72) for a decision on action to protect Community livestock against foot-and-mouth disease (Doc. 258/72);
- Report by Mr Gerhard Reischl drawn up on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council (Doc. 22/72) for a regulation concerning legislation for the settlement of labour disputes in the Community (Doc. 261/72);
- Report by Mr Mario Vetrone drawn up on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council (Doc. 235/72) for a regulation on imports of citrus fruit originating in the Arab Republic of Egypt (Doc. 263/72);
- Report by Mr Mario Vetrone drawn up on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council (Doc. 262/72) for a regulation on imports of rice from the Arab Republic of Egypt (Doc. 264/72);
- Report by Mr Hans-Jurgen Klinker drawn up on behalf on the Committee on Agri-

President

culture on the proposal from the Commission of the European Communities to the Council (Doc. 259/72) for a regulation amending Regulation No. 1009/67/EEC on the common organization of the market in sugar (Doc. 265/72);

— Interim report by Mr Louis Briot drawn up on behalf of the Committee on Agriculture on the common organization of the market in ethyl alcohol of agricultural origin (Doc. 266/72);

(c) from the Parliamentary Committee for the Association between the European Economic Community and the East African States: the resolution adopted by this committee on 28 November 1972 in Nairobi (Doc. 255/72).

*7. Texts of agreements forwarded
by the Council*

President. — I have received certified copies of the following documents from the Council of the European Communities:

— Agreement between the Member States of the European Coal and Steel Community and the European Coal and Steel Community, of the one part, and the Republic of Austria, of the other part;

— Agreement between the European Economic Community and the Republic of Austria;

— Agreement between the Member States of the European Coal and Steel Community, and the European Coal and Steel Community, of the one part, and the Portuguese Republic, of the other part;

— Agreement between the European Economic Community and the Portuguese Republic;

— Agreement between the Member States of the European Coal and Steel Community and the European Coal and Steel Community, of the one part, and the Kingdom of Sweden, of the other part;

— Agreement between the European Economic Community and the Kingdom of Sweden;

— Agreement between the Member States of the European Coal and Steel Community and the Swiss Confederation;

— Agreement between the European Economic Community and the Swiss Confederation;

— Additional Agreement concerning the validity, for the Principality of Liechtenstein, of the Agreement between the Member States

of the European Coal and Steel Community and the Swiss Confederation of 22 July 1972;

— Additional Agreement concerning the validity, for the Principality of Liechtenstein, of the Agreement between the European Economic Community and the Swiss Confederation of 22 July 1972;

— Agreement between the European Economic Community and the United Nations Relief and Works Agency for Palestine Refugees in the Near East on deliveries of white sugar under the food aid programme;

— Agreement between the European Economic Community and the Republic of Bangladesh on deliveries of soft wheat under the food aid programme;

— Agreement between the European Economic Community and the Republic of Iceland;

— Agreement between the Member States of the European Coal and Steel Community and the Republic of Iceland.

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

8. Authorization to draw up reports

President. — I would point out that, pursuant to Article 38 of the Rules of Procedure, I have authorized the Committee on Social Affairs and Health Protection, at its request, to draw up the following reports:

— Report on the Ninth Report of the Mines Safety and Health Commission and the Third Report of the Steel Industry Safety Commission;

— Report on First Measures towards a common vocational training policy.

9. Reference to committees

President. — I would like to point out that the proposal from the Commission of the European Communities to the Council for a directive concerning the approximation of Member States' legislation on safety glass for use in motor vehicles (Doc. 144/72), which had been referred on 9 October 1972 to the Legal Affairs Committee as the committee responsible and to the Transport Committee and the Committee on Social Affairs and Health Protection for their opinions, had now also been referred to the Economic Affairs Committee for its opinion.

President

The proposal from the Commission of the European Communities to the Council for a regulation for the common organization of the market in ethyl alcohol of agricultural origin and supplementary provisions for ethyl alcohol of non-agricultural origin and certain products containing alcohol (Doc. 2/72), which had been referred on 17 April 1972 to the Committee on Agriculture as the committee responsible and to the Committee on External Trade Relations and the Committee for Finance and Budgets for their opinions, had now also been referred to the Economic Affairs Committee for its opinion.

10. Restriction of speaking time

President. — In accordance with the usual practice under Rule 31 of the Rules of Procedure speaking time on the various points on the agenda will be restricted as follows :

- 15 minutes for the rapporteur and for one speaker on behalf of each group,
- 10 minutes for other speakers,
- 5 minutes for speakers on proposed amendments.

President. — Are there any objections ?
It is so resolved

11. Decision on urgent procedure

President. — I propose to the Parliament to 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 ?

It is so resolved.

12. Order of business

President. — In accordance with the mandate which the Parliament gave me at its sitting of 12 December 1972 I had a draft agenda drawn up.

In the interval however the enlarged Bureau made one or two changes at its meeting on 10 January 1973, and further changes proved necessary.

All these changes are in the draft agenda that I will present to you :

This afternoon

- Communication from the Council's President-in-office on the Association Agreement between the EEC and the Republic of Cyprus;
- Communication from the Council's President-in-office on the budget of the European Communities for 1973;
- Statement by the Commission of the European Communities on the economic situation in the Community; this will be followed by a debate.

The report by Mr Berkhouwer on the Commission's first report on competition policy and Oral Question No. 25/72, with debate, on barriers to free competition in the sugar trade, which were to have been discussed together, were deferred to the February part-session.

From 6 p.m.:

- set aside for meetings of political groups.

*Wednesday, 17 January 1973**Until 10 a.m. :*

- set aside for meetings of political groups.

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

- Oral Question No. 19/72, with debate, on the Franco-Polish Economic Cooperation Agreement;
- Interim report by Mr Ballardini on the establishment of a Community network for the storage of radioactive waste;
- Report by Mr Giraudon on the involvement of Parliament in the conclusion of trade agreements with non-member States;
- Report by Mr Noé on a common approach to air transport;
- Report by Mr Memmel on the insertion of a new article in the Rules of Procedure.

From 6 p.m. :

- set aside for meetings of political groups.

*Thursday, 18 January 1973**Until 10 a.m. :*

- set aside for meetings of political groups.

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

- Report by Mr Reischl on legislation for the settlement of labour disputes;

President

— Oral Question No. 26/72, with debate, on the formation and use of surplus butter stocks;

Oral Question No. 25/72, with debate, on barriers to free competition in the sugar trade was deleted from the agenda and will be discussed together with Mr Berkhouwer's report on competition policy during the February part-session.

— Report by Mr Klinker on the common organization of the market in sugar;

— Report by Mr Vetrone on import arrangements for beef and veal;

— Report by Mr Vetrone on the Community tariff quota for beef and veal;

— Report by Mr Vetrone on a system of premiums for the promotion of beef and veal production;

— Report by Mr Vandewiele on certain cocoa and chocolate products.

From 6 p.m. :

— set aside for meetings of political groups.

Friday, 19 January 1973

9.30 a.m. :

— Report by Mr Beylot on the financing of assistance by the EAGGF Guarantee Section;

— Report by Mr Koch on turnover tax and excise duties levied on passenger transport;

— Report by Mr Kriedemann on three regulations for Spanish wines (without debate);

— Report by Mr Kriedemann on a Community tariff quota for eels and the tariff duty on small halibut (without debate);

— Report by Mr Kriedemann on the definition of the Community customs territory (without debate);

— Report by Mr Durand on the protection of Community livestock against foot-and-mouth disease;

— Report by Mr Vredeling on Community tariff quotas for Spanish dried figs and raisins (without debate);

— Report by Mr Baas on two regulations for citrus fruit;

— Report by Mr Vetrone on citrus fruit and rice imports from Egypt;

— Report by Mr Kriedemann on certain fishery products;

— Report by Mr Heger on certain measures to be taken in agriculture in view of the development of the monetary situation.

President. — I call Mr Löhr.

Löhr. — (*D*). Mr President, In connection with the report of Mr Briot, which is to be considered on Thursday, I wish to make the following statement on behalf of the Economic Affairs Committee :

The Economic Affairs Committee was given no opportunity to state its position before the completion of the interim report by the Committee on Agriculture. As this is a question which concerns the marketing system for ethyl alcohol of agricultural origin, which also includes industrial ethyl alcohol, a statement of its position by the Economic Affairs Committee is essential.

This being so I propose that Mr Briot's report be deleted from the agenda of this meeting.

President. — I call Mr Vredeling.

Mr Vredeling. — (*N*). Mr President, our group has discussed this proposal of the Commission this morning. It seemed to us that the Economic Committee should also be given an opportunity to give its views on this matter. In these circumstances and in view of the discussion we have had, we deem it necessary to comply with the wish of the Economic Committee. Our group therefore supports the proposal to remove this point from the agenda.

President. — Would a representative of the Committee on Agriculture care to make any comment ?

No response.

It is therefore proposed that this item be deleted from Thursday's agenda. I will put this proposal to the vote.

The report of Mr Briot is deleted from the agenda.

Are there any further comments on the agenda ?

I call Mr Vredeling.

Mr Vredeling. — (*N*). Mr President, I don't know whether you have indicated in the draft agenda which projects are to be debated and which can be dealt with without debate. On behalf of the Agricultural Committee, I propose that document 250/72, a

Vredeling

report that I must bring out and which concerns a number of technical matters be dealt with without debate.

President. — At the request of the Committee on Agriculture, the report by Mr Vredeling will also be dealt with without debate.

I call Mr Kriedemann.

Mr Kriedemann. — (D) The same applies to several of my reports which you have mentioned. This is simply the continuation of a situation which the Committee on Agriculture passed without discussion. It can therefore be dealt with by the House without debate.

President. — To recapitulate, the following reports will, at the request of the committees, be dealt with without debate :

— the 4 reports by Mr Kriedemann

— the report by Mr Vredeling.

Are there any further comments on the agenda ?

The agenda is adopted.

13. *Statement by the President of the Council on the Association Agreement between the EEC and Cyprus*

President. — The next item on the agenda is a statement by the President of the Council of the European Communities on the Association Agreement between the EEC and the Republic of Cyprus.

I call Mr Fayat.

Mr Fayat, President of the Council of the European Communities — (N). Mr President, Ladies and Gentlemen. I am delighted to have the opportunity to make a few short statements to the European Parliament with regard to the signing in Brussels at the end of last December of three new Agreements with Mediterranean countries.

On the 18th December, the Agreement with Egypt, together with a supplementary protocol, was signed, in connection with the enlargement of the Community. My predecessor, Mr Westertep was able to inform the responsible committees of the European Parliament of the content of this Agreement, before it was signed. We may expect to come into operation shortly.

With reference to the Agreement with the Lebanon which was also signed on 18th Decem-

ber, as well as to the Association Agreement with Cyprus, which was signed on 19th December, it was not possible to adopt the procedure of prior information which should have been followed at the time of your previous meeting, because of the social unrest which reigned at that time in our institutions. The European Parliament will realize that this was for the Council a case of "force majeure", and that the signing ceremony, which had already been arranged could not be postponed. Moreover, in the case of Cyprus, such a postponement would have given rise to legal difficulties. I believe that there is no point in my giving the European Parliament a detailed report on the contents of these agreements which have in the meantime been published. I would only like to recall that the Agreement with the Lebanon which was concluded on the basis of Article 113 of the Treaty has a framework and content which are very close to those of the Agreement with Egypt. The Association Agreement with Cyprus is more closely related to the one that was concluded with Malta.

So far as Cyprus is concerned, an additional protocol was signed at the same time, in connection with the enlargement of the Community. As the Parliament surely knows, this was a preliminary requirement requested for Cyprus to allow the latter to conclude negotiations for the export of Cyprus Sherry to the British market. In the end, we were able to find a satisfactory and fair solution to this problem.

Since the Association Agreement with Cyprus is based on Article 238 of the Treaty, it can be concluded by the Council after consultation with the European Parliament. In the very near future, as soon as the Agreement is available in the various languages, the Council will consult Parliament.

I take this opportunity to inform the European Parliament that the authorities in Cyprus are anxious to see the Agreement put into effect as soon as possible, precisely in connection with the problem of the export of Cyprus Sherry for which, from 1st January, 1973, as long as the Agreement has not been put into effect, reference prices must be applied.

In the case of the Lebanon the additional protocol in connection with enlargement has not yet been fully worked out, but this will surely be so in the near future. The Agreement can then without doubt come into operation in the first quarter of this year.

After having given these brief data, I would like to point out that the Council attaches great political importance to these three Agreements and is glad that they were signed before the end

Fayat

of 1972. The European Parliament will recall that the decision to open exploratory discussions with Egypt and the Lebanon was taken in October, 1969 at the same time as the decision to start negotiations with Israel. This occurred at the time of a meeting of the Council which was of great importance for relations with the Mediterranean countries. After all, this meeting was the beginning of the Community's well-balanced action in regard to this area. The Agreements with Egypt and the Lebanon thus form two very important elements in this action which the Council wishes to continue in future, within the framework of a general, well-balanced policy, the establishment of which, as the European Parliament knows, is one of the priority commitments of the enlarged Community in the sphere of foreign relations.

The Agreement with Cyprus, too, fitted into this framework and we are particularly delighted to have been able, on the eve of the enlargement of the Community, to conclude another agreement with a Commonwealth country. We are, at the same time, convinced that this Agreement will benefit the entire population of the island.

I also wish to mention briefly how far the negotiations in progress regarding the application of the existing agreements to the new situation of the enlarged Community have advanced. We were able to conclude negotiations with Spain and Israel on 22nd December, 1972 and the Council approved the results yesterday.

Mr President, I am naturally at the disposal of the responsible committees of your Parliament, to inform the latter, in accordance with agreed procedures, of the contents of the agreements before they are signed. The final phase of the association negotiations in regard to Morocco and Tunisia began on 11th and 16th January respectively and they will shortly begin for Turkey and Greece. The case of Malta will be dealt with by the Council at its next meeting.

A situation which was still somewhat complicated in December last has thus become clearer and the situation in regard to the relations between the enlarged Community and each of these states will soon be better defined. I would point out that in anticipation of the coming into force of these agreements the three new member states apply the "third country" ruling in regard to countries which have entered into an agreement with the Community.

President. — Thank you, Mr Fayat.

Mr Vredeling. — (N) Just one short question, Mr President.

President. — To whom?

Mr Vredeling. — (N). Mr President, will the Parliament have an opportunity of pronouncing on the statements which the President of the Council has just made? I ask this particularly with reference to the Agreement concluded between Egypt and the Community which is not, as far as its contents are concerned, entirely unopposed.

President. — I will now call Mr Fayat.

Mr Fayat, President of the Council of the European Communities — (N). Mr President, I have already said that it goes without saying that the President of the Council is at the disposal of the Political Affairs Committee of the European Parliament to go further into this matter.

President. — Are there any further comments?

The discussion on this point is closed.

14. Statement by the President of the Council on the budget of the European Communities for 1973

President. — The next item on the agenda is a statement by the President of the Council on the budget of the European Communities for 1973.

I call Mr Fayat.

Mr Fayat, President of the Council of the European Communities. — (F). Mr President, Ladies and Gentlemen. May I begin by apologising in advance for the unavoidably technical nature of this speech, and by reminding you that, at its meeting on 5 December 1972, the Council was informed of the resolution and proposed amendments adopted by the European Parliament and of the draft general budget of the European Communities for the 1973 financial year as amended by the Parliament, on 16 November 1972.

In accordance with the cooperation procedure between our two institutions on budgetary matters, the Council, before discussing the draft budget, held a general exchange of views on the amendments to the draft budget proposed by the European Parliament, with a delegation from the Parliament led by yourself, Mr President, and also comprising Mr Spenale, Chairman of the Committee for Finance and Budgets, Mr Offroy, rapporteur on the budget, Mr Aigner

Fayat

and Miss Flesch, members of the Committee for Finance and Budgets.

During this exchange of views, the Council noted with particular interest a suggestion made by Mr Spedale that in future Parliament should submit a note on amendments it intends to propose to the draft budget and on the Parliament's reasoning behind such amendments.

I would remind you also that during this exchange of views the Council proposed that, save in cases of extreme urgency, there should in future be a consultation procedure with Parliament as soon as the Council is informed of proposals to transfer appropriations under Chapter 98 concerning unallocated estimate appropriations, to other chapters in the same section of the budget. You were sent a letter on this matter which specified the conditions under which this consultation procedure could be implemented.

Finally, I would like to remind you that, following this exchange of views, the Council has decided to consult Parliament on the new proposal for a financial regulation, and on a proposal to amend Council Regulation No 2/71 implementing the Decision of 21 April 1970 on the replacement of the financial contributions of the Member States by the Communities' own resources.

As I have told you, the Council has examined the amendments proposed by Parliament most carefully and discussed them with the Commission, in accordance with the provisions of the Treaties.

First of all I should like to stress that the Council has decided to accept as they stand the proposed amendments Nos 9, 11, 16, 18, 20 and 21 submitted by Parliament.

After examining the grounds for the other proposed amendments, the Council was not able to agree to them and has instructed me to set out the reasons for which it has been unable to accept them.

As regards the staff of the Statistics Office—proposed amendment No 5, the Council points out that, when the draft 1973 budget was drawn up, it agreed with the Commission on an overall solution on the issue of Commission staff.

It therefore considered that the Commission could take account of the staff requirements of the Statistics Office of the European Communities when allocating staff according to the needs of its departments.

As regards the European information network,—proposed amendment No 22, the Council points

out that Community participation in the agreement for instituting a European information science network is the subject of a Euratom five-year training and research programme adopted by the Council on 25 April 1972 on the basis of Article 7 of the Euratom Treaty.

The Council stresses that there is already an appropriation for implementing this programme in Chapter 2.30 of the 1972 budget, "Joint Programme—JRC direct action".

As far as regional structures policy is concerned—proposed amendment No 8, the Council thought that a decision on this matter could not be taken through budgetary channels.

As to reform of the European Social Fund, proposed amendments Nos 3 and 4, the Council took into account new proposals from the Commission by providing appropriations in the draft budget; it considered that there was no new factor to justify an increase in these appropriations. It also took the Parliament's wishes into account by deciding on a considerable increase in the appropriations for the Social Fund for the 1973 financial year.

It did not wish to re-open the matter of the allocation of appropriations for projects to be carried out under Article 4 and Article 5 of its Decision of 1 February 1971.

The Council points out finally that, when adopting a compromise solution for appropriations to be made for the European Social Fund in 1973, the possibility of increasing the appropriations in question was not ruled out. Should the Commission submit a report to the Council on the use of the appropriations to the Social Fund demonstrating the need for an increase, the amount necessary could be made available by means of a supplementary budget.

As regards projects for improving agricultural structures—proposed amendment No 1, the Council considered that the sum of 285 million units of account could not be changed through the budget, and stressed that the question of whether it was appropriate to modify the annual amount to be set aside for the guidance section was still under consideration. Accordingly, to settle this matter now would be premature. The Council will first of all give a decision on this matter, after which the appropriations in the budget will be adjusted accordingly, if necessary.

As regards "*the Mansholt reserve*", as it is commonly known—proposed amendment No 19, the Council points out that no provision has been made to allocate these appropriations during the financial year 1973. For this reason these appropriations as a whole have been entered as a

Fayat

special item in the annotations to the budget. As for *Community industrial policy*,—proposed amendment No 7, the Council decided not to anticipate in any way such decisions as it might be required to take regarding Community innovation and industrial development contracts.

The Council also decided in the course of its discussions that the appropriations to be entered in the general budget for the financial year 1973 to meet staff expenditure were to be reviewed if necessary on the basis of decisions to be taken regarding wage and salary adjustments. These decisions have in the meantime been taken and the allocations reviewed accordingly.

Subsequent to the Council's discussions and in accordance with the provisions of the Treaties, my predecessor noted that the general budget of the European Communities for the financial year 1973 was finally adopted.

However, this budget will need to be adjusted by a supplementary budget, in order to take into account the new geographical area covered by the Communities. The Commission will accordingly submit a preliminary draft of the supplementary budget to the Council within the next few weeks.

Finally, the Council took note of the fact that the delegations of the acceding States had not commented further on this budget.

Mr President, Ladies and Gentlemen, I feel that I can speak on behalf of the Council in saying that it is gratified by the closer collaboration that has been established with the Assembly on budgetary questions. Like yourself, Mr President, and the Chairman of your Committee for Finance and Budgets, the Council will also make every effort to strengthen that collaboration still further in the future and in this way to promote the exchange of views between the two institutions while maintaining a balance in their respective areas of responsibility and authority in this field, of whose importance we are all aware and in which the relations between our institutions are proving increasingly fruitful.

(Applause)

President. — I call Mr Spénale.

Mr Spénale, Chairman of the Committee on Finance and Budgets. — (F) I have listened very attentively to the account of the final decisions of the Council on the 1973 budget just given by the President of the Council.

His statements cannot, in my opinion, pass without comment and the Committee on Finance

and Budgets will have to consider them and make such observations as it deems appropriate. The fact that Great Britain has just entered the Common Market is not my pretext for submitting the President of the Council to what is known as the "Scotsman's shower".

I must begin on a warm note, for it is true that given the limitations of a gentlemen's agreement, relations between the two institutions have been marked by more frequent contact, and have been more wide-ranging and fruitful.

When considering the progress of the proposed amendments submitted by this Parliament from the discussions before the preliminary draft was prepared to the final decision of the Council, we have more reason for satisfaction than in the past. Nevertheless, I am now obliged to apply the cold tap, for you have stated on two occasions, the first of these being in connection with regional structures—proposal no. 8—that the Council thought that a decision on the matter in question could not be taken through budgetary channels.

My immediate reply is that Parliament has not attempted to take a decision through budgetary channels. Indeed, last year it only sought the entry of an item for the record. It would seem that the financial consequences of such a budgetary decision would have been fairly anodine. However, the Council rejected it, although it is not certain that it had the necessary quorum to do so, since the entry of this item would not have increased expenditure.

This year, we entered an additional amount of one thousand units of account which the Council has also removed on the basis that a decision could not be taken through budgetary channels. The second issue relates to the plans for improving agricultural structures, that is, the annual sum of 285 million units of account.

Let me first say that these two proposals are consistent with each other, since the main object of a regional policy must be to deal with the areas where there is heavy defection from the country and agricultural structures are inefficient.

With six Member States we have been setting aside an annual amount of 285 million units of account for this item, and we considered that now there are nine Member States, the share of each would be much smaller, and that it was therefore necessary to enter an additional amount.

What did you say? That this figure could not yet be changed through the budget, adding that: "the Council will first of all give a decision

Spénale

on this matter, after which the appropriations in the budget will be adjusted accordingly, if necessary". And, on the matter of interpreting the April 1970 agreements, we have been told that "accordingly" meant: "without there being any possibility of amending them".

Mr President of the Council, I have to tell you that the statement by the Council runs counter to the 1970 treaty.

If it is necessary to amend the annual appropriations set aside for agricultural structures in the budget, the Commission exercises its power of proposal through the preliminary draft budget, the Council then examines it in consultation with a delegation from the European Parliament, and the European Parliament then submits proposed amendments. Finally, the Council, in the fullness of its present powers, finalises the budget after having made a detailed study of the amendments proposed by Parliament. But statements such as we have heard today cannot be substantiated.

I mention this because I find this statement rather serious. Mr Kirk is not among us, but other members of the British delegation are present, and I invite them to consider the lesson we were given this morning.

It appears that the European Parliament does not make sufficient use of its powers of proposal. Well now, the statement to the effect that the Council will first give its decision, after which the figures will be entered in the budget accordingly, and that we cannot raise these matters through the budget, is evidence of the Council's desire, whether conscious or not, to prevent the European Parliament from exercising any right of initiative or proposal, even through these budgetary powers which are quoted at us so often and put forward as being the true beginning of the Parliament's political identity.

What point is there in the April 1970 Treaty stipulating that we have the right to submit proposed amendments if the Council tells us that it does not examine them, and that if it does examine them, we have to agree to enter the figures which it instructs us to enter?

This is intolerable, since it means that the decisions determining the amount and structure of the budget are taken by the Council alone and that as far as budgetary matters are concerned, the European Parliament enjoys about as much power as a cow watching a train pass by—all we are allowed to do is count the number of carriages.

"The budgetary powers of the European Parliament" is an empty phrase when applied to

anything other than its own budget, but one which is used to ask us to give a show of democratic ratification.

I therefore thank Mr President Ortoli for having told us this morning that the Commission will keep the promises concerning the redefinition of the budgetary powers of the European Parliament which have been given, since those which we enjoy, which are tampered with in any event, are merely illusory.

From the statements made by their spokesmen this morning, I understand that the new delegations from Ireland, Denmark and Great Britain will give us crucial support in our struggle to obtain legitimate powers for this Parliament, and I shall be gratified if the ministers of these three countries are able to bring about a change in the attitude of the Council of Ministers from within, for there is no negligence on the part of the European Parliament to submit proposals and take initiatives, it is the Council which does not listen to them.

For everything which you are able to achieve with us to this purpose, we thank you now and, with you, we live in hope.

(Applause)

President. — I call Mr Offroy.

Mr Offroy, Rapporteur on the budget. — *(F)*. Mr President, I should like to add a few words to what has just been said by Mr Spénale, the Chairman of the Committee on Finance and Budgets.

Like him, I note that although the Council has accepted a few minor proposals submitted by the Parliament, it has nevertheless put off the proposals which we considered the most important. Our proposals on both regional policy and the Social Fund have both been rejected on the pretext that there were no new factors. It seems to us, however, that there were two new factors, the first being the decision of the Committee of Ministers of Social Affairs, who have held two meetings during recent months, and the second, even more important, being the insistence on the need for a bold social policy at the Paris "Summit" in October. Here are two new factors which could have justified increased effort in the field of social affairs.

As to the improvement of agricultural structures, I can only agree with what Mr Spénale has just said.

Finally, in connection with the common industrial policy, I should like to point out that we were only asking for studies to be carried

Offroy

out and since studies are only a means of preparing the ground for a decision, there is no reason why they should not be carried out before a decision on the substance of the problem is taken.

I note that the President of the Council states in his report that this budget will need to be adjusted by a supplementary budget in order to take into account the new geographical area covered by the Communities. In fact, as we know, the draft was prepared on the basis of a ten-member Community, and we shall have to amend it because there are now nine Member States in the Community.

I should like to express the hope that it will be possible to take more account of the information we have supplied in this supplementary budget.

In conclusion, Mr President, I should like to say this: During the general debate this morning, certain speakers mentioned that significant sectors of opinion in the new Member States, particularly Great Britain, were not in favour of entry into the Common Market. Regret was also expressed that countries like Norway had in the end decided not to join, for the time being at least. For my part, I am convinced—and I base my conclusions on the example of what I saw in my own country when a referendum on the question of the treaties of accession was held—that this reluctance arises out of excessive apprehension about all aspects of common policy in the Common Market. If a bolder, more dynamic, European approach is adopted on regional policy, to which the British attach such importance, social policy, which was called for by Mr Pompidou, Mr Brandt and others participating in the October "Summit", the improvement of agricultural structures, which several countries desire, and in the field of industrial policy, where there is a need to provide assistance for smaller undertakings which do not have the means to allocate a very large proportion of their budgets to research, I am convinced that we would encounter less reluctance among the public.

Since we are here in the European Parliament, I should like to express my conviction that if the Council does not take account of these factors, we shall experience further setbacks in addition to Norway's decision against entry and the absence of certain British representatives from our midst.

I should like to express the hope that the Council will draw the lesson of the last few months, adopt a more resolute attitude and take more account of the proposals made by Parliament.

(Applause)

President. — I call Mr Fayat.

Mr Fayat, President of the Council of the European Communities. — (F). Mr President, Ladies and Gentlemen. I know that it is not customary for the President of the Council to reply immediately to a speech of this nature, but I do not wish my words to be misinterpreted. I should like to point out that the approach of the Council has always been to begin by adopting fundamental decisions and then calculate their effect on the budget later.

I should add that these fundamental decisions affecting the budget are normally the subject of consultations with the European Parliament, and of debates in the Parliament. Finally, I should like to add a word on the address given by the Commission by saying that the Council looks forward with interest to receiving the proposals which the Commission has announced it will be submitting on the question of the budgetary powers of the Parliament.

President. — Are there any further comments?

The discussion on this point is closed.

15. *Statement by the Commission
on the economic situation in the Community*

President. — The next item on the agenda is a statement by Mr Haferkamp, for the Commission of the European Communities on the economic situation in the Community.

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D). Mr President, it is now an established tradition, and a good one, in this House to begin the year with a review of the economic situation in the Community. The Commission welcomes the fact that it is possible to continue this tradition in the present year and to hand it on to the enlarged Community. As you will appreciate, this has involved a certain amount of effort on the part of the Commission, as the present Commission has been in office only a few days, and the various responsibilities have only recently been allocated. For us the debate at the beginning of the year means that we, together with Parliament, review the past year, then consider developments in the coming year and seek to assess these developments and to identify some of the problems which are likely to emerge.

As I mentioned, this tradition is a valuable one. We intend to continue it. I should, however, at

Haferkamp

this juncture not like to omit to render thanks to the man who for many years has made this report within the Community and occupied a distinguished place in the Community's work in the general context of our economic and monetary problems: I refer to our former Vice-President and my friend Raimond Barre.

(Applause)

Ladies and Gentlemen, In looking back on 1972 we may say of the overall development of our economy: it was not bad, neither was it good—it was somewhere in between; in German we would say that it was, if anything, middling. Expressed in figures this means that, as regards real growth in individual Member States, progress in the Community of the Six has been extremely varied. Compared with 1971 our real growth was about 4%. This figure, however, represents the average between nearly 6% in the case of France, a good 4% in Belgium, 3.5% in the Netherlands and about 3% in the Federal Republic of Germany, Italy and Luxembourg.

As regards the countries which entered the Community at the beginning of the year, here too there are differences and the criterion "neither good nor bad, but about middling" applies. In Great Britain real growth was 3.5%, in Denmark 4.5% and in Ireland 3%.

As regards the employment picture, generally speaking the trend in all countries was, regrettably, slightly downward. On average the number of unemployed rose during the year, but the labour market showed a distinct improvement in the second half.

The main source of concern in the past year will also be our main anxiety this year: the rise in prices. There is not much that is new to report. The anxieties and the numbers are known to you. At the end of 1972 price rises were between 6.5% and 7.5% compared with 1971, in conditions of relatively moderate growth.

Unfortunately, it is not possible to assert at the beginning of this year that this trend has altered. We shall see what steps we shall have to adopt this year.

As regards the export trade, *prima facie* the situation in the past year was satisfactory. The surplus on current account in the Community increased slightly, but we must remember that certain non-recurrent factors are involved. On the one hand, there was the improvement in the terms of trade caused by the Agreement of December 1971. On the other hand, there was a restrained growth which limited the increase in the volume of imports. Firms in the European

Economic Communities preserved relative discipline in their export prices. Nevertheless, we must place on record certain new features in the course of the past year, for instance a very marked decline in the upward movement of prices in the USA. Towards the end of the year the price rise there was only half as high as the average within the Community.

Such in rough outline is the picture as we enter the New Year. What factors have we to take into account in 1973? Both in the annual report of the Commission last year, and in the parliamentary resolution of October 1972 we recorded that 1973 may be marked by an active and broadly-based revival of trade. This forecast from the latter months of the past year is confirmed by indications now available. The forecast applied not only to this Community, but also to other important industrial areas of the Western world. We reckon on an average real growth in member countries of our Community of 4.5 to 5%. We find that within this range rapid expansion will be possible as compared with 1972, especially in Western Germany and Great Britain, and probably in Italy, Belgium, the Netherlands and Luxembourg. In the case of Ireland and Denmark we expect a more rapid growth than last year. In France it should perhaps be possible to stabilize the rate of real growth, which at 6% was quite high.

Turning to the areas outside the Community, we find that in the USA a real growth of 6%, similar to 1972, is expected. The same applies to Canada. In Japan, which always occupies a special position, a real growth of 10% may be expected. The development of employment in the Community justifies the expectation of an improvement on the basis of stabilized economic factors. We must remember, however, that we are in the early stages of an upturn, i.e. to begin with, existing production capacities will be used to better advantage, thus registering a quite marked advance in productivity; it will not automatically follow that, because of a rise in real growth, there will be an equal rise in the number of persons employed. Increased growth will be reflected only, by a relatively slow process, in an improvement in the labour market, and there will be marked differences between individual economic sectors and countries.

Consequently, the employment situation will improve, although, for instance, in Great Britain, Italy, the Netherlands and Eire it will not yet qualify as "satisfactory". In these countries a phenomenon which we ourselves experienced in 1972 will become specially marked, i.e. the structural factor in the employment situation and the difficulties connected with it.

Haferkamp

In view of this experience we shall have to draw deductions not only for our economic measures, but also for other fields of policy which were referred to this morning, and which are of special importance for the work of the year. I have in mind regional and social welfare policies.

The main problem in 1973 will be the development of prices. In our opinion the main danger is a continued upsurge in prices at the producer and consumer levels. It is clear even to-day that no radical and sudden arrest of the price rise can be expected in 1973. In making this assertion it is not our desire to cause alarm. We must, however, also beware of creating illusions. I shall revert to this point in a moment. We must realize that, in any action taken in 1973 to check the rise in prices, at the moment there is no indication of any adequate mitigation on the costs side, even if the fullest use were made of unused capacities. Nor may we count on any stabilization of imports. I have argued that in other areas of the world with which we are associated there is also an upward trend and that there is a marked rise in prices and costs in our supplier countries. Thus we have a definite increase in the price of raw materials, and especially in energy, and shall experience no relief in that quarter.

Wage costs per production unit will probably continue to rise, and will be most noticeable in cost-intensive industries, especially the supply of services. We have to reckon with a boom resulting from the demand for services. Nor can it be excluded—on the contrary, it is to be expected—that the anticipation of inflationary development and cyclical “profit-taking” will cause prices to rise, as is usual at the beginning of a boom.

This, then, is the background to the main economic and monetary tasks which will arise in the coming months. This background is a high real growth, accompanied by a slight but perceptible improvement in employment and a continuing rise in prices, and our problem will be to flatten out the curve of this further price rise.

Consequently, the first task of our economic policy is to regain a satisfactory price stability. I said that we wish to cause no alarm, but also to create no illusions. We must make one thing clear: we cannot overnight arrest and divert a development which has been going on for several years. It would be an illusion to suppose that something which takes place over a number of years could be ended overnight by decisions of governments, the two sides of industry and the Community institutions. But this does not

relieve us of our responsibility to do all in our power to change this trend. Yet we cannot simply reverse it from one day to the next. Ladies and Gentlemen, if you will forgive the image, the case is similar to that of a car driven at high speed. The car does not come to a halt the moment the brake is applied. Certainly, the brake must be applied, and the car must be able to stop in good time. The speed of the car must perceptibly slacken. Applied to the problem of rising prices, this would mean a perceptible slowing down in the rate of price increases. To my mind the all-important task is to influence this trend and to seek to change the steep curve to a shallow one.

A programme to regain stability and to combat inflation was formulated at the Summit Conference. Moreover, at its meeting on 30-31 October the Council of Ministers discussed that programme. At the time a good deal of negative criticism was made and much disappointment could be heard in comments on the meeting and on the resolutions adopted. I believe, however, that if today we look back on what has since been achieved, we can say that this meeting was a very important one, and that the resolutions then adopted were vital, and remain vital, for our common battle for stability and against inflation.

Since October nearly all Member States have adopted measures, in part concerted, on this question of monetary and credit policy. I would remind you of the decisions of the issuing banks concerning rises in the discount rate, minimum reserve ratios, etc. The problem of reducing the growth of the volume of money and credit has been energetically tackled. It cannot be disputed that substantial efforts have been made in this direction. We see in a number of countries the first steps being taken towards a restrictive budget policy. But we cannot assume that, in the middle of January, when a new budget year has just begun, it is possible to make a final judgment on the implementation of the budgets and the expenditure policy of a state and its many and varied sub-divisions, down to local authority level, and say: this conforms to the restrictive line which was agreed upon in Luxembourg.

We shall be having our first Council Meeting in the middle of March, when we shall probably be able to say more about the results and the success of the budget measures. But we all know, and you know from your countries, how much restriction and caution has been adopted in framing budget policy for this new year.

Some countries have adopted incisive and irksome measures on income and prices policy, e.g. the stabilization programme in Great Britain,

Haferkamp

or similar measures in other countries. A large number of measures reflect the Luxembourg Resolution, e.g. the stabilization policy in France, including the lowering of tax rates in VAT, in order to lower food prices. We are constantly exchanging information on such measures, and shall not leave it at that. We regard this as a permanent task for this year and intend to implement it along with the governments.

I will not withhold from you that the measures decided in Luxembourg, however important and significant they are for stability at national level and for increasing coordination and arrangements between Community institutions and Member States, are, in the last analysis, disappointing. The Commission had decided in Luxembourg on a general tariff reduction and a specific application of generalized preferences, and on the policy of quantitative limitation with a view to stabilizing prices. You will also recall that the Council was unable to decide to follow these proposals from the Commission.

Next week the Commission will make a new proposal to the Council on the question of tariff reduction. We very much hope that a decision will then be possible which can be incorporated into the general trend of the battle for stability.

In this year there will be numerous meetings of the Community institutions, which will enable us to decide what progress has been made in our steps to combat inflation. Dates have been fixed on the basis of the decision on Economic and Monetary Union, and for consultations on trade cycles and budgets, in mid-March, mid-June and mid-September. In between are dates decided at the Luxembourg meeting and arising from the Summit Conference programme.

We shall take advantage of the dates on which the Community institutions meet to assess what progress we have made in our efforts to achieve stability, and to exchange experiences as to the effectiveness of the measures adopted. The Commission will of course use the dates and the numerous meetings to make any necessary suggestions to supplement them. It will not slacken in its endeavour to make regaining stability into the slogan for our economic and monetary activity, as there is more at stake than merely this question, which is important enough in itself. What is really at stake is our continuing credibility in the context of all other efforts we make to build Economic and Monetary Union. I said that the battle for stability and against inflation was important enough in itself. But at the same time we are in the major process of building our Economic and Monetary Union. If we were to fail in as important a

matter as the battle for stability, nobody would believe that we would take any more ambitious aim seriously either.

Concerning the employment situation as it affects the new Member States, I think it should be one of our main aims to remove the weaknesses and disparities in the employment structure according to sectoral and regional criteria. I believe this to be all the more necessary because some of these problems particularly affect our friends in the countries which have now joined us. We must solve this question in a spirit of solidarity. We can solve it only if the Community acts as a common unit, and if those for whom these questions present no great problems, and those who are economically strong, help those who have serious problems to meet. This will not be possible overnight, but we must approach our economic policy in this spirit and further develop the programmes for our regional and social problems in the same spirit.

In the process of realizing Economic and Monetary Union we should not imagine that we can make real progress if we do not create opportunities to solve the structural difficulties in our Community in the same way as has been taken for granted hitherto in the individual national economies.

In the short term we should realize that we have this year an opportunity. We should make resolute use of the upturn phase we are now entering to make quantitative, and even more qualitative, improvements in the employment structure. It is a well-known fact that such problems are more easily solved in the upturn phase than in phases of low growth and recession. We are on the threshold of such a phase and should use it to remove difficulties in the employment structure.

The Commission sees a further task in the first stage of Economic and Monetary Union. We should fulfil the tasks entrusted to us by the Summit Conference. We have been given firm dates, and these dates must be observed. On behalf of the Commission I declare that, as far as its proposals are concerned, these dates will be observed.

By 1 April we must set up the European fund for cooperation on monetary policy. The target, as you know from the final communiqué of the Summit Conference, is to facilitate the equalization of balances between the issuing banks resulting from operations in Community currencies, i.e. the establishment of a multilateral intra-Community system of equalization of balances. The Fund will have to administer the Community system for short-term currency aid, as well as the system of balance-financing

Haferkamp

introduced when band-widths were extended, in connection with problems of the so-called "snake". It has been agreed that a European unit of account is to be used for operations by issuing banks in the framework of the Fund. We shall therefore have to create the legal basis for the Fund. We shall have to set up the infrastructure of the Fund. Next week the Commission will drawing a suitable proposal to submit to the Council of Ministers. This proposal will invoke Art. 235 of the Agreement and therefore also concern this Parliament. If the proposal is made next week, the Council of Ministers will in our opinion have adequate time in February and March to make its arrangements to ensure that April is observed as the date for the creation of the Fund.

In this connection I should like to mention two further commitments entered into at the Summit Conference for which deadlines are set. First, the report on the adjustment of short-term currency aid, which must be tabled by 30 September, and secondly the report on the conditions for a step-by-step pooling of currency reserves, proposed for the end of this year.

Allow me, as I have already mentioned the Currency Fund, to add something about the other currency problems in 1973. It is vital to revert to fixed parities which can, if necessary, be adjusted. You know of this situation from the communiqué of the Summit Conference. We have in the Community one country which at present has no fixed parities.

Special importance attaches to the success of the policies of the United Kingdom in its efforts to achieve stability. We should never forget that monetary problems basically reflect economic processes and structures. If the economic foundations are sound, monetary problems too will be more easily solved. We should not imagine that we can use monetary techniques to redress matters which are at fault economically. We therefore welcome especially the measures instituted by the United Kingdom; they are in their first stage and are to be developed further. We hope for stabilization of the economic conditions and for a rapid re-establishment of a permanent parity of the £. By so doing the full participation of all Member States of the enlarged Communities in the exchange rate system and the various currency mechanisms of the Community can be assured.

The reform of the international currency system is being discussed on the basis of the 8 points laid down by the Summit Conference in a number of Community groups.

Ladies and Gentlemen, allow me to say to you: It is important for these discussions to be

conducted and extended, in order to establish a common standpoint for international negotiations. It is less important for us to read daily in the press about the progress of these discussions. In my view it is evidence of great progress that recently there has been less open public discussion of these currency matters than in many stages in the past.

I can tell you that these discussions are being conducted by us now, that our basic positions are fixed and have been confirmed by the Summit, and that we shall continue to adhere to these basic positions in the future.

As you know, the desired reform of the international currency system is to create a just and stable currency system, founded on currency convertibility and on fixed but adjustable parities. We must ensure that the discipline needed for such a system applies to all countries concerned, large or small, to both creditor and debtor countries. Each participant must observe the rules of such a system. This all-embracing discipline is necessary to avoid any further unduly strong financial disequilibrium which might produce wide shock effects.

Here again we should be confronted with the repercussions of economic conditions on the monetary sector. I am convinced that an essential condition of the success of such efforts for an international currency system is that concurrently further progress be made in the economic and monetary integration of the Community.

In 1973 the first stage of the plan implementing the Economic and Monetary Union will expire. The need now is to formulate as soon as possible the targets to be implemented in the second stage. After that we must determine the appropriate measures to be taken. In this context we must not overlook the fact that these currency efforts within the Community with a view to further progress in the second stage affect not only ourselves. If we manage to enforce this policy, we automatically secure our external Community position. We should bear in mind these two parts of the development.

It is of fundamental importance, in the transition to the second stage, for this Economic and Monetary Union, of which we enter the intermediate stage, to be regarded as the centrepiece of the desired European union. The work on the second stage will thus acquire an importance which transcends the purely economic and monetary field. It will represent an important element in the political climate this year and subsequent years and for the Community's development.

Haferkamp

As regards the Commission, the Council Resolution of 22.2.71 requires the Commission to submit some reports by 1 May of this year, i.e. first, a memorandum on the progress made in the first stage of Economic and Monetary Union, taking into account the parallel nature of economic and monetary policy; second, in cooperation with the appropriate committees, we have to submit a report on the division of powers and responsibilities among the Community bodies and Member States. These powers relate especially to the fields of conjunctural policy, monetary and credit policy, and budget policy. They must be so formulated as to ensure the smooth running of an economic and monetary union, in other words they must give us a clear picture of the aims and contents of the second stage, and of who is to be responsible for what in this second stage. Today we are not able to give you an outline of these details, but I can say this: if we are in earnest with the Economic and Monetary Union, we must demand real progress in the second stage.

Unless we make definite progress in the second stage, we shall be unable to carry out the Plan, which comprises the period up to 1980. Therefore we must impart urgency to the second stage.

Secondly, we shall be unable to avoid a serious discussion of institutional problems. If in this second stage important decisions have to be made in key areas, there must be no doubt as to who is responsible for what part. To quote the words of the Resolution of March 1971, it must be possible to work quickly and effectively. These questions are too vital to the economic and social development of our Community to allow us to deal with them in the same way as other problems, which may remain for months with panels of experts, which, though annoying, is not a matter of vital importance. Here decisions must be rapid and effective, and the responsibility must be clear. This is no simple matter, and will provoke much discussion during the year.

It is not my intention, nor that of the Commission, to discuss the institutional question according to any academic or theological principles. We must, as a first step, seek to specify clearly the substance of what we have to do in the second stage, and, in order that it may be effective, discuss the institutional problems. If we do this, we shall have a chance of success. Conversely, if we begin with general discussions of institutional problems, we shall make no progress in that field either. First, the substance must be defined; after that, the institutional problems must be discussed at the same time.

Ladies and Gentlemen, as you have seen, in regard to growth we certainly have the prospect of a gratifying development. We shall have plenty of opportunity to solve employment and structural problems, or to devise solutions in cases where they cause us concern. But we shall also have a continual decisive battle for stability and against inflation. We cannot afford to, and we must not leave this problem to governments alone. This is a matter which concerns us all. We are all victims of inflation, and we should all join in the battle against it; this applies to all who bear responsibility in the economy or in politics.

We are at the threshold of a year which will be important for the future of the Community, and in the implementation of resolutions already adopted: Economic and Monetary Union, the Monetary Fund, together with other effects on the institutions and the whole life of our Community.

A vast work-load awaits us all.

This year 1973 demands of all who bear economic responsibility dedication, sincerity and courage. But this year also demands a maximum of cooperation. Cooperation between this Parliament and the Commission has a very high priority.

Ladies and Gentlemen, The Commission looks forward to cooperating with you in solving the problems which I have outlined, especially with the responsible committees in your distinguished House.

Thank you.

(Applause)

IN THE CHAIR: MR ROSSI

Vice-President

I would remind the House that Parliament has restricted speaking time as follows:

- fifteen minutes for the rapporteur and for one speaker on behalf of each group,
- ten minutes for other speakers,
- five minutes for speakers on proposed amendments.

Mr Bos, spokesman for the Christian Democratic Group. — (N). Mr President, as spokesman for the Christian Democratic Group, I will, this afternoon, deliberately restrict myself, not only in regard to time, since Mr Löhr wishes to say a few words after me, but also as far as the

Bos

subject matter is concerned, because of the time at which this debate is taking place. Moreover it is, I feel, quite natural that Mr Haferkamp, although an experienced member of the Commission must nevertheless be given some time to come to grips with the extensive and complicated economic and monetary problems with which he has been concerned for barely a week and a half, before a truly wide-ranging debate can take place on this subject.

Mr President, we have noted with great appreciation the speech which Mr Haferkamp has just made.

We wish to be allowed to state that the two most important problems of the past year, which will also be present this year, are those of inflation and unemployment. I call these the two most important problems because we see these as the two most important enemies on the road to stability, and that means the road to further progress of European cooperation. They are enemies because they undermine the confidence that many may willingly wish to place in European cooperation.

Inflation is a problem that exists in all the countries of the Community and unemployment is one that obtains in more than half of them. For some countries the problem is a very oppressive one. There is a clear connection between these two problems because the more rapid the rise in prices, the more the economy is compelled to readjust and thereby to reduce the numbers employed. Alas, in the fight against inflation and unemployment, the connection between the two problems is too often forgotten.

I would like to ask whether the Commission of the European Communities could perhaps check whether it would not be better to look for an improvement in working conditions by way of a reduction in working hours, particularly in sectors where there is high unemployment. In our view this would create labour opportunities without inflation.

Inflation needs to be tackled at a national as well as an international level, that is to say, at Community level. At the moment the stress in the struggle against inflation is clearly on the former. There are a number of ways and means available in that area but we must, alas, state that either the political opportunity is not present or the political courage is lacking and these national means are not being used consistently.

The lesson to be learned from the crises in the member states in recent years is, in our view that, in the first place monetary policy must be carried out more temperately, that is to say less

jerkily and above all, more firmly. Of course, an increase in the quantity of money of 20% or more reduces any fight against inflation gradually to a hopeless task.

In the second place, experience in recent years shows that the autonomous cost of inflation cannot be fought with a monetary and budget policy alone. It must also be tackled directly, that is to say through incomes, and we will then have to revert, on broad lines to a system where wage increases are related to increases in overall production. It goes without saying that wages should not be the only target of an incomes policy. It is worth noting that in such a free country as the United States an effective supervision of profit margins and incomes from dividends proved impossible.

Mr President, there is no sense in searching for more perfect economic solutions, since from an economic point of view the problem is pretty clear. The struggle against inflation is mainly a question of political courage, in order to put an end, by means of unpopular measures, to the illusion of increases in incomes which bring no real improvement. From a Community point of view the fight against inflation is getting slowly into its stride. The Luxembourg anti-inflation resolution of November 1972 is ambitious in its aim because pegging prices to 4½% is anticipated, but we question whether the means recommended are adequate.

I said "ambitious" because I believe that Mr Haferkamp too spoke in pretty pessimistic terms at the last meeting of the Economic Affairs Committee. He expressed himself roughly as follows: "We must try to avoid straying too far from the aim—4½%—which we set ourselves in the resolution on the struggle against inflation. We must not delude ourselves with the hope that a process which has been going on for so long can be stopped at short notice".

Mr President, with a little goodwill we can see the efforts now being made in the various Member States to evolve a kind of social contract in relation to the fight against inflation, as a result of the Luxembourg Conference.

One may question whether the direct benefit resulting from such a central agreement will be particularly great, but we can consider it to be the beginning of a further development and thus as the way to be followed to achieve final solutions. Nevertheless a central agreement will only have a real chance of success if it contains an agreement on the distribution of available resources, over all the relevant categories of expenditure and also if it is concluded, not for one year but for several years.

Bos

In addition, the Community can do some very useful work in the longer term by an active policy of competition, the price competition, which, in several sectors has now become a matter of secondary importance or has even disappeared altogether.

Mr President, it has become almost unusual, even in the European Parliament, to speak of supranationality. Still one cannot escape the conclusion that in the coming years a very strong centralisation of economic policy must take place, and in the end this is nothing less than the creation of a measure of supranationality.

The Secretary-General of the Dutch Ministry of Economic Affairs wrote in the Economic/Statistical Reports of 3 January that the institutional problems which now have the lowest priority in the Community are those which should have the highest ones.

The fight against inflation in the Community is no longer exclusively possible in a national context. Certain areas of economic policy must therefore be centralised to the extent that the national policy has lost its effectiveness.

That institutional problem will recur when the question of the transition to the second phase of the economic and monetary union comes up for discussion. This phase can only eventuate if, in accordance with the resolution of the Council of March, 1971, preparations have been made for the institutional provisions in the final phase.

What we now expect from the Commission of the European Communities is that it makes the pertinent proposals in good time. They must be courageous proposals, perhaps even exceptionally so in the eyes of those who prefer not to use the word "supranational" any more. These proposals must be daring because they are a logical and necessary consequence of pursuing economic integration in Europe.

(Applause)

President. — I now call Mr Vals to speak on behalf of the Socialist group.

Mr Vals. — *(F)* Mr President, Ladies and Gentlemen. I should like to begin by thanking Mr Haferkamp for his most interesting address. It will probably give rise to discussions in the committees and Political Groups, and I feel sure that in the course of a forthcoming part-session, perhaps in February next, we shall be asked to examine the proposals which Parliament intends to submit in the light of the statements which have been made today.

But everyone knows—and Mr Haferkamp will not reproach me for saying so—that this statement will be a pretext for the European Parliament, and for all who wish to express their views upon a whole range of problems.

It is moreover at the request of one of the new representatives in our Parliament that the Bureau of our Assembly so decided at its last meeting. The Socialist Group has asked me to say on its behalf that we welcome the enlargement of the Community and to add our own message of welcome to those we have heard this morning. We welcome this enlargement of our Community, which now numbers more than 250 million people. For to our minds, the Community is more a fraternity of these 250 million people than a union of nine States.

Mr President of the Commission, I was struck by the expression which you used in this morning's address when you described us as the representatives of our peoples, and drew the distinction between us and the members of the Council, who are the representatives of the States.

We welcome the fact that the Community now numbers more than 250 million people, and hope that they will all one day be able, through their representatives—and this is not the case at the present time—to make their voices heard before the European Parliament.

We note and regret the absence of a number of members who should have been present, first of all the representatives of Norway who, we thought, would be among us today, but who are unfortunately not here because Norway has refused to join the EEC.

The rejection of membership by this country is in all probability attributable to a lack of popular support reflecting the image of the Community as projected by its bureaucracy, its technocracy, and the lack of true democracy or any genuine social policy, in short, the absence of everything that the Socialist Group has always called for.

Naturally, my Group likewise regrets the absence of the representatives of the British Labour Party, who, we feel, should take their place among us, whatever their motives for the position they have taken up on the European economic organisation. We feel that an important voice will be lacking in this Parliament, a voice which should be here to express the opinions of a section of the British population.

Despite these absences, the Socialist Group will continue its vigorous action. We are delighted by the presence among us of our Danish and

Vals

Irish comrades, who represent countries which are firmly committed to democracy and liberty.

It is for this reason that the Socialist Group can assure the European Parliament, the Commission and the Council, which is unfortunately not represented in the House at the present time, of its steadfast intention of pursuing a dynamic, purposeful course, despite being temporarily handicapped through not having a number of representatives corresponding to that of the Socialist voters in the Community.

I should like to state further that we will continue to press for political union and, in this connection, I was pleased to note the use, a moment ago, of the term "supranationality" in this context.

This very morning we heard the President of the Commission speak of the Community position at the GATT Conference, and the President of the Council speak of concerted attitudes of the European Security Conference. Mr Haferkamp himself has just referred to common positions on monetary matters.

Nevertheless we consider all this to be insufficient; it is necessary to go further, particularly in foreign policy. We hope that common European positions will be taken up in this field, and that, instead of worrying the press by debating such matters as stud guns and rice husks, Europe will assume a political role in the world commensurate with its importance.

Yesterday evening, each of you will have been relieved, I am sure, to learn of the ending of the bombing in Vietnam north of the 17th parallel. Indeed, I shall do no one the injustice of believing that he has not been relieved by the announcement of this news, but I can only reflect that Europe has been conspicuously silent in connection with the tragedy which is being played out in South-East Asia, and has failed to make its voice heard either in approval, or even in condemnation.

We have learned that, in the United States at this moment a press conference is being held by the President of the United States and Dr. Kissinger, perhaps to announce the end of this tragedy which has been devastating for more than twenty years.

It is with anxiety, with anguish, that my Group has awaited news of an armistice and peace in this part of the world, for we have been more than a little disappointed at recent events.

We hope that the cease-fire will be announced soon, but it is our view—and here we address the Commission—that if it is announced, we

must take up a political position on this issue, since up to now We have failed to do so.

The Socialist Group invites you to reflect immediately on the position to be adopted by the European Community on the reconstruction of this country which has been devastated by war, and hopes that the Council of Ministers will encourage you to take this course.

We think that this will enable Europe to be a force in this part of the world. I would add that, although our immediate concern is for an end to the conflict in Vietnam, we are not forgetting the situation in Laos and Cambodia; we hope for the restoration of peace in South East Asia.

This, then, is what we hope to see on the political level: we hope that the Commission will show a new face to the world.

The Paris Summit has made it possible to lay down new guidelines and to open up new perspectives, although they have sometimes disappointed the hopes of those, including members of my Group, who had hoped for greater impetus to be given to the democratization of the Communities. I need not reiterate the traditional ambitions of my Group, which are also those of the European Parliament as a whole. The Summit set ambitious targets in the fields of the economic, monetary and social development of Europe. Regarding the economic and monetary union, the Socialist Group has already insisted and will continue to insist on the need to establish a policy based on a new distribution of earnings, guaranteed full employment and harmonization of social security to be implemented through a European social budget. We have always maintained the principle that if economic and monetary union is to be achieved, the social and economic aspects must be dealt with in conjunction with it.

We also believe that a regional policy, to which a Community environmental policy should be added, should be established to improve the quality of life. These ambitious objectives should be put into concrete form and this will be the task of the Commission, which is the true source of action and initiative in the institutional system of the European Economic Community.

My Group is extremely pleased with the composition of this new Commission. The appointments of the members of the Commission, not only those from the original Member States, but also those from the new Member States, is very satisfactory, for many of them are men of great calibre—some are former ministers, and some are perhaps future ministers. For us, who believe that the role of the Commission is a political one, this is very encouraging. And I would like

Vals

to consider as a slip of the tongue the expression used by a Head of State who described one of the Commissioners as a delegate of his country. The Commission is a collegial body and, Gentlemen of the Commission, you have given an undertaking on oath. You are the representatives of the Community, and, as Mr President of the Commission put it so well this morning, you are the executive whose actions the European Parliament will have to judge. This is as we would wish it to be, and we are particularly satisfied with the composition of the Commission.

This morning we heard one of our new British colleagues, Mr Kirk, speaking on behalf of his Group, make a series of proposals in a memorandum which he tells us has already been tabled. I can assure the members of his Group that this memorandum will be studied very carefully by the Socialist Group.

I was full of admiration for the enthusiasm—not that of a beginner—running through his address. I am fully prepared to admit that members of the European Parliament, some of whom have been in office for nearly fifteen years, may perhaps have lost some of their enthusiasm for the part played by this Assembly. Perhaps we have not made the fullest use of the powers conferred upon us by the Treaty. But in our defence I would point out that the initiatives we have taken have not always been put into effect. Sometimes, the result has even been the opposite of our wishes.

I do not wish to forget the position on budgetary powers and a number of other points adopted by this Parliament in 1965 which resulted in the Luxembourg Agreements, which have long held up the development of the Community.

It is my hope that the presence of new members among us, and particularly the presence of new men in the Council of Ministers, will create a different political climate and a new political will vis-à-vis the European Parliament. If this happens, we in the Socialist Group will be particularly pleased, because our political will is to build Europe.

(Applause)

President. — I call Lord Gladwyn who will speak for the Liberal and Allies Group.

Lord Gladwyn. — Mr President, my dear colleagues. I am not sure that I am really authorised to speak in the name of the Liberal Group since, as I arrived for the first time yesterday afternoon, I have hardly had time to make any contact with it. But I suspect that what I am about to say in regard to the excellent and

moderately optimistic survey of our prospects in 1973 given to us by Mr Haferkamp will meet with its agreement.

One thing that struck me, listening to Mr Haferkamp, was the absolute necessity of arriving fairly soon at some common economic policy if our general Economic Community is to survive. We cannot go on much longer with a prices and incomes policy conducted by statutory means in one country and by totally different methods in other countries and when there are great differences in growth rates and in prices. This is something which must lead to distortion in intra-Community trade. Above all perhaps, when one country floats its currency and the others do not it makes it difficult, to say the least, to organise the common financing of our Community budget.

Moreover, it is obvious that a weak or a bad economic situation in any one member country cannot be to the advantage of any other members who enjoy a strong economic position. If we are to survive at all we must consider the picture as a whole. Unless we do we are in for an unfortunate period. I do not know whether this is the policy of the Group, but I myself believe that progress in economic and monetary policy must go hand in hand. It is no good thinking that if we get monetary agreement that, by itself, will last for long without a common economic policy. It stands out a mile that it will not.

I see Mr Haferkamp nodding. That is therefore the moral we ought all to draw. I suggest that all that is really necessary is for the ministers to abide in all these matters by the programme which they themselves laid down in their October communiqué. If they do this and meet the deadlines they have set themselves, by the end of 1973 we shall be on the road to a definite union of some kind. Nothing will prevent us. The question is whether they will or can. I suggest that they cannot unless they are prepared to adopt—we need not call them supranational techniques if the word is felt to be unfortunate—certain Community techniques without which no agreement can be reached.

I come now to the institutions. This is rather like the chicken and the egg. But however much we may desire to make the institutions work and introduce all kinds of reforms, it will be difficult if not impossible to do this unless we have at least laid the basis for a common economic and monetary policy.

Some of my colleagues have already deviated a little from Mr Haferkamp's report and perhaps I may be allowed a few minutes to discuss certain general points. The moment when this

Lord Gladwyn

Parliament has become, for the first time, overwhelmingly representative of Western Europe, thereby ending the appalling schisms, whether religious, national or political, which have disrupted our Continent for over 400 years is less an occasion for rejoicing than for solemn dedication. We must all remember that the battle for real Western European unity is by no means over, by no means. In reality it has hardly begun.

The skin of unity which has happily been stretched over the schisms is still pretty thin in places.

It is true that Council of Ministers at its October Summit Meeting celebrated the forthcoming event by laying down a programme which, if abided by, must lead to some kind of political unity by the end of the decade. Yet in so doing the Governments hardly made the required impact on the hearts and minds of the people. Somehow or other official propaganda usually fails to strike the right note.

In our Western countries there has for centuries been the underlying feeling that, whereas governments are inevitable and may be good or bad—*piove, governo ladro* as the Italian peasants used to say, "It is all the fault of the bloody Government"—the people instinctively need some body in which their feelings can come up from below and not be stifled as they so often appear to be in some vast bureaucratic machine.

And, of come, we have such a body in our national assemblies.

Now, if the Ministers are sincere and I believe they are, in declaring that they wish to establish a real union in only eight years from now, it is obvious that the new entity must possess a parliament which has an increasing ability to question the actions of Ministers and officials and in the last resort to approve or disapprove projected policies. If some or all of the procedural reforms proposed by my friend and colleague, Peter Kirk, are adopted, an important step in this direction—but not the only one—will have been taken. Nor should this frighten ministers. In all our countries ministers democratically represent a majority of the population. It is scarcely likely that the policies agreed unanimously, or as some of us would prefer, certainly in my Group, by near unanimity, could or would be reversed by a parliament equally representative of such majorities.

The point is that the voice of all the Oppositions could at least be heard and there might be occasions on which the power of the parliament

could legitimately and even profitably be exercised. And this is only half the picture. The function of this Parliament should, above all, be hortatory and provocative. It is here that the parties can best advance their views. It is here that far-reaching and even revolutionary concepts can best be discussed and ventilated. It is here that basic political philosophies, ranging from the completely directed to the completely free-for-all, can best be freely debated.

As a newcomer I do not venture to criticise what has already been accomplished here. It will be some time before I have learned the ropes and feel qualified to intervene in any major debate. I shall seek first to learn from those who have long been labouring in the vineyard. I am honoured to be present on this great occasion as a British Liberal, as a member of the one party which has consistently supported the European idea in Britain. I shall do my best to justify the hopes of that party in this great Assembly of which I am now happily a member.

(Applause)

President. — Thank you. I call Sir Brandon Rhys-Williams who will speak for the Conservative Group.

Sir Brandon Rhys-Williams. — It is a particular honour for me to be called upon to speak on behalf of the Conservative Group in this important debate on this historic day, and I think that all the members of my Group would wish me to begin by congratulating Mr Haferkamp on his admirably lucid and comprehensive survey of the European economic prospects for 1973.

We have to look forward to 1973 with serious anxiety about inflation, but perhaps with two particular grounds for optimism at the same time. Our concern over inflation arises from the fact that it seems to be out of control in virtually all the countries of the Community. Some months ago the French Government made the admirable suggestion that some multilateral action might be taken to combat inflation, but so far I personally have only seen suggestions for multilateral action against inflation of a restrictive character. The suggestions would either have the effect of restricting employment and consumption or of restricting investment. It seems to me that fighting inflation is still mainly a matter for national Governments.

The British Government tomorrow are going to announce the second phase of its programme for direct action to combat inflation. We have enjoyed the very broad support of the British

Sir Brandon Rhys-Williams

public in the measures that the British Government have introduced in the last few months to restrict wages and price movements. I think we can be optimistic that the action that has been taken will prove successful in the United Kingdom in the same way as similar measures have proved effective in the United States. But the situation of the British economy is very different from the American, in that inflation has been caused latterly in Britain not only by wage settlements going far beyond anything we might have hoped for in the way of increases in productivity, but by the fact that the British economy is also especially susceptible to changes in import prices.

In recent months, indeed particularly in recent weeks, prices of British imports have gone up in a way which has undoubtedly given serious grounds for anxiety in Britain. I am sure, therefore, that all present here will understand the reason why the British Government have thought it prudent to delay the announcement of the return to a fixed parity for sterling. The British Government are determined to take no premature action which would be likely to damage confidence, particularly among British investors. I am sure that we are right to follow the policy of expanding productivity and putting that first and foremost. To do that we must encourage investment. Perhaps it is a reasonable slogan to say that our objective is to invest our way out of inflation.

On the more optimistic side we can look back with satisfaction to the part that European countries played in the meetings of the International Monetary Fund last December. If I might strike a personal note, I had the honour to be invited to be present at the International Monetary Fund meeting, and I was told that it was the first time that a European Member of Parliament had been invited in the capacity of representative of one of the European assemblies. This, of course, is only a very small straw in the wind, but I think that the fact that an invitation was extended to me as rapporteur for economic affairs of the Council of Europe indicates that there is an increasing readiness to accept Europe as a single unit in world monetary affairs.

The IMF meeting was held in a remarkably constructive spirit, and I am sure the appointment of the Group of Twenty, with Jeremy Morse as chairman—the Morse Committee, as it is now called—was a very satisfactory outcome. No doubt we can look forward with confidence to the recommendations which the Group of Twenty will eventually come forward with.

However, it has very big problems to tackle. It has to come to conclusions about the future rôle of gold. It has to come to conclusions about the future rôle of SDRs. The Morse Committee has to consider the provision of a system of extending aid to developing countries on capital account; and it has also to consider the appropriate mechanism for determining the timing and extent of parity changes. These are all very big problems indeed, and I think that only a very wild optimist would hope that the Group of Twenty would be able to complete its deliberations in time to come back to the Fund meeting in Nairobi in September with specific recommendations.

This brings me to the other particular recent event to which we can look back in Europe with pride and which gives us grounds for optimism in 1973. I am referring to the Summit Conference of last October. The Heads of States or Governments set Europe a hectic timetable for eventual union by 1980. In the economic field the Summit Conference took two significant decisions. One was to adopt the formula in regard to parity changes, that parities should in future be fixed but adjustable. Debate has, of course, already arisen as to the precise meaning of the "fixed but adjustable" formula. Some people are inclined to want the parities to be fixed and others are more disposed to think of them as adjustable. I hope personally that we shall not revert to the old system of fixed parities which was the downfall of Bretton Woods, under which parity changes were delayed for far too long and when they took effect were of much too great a magnitude. We must civilise the procedure for parity changes. I am sure our first objective must be to limit their extent. I hope it will become the normal thing for changes in parity to be of not more than 2 per cent or perhaps 3 per cent at a time, so that they have no more disturbing effect on investment and markets than perhaps a change in bank rate would have in the different major financial centres.

The other significant decision which came from the Summit Conference, and which was referred to by Vice-President Haferkamp, was the setting up of the European Fund for Monetary Cooperation—perhaps the principal of the recommendations made in the historic Werner Report. I was delighted to hear him say, as I understood him, that we might expect specific proposals for the European Monetary Fund as soon as next week. Indeed, we have to get on if we are to set up this fund and have it in operation by 1st April. However, I feel some misgivings about the future of this fund. We shall have to be extremely careful because there are naturally in national Gov-

Sir Brandon Rhys-Williams

ernments and in national central banks, people who are not enthusiastic that this fund should have too much power, at any rate in its first stages. Will it be just a gadget to intervene and to provide mechanism to facilitate monthly multilateral settlements in order to make the snake in the tunnel glide a little more smoothly? Or will it be—still worse—just another lunch club for central bankers?

I have confidence that this fund can succeed. The reason for my confidence is that we have done it before. Europe did this 20 years ago, in the setting up of the European Payments Union. I regret that that European Payments Union was wound up prematurely when it still had so much more work to do. This new European Monetary Fund, in my opinion, should have a substantial backing of real money. I know that this is Mr. Werner's personal opinion, too. At present the figures that have been mentioned as to the size of the Fund indicate that there will be barely sufficient for it to carry out its month-to-month technical operations. Then, too, it must have an effective supervisory board. The personalities on its board, must be real and recognisable people, not simply the nominees of central bankers with no personal authority or status.

Thirdly, the European Fund must solve the problem of the European numéraire. This, too, I believe is not too difficult because it was solved 20 years ago in the constitution of the European Payments Union. I believe that it ought to have really specific statutes and automatic rules for dealing with the majority of foreseeable eventualities. As a body it should also have the necessary status to guide national Governments in such matters as the policy which they adopt on controls of short-term capital movements, on money supply policy and, most important of all, on parity changes.

I said that the Summit Conference gave us a hectic programme until 1980. Indeed, we have before us a very exacting programme for 1973. Vice-President Haferkamp spoke on extremely realistic lines. I personally was much reassured by his grasp and pragmatism.

The Conservative Group will have pleasure in cooperating with our new parliamentary colleagues in this busy and important year of 1973 and also in working together with members of the Commission.

We must work together to solve the problems of the detailed and practical steps which will take us nearer to the ideal of economic union in 1980.

(Applause)

President. — I call Mr Triboulet who will speak for the European Democratic Union Group.

Mr Triboulet. — (F) Mr President, my dear colleagues, the European Democratic Union Group listened with great interest to the report by Mr Haferkamp on the economic situation in the Community in 1972 and the forecasts for 1973. Mr Haferkamp referred to the concept of tradition. He stated that he was making a traditional report, and he paid cordial tribute to his eminent predecessor, Mr Barre.

This concept of tradition is not of a kind to cause misgivings to new arrivals in this Parliament, whether British, Irish or Danish. Nor does it hold any fears for me, a Norman. Indeed, we believe that tradition is the foundation on which we can build progress, and that there can be no real progress which is not rooted in our heritage.

This tradition of a yearly economic report should be continued, and I think that our colleague Mr Peter Kirk does not seek in his proposals to cause us to abandon those aspects of our parliamentary procedure which are recognised as valid.

There has been talk of the fight against inflation. I am in full agreement with Mr Haferkamp when he says that it is on what it does in this field that the European Economic Community and, to use an ugly word current in France just now, our "crédibilité," will be judged. To put it in rather more orthodox terms, whether we inspire confidence will depend on the degree to which we are able to master inflation.

We are convinced that this requires discipline by Europe as a whole, and this must be based on a political will for a European solution. This will was shown by our Governments at the recent Summit, and if it was not already present here, the speeches by the representatives of the new Member States seem to have rekindled it in this Parliament itself.

We are all determined to build Europe but, at the same time, we have our backs to the wall. How is European economic action to be mobilized against inflation? It is on this point that I must express some reservation on the speech by Sir Brandon Rhys-Williams, who stated that the struggle against inflation is primarily the concern of national Governments. This is true, admittedly, and each of our countries has its plans to beat inflation. But for a number of reasons, which I will enumerate very briefly, separate action by individual nations risks failure if it is not coordinated. It is therefore necessary to plan and act in concert at European level.

Triboulet

Let us first consider budgetary policy. The first phase of Economic and Monetary Union entails concerted action on budgetary matters. This has been in operation for two years in the Six and, we believe that there will be no difficulty in its being continued by the Nine.

It is right that the budgets of our individual countries should be inspired by the same principles regarding the importance attributed to investments, consumption, etc. In short, there is a need for harmony in our budgetary priorities. If I say this, it is because we have long been convinced that the building of Europe is much less a problem of institutions than one of political will. It is too easy to speak of Europe: do what I say, do not do what I do! In fact we will not build Europe unless we say: do what I do myself! Therefore, if we are to fight against inflation, it is essential that we lead by the example of a concerted European action.

I was pleased and gratified to hear Mr Haferkamp quoting the French plan for stabilisation and recognising that it was in line with European recommendations; but it is with some regret that I heard him add that there was a sector in which European action has caused him some disappointment, namely the dismantling of customs barriers and the introduction of generalised preferences. This is where the inadequacy of individual nations' measures against inflation becomes apparent: whenever the issue of the dismantling of customs barriers arises, it involves powerful partners like the United States and it must be said that—as Mr Haferkamp is well aware—it has not been lack of cooperation by Europe which has held up the process, but as everyone knows, the attitude of the United States.

How could we discuss customs arrangements with the United States of America on equal terms as individual countries? A concerted European approach is absolutely essential.

Very recently the Commission replied to one of our colleagues that the various measures, notably the DISC fiscal provisions, proposed to Congress, "were not in conformity with the commitments entered into by the United States on export-subsidies under the General Agreement on Tariffs and Trade."

Consequently, if we wish to right the position with America, it is essential, irrespective of our national desires to fight against inflation, that we unite our forces, and the Community is the ideal framework for discussions of this nature.

What I have just said is clearly even more true of monetary matters. Sir Brandon Rhys-Williams has expressed satisfaction upon what has been achieved by the International Monetary

Fund. But this success is due to the fact that, after several years' preparation, Europeans presented a common front on monetary matters. I must acknowledge the worth of what has been done in this connection by the Commission, the Council of Ministers and the Parliament: efforts have been made for some years past to prepare for Economic and Monetary Union. The task, I realise, is both formidable and arduous. But we have been able to make a start on it only because we have been making our preparations for it for so long. Nevertheless, there has been some evidence of unity among us on these matters in the International Monetary Fund.

How can we suppose ourselves able to master the monetary aspect of inflation solely by national measures, when, as we all know, much of the problem concerns controlling floating currencies and the Euro-dollar market and the degree to which we can persuade the United States of America that the policy of internal stabilisation, which they have applied successfully with much courage and skill, must be accompanied by external action to achieve the same aims and facilitate the fight against inflation by their European partners? They also must be able to say: do what I do!

The situation is therefore still very difficult. Showing considerable restraint, Mr Haferkamp refrained from referring to the monetary vicissitudes we have experienced. Indeed, 1972 was not a particularly satisfactory year on the monetary front: one need only mention the pressure to which the mark, the lira and sterling in turn have been subjected.

All these factors, which further complicate our task, perhaps warrant a comment from which, without dwelling overmuch on the past, a lesson for the future may be drawn.

This lesson for the future seems to me a simple one, and I shall conclude with it. We at the European Parliament must speak for our peoples in urging the national Governments to take European action to achieve Economic and Monetary Union and the specific objectives which the Summit Conference set. These can only be attained if each obstacle is surmounted through this common political will.

The institutional problems will be solved as a result. I was pleased to hear Mr Haferkamp say that these will only be dealt with as and when practical problems arise, and not merely on the basis of theory or quasi-theological wrangling—only in the light of the difficulties we meet on our path.

The French Government has displayed this political will for many years, and although there

Triboulet

have been disagreements on doctrine, in terms of action, it has always worked towards the building of Europe, as has the European Democratic Union—as those of our colleagues who have known us for many years will bear witness. A new party of workers for Europe has arrived among us today. With them we are certain of achieving success.

(Applause)

President. — I call on Madame Iotti.

Mme Iotti. — *(I)* Mr President, honoured colleagues, Vice-President Haferkamp drew attention to some of the most serious problems—and not only of an economic nature—which afflict Europe: price-rises, the situations and the structural factors which come into play, regional policies, not to mention monetary and economic policies.

These are problems of a character and scope which makes their solution impossible without the intervention of the broad masses of the workers of Europe, since without the latter no valid contribution can be made to the progress and the civilisation of our continent. I ask myself with the utmost frankness: what is the use of our Parliament's debates? They represent nothing more than a recommendation. And in saying this, it is not so much to the Commission, Mr Haferkamp, that I am speaking, as to the Council of the European Communities.

After listening this morning to our English colleague who spoke here for the first time, we feel—even if we belong to a very different party—that we completely support his assertion: namely that the transformation of the European Parliament into a real Parliament with a majority and an opposition, and with powers of initiative and decision, is indeed the last hope for the construction of a Europe which would not be based only on the interests of the big controlling groups, but in which the broad masses of the workers in the European Community would participate.

This is certainly the big political problem that we all face: changing into a real Parliament. We want here to put once more—as we have done so many times in the past—two questions which constitute the crux of the matter politically, as far as advancing towards European unity is concerned.

In the first place, it is necessary that the Parliament, to use the expression of a great 19th-century English constitutionalist, becomes “the mirror of the country”; that is to say, a mirror of Europe that reflects all the political forces

which have a part to play and which are of account in Europe.

We, for example, are a great political force in western Europe. In Italy and France we number in our ranks the greater part, the large majority of the workers. And yet in this Parliament we Italian Communists made our entry very late, as our other colleagues who sit there very well know. Even today, however, four years after our entry, we are not recognized as a political group; we have not, that is to say, the same rights as the members of the Parliament who belong to all other political movements.

It is not only a question of the Communists. Behind our party, in Italy, France and other countries belonging to the Community, small though they may be, immense forces of workers are gathering. And their voice must make itself heard if we want to solve either the political problems of building up the European Community or the economic problems referred to by the colleagues who have taken part in the proceedings, albeit in such high-flown terms.

We therefore pose the question of constructing a European Parliament that will be a mirror for Europe, for the peoples of Europe, and accordingly a fundamental element in the “re-founding” of the European Community, if you will allow me to use that expression.

In the second place let us emphasize—I would say as a consequence of the first factor—the necessity of extending the powers of the European Parliament. We are in agreement that the powers of the European Parliament should to some extent be considered in the context of the maximum possible exercise of those which are laid down by the Treaty of Rome. But there to be found are powers of control over the activities of the Commission and over the Community's Council of Ministers, which should become the function of the European Parliament if we want to avoid a situation where only the executive is empowered to take decisions having a fundamental bearing on the lives of the peoples of Europe, without the control by popular sovereignty which is the basis for democracy in all our countries.

We Italian Communists—if I may be allowed to make this point in the European Parliament—have adopted within the international Communist movement a very clearly defined position regarding the enlargement of the Community. Our colleagues here perhaps know that on this subject of the enlargement we have abstained, and have explained in the Italian Parliament the reasons which have led us, with deep conviction, to adopt such an attitude. We

Iotti

believe that today the Community is a reality which cannot be left out of consideration. We also believe that it is necessary to encourage—and in our opinion the enlarged Community will be better able to do this than its predecessor—a process of European autonomy, and thus to participate in the formation of a political entity embracing the whole world. Finally, we believe that on a worldwide scale, commercial competition and the war which is being fought on that level and which seems to be a distinctive feature of our epoch, make it necessary that Europe should also increase the scope of its development, and play a more active role if it wishes its voice to be listened to. These are some of the motives for our abstention, but we are also highly critical of the way in which the Community functions, inasmuch as there has been no participation in its construction by the broad masses of the people, whose interests—or at least those which can be called their fundamental interests—have been ignored.

We have also abstained because—looking forward to the Parliament to which I have alluded—we intend to fight here to transform this European reality. We Italian Communists—in our capacity as Communists consider that it is necessary to participate in the reality from the inside in order to modify it in the interests of the workers; to ignore it is not in accordance with our principles.

For this reason—in this Parliament and likewise in the Italian Parliament—comrade Amendola, who is absent today on account of important engagements, has more than once stressed our criticism, even if a fraternal one, of the position of the British socialists whose absence from this Assembly deprives the working masses of Europe of their support in the construction of a new Europe of a communal character.

To conclude, Mr President, honoured colleagues, may I be allowed to draw attention to a problem touched on here by the Chairman of the Socialist Group, Mr Vals. None of us in this Assembly can fail to be gladdened by the news of the cessation of the American bombardments over the whole of the territory of Vietnam, this country which has now been martyred for more than twenty years. These came to an end after the ringing protests of peoples and governments against the ignominy of the bombardments of the cities of North Vietnam. I say “ignominy” even if the term is a very strong one. But we consider that from a moral point of view and from a political point of view what has happened recently in that martyred land cannot be categorised in any other way.

I would like to finish by deploring the fact that the European Parliament, which for good or ill represents the peoples of Europe, has found no way of making its voice heard at a time like this. From the Parliament of a Europe which nonetheless knows what bombardments mean, since all of us lived through the tragedy of the last war, and saw the face of our country destroyed by bombs, in smoking ruins, not one single voice was raised in regret. We believe that as a result we have failed not only in a duty towards humanity and justice, but also in precisely our political obligation to the peoples of Europe.

I trust that from this Parliament may emerge at least the wish that the end of the war will come as soon as possible, and that as soon as possible all that has been so ignominiously destroyed may be rebuilt with the aid of all the peoples; and in particular with the aid of the European peoples which have suffered so much from war; so that the martyred country of Vietnam may finally have the right to live, after so many years.

President. — I call Mr Brewis.

Mr Brewis. — (*E*) I wish I could speak as beautifully as the previous speaker, Mrs Iotti. I think Mr Kirk, my leader, will be very interested to know that the proposals contained in his speech this morning are finding a reflection in the Italian Communist Party. I think I can also say that I agree with the comments of the honourable lady concerning the British Labour Party.

Vice-President Haferkamp was right in referring us to the problem of inflation, to which we must give the maximum priority. Taking the nine countries of our Community, only Belgium has achieved a record of less than 6 per cent inflation, which all of us must admit is much too high. In Britain the rate last year was 7½ per cent, somewhat better than a year before but not nearly good enough. Our Government have taken active measures to control wage inflation; but, as the Vice-President said, there are many other causes of inflation apart from wage inflation. Some of those causes I am sure we can cooperate on as a European Community.

There is, for example, the need to control the money supply. There is the possibility of making tariff cuts. There is the need for anti-monopoly legislation, which can increase competition and thus lower prices. There is also a suggestion that farm prices might be controlled, although with the memory of wartime black markets I do not think that would be a wise move.

In Britain we seek an acceleration of economic growth to mop up the excessive unemployment.

Brewis

I am very glad to say that economic indicators show a rate of growth in 1973 of about 5 per cent, which is more than we have enjoyed in previous years. Our accession to the Community is confidently expected to improve our economic performance as we move to economic union and later to monetary union. We need to co-ordinate our policy in several spheres. We should probably have a policy to stabilise certain industries which are of interest to the regions. I refer particularly to the shipbuilding industry and also perhaps to aircraft manufacturing and the machine tool industry.

Economic union can have a harmful effect on the prosperity of the regions. Long ago we used to have a £ Scots which used to float against the £ sterling used in England. When the two countries of England and Scotland became united the £ sterling became the national currency and the classic remedy of devaluation was no longer available. It may well be that the emigration of many thousands of Scotsmen all over the world may have its roots in the lack of a regional policy in those days. We agree as a country with the use of agricultural funds to soften the difficulties of those leaving the land. This process in fact has been largely completed in the United Kingdom, though the pains caused by such old events as the Irish potato famine and the Highland clearances are still felt by the descendents of those displaced over a century ago.

Here I would make a special observation. In some of the remoter parts of my country it is now necessary to give subsidies to keep people on the land and to prevent a region such as the Highlands and Islands becoming a semi-desert.

I am anxious that the problem of restructuring the former industrial areas should not be lost sight of. I know that is a serious problem in parts of Belgium and also to some extent in France. In industrial Scotland—and we are an industrial country—the rundown of traditional industries has been very rapid. There has been a decline in mining and quarrying of over 50 per cent in a short, 10-year, period. In textiles the rundown has been 27 per cent and in shipbuilding it has been about 25 per cent.

Many new industries have come in. We are now a very large centre, for example, for the electronics industry, and the oil discoveries in the North Sea will also be of great help to the economy. Nevertheless the introduction of new industries is a very expensive process. We feel that the obverse side of the coin of economic integration is a strong and vigorous regional

policy. It must be an integrated policy so that unfair competition between national inducements is avoided. It will be an expensive policy because even a 20 per cent differential between the central and peripheral regions may well not be enough.

I welcome the appointment of my old colleague Mr George Thompson as the new Regional Commissioner. I hope very much that with the cooperation of Vice-President Haferkamp such a strong regional policy will soon become a reality.

President. — I call Mr Löhr.

Mr Löhr. (*Rapporteur for the Economic Affairs Committee*). — (D) Mr President. In speaking as the reporter on the problems which concern your Economic Affairs Committee, I should like to confine myself to one observation.

At its sittings on 1 and 2 February the Economic Affairs Committee will probably, or so at any rate I hope, discuss with Mr Haferkamp, the Vice-President, the comprehensive report which he submitted today to this Parliament, and report on it to this Parliament at its February sittings in Luxembourg.

Permit me to add one further comment: I find it beyond my capacity, Mr Vice-President, to deal appropriately with the many problems touched upon in your observations. I believe that we shall have an opportunity, on the committee, to go thoroughly into the causes of the economic discrepancies and thus arrive at a common economic policy.

For this reason I would prefer—and I speak for my Political Group—to abstain from making any further comments at this stage.

(*Applause*)

Mr Habib-Deloncle. — Mr President, I should like to speak on a point of order.

President. — I call Mr Habib-Deloncle.

Mr Habib-Deloncle. — (F) I do not think, Mr President, that it would be right for the Parliament of the Nine to break the rules laid down by the Bureau at its first sitting. It was decided several part-sessions ago that sittings would be adjourned at six p.m. to enable groups to meet. My Group had arranged a meeting for six p.m. It is now five past six and you will note that I am the only member of this Group present.

There was a time when, in the interests of the debate, we sought an extension of the sitting

Habib-Deloncele

and Mr Lücker was strongly opposed to this at the time, and rightly, stating that the rules fixed by Parliament should be adhered to. I know that there are reasons against a night sitting tonight, since we have other commitments, but I am obliged to ask Parliament to adhere to the rules, while expressing my apologies to Mr Haferkamp, whose report was not originally expected to be followed by a debate. I was among those in the parliamentary Bureau who asked that there should be a debate, but it was agreed that this debate should not encroach upon the time set aside for the groups and would terminate at six o'clock. Consequently I ask that the agenda should be complied with and that the sitting should now be adjourned.

President. — You are quite right. If a Group meeting is scheduled, an adjournment is in order.

Does the Commission of the European Communities desire that the completion of this discussion should be put at the beginning of tomorrow's agenda?

Mr Haferkamp. *Vice-President of the Commission of the Communities.* — (F) Yes Mr President, as the discussion could be brief.

President. — I propose that this debate be continued tomorrow morning. Does any member object? It is so decided.

16. *Agenda of the next sitting.*

President. — The next sitting will take place tomorrow Wednesday, 17 January 1973 with the following agenda: at 10 a.m. and 3 p.m.

- Continuation of the debate on oral report by the Commission of the European Communities on the economic situation in the Community
- Oral Question No. 19/72, with debate, by Mr Glinne on behalf of the Socialist Group of the European Parliament to the Commission of the European Communities on the Franco-Polish Economic Cooperation Agreement and observance of the undertaking by EEC Member States to consult each other on foreign trade matters
- Interim report by Mr Ballardini, on behalf of the Committee on Energy, Research and Atomic Problems, on the establishment of Community structures for the permanent storage of radioactive waste (Doc. 217/72)
- Report by Mr Giraud, on behalf of 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. 226/72)
- Report by Mr Noé, on behalf of the Transport Committee, on the proposal from the Commission of the European Communities to the Council (Doc. 134/72) for a decision on the first measures of a common approach to air transport (Doc. 195/72)
- Report by Mr Memmel, on behalf of the Legal Affairs Committee, on the addition of a Rule 47 (a) to the Rules of Procedure introducing a question time in the European Parliament followed by a debate if so requested and on an outline implementing procedure (Doc. 252/72)

(The sitting was closed at 6.05 p.m.)

SITTING OF WEDNESDAY, 17 JANUARY 1973

Contents

- | | | | |
|--|----|--|----|
| 1. Adoption of the minutes
<i>Mr Houdet, Chairman of the Committee on Agriculture, Mr Kriedemann, Mr Lange, Mr Houdet, Mr Lange, Mr Kriedemann, Mr Berkhouwer, Chairman of the Liberal and Allies Group, Mr Haferkamp, Vice-President of the Commission of the European Communities, Mr Berkhouwer, Mr Haferkamp, Mr Kriedemann, Mr Houdet, Mr Haferkamp, Mr Houdet, Mr Cipolla</i> | 44 | 7. Oral Question No. 19/72 with debate :
<i>Franco-Polish Economic Cooperation Agreement</i>
<i>Mr Kriedemann, Sir Christopher Soames, Vice-President of the Commission of the European Communities, Mr Baas, for the Liberal and Allies Group, Mr de la Malène, for the European Democratic Union Group, Mr Giraud, Mr Kriedemann, Sir Christopher Soames</i> | 67 |
| 2. Change in agenda | 48 | 8. Resignation of a Member of the European Parliament
<i>Mr Oele</i> | 73 |
| 3. Letter from Mr Barre, former Vice-President of the Commission | 48 | 9. Involvement of Parliament in conclusion of commercial agreements with non-Member States. Discussion of a report by Mr Giraudo, drawn up on behalf of the Political Affairs Committee. <i>Mr Giraudo, Chairman of the Political Affairs Committee, Sir Tuf-ton Beamish, for the Conservative Group, Mr Baas, for the Liberal and Allies Group, Mr de la Malène, Sir Christopher Soames, Vice-President of the Commission of the European Communities</i> | 74 |
| 4. Documents received | 48 | Reference to committee | 74 |
| 5. Statement by the Commission on the economic situation in the Community (continued)
<i>Mr Dich, Mr Ryan, Mr Bersani, Sir Anthony Esmonde, Mr Cruise-O'Brien, Mr Cousté, Mr Petersen, Mr Lange, Chairman of the Economic Affairs Committee, Mr Haferkamp, Vice-President of the Commission of the European Communities</i> | 49 | 10. Decision on a common approach to air transport. Discussion of a report by Mr Noè, drawn up on behalf of the Transport Committee. <i>Mr Noè, rapporteur, Mr Jahn for the Christian Democratic Group, Mr Oele, for the Socialist Group, Mr Guldberg, for the Liberal and Allies Group, Mr James Hill for the Conservative Group, Mr Cousté, for the European Democratic Union Group</i>
<i>Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities, Mr Cousté</i> | |
| Reference to committee | 59 | Procedural motion | |
| 6. Establishment of a Community network for the storage of radioactive waste
<i>Discussion of a report by Mr Ballardini, drawn up on behalf of the Committee on Energy, Research and Atomic Problems</i>
<i>Mr Ballardini, rapporteur, Mr Vandewiele, draftsman for opinion, Mr Sprin-gorum, for the Christian Democratic Group, Lord Bessborough, Mr Cifa-relli, Mr Spinelli, Commissioner, Mr Ballardini</i> | 59 | | |
| Adoption of the motion for a resolution | 59 | | |

<i>Mr Oele, Chairman of the Transport Committee, Mr Noè</i>		12. <i>Texts of agreements received from the Council</i>	92
<i>Postponement of discussion on the motion for a resolution</i>	78	13. <i>Agenda for the next sitting</i>	
11. <i>Change in the agenda</i>	91	<i>Mr Memmel</i>	92

IN THE CHAIR : MR HOUGARDY

Vice-President

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

President. — The sitting is open.

1. *Adoption of the minutes*

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

Are there any comments?

I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) Mr President, first I must apologise for speaking at a time which may not seem appropriate. I should have made this comment yesterday when the House discussed the agenda of the present part-session, but at the time I was busy on the Committee for Finance and Budgets.

The Committee on Agriculture instructed me yesterday evening to speak during the adoption of the minutes determining the agenda for this sitting.

The interim report on the organisation of the market for alcohol of agricultural origin was on the agenda of this sitting. At the request of one of our colleagues, this report has been deleted from the agenda and postponed sine die. On behalf of the Committee on Agriculture, I wish to protest against this decision.

Indeed, this proposal was referred to us by the Council of Ministers as long ago as last April. Our Committee on Agriculture and other committees to whom it was referred for an opinion have examined it fully or partially.

In the Committee on Agriculture, we decided not to examine it fully but merely to give a general opinion, since during its sitting on 19 December last the Council of Ministers decided to deal with this project at the end of January. If, therefore,

we wish to express our opinion so that it can deal with it itself, we must do so during the present part-session.

For this reason, Mr President, I request that, in accordance with the provisions of the temporary agenda, Mr Briot's interim report on the proposed regulation for alcohol be placed on the agenda for our sitting tomorrow or Friday.

This is what I wish to say, Mr President.

President. — I call Mr Kriedemann.

Mr Kriedemann. — (D) Mr President, I regret that I must contradict the distinguished Chairman of the Committee on Agriculture. The fact is that we recently decided that we would not revert to resolutions once they had been adopted, more especially resolutions which affect the agenda. Yesterday it was formally resolved to delete this interim report, and I do not consider it possible for us to resolve the contrary to-day. Moreover, I cannot imagine when the political groups would be able to devote themselves once again to this extremely complicated plan. I would therefore ask that yesterday's resolution should stand and that we should not deal with this interim report at this sitting. I repeat: it was thus resolved yesterday, and the reasons for it were also explained.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, Ladies and Gentlemen, for reasons of fairness I should like to inform the distinguished Chairman of the Committee on Agriculture as follows:

The impression seems to have arisen in the Committee on Agriculture that it had been attacked by the proposal of the rapporteur of the Economic Affairs Committee to delete this interim report of Mr Briot from the agenda for the reasons mentioned above. Yesterday, before the plenary sitting opened, as I could not contact the Chairman of the Economic Affairs Committee, I had informed one of his Vice-Chairmen of the intention to submit this proposal for the deletion of Mr Briot's interim report. To that

Lange

extent the Economic Affairs Committee has done what it could to inform the Committee on Agriculture. I share Mr Kriedemann's opinion that the resolution agreed to yesterday must stand, since we, the Economic Affairs Committee, will have to discuss not only the Commission's proposal, but also the interim report of the Committee on Agriculture. The latter, basically, has further aggravated certain questions which concern the industrial sector, so that what the Economic Affairs Committee will have to examine thoroughly, in order to express an opinion on both documents, is not only competition, but also prices, etc. We must not pretend that the Committee on Agriculture's document as an interim report is an answer to the Commission's proposal. It is, per se, a new document, and this fully justifies yesterday's resolution.

President. — Ladies and Gentlemen, in view of the size of our agenda and so as not to prolong this incident, I shall be glad if you will allow your President to read you the terms of the decision of the Bureau of 14 and 15 September last year, which was announced at the sitting of 12 October 1972: Once approved by the Assembly, the agenda may not be changed except for serious and unforeseeable reasons, on the proposal of the president of the sitting, a political group or the representatives of the Commission and Council. However, a majority of two-thirds of the votes cast is required if the proposal is from a Representative. If rejected, the proposal may not be submitted twice during a single part-session.

I read you this text so that you may all be fully aware of how the debate should be conducted.

I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) Mr President, there is no question of discussing this matter fully today. Of course, if this proposal were to be discussed before the House, we would have—even within our Committee on Agriculture—opinions which might differ from the draft resolution which will be submitted to us by Mr Briot. But the Chairman of the Economic Affairs Committee was good enough to say just now, knowing that I could not be present, that he had contacted a member of the Committee on Agriculture. I believe I am right in saying that this member has not adopted any position in regard to the substance, either for or against. He has not therefore given the opinion of the Committee on Agriculture.

Clearly I am to blame, since I should have been there, but I did not foresee this deletion and I was busy on the Committee for Finance and Budgets where my presence was essential.

I would therefore again request, Mr President, in accordance with the mandate given to me by the Committee on Agriculture, that this matter be reinstated on the agenda for tomorrow or the day after.

President. — I call Mr Lange.

Mr Lange. — (D) I merely wished to inform the Chairman of the Committee on Agriculture that it was not a member of the committee, but its Vice-Chairman, our colleague Mr Richarts.

President. — I call Mr Kriedemann.

Mr Kriedemann. — (D) Mr President, even if we had a majority to change yesterday's resolution, the attitude of myself and my Group would be that we are not in a position to take part in the debate, because we could not deal with the matter. Mr Lange has already drawn attention to this; perhaps some of you did not realize this. An attempt is being made, for the purpose of settling an agricultural question, to intervene on a wide scale in the production and marketing arrangements, and in the competitiveness, of many industrial undertakings. This certainly needs serious consideration, because it is not merely a question of one market system among many. We have had our experiences of this. As the Committee on Agriculture could not itself solve the matter either, it decided to submit at least an interim report with considerable amendments as compared with the Commission's proposal. We really have adequate time to conclude the debate in the Committee on Agriculture and then to ask Mr Briot to submit a firm proposal on which the committees with whom we are having joint consultations can form a judgment. I adhere to my view that we should stand on the resolution adopted yesterday.

President. — I call Mr Berkhouwer.

Mr Berkhouwer, Chairman of the Liberal and Allies Group. — (N) Mr President, I appreciate what Mr Kriedemann and Mr Lange have said. However according to my information there is a danger that the Council will make a decision on this matter in January. We always maintain that the Council should take decisions only after we have been consulted and we must therefore prevent the Council making decisions without seeking our opinion.

President. — I think the matter has now been explained to the House and that there is nothing to add.

Mr Berkhouwer. — (F) Mr President, I would like to have a reply to my question.

President. — Mr Berkhouwer, Mr Houdet maintains his request; it should be put to the vote.

Mr Berkhouwer. — (F) I agree.

President. — I repeat, everyone must by now be fully aware of the problem and of what it means in practice.

Mr Berkhouwer. — (F) But does everyone know and accept that the Council of Ministers might perhaps decide without our opinion?

President. — I call Mr Haferkamp to answer that question.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, I will at least try to answer this question.

I am certain that the Council will not decide on this matter without knowing the views of Parliament. The subject here is a very complicated one, and I do not assume that it could be disposed of in the Council of Ministers in a few minutes, and without a fairly long debate.

In view of the Council's other work load, I do not think the matter will be disposed of before the sitting scheduled for this month.

Mr Berkhouwer. — (D) Will the Council wait until the Economic Affairs Committee has stated its views?

Mr Haferkamp. — (D) I believe that it is not material for the Council which committees have stated their views. It is material for the Council that the Parliament states its views.

President. — I call Mr Kriedemann.

Mr Kriedemann. — (D) Mr President, I presume that the Council is familiar with the agreement and knows that it can adopt no resolutions without having before it the views of the Parliament. If there is any risk of danger from the Council, it could only be from this technique of the interim report. If we say: that is merely an interim report, although the interim report does contain quite a lot, Parliament has not yet expressed a firm opinion, which would come only after the proper report. The Council could then take the attitude that consultation had taken place, although the proper report and the views of the committees also consulted, which, I repeat, are in this case of particular importance, are not yet to hand. Nobody can express an opinion on the financial consequences of this market system; nobody can say what its

effect will be on the processing industry, which faces world-wide competition, if we take the action recently proposed, over and above what the Commission has devised. We therefore need time. Fortunately we have it.

President. — I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) Mr President, Mr Haferkamp's statement is very important. I would like to read the conclusion of the communique of the Council of Ministers of 19 December: it would also be advisable to have a discussion for this purpose in January 1973. As I understand Mr Haferkamp, although he cannot give any personal undertaking on behalf of the Council of Ministers, this decision will be postponed till later. Certainly, if the Council of Ministers does not discuss it in January 1973, we can postpone this matter to the February part-session. Should Mr Haferkamp's statement be in the nature of a recommendation to the Council of Ministers, I would withdraw my request for reinstatement in the present part-session and ask for this debate to be postponed until the February part-session, but only on this condition.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, I cannot here commit the Council in regard to its method of working. As regards the basic issue I have just said that in my opinion no decision can be taken by the Council without knowing the views of the Parliament. It is no concern of the Council how the Parliament has arrived at its views, that is to say which committees have taken part. In the present case, irrespective of the Council's intentions in regard to time, I would think it useful if views on this complicated matter could be formulated soon. We are all aware of its economic significance. Mr Kriedemann too has drawn attention to this. We also know that this matter has been under discussion a very long time.

If there were any possibility of Parliament's taking a decision this week I would welcome that. I cannot say what the Council's definite intentions are in the matter. It would be necessary to ask a representative of the Council.

President. — We can now reasonably say that after the exchange of views which has just taken place, it would be inconceivable for the Council of Ministers to take a decision without having sought the opinion of Parliament. I would like to thank Mr Haferkamp in advance,

President

as he will certainly be our spokesman with the Council of Ministers.

I am convinced that the Council of Ministers does not wish to create an incident between Parliament and itself by taking a decision before Parliament has had the opportunity of discussing the matter.

I believe that this statement expresses the unanimous opinion of the House. Do you maintain your proposal, Mr Houdet?

Mr Houdet, Chairman of the Committee on Agriculture. — (F) Mr President, it would be churlish of me to maintain my proposal. Mr Haferkamp's statement is very clear. The Economic Affairs Committee, as its Chairman said this morning, and the Committee on Agriculture have recognised that this problem is a complex one. It may even be complicated by the entry of three member countries into this Assembly.

Mr President, in the light of Mr Haferkamp's statement, which I consider to be a recommendation, and in view of the fact that you have taken note of my statement, I withdraw my request and trust that this matter will be examined before a decision by the Council of Ministers is taken.

President. — Thank you, Mr Houdet. I call Mr Cipolla.

Mr Cipolla (I). — Mr President, I too desire to call the attention of the Chair and the House to the minutes of yesterday's sitting. I in fact learn from this that Oral Question no. 25/72, listed for discussion regarding actions against free competition in respect of internal trade within the Community, has been withdrawn from the agenda and will be discussed during the February session, together with Mr Berkhouwer's report on competition policy.

This question has had a difficult life, having been submitted last November in time for it to be discussed at the forthcoming November part-session; why it has been blocked remains unknown. Subsequently, on 2 January, the Commission took a decision on the issue raised by one part of the question, and we noted that this question had been placed on the agenda as a separate item having no connection with Mr Berkhouwer's report.

Our only official notification of this postponement and this joint discussion comes from the minutes of yesterday's sitting. We do not find that convincing, in the first place because no reason has been given, and in the second place

because the terms relating to what could be extracted from the preceding decision of the Commission have been turned upside down.

We would therefore like to have an explanation, bearing in mind that even if we do not form part of the Bureau we nevertheless represent a noteworthy force; and this Assembly cannot treat us as of no account except when it is a question of voting, at which point our nine votes represent something more than their simple numerical total; we also want to be remembered when we submit questions like the one under discussion, which in addition has been signed by all the members of our political party. Even though, as the result of a legal quibble, we have not been accorded the status of an accredited group, our political party makes itself felt in this Assembly and in Europe, because it is present in all countries, unlike other political formations which exist only in a single country. Our political party accordingly has the right to be informed of decisions affecting the initiatives which it means to take with due regard for the procedure laid down.

We therefore ask in the first place to be informed of the reasons for such a postponement, and in the second place we would like to know, if only in the name of the normal rules of collaboration and out of respect for the work which our party carries out in this Parliament in common with all the others, for what reasons it was not considered necessary to submit this decision, even informally, to our representatives or at least to some of those who signed the question tabled.

I felt the need to emphasize this point, because it seems to me that at a time when there is much talk of the powers of the Parliament, deferments of this kind and the lack of respect in this Assembly for certain elementary standards of cooperative behaviour, may be the cause of throwing discredit on our institutions, particularly when one considers the matter under discussion. In point of fact, Mr President, the news of the attitude that the executive bodies of this Assembly were said to have taken up, reached me not as a result of any direct contact with those who had made the decision, but through the confidential statements of a representative of one of the Italian industries which—without mentioning names—is among those which stand to lose most from the decisions of the Commission.

President. — You will readily understand, my dear colleagues, that I cannot follow Mr Cipolla in the last part of his statement. Indeed, I assure the House that I have never been subject to any pressure, and I also give you my

President

assurance that if this had been the case I would under no circumstances have submitted.

I would like matters to be so clear that there is no ambiguity, and I wish to say absolutely formally that it is current practice in the Bureau, when the agenda of a part-session is discussed at the request of the Commission—as in this particular case—to defer a matter or couple it with another one. We acceded to the Commission's request all the more readily inasmuch as it appeared sensible to us to combine Mr Cipolla's oral question with Mr Berkhouwer's report.

There should therefore be no mystery in the postponement of this oral question until February.

Let us not confuse the issue for certain people, for I repeat that I was myself present at the meeting of the Bureau on 10 January, and can vouch for the fact that business was conducted quite normally; I thank Mr Kriedemann for agreeing with me.

In conclusion, I must ask you to believe that neither I nor my colleagues in the Bureau would allow ourselves to be influenced by any pressure.

The matter is closed.

Subject to these comments, the minutes are adopted.

2. *Change in the agenda*

President. — The Commission of the European Communities has advised me that it would like the discussion of Mr Ballardini's report on the storage of radioactive waste to take place after the debate on the European economic situation and before discussion of Oral Question No. 19/72, with debate.

Are there any objections?

It is so resolved.

3. *Letter from Mr Barre, former Vice-President of the Commission*

President. — I have received from Mr Barre, former Vice-President of the Commission of the European Communities, the following letter:

'Brussels, 21 December 1972

Dear Mr President,

I was very sorry that fog prevented me from arriving in time on Tuesday 12 December to

take leave of yourself and the European Parliament.

I shall be grateful if you will convey my wholehearted thanks to the Bureau of your Assembly, the Presidents of the Groups and all your colleagues for the cooperation and kindness they extended to me during my period in office as a Commissioner of the European Communities.

Yours very truly'

(*Applause*)

4. *Documents received*

President. — I have received the following documents:

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

— the proposal from the Commission of the European Communities to the Council for a regulation amending the common customs tariff for certain fishery products (Doc. 267/72).

This document has been referred to the Committee on Agriculture:

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

I. — a regulation on the rate of conversion to be used in agriculture for the currencies of the new Member States,

II. — a regulation amending regulation (EEC) No. 974/71 so that measures may be taken in agriculture concerning the new Member States to reflect their monetary situation (Doc. 268/72),

This document has been referred for full examination to the Committee on Agriculture, and for their opinions to the Economic Affairs Committee and the Committee for Finance and Budgets.

(b) from the Parliamentary Committees, the following reports:

— report by Mr Herbert Kriedemann, drawn up on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation amending the common customs tariff for certain fishery products (Doc. 269/72).

— report by Mr Charles-Emile Héger, drawn up on behalf of the Committee on Agriculture, on the proposal from the Commis-

President

sion of the European Communities to the Council, on a regulation amending regulation (EEC) No. 974/71 so that measures may be taken in agriculture concerning the new Member States to reflect on their monetary situation (Doc. 270/72).

5. *Statement by the Commission on the economic situation in the Community (continued)*

President. — The next item on the agenda is the resumption of the debate on the statement made by Mr Haferkamp, for the Commission, on the economic situation in the Community.

Mr Per Dich. — (Dk) Mr President, Ladies and Gentlemen, as the sole representative of the outlook which made 37% of Danish voters decide to vote against Danish entry into the European Communities on 2 October last year, I feel it is my duty to express some viewpoints here, especially as this may help Parliament to form a realistic picture of the political situation in Denmark on this important matter.

37% of Danish voters said No, although millions and millions of kroner had been invested in a massive propaganda campaign for Danish membership—a campaign which dangled the carrot of huge economic benefits before the population while wielding the stick of trade gaps, mass unemployment, major economic regression and something approaching the collapse of Danish agriculture if we did not join. The Danish prime minister of the time even went so far as to say, a few weeks before the referendum, that if Denmark did not become a member of the European Community a considerable devaluation of the Danish krone would be inevitable. An astounding and—I am sure you will agree—unique pronouncement in politico-economic history.

37% of Danish voters said No—despite the fact that the country's 4 biggest parties, which together control almost nine-tenths of the votes, recommended Danish membership with all their political power and authority. They did this—the 37% who voted against—because they saw in Danish membership an obvious danger of limitations to Danish democratic self-determination and the sovereignty of the Danish Folketing.

We did not do it because we thought that Denmark could or should live in isolation. Of course we think international cooperation is necessary, but we think it works best between independent partners—in contrast to the col-

laboration we have now entered into, which rests from the start on principles originally laid down in the Treaty of Rome which will lead to the stagnation or even reversal of the development which has characterised Danish political and economic life for so many years.

We also see in the idea of union and hopes of a wide-ranging political unity a danger of creating a new block, which can only cement the division of Europe as a whole.

For me and my party, the Socialist People's Party, as well as for about half of the largest party in the country, the Social Democrats, it means in particular that the possibilities of carrying out genuine socialist reforms have been drastically reduced. The Treaty of Rome, all the assumptions on which the European Communities are based, is liberalist, based on a laissez-faire economic outlook, and therefore anti-socialist in spirit and letter. We therefore consider it naive to the point of frivolity to believe that as a socialist one should cherish any great hopes of a supra-national authority which is completely founded—both in form and in practice—on the premises of a capitalist society. Especially when one represents the Danish Labour movement, which, like the labour movements in the other Scandinavian countries, has achieved a position of strength not attained by the labour movements in the countries of the existing European Community.

This is underlined by the fact that the unwieldy bureaucratic apparatus already created by the European Community under the Treaty—an apparatus which has the characteristic crushing inertia of bureaucracy, with all the effects this must have on the prospects of transforming society—only serves to confirm scepticism.

The European Community has, moreover, been developing in a direction which makes it obvious that economic growth is given priority over regard for human welfare. This, despite all the fair words which have been uttered to the contrary.

So—alone among the 10 Danish delegates—I must regard it as my duty to work in this Parliament on behalf of the high proportion of the Danish population which voted on 2 October against joining the Community.

But I am tempted to say that I also have to safeguard the interests of an indeterminate number of the voters who voted in favour—namely those who did it from a belief in the many promises made to them by the leading Danish pro-Common Market politicians, not least the present Government party, the Social Democrats, and the present Government, to the

Dich

effect that a great deal of the integration and the efforts to harmonise the policy and economy of the Nine, and all essential questions of economic policy, budgetary policy, treasury policy, social policy, etc., would continue in the future to be purely Danish concerns.

I admit to some difficulty in understanding the logic of these promises. Even if I do not sympathise with the views and aims of the European Community, I am willing to accept that if the Economic Community is to function in accordance with these views and aims, then this far-reaching integration and harmonisation of the policy and economy of the Nine countries is an unavoidable necessity.

But leading Danish politicians—the politicians who recommended Danish membership—have promised that these fields of activity will not apply to Denmark. I, my party and the 1,200,000 Danish voters who voted against membership will do our best to see that these promises are kept.

Going on from there, it must be obvious that I cannot support the hopes expressed for an expansion of the power and authority of the European Parliament. We want to keep as much power as possible in the Danish Folketing. An expansion of the power of the European Parliament will mean a corresponding limitation of the powers of the Danish Folketing. The control we can exercise must and should therefore be exercised through the Council of Ministers, where the Danish representatives will be directly responsible to the Danish Folketing.

Naturally I do not cherish any illusions that I, as one individual in this Parliament, can change the development of the European Communities by my efforts. I must regard myself first and foremost as an observer—which of course does not always mean being neutral over the matters dealt with here. But the basic outlook for me must be that Danish policy—and Danish labour policy in particular—neither shall or should be conducted here, but in Denmark, in the Danish Folketing.

President. — The remaining listed speakers are Mr Ryan, Mr Bersani, Sir Anthony Esmonde, Mr Cruise-O'Brien, Mr Cousté and Mr Petersen.

I would draw their attention to the fact that their speaking time is limited to 10 minutes.

Mr Ryan. — (*E*) Mr President and Colleagues, the trepidation which Ireland naturally feels as a newcomer to the European Parliament is quickly dispelled by our enthusiasm for the ideal of European advancement through mutual support, mutual respect and co-operation and,

indeed, by the policy assurances which we heard in the Assembly yesterday from the distinguished representatives of the Commission and Council of Ministers.

During the 12 years Ireland was knocking at the European door our dedication to the European principle has never waned even though we might have succumbed at times to cynicism and disgust because of delays beyond our control. By impulse, and in the light of our own experience, our approach to current European and international problems is outward-looking and generous.

As my colleagues know, in Ireland by a five to one majority the Irish people voted in favour of entry to the European Communities. I suspect some of my colleagues here may well envy the moral authority which that gives to Irish parliamentarians. Strengthened by this popular support, Irish Members of this Assembly, irrespective of party, will be total in their dedication to promote the common welfare of all Europeans so that out of a growing pool of prosperity the living standards and opportunities for all our peoples can be dramatically bettered in our time and for succeeding generations by paying respect to the objective of the Treaty to achieve the constant improvement of living and working conditions of all our people without disparity.

We were pleased to hear from Mr. Haferkamp yesterday that the Commission recognises inflation as Europe's most intimidating common problem. It must be quickly and fully controlled if the short-term goals are to be achieved within the time schedule set. Indeed, even in the long run all our objectives will be put in jeopardy if we fail to stop the destructive spiral of inflation which can erode the increased contribution to the value of life which progress and expansion can otherwise attain.

The Paris Summit Conference gave us reason to hope that the Europe of the Nine would be motivated by an increasing anxiety to find solutions to the problems which worry ordinary people. Inflation is certainly the most frightening problem for most Europeans today. The European citizen will be disillusioned if the European institutions fail to control living costs to a level which will not destroy the real value of earnings or inhibit necessary trade within or without the Community. It is, of course, difficult to select the most effective and least damaging way to control inflation because in the economic world one force cannot be applied without releasing other and sometimes unexpected consequences. Accepting that, it is nonetheless disappointing that the Commission and the Council of Ministers have not yet given

Ryan

more effective guidance in this field. If inflation is left to develop its own momentum, it will invariably multiply. That has happened in Ireland where an annual inflation increase of 9 to 10 per cent has become the dangerous norm. All Europe, Ireland in particular, now requires efficient economic management if the monster of inflation is not to devour the living standards and future prospects for all our people.

It is a cause of great sadness to us that the accession of Great Britain and Ireland to the Community brings with it the grievous and horrifying situation in Northern Ireland, making it a European problem.

A dissertation upon the causes of, and political remedy for, the strife in Northern Ireland would be inappropriate in this debate, but a relevant aspect which should be recognised and upon which there will, I know, be ready agreement is that the uneven spread of economic wealth and opportunity in that region was, and is, a contributing factor. The healing balm of greater prosperity, increased employment, increased investment, particularly in those western areas of depression which straddle the border between Northern Ireland and the Republic of Ireland, could help significantly to calm the situation, to give new hope in place of destructive bitterness and to provide stability for the future.

The under-developed areas in Northern Ireland and throughout the whole of Ireland provide promising ground for the application of meaningful regional and social policies. They demand the concern and co-operation of the institutions of the Community and the British and Irish Governments. The people of Ireland are grateful for the undoubted compassion and concern of the members of the Community and of the British Government, Parliament and people in particular. Our earnest hope is that what could be a divisive issue will be in this Parliament, and through this Community, through joint effort, a means to unify and heal.

Being a neutral country by conviction and tradition, and the only member of the EEC which is not a member of NATO or—Western European Union, Ireland brings a new dimension to the Communities. We can understand possibly better than other members the interests and outlooks of other neutral States whose association with us in this great endeavour of realistic European co-operation may be inhibited by inherited political principles or circumscribed by international obligations.

Fortunately, we are now experiencing a transformation in global diplomacy. Powers once preoccupied with confrontation are now pursuing *détente* and, 'beyond *détente*, *entente* and

cooperation. We hope that our European colleagues will appreciate the valuable contribution which neutral Ireland's participation in the EEC can make to dispelling any fears which our neighbours to the east may have about Europe's intentions and in giving confidence to other neutrals, whose interests are inescapably linked with ours, to join us in future years.

As an island in the Atlantic and the most western point of Europe, Ireland is also naturally and uniquely positioned to be a stepping stone to the United States of America and her neighbours in the American continent with whose peoples Europe has links at once traditional and currently of mutual interest.

We sincerely regret that our Norwegian friends were unable to endorse the application for Norway's membership of this Community. But being, like Norway, on the periphery, Ireland sympathises with those who feared that people remote from the centre would be forgotten. We share with Norway serious economic and social difficulties. But we have placed our trust in our fellow Europeans that they will fulfil the obligations of the Rome Treaty and that together we may uplift the living standards of all.

Lively, broad, indeed daring social and regional policies must be given priority. Generosity and efficiency in extending to remote and undeveloped regions within the Community the benefits of Community prosperity will not only attract the support and enthusiasm of doubting people, whether they be in Denmark, Ireland or elsewhere within the Community, but will allay the anxieties of our friends outside whom we hope one day to see with us. Because the first six members of the Communities never lost sight of the economic, social and political objectives of the Treaties we are today a Community of Nine.

Provided we all keep the same objectives in mind and convince those outside that we have not abandoned those objectives we shall yet achieve the ultimate goal of a free, democratic Europe from the Atlantic to the Urals.

By Ireland's accession we have now gone to the most western point of Europe to the Atlantic. We must now have a generous and broad outlook to look further eastwards.

(Applause)

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, colleagues, yesterday we lived through a day that was

Bersani

truly European, and today, under the impetus of the political energy that dominated it, we continue a debate on general themes that inevitably go beyond the field, essential though it is, of the economic situation of our Community.

I would like first of all to emphasize the importance of the enlargement of the Community which has finally come into being. We have already had occasion in this debate to appreciate the significance and the practical value of the collaboration of the members from the Parliaments of the three new countries. They have injected new ideas into the discussion. Next, I would like to greet many of the new colleagues who have come here today to join our Assembly, as old and valued friends encountered during these long years at all the key points where those who believe in the cause of Europe have worked unremittingly to prepare this enlargement and to create the conditions which would permit the achievement of this goal.

It is with feelings of particular warmth and sympathy that we finally see them here with us; our colleagues today in an even closer sense than yesterday, united in the common effort to build up our Community.

As I pointed out at the outset, the debate is bound to involve not only the report by the Vice-President of the Commission of the European Communities, Mr Haferkamp, but also the statements made yesterday by the representatives of the other institutions of the Community.

I would therefore like to stress in a positive sense the tone and content of the statement made by the new President of the Commission, Mr Ortolí. We found in his words the political dynamism of his predecessors, in the clear and firm call for those values and objectives—including the strengthening of the powers of the Parliament—with which the great majority of our Assembly is in agreement.

Mr Haferkamp said yesterday that 1973 represents a decisive year. This year is likely to see a series of basic stages, in the economic and monetary fields, but also in the social and political ones, the carrying out of which is destined to result in fundamental advances towards the construction of Europe.

The second stage of economic and monetary union, the GATT negotiations, the common attitude to the International Monetary Fund as regards the imminent creation of a European Fund, the definition of a common commercial policy, the final harmonization of the balance

of payments and taxation policies in relation to the medium-term policy—all these, among others, are important features of a programme already laid down.

Another series of measures links the economic themes to those which are essentially more of a social character. President Ortolí, following up yesterday the final declaration by the Paris "summit" categorically reaffirmed the intention of the new Commission to devote itself to a vigorous European social policy. This Parliament has always considered economic problems from the aspect of their essential interconnection, which is, profound and substantial, with the Community's social problems.

We are therefore completely in agreement with the emphasis given to the need to tackle with great vigour a social policy worthy of the name. That, moreover, is what Vice-President Haferkamp asked for when, after pointing out to us the objectives of the economic and monetary policy, both structural and related thereto (predominant among these being the struggle against inflation, whether you care to regard this as provoked by prices or as linked to costs), he pointed out the other sectors necessarily involved in the comprehensive strengthening of the Community. The problem of unemployment, already substantial in four out of the nine countries in the enlarged Community, is among those which cause the most concern.

Even if we have an increase in productivity in 1973, a rate of growth proportionate to the signs of a general upturn in the economy of the Community, and prices are held to a European average of 4.45%, the effects on unemployment will be far too limited. Reabsorption is a problem of longer duration in relation to the upturn in the business cycle, and only a period of relative stability will make it possible to overcome this social evil, the structural characteristics of which—at least in some areas—continue to be a negative factor for the EEC as a whole.

On the social plane, we must in fact make a new approach. A number of indications of this emerged in 1972: guarantees against unemployment in supranational enterprises, projects for the workers to participate in the management of companies having the same character, the first intervention by the European Development Fund in the textile sector and plans for other sectors, the reform of that Fund, and plans for taking on obligations in the field of employment and development and some improvements in the existing social regulations (transport, etc.). Other subjects have recently been brought within the scope of this approach.

Bersani

I am convinced, however, that we must go further. After Italy's adoption of VAT, the way is clear for confronting larger objectives for the harmonisation of taxation and social security, sectors where there are serious anomalies. I ask myself in addition if there may not be a case for arranging as rapidly as possible a meeting with the European trade unions and social organisations. Whenever the question of a short or medium term policy comes up, the aspect of an incomes-policy, or as it is sometimes called today, a contract or "social agreement," re-emerges as the indispensable instrument for an agreed and democratic basis of administration. At the same time it has become clear that both sides of industry find great difficulty in taking part in such discussions. In reality, not one single forward step of significance has been taken, even if it true that in these last weeks two agreements, which as far as we know are of this type, have been concluded in Holland and Austria between managements, unions, and contracting enterprises. The position of the Community is that we remain at the stage of good wishes, held up by the political and psychological connotations.

There is accordingly as yet no solution to the problem of how to arrive at a positive basis for a meeting which would create the conditions for a pooling of forces and for a common definition of objectives—those at least which have been given timely support in the demand made by Vice-President Haferkamp. As other colleagues have pointed out, the objectives of economic development envisaged in the hoped-for early improvement in European relationships, should result in giving a clearer and more convincing aspect to Europe's social countenance—and this is also a requisite for our greater credibility in the eyes of all classes of a population which exceeds 250,000,000. Both Vice-President Haferkamp and President Ortolí have vigorously taken up the theme of regional policy, which has always been a matter of concern to this Parliament. Our British colleagues, not to speak of the Danes and the Irish, have found themselves in immediate harmony with all of us when such a topic has been touched on. So we should now again tell the Commission that this problem must once and for all be removed from the dusty shelf on which it has lain for so many years. The Paris Summit has explicitly recognised the need for such a regional policy, but there has been no adequate sequel to this recognition.

The clarity of the statements on record remains a positive and encouraging factor. But today more than this is needed. The developments relating to this item immediately prior to the Summit are well known, namely the profound

resistance to the launching of an effective European regional policy. The real non-solution of the European policy has constituted, and will constitute in the future a large knot which has to be untied in many contexts: from development to competition, from harmonization to integration, from the economy to social factors. We therefore agree with the general lines of the proposals of the Commission in the economic and social fields, even if we think that such sectors require a more adequate commitment.

The debate has nevertheless linked the economic and monetary themes to those of general policy. Mr Kirk in particular and with a large body of support has stressed the necessity of first embarking on the matters which directly concern the political constitution of Europe. Europe it was said at the Summit must speak with a single voice on some matters fundamental to the international facts of life. That demands a strategy of greater scope. As was again emphasised yesterday in the debate on the Council of Ministers, it becomes ever clearer that in this field it is essential for each step forward to be brought to an effective conclusion. The Helsinki conference, the international negotiations referred to relations with all developing countries, trade relations with non-Member States and especially the State-trading countries, constitute some of the chief domains which concern the new Europe politically.

The problems of the Mediterranean, which President Ortolí has referred to with our warm appreciation, are another such subject convinced as we are that this raises one of the most important and urgent implications of the enlargement of the Community and of its actions in the world. It is necessary to go beyond the fragmentary nature of the present "mini-agreements" covering trade, in order to bring into being the gradual development of a sort of "Mediterranean Yaoundé".

In 1973 the negotiation of associations with the African countries will be initiated, against a greatly strengthened background. This is another important moment for emphasising that the Community does not only have internal objectives, but shows to the whole world how the principles which have till now inspired the existing conventions are proof of ideals of a solidarity expressed institutionally in the form of an authentic partnership, which has till now constituted a point of reference for other areas and experiments in the world.

In the course of the debate, reflections on the realities of the international situation have elicited references to, and echoes of the tragic succession of events in the war in Indochina.

Bersani

As has recently also been stated by a very high dignitary of the Church, this is something which has gradually become a drama for the conscience of the world. A drama which has also given rise in turn to profound feelings of anguish and hope.

President. — Mr Bersani, I am interrupting you to point out that you have exceeded your speaking time.

I therefore ask you to conclude.

Mr Bersani. — (*F*) I have nearly finished, Mr President. (*Speaker continued in Italian*) These are feelings which this section of the Parliament has fully shared and shares now, just as it shares at this moment the keen expectation of a final announcement of peace. This party also shares in a large degree the hope that after the armistice there will be commitments to active collaboration in measures of international assistance which can actively contribute to transforming it into a real peace. Mr President, colleagues, I would like by way of conclusion to refer with esteem and admiration to former Commissioner Mr Barre, whose work contributed so much in the way of exemplary collaboration and this certainly furthered the interests of the Community.

(*Applause*)

President. — Thank you, Mr Bersani.

I must apologise for having interrupted you, but you will understand that the regulations must be observed.

Before calling the next speaker I am going to ask each speaker not to exceed his speaking time.

I call Sir Anthony Esmonde.

Sir Anthony Esmonde. — I conceive that our principal function in this new assembly of nine nations is to endeavour to build within the confines of the EEC as strong an economy as possible. But we are an outward-looking Community and we are also established by our great founders here for the purpose of maintaining peace not only within the confines of our own territory but throughout the world. I would like to make a few comments on that line of thought.

I had the opportunity of going to Africa, Nigeria and what was then known as Biafra in the closing stages of the civil war there and had the unfortunate experience of seeing countless people dying of starvation. A year or so later I had the opportunity of going to India and seeing the situation there with the massive refugee problem that was created by the influx

from Pakistan. While trade is our object and aim in order to build ourselves economically strong here, it is quite impossible to dissociate trade from aid. We as a community owe a duty to the outside world.

We have a great number of charitable and Christian organisations carrying out magnificent work in these different parts of the world, but my experience was that there is not the fullest coordination between them; that is because they belong to different nations and, shall we say, different religious schools of thought. The EEC could do a lot to co-ordinate these efforts at governmental level and to ensure that there is no overlapping of aid that is given to these people to enable them to build themselves up.

We in Ireland, of course, have some interest in these far-flung parts of the world because we have throughout the ages contributed a missionary effort there. I have seen our people in action, but I have also seen many European charitable organisations in Africa doing a lot of good there. I would like to suggest to the European Parliament that we should concentrate on a coordination of effort to deal with these under-developed countries.

Peace in the world is essential to us all. In my opinion, the greatest threat to world peace is hunger, and we cannot escape the fact that there are countless thousands of people dying, as I have seen them die in the African continent and in India, for the want of the bare necessities of life. That is a state of affairs that exists, and it is not really the fault of anybody concerned, but it is our responsibility, and in the few words I am saying here this morning I feel that I should stress that point.

We in Ireland are very happy to be a member of the European Economic Community. I have always been a European myself. I was at school in Europe as a child, and so I suppose one grows up with a European outlook. We may be a small country, but still our people are scattered all over the world. We have countless thousands of people of Irish descent in America. We have countless thousands in Britain as well. In fact, wherever a nation has existed anywhere it is very hard to get away from the Irish. I can assure my colleagues that Ireland will play her part in the Community.

(*Applause*)

President. — I call Mr Cruise-O'Brien.

Mr Cruise-O'Brien. — The last speaker, my friend Sir Anthony Esmonde, said it was very hard to get away from the Irish, and I am now proving this by following him immediately. It will not form a habit, I assure you.

Cruise-O'Brien

Mr. Vals has already spoken on behalf of the Socialist Group. That Group has authorised its new members to make brief supplementary statements. In these circumstances it would be inappropriate for me to attempt to cover the wide span of matters dealt with in the Haferkamp Report and already covered by Mr. Vals. I shall necessarily, in speaking in this context, confine myself mainly to matters affecting Ireland directly or indirectly, but I should like to make it clear in so doing that I am speaking not just as a national representative but as a committed member of a group, the Socialist Group in this Parliament. My party, the Irish Labour Party, was an active participant in the working of the Socialist International with the other Socialist parties represented here long before we came into this Parliament.

I speak here for what is unfortunately at the moment the only English-speaking section of the Socialist Group in this Parliament, the Irish Labour Party; there are only two of us for the moment. The question of whether Ireland should enter the Community was decided by popular vote at a referendum. In that referendum the Labour Party campaigned against entry on the terms proposed. We did so because we were apprehensive about the social and economic effects of entry on our economically weak and geographically peripheral country. We are by no means satisfied that those fears were groundless or are groundless now. Nevertheless, the Irish people, after the issues had been fully debated, decided by a large majority to enter the Community.

Not merely did we accept that position as any democratic party has to do in such circumstances, but we also accepted what we regard as its full and logical consequences. In adhering to the Socialist Group we accept all the principles laid down at the Congress of the Socialist Parties of the European Community at Brussels in June 1971.

The basic principle laid down there, to which we adhere, is that the common ideals and concrete objectives of the Socialist Parties of the Community must be carried into effect with the most chance of success in the widest possible European integration.

The changes we feared for our people, fears which apply to all the economically weak regions of the European population, would be greatest if the Community were to remain only a common market; that is, if the free flow of capital, goods and labour were not matched by a growth in centralised democratic political institutions, placing the consequences of that free flow under a control responsive to the needs of the people and with a long-term

regional policy designed to avert the adverse social consequences which that free flow threatens for certain parts of Europe.

I referred to the absence of the British Labour Party from this Parliament as an unfortunate circumstance. In doing so I did not imply any criticism of our British comrades, and I reject and repudiate any such criticisms that have been made here. We are all, however, affected by the decision of the British Labour Party, and we have, therefore, a right to comment on it as comrades and to express our hopes. We are affected by that decision because the enlarged Community is by that decision to a certain extent tilted towards the Right, with consequences which all of the poorer sections of the enlarged Community have every reason to fear.

The people whom we represent are among those poorer sections. But so are the people whom the British Labour Party represents, who are henceforward affected by decisions made in Europe and who go unrepresented in this Parliament, which with all its weaknesses and defects, which we acknowledge, still represents the hopes of a democratic Europe.

The reasons which led the British Labour Party not to take their seats must be respected but we have a right to express the hope that before the year is out they will feel able to come and join in the work of this Parliament. Some of us in the Socialist Group going to London to speak for the Movement de la Gauche will be expressing that desire to our comrades there.

I refer now to the tragic situation in Northern Ireland. I do not intend to offer any propaganda because there has been propaganda enough. It is sufficient to say that, through the entry of the United Kingdom and the Republic of Ireland into the Community, this terrible problem which we inherited has become to some extent your problem too. We hope that our common membership in the Community may help. I share the hope expressed in that respect by Richie Ryan, which is that through the development of a regional policy the worst-affected regions may benefit economically.

We also hope that we shall benefit psychologically from belonging to the Community. We hope that our common membership may begin to set old fears at rest and lay what can at the moment be only the foundations of a peaceful solution. We hope also that your collective wisdom and, above all—certainly in Strasbourg—your experience in laying old quarrels to rest may be a resource to us in the future.

(Applause)

President. — I call Mr Cousté.

Mr Cousté. (F) — Mr President, my dear colleagues, in speaking of the economic situation in the community, Mr Haferkamp yesterday recalled the basic principles governing the action of this now enlarged Community. I would like to base the comments I have to make on two main themes: the fight against inflation and monetary problems.

In regard to the first of these themes, we must emphasise once again, if indeed we need to, the paramount importance which must be attached to the fight against inflation and a return to price stability. In using this expression, I am merely repeating the actual terms of the final communique of the Conference held on 19 October in Paris by the Heads of State or Government of Member States and Acceding States of the European Communities.

This is to say that the remarks which we heard yesterday, particularly from our colleague Sir Brandon Rhys-Williams, were, like ours, consistent. Indeed this fight is being organised, in the light of the decisions taken in October by the Ministers of Finance and Economic Affairs along lines which have our support and express our common will, and this objective refers to the enlarged Community of today.

It is not therefore surprising that within this common purpose, Governments have adopted their own measures. It is clear that the decisions taken in Germany, England and, in December in France, to mention only three countries, reflect the cohesion desired by the Ministers of Finance and Economic Affairs, and that they are also, as the final communique of the Paris Summit says, "reflections of the respective situations of the countries in the enlarged Community."

Why is this so? Because we are not integrated. We have no single policy such as that which was decreed on 15 August 1971 by President Nixon for the whole of the United States. We are still in that transitional stage which requires continuous concertation of our Community vision and what the Heads of State and Government rightly call "the respective situations of the countries in the enlarged Community."

Having said which, I would ask the Commission, and particularly Mr Haferkamp, to keep this question of monetary cohesion in the Community constantly in mind, because without it the solidarity established with so much difficulty in trade and the movement of labour, and also at monetary level, may founder because of the differences, already visible, between the various national plans for fighting inflation, in which case, in contrast to the Americans, who by the

measures of August 1972 have contrived to halt the rise in prices and reorganise their economy, we would meet with defeat.

As for monetary problems, they are extremely important in the actual context of the Community solidarity which we are trying to establish. They are so important that the States have already adopted agreements in this connection—on 21 March 1972 in Basle. When one is a member of a Community, the first priority is to adhere to such agreements.

In order to narrow parity bands, it is first necessary to fix parities, and as the Summit recalled: ".....parities that are fixed but adjustable between their currencies constitute a vital basis for the achievement of union, and the Member States express their desire to set up, within the Community, mutual defence and support mechanisms which will enable Member States to ensure their observance."

I have read the whole of this sentence because it contains two basic concepts.

Firstly, the necessity for a fixed parity. I would like to address my British colleagues and say that their Government must agree to return to a fixed parity of the pound in relation to the other currencies. There is no possibility of common agricultural, regional or social development policies if one country follows an 'individual and sovereign' policy in the monetary field. This must be clearly understood. It has been clearly stated by persons more qualified than myself.

We had hoped for this gesture from England, which could have been a sign on the first of January of that community of monetary interest promising the prosperous monetary area which we wish to establish. We are therefore disappointed and we say so.

But at the same time we would add that, in accordance with the guidelines laid down by the Heads of State or Government and, on 30 and 31 October, by the Ministers of Finance and Economic Affairs, there is also mutual support.

We quite understand that any Member State may, because of a combination of circumstances, have its plans affected by financial difficulties and be compelled to reassess the value of its currency in relation to others. But the Community stands not only for obligations, but for the opportunity to follow a common policy together. It is precisely to defend this mutual support that I am speaking today, to say to the Commission that it must take initiative in this field, so that the problem, which today involves the pound sterling but tomorrow may involve the franc or another currency, is never dealt with from the strictly nationalistic viewpoint of

Couste

one country which seeks, quite understandably, to ensure social progress and the development of its economic policy.

On the contrary, the solidarity planned must be the subject of genuine proposals by the Commission, and decisions by the Council, with a view to implementation by the Community, thereby ensuring, beyond the official document marking the establishment of the European Fund for Monetary Cooperation which as we know is planned for 1 April, that the mechanisms of monetary solidarity and the prospects for establishing a European monetary and economic area are not hindered by difficulties which cannot be finally solved in the near future by the Commission, for this would be a very serious matter. If I understood Mr Haferkamp's comments correctly, this is in fact the intention of the Commission.

My purpose in speaking is to ensure that there is no misunderstanding amongst the delegates here, and that we shall all, with the same objectives in mind, be able to call upon the mechanisms of solidarity and the most normal and useful methods for creating this prosperous monetary area.

This is an even greater duty for Europe inasmuch as we are now faced with the need to reconstruct the international monetary system and re-establish a fair and lasting monetary order, not only for the prosperity of the Europe of the Nine, but for that of the whole of Europe, since there now arises the problem of the links between our Europe and Eastern Europe, in the context of the Conference on Security and Co-operation. We must also, when we think about reforming the international monetary system, take into consideration the very important problems involved in defending the interests of the developing countries through our own prosperity.

The purpose of these few comments has been not only to help to throw light on the debate, but also to show that our common will is expressed not only through noble words, but through mechanisms that are difficult to master. These are the mechanisms of economic prosperity, certainly, but they must be aimed at social progress.

(Applause)

IN THE CHAIR: MR HABIB DELONCLE

(Vice-President)

President. — I call Mr Petersen.

Mr Helveg Petersen. — (DK) Mr President, Ladies and Gentlemen.

Many of the speakers have assessed the new situation which has arisen as a result of the enlargement of the Parliament and some have expressed—and vigorously, too—the hope that a new dynamism will develop. Obviously we newcomers have listened to these comments with great interest and we are wondering what contribution we can make. Perhaps, just because we are inexperienced in this work, we may be able to raise a number of questions which will open up new viewpoints.

I myself would like to make a few comments, Mr President, arising out of Mr Haferkamp's report, but also connected with many of the other statements we have heard. Mr Haferkamp has told us about the expected economic growth in the EEC countries in 1973, the inflation from which all the countries are suffering, the experiments with regard to incomes policies and the employment situation. We were told that the Commission was preparing proposals for the revision of customs restrictions and that proposals for the first step towards economic and monetary union would be worked out. We have been given information about regional policy and social development in association with the economic policy.

Now, Mr President, having heard this report and compared it with other speeches yesterday, and in particular with the resolution from the Paris Summit Meeting, I can see, intimately linked with economic policy, a broad field of general problems facing the Community, which it is up to us here in Parliament to discuss.

I have no concrete proposals for resolutions, but I would suggest that the Commission, taking the resolution of the Paris Summit as a basis, should place before the European Parliament as quickly as possible a kind of working programme of the ideas the Commission has evolved as to methods of trying to resolve the problems put forward at the Summit Meeting. I think it would be valuable for both parties to have exploratory discussions before concrete proposals are made. I think that a procedure of this type would have a stimulating effect in several ways.

It would be satisfactory for the Parliament to be given an opportunity to express its opinions, so that they can be taken into account in the final version of the proposals. It is also important for the Commission to know how the parliamentarians, who have and should have a precise knowledge of conditions in their own countries, see these problems.

Other valuable results would also stem from a process of cooperation of this kind. It would be

Helveg Petersen

possible for us in the European Parliament to involve our colleagues in our national Parliaments in the deliberations. This in turn will mean improved contact with national Governments. I think that broader cooperation of this sort between the parties involved will ensure more meaningful results and will produce good debates at an earlier stage in the proceedings, which will be a great advantage.

Closer cooperation of this nature would correspond exactly with what was put forward by the Presidents of the national Parliaments in the communiqué of 15 January. The communiqué calls upon us to establish closer cooperation between the parliaments of Europe and the European Parliament. The communiqué speaks of a whole series of initiatives, including the organisation of a European parliamentary conference with a view to cooperation between national committees in the European Parliament. It is suggested that the whole question of information should be tackled. This is tremendously important. We must realise that we are missing out on this activity in the highest possible degree. It is vital for us to be able to make sure that our countries are properly informed as to what is going on within the Communities' institutions. There are great gaps here. The European Parliament can make a contribution here.

It is obvious that the subjects of these debates to be held at the instigation of the Commission will often be general in character, but isn't this necessary, if we want to deal seriously with the questions raised by the Paris Summit?

The resolution from the Paris meeting states that economic expansion alone is not enough. The first goal of economic expansion, they say, must be to reduce the disparity of living standards. This must take place with the cooperation of all the national partners and must result in the improvement of the quality of life. This must be seen, the resolution continues, not only in the standard of living, but in the actual quality of life. What is meant by these concepts? What do people understand by the concept of the quality of life? Should this concept be interpreted as a sort of alternative to economic growth?

As far as I can see, Mr President, we are coming close to the debate initiated by Sicco Mansholt in his open letter of February 1972, which has been raised by a number of scientists the world over, people who have long been writing and talking about the dangers threatening mankind. Pollution, over-consumption of resources, the population explosion, the poverty of the developing countries, rearmament, problems which individually seem extraordinarily complex and together are almost insoluble.

In my view it is necessary for the debates on these fundamental problems to be conducted here in this House, and what has emerged from the Summit Meeting in Paris is a challenge to the Commission, to Parliament and to all the institutions of the Community.

It was emphasised yesterday that as the strongest economic partnership in the world, the Community has a very special responsibility. If we are going to live up to these demands in relation to the country we come from, then a special responsibility and a whole series of special tasks devolve on this Parliament. I believe, Mr President, that many people hope that the enlarged Community will live up to these demands and these expectations. I believe that despite the weaknesses which may flow from the Parliament's legal position in the Community as a whole, it is possible for the Parliament to act. I believe that Parliament can exercise a really central influence, but this means that we have to be receptive to new initiatives, as Mr Kirk said yesterday. I hope, Mr President, that we will have the necessary means and will to take these initiatives.

(Applause)

President. — I call Mr Lange.

Mr Lange, Chairman of the Economic Affairs Committee (D). — Mr President, Ladies and Gentlemen, I should like to propose formally that the Commission's statement, as presented by Vice-President Haferkamp, be referred to the Economic Affairs Committee, in accordance with established practice. I should like to draw particular attention to this and to inform our new colleagues from the recently joined countries that the Economic Affairs Committee and its members have noted Mr Haferkamp's remarks with special interest and will find them valuable in their discussions. Further, I would ask that the representatives of the new Member States should assist in the work of the Economic Affairs Committee by basing their cooperation on a study of all the statements which have been made in this Parliament since the report on the Economic and Monetary Union at the end of 1970 on matters of trade-cycle policy, monetary policy, regional policy and on all related matters.

May I point out that this Parliament and the European Economic Communities, despite the enlargement which we all welcome, is not starting from scratch, but that we have arrived at a definite stage in our development, the results of which are accepted by our new Members. We hope that these new members, as well as the original members, will be able to treat all that has been achieved so far by the Parliament in

Lange

matters which particularly concern them with the same concentration as hitherto, or, better still, with increased concentration, thus reinforcing the position of Parliament vis-à-vis the other institutions of the Community, i.e. the Council and the Commission.

I do not really wish to say any more, because we shall have to conduct the debate on the subject, after the thorough preparations made by the Economic Affairs Committee, at its next sitting in February. I think that the Commission might then perhaps take the opportunity to state its own position after taking due note of the comments made on Mr Haferkamp's oral report.

I should, however, like to remind the Commission of one thing. As we have repeatedly pointed out, the Economic Affairs Committee expects that at the meeting on 1-2 February the Commission will again make a statement on what we have called a "European law to promote stability, growth, full employment and extra-economic equilibrium." This, if we are correctly informed, is being dealt with in the Commission in the form of a directive or of guidelines. This is part of the game if we want to achieve the full Community policy which has been called for in the debate. The fact is that it will no longer be possible for the different national media to solve all the problems which we shall have to solve in the context of the debate on the economic development of the Community.

I merely wished to draw attention to these few points without prolonging the debate. We shall have ample opportunity to do this in four weeks time and I think we should then make the necessary time.

May I just add one more comment. The Community has now been enlarged and, as I have said, we all welcome this. As a result, however, some questions which we have so far dealt with alone have been modified, both quantitatively and qualitatively. We fully realize this. On the other hand, we should remember that we are in the final year of Stage One of Economic and Monetary Union, and in the first year of the transition period for the newly joined members. We shall have to examine, from this angle especially, what measures this House should propose to the Council or the Commission concerning future economic developments and all the related problems.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-president of the Commission of the European Communities (D). — Mr President, Ladies and Gentlemen, you will

appreciate that I should be very glad to go into a number of questions which have been mentioned in the economic context. I should, however, prefer not to do so, since it is getting late and we shall be continuing the debate on economic problems at the February part-session. As the Chairman of the Economic Affairs Committee has just said, we can prepare the ground in this committee.

Mr President, I think there will be an opportunity to deal with the other politically important questions raised in this debate, which are not strictly economic in nature, during the debate on the Commission's work programme in the February part-session.

One further comment on Mr Lange's speech. Certainly I shall be glad to report on the state of our thinking on the matter he refers to at the sitting on 1—2 February: Growth and stability.

Mr President, I should like in conclusion to thank most sincerely all those who have made criticisms and put forward suggestions in this debate.

(Applause)

President. — The House will no doubt wish to refer the statement by the Commission of the European Communities on the economic situation to its Economic Affairs Committee.

Are there any objections?

It is so resolved.

6. *Establishment of Community network for storage of radioactive waste*

President. — The next item on the agenda is a debate on the interim report by Mr Ballardini, drawn up on behalf of the Committee on Energy, Research and Atomic Problems, on the establishment of a Community network for the definitive storage of radioactive waste (Doc. 217/72).

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

Mr Ballardini, rapporteur (I). — Mr President, colleagues, our discussions often relate to matters which show wide variations in the length of the fruition-period involved. Unlike the debates which take place in national Parliaments, where these throw a light on subjects which are strongly characterized by their topicality, we often here have a feeling of being protagonists in processes which come to fruition somewhat slowly. That is inevitable, since reconstituting the old Europe, of nation States as a united entity is a task which by comparison with our lifetimes is certainly not short.

Ballardini

Nevertheless, if it is true that our goals are not just around the corner, the pursuit of them is not an abstraction, now that we know from experience that we shall achieve these goals precisely by dint of the patient, practical, maybe modest efforts which we will make day by day, or that otherwise we will not achieve them.

The problem that the Committee on Energy, Research and Atomic Problems is today submitting to the European Parliament is no different from others in this respect. The Committee wishes to submit to the European Parliament a proposal under which Parliament, which is the most direct expression of the will and interests of those 250,000,000 men and women who today constitute the European Community, would call the attention of public opinion, and of the Governments and institutions of the Community, to a serious matter which, without wishing to evoke biblical visions of future catastrophes, is nevertheless of a nature which merits our thoughtful and far-sighted initiative.

Humanity cannot renounce the utilisation of nuclear energy for peaceful purposes. On this point it seems to me that there is no room for doubt; but we cannot forget that nuclear reactors, in proportion to the energy produced, also result in the formation of radioactive waste which retains its capacity to pollute over many decades. As long as nuclear activity remained limited, as is the case today, the problem was not a serious one since it was easy and simple to neutralize the danger represented by this residual radioactive waste. But now that it can easily be foreseen that the development of nuclear research and of the industrial utilization of nuclear energy will expand significantly, as has indeed been forecast in this Parliament, it is also our duty to anticipate that this radioactive waste will accumulate in proportion.

Approximate estimates made by the experts, but nonetheless accurate ones, predict that the amount of radioactive waste of low and medium activity will reach some 30,000 cubic metres annually in 1980, about 83,000 cubic metres in 1990, and about 167,000 cubic metres annually by the year 2000. Attention should be paid to the high progression in the annual increases, as this indicates a growing accumulation of waste which will exceed 225,000 cubic metres by 1980, 780,000 cubic metres by 1990, and in the year 2000 will reach the impressive figure of 2 million cubic metres.

These facts suffice to give an exact idea of the appalling danger that could threaten the populations of our continent within the brief span of one generation.

On the basis of these data, some may come to the conclusion that a discussion of this problem today may be a little premature. But this is not the case, Ladies and Gentlemen, seeing that the measures which would have to be adopted to ward off this danger are such as to prohibit any immediate request for their implementation. There are in fact many technical difficulties to be overcome. The technical experts have not decided the most suitable method of storing these radioactive wastes. Any such method must satisfy a double need; the need to do this at the lowest possible cost, and the need to make maximum provision for the safety of the public. There are also enormous difficulties as regards specifying the zones or regions in our continent where these centres for the final storage of radioactive waste would be located. This difficulty is rendered even more acute by the typical characteristics of our continent, so densely populated. Then there are difficulties of a psychological nature to be overcome, deriving from the fact that the populations are firmly opposed to accepting that these centres for the disposal of radioactive waste should be located in proximity to where they themselves live.

In any event, from a first examination of this series of difficulties it has been possible to draw some initial provisional conclusions. It will be necessary to try to limit, to reduce to the indispensable minimum, the number of these deposits of radioactive waste, and anyhow to avoid the situation where every country in our continent finds itself obliged to house one or more deposits within the borders of its own territory. On the basis of an analysis of where the centres which produce this radioactive waste are located, it is possible to arrive at a plan envisaging the expediency of simultaneous use of the same deposit by more than one country. Starting from these first provisional conclusions, the European Parliament's Committee on Energy, Research and Atomic Problems feels that the moment has come for the Community as a whole to take an initial step towards dealing with this problem, and such is in particular the content of the resolution which it is my duty to present in the name of the Committee on Energy, Research and Atomic Problems of the European Parliament.

In particular, after the discussion which took place in the presence of the Commission of the European Community, the Committee has concluded that it is appropriate to suggest as a practical method of solving this problem, the creation of an enterprise representing the Community as a whole. The characteristics of such a body, as sketched out in the discussion in progress on the functions of Community institutions, seem calculated to be the best way of

Ballardini

guaranteeing the provision of the economic resources for the preparation of the service, for organizing it and for running the service itself, and at the same time for maintaining those relationships required for international collaboration outside the Community as well, which are indispensable when dealing with this problem.

The Committee has naturally considered the problem of establishing whether the European Community has powers to act in this sector; whether, that is to say, there exists a legal basis for an initiative of this character. The conclusion is that there is undoubtedly a legal basis for justifying action by the Community in this sector, as is indicated in the written report made available to my honourable colleagues. At the suggestion of the Chairman of the Committee on Energy, Research and Atomic Problems, the Committee itself has considered it necessary to sound out the real political wishes of the governments of the six Member States. This was done because at the time when the problem was discussed by the Committee, the enlargement of the Community had not yet taken place. For this reason, the Committee decided to clarify the intentions of the Governments of the member countries by means of questionnaires submitted to the national Parliaments.

The Italian Government has until now not yet indicated its opinion on this subject. The persistent silence of the Italian Government on this matter has caused me embarrassment; an embarrassment due to the indecision in which I have found myself, not knowing whether to attribute this persistent silence to the insensibility of the Italian Government to the problems of Europe, or to its indifference towards the problem of the public safety of its citizens. I believe that I shall finally resolve my embarrassment by attributing the cause of this silence to equal insensibility to both.

The French Government, on the other hand, replied promptly to the questionnaire presented by a member of our Committee, but it must be said with due frankness that the reply was negative. In its reply, the French Government set out its view that national initiatives are adequate and more suitable for solving the serious problem confronting us, and suggested that in the event of international collaboration being necessary recourse should be had to those international organisations which already operate in this field, unlike the Community; leaving the Community with merely the role of assisting by supplying useful information.

I think that if we had to compare the attitudes of these two governments, the persistent silence

of the Italian Government and the reply of the French Government couched in these terms, we could conclude in spite of everything that in some cases it is quite true that silence is golden. Fortunately, however, the other governments have replied and in general have all, with greater or less enthusiasm, declared their support for the initiative that the Committee is today submitting to the European Parliament. Each of these Governments is of course asking that the technical aspects of the problem be further studied, and in particular that detailed proposals be formulated; and each of them reserves its own final decision until the time when the detailed proposals have been drawn up.

At this point the Committee considered that it should submit this initiative in plenary session, as a stimulating, interlocutory project for transfer according to the formalities which I have already described, to the Commission of the European Community; the latter has already examined these problems in the past, and is now in a position, with the vote of the European Parliament behind it, to proceed with the studies, to test the reactions of the Governments of the countries which are now new members of the Community, and to draw up precise proposals on this subject.

I trust, Mr President, that the House will approve the resolution moved by the Committee on Energy Research and Atomic Problems, convinced as I am that it is our duty to give thought in good time to all the measures necessary to preserve our peoples from the terrible peril which will hang over their future at no distant date.

(Applause)

President. — I call Mr Vandewiele, draftsman for the opinion of the Committee on Social Affairs and Health Protection.

Mr Vandewiele, draftsman for the opinion. — (N) Mr President, as draftsman for the opinion of the Committee on Social Affairs and Health Protection it is now my turn to request special attention for the important and, in some respects alarming, report by our distinguished colleague, Mr Ballardini. The draft resolution in this report voices, and rightly so, a growing concern about the harmful effects on health which may result from delaying too long the measures needed to obviate any possible danger of contamination.

A network of storage areas for radioactive waste should be set up as soon as possible by joint action of the Member States. The Committee on Social Affairs and Health Protection therefore supports the arguments put forward by the

Vandewiele

Committee on Energy, Research and Atomic Problems on the need for a sound Community network of storage areas. Radioactive wastes are likely to increase by 50% to 100% within the next decade. I will not enlarge upon this matter because it is fully covered in Mr Ballardini's report. To minimize health hazards and control costs, the wastes should be collected at as few storage areas as possible.

Setting up a network of storage areas is very much an action in keeping with the conservation of the environment as it will promote research in this field. It is imperative to ensure that harmful materials are collected and supervised at accurately determined sites.

May I, as a Belgian Member of Parliament, draw your attention to recent occurrences in Belgium. Some clandestine storage areas for waste were discovered there, used by neighbouring countries as well. Even the Government was surprised at the time at the significance of these facts. Mr Ballardini has pointed out that the small countries in particular are pressing for action. Let this be an incentive for Parliament and Council to consider these measures now with due haste.

The Committee on Social Affairs and Health Protection stresses that guaranteeing maximum safety is an essential condition for the setting up of these storage areas. Radioactive wastes will therefore have to be stored at a few carefully chosen and controlled sites. Presumably no country will volunteer for this. The choice of future storage areas poses a very difficult problem. Our Committee debates have revealed that there is still uncertainty about—among other things—underground storage and—what is perhaps already taking place—dumping at sea. There are still technical problems here requiring further investigation, but we urge haste.

It goes without saying that sparsely populated areas should be given priority, even if this is a debatable choice. As population increases, so do the costs of biological protection. Then the characteristics of underground storage areas require examination. Current investigations lead some, for instance, to prefer saltmines situated as deeply as possible under the surface. According to the Committee's information, disused coalmines do not normally qualify as the danger of water seepage will remain. In the case of waste storage above ground it depends upon the composition of the upper layer of soil as to whether radioactive materials seeping through can be contained or may enter the food chain.

Mr President, the Community network of storage areas for radioactive wastes sought by the Committee constitutes an important contribution to a common policy on environmental

hygiene. In this connection we would refer once more to the draft resolution drawn up by Mr Jahn in 1972 concerning the first communication by the Commission on the Community's policy in regard to the environment. In this resolution Commission and Council are requested "in drafting Community legal provisions for the maintenance or restoration of a healthy environment to give due attention to the harmonization of these provisions with a view to their rigour, the method of financing the measures, the control of observance of the provisions and sanctions in case of violation". We also thought the foundation of a European institute for the environment to be a necessity, "since"—I quote Mr Jahn's resolution—"the duties appropriate to this institute, that is to say coordination of investigation and studies in the field of the protection of the environment at Community level must be taken up with alacrity."

Mr President, the Committee on Social Affairs and Health Protection stresses, as do the rapporteur and the Committee on Energy, Research and Atomic Problems, the need to set up in the coming years a Community network of storage areas for radioactive wastes. In doing so, however, the aim must be maximum safety and man, flora and fauna must be safeguarded against injury by radiation. The setting up of a Community network will presumably not involve actual storage immediately, as insufficient experience has been gained and important investigations in this field are still being conducted. The Commission is requested to submit the relevant proposals to the Council as soon as possible.

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

Mr Springorum. — (D) Mr President, Ladies and gentlemen, on behalf of my political group I should like to thank the two rapporteurs very cordially for their work. They have dealt with a subject which is normally outside the field of politics.

We are considering an interim report. The Committee on Energy, Research and Atomic Problems feels that we can take up this subject only when the Commission has provided the Council and Parliament with the relevant material. We are of the opinion that, now that the Community has been enlarged, this very important problem must receive further attention and in no circumstances be forgotten.

The possibility of the use of nuclear fission for peaceful purposes, in particular for the production of energy, would appear to have solved many human problems. We should, however, not

Springorum

overlook the fact that the production of energy by nuclear fission in no way solves all the problems. I constantly admire the courage of the power producers, who seek to plan and to construct new atomic power plants in all areas of the world whatever the density, without apparently realizing that some time, somewhere, there must be a limit to the load-carrying capacity which cannot be exceeded. The aim should be never to reach this limit of the bearable.

The main problem is still the human capacity to withstand radio-activity and the ionizing rays in the atmosphere. Even if the contribution made by nuclear power plants is only small, even here there is a limit. Let us remember that there are radio-active substances with a radio-active half-life of up to thousands of millions of years. Even if their proportion is small, it nevertheless exists. According to American estimates, by the year 2000 radio-activity in their country will have increased by 70%. This would appear very low, but, if we calculate exponentially by the Meadow method, we can all imagine by what time this limit will have been exceeded. The risk of the point of no return might then be quite serious for all of us.

The second problem is waste heat. It happens to be a characteristic of nuclear power plants that more waste heat needs to be destroyed than in conventional power stations. Even so, this plus is in the region of 32-35%. The fears of, for example, the inhabitants of the Rhine Valley caused by the construction of a concentration of atomic power stations, owing to possible repercussions on climatic development, certainly cannot be dismissed. I have just had a letter from this area concerning the Fessenheim power station, which claims that the fears of the Fessenheim population would be allayed by the fact that, in the event of an atomic accident at the power plant, the radioactive fallout would be carried by the prevailing west winds across the "Land" frontier and that therefore there was less risk.

There is also a whole series of other problems which have not yet been solved. To take one example—the event of a belligerent confrontation. It is claimed in responsible quarters that, in the event of a load of that nature, atomic plants would have to be closed down until it had been established beyond doubt that atomic plants on either side would not be attacked. Or take another case—action by terrorists. We are told that, theoretically, nuclear power plants are sufficiently protected against entry by unauthorized persons to ensure that nothing will happen. Of course, terrorists are not authorized persons, but I doubt whether they would be

very much concerned whether there was a notice up saying: "No entry by unauthorized persons."

The third problem—the subject of our report today—is the removal of atomic waste and radioactive refuse. This problem is not yet recognized politically, though it is recognized scientifically, to a sufficient extent. The Americans have recently calculated that in 20 to 25 years the annual storage area will cover 65 square kilometres. Today an area of that magnitude defies the imagination. Therefore, your Committee must ensure that the necessary psychological, material and technical precautions are taken as soon as possible. The time to begin is now.

The rapporteur, Mr Ballardini, mentioned that we have consulted all other member Governments on this matter. I should like most definitely to recommend this procedure to the European Parliament in other contexts as well, since, as delegates of our national Parliaments at the same time, we have this right of question vis-à-vis these Governments, and can bring up there questions which concern Europe. It will thus be possible to take these European questions out of the hands of the bureaucrats and place them before the politicians, some of whom do not even know what Article 235 contains and therefore can hardly make any contribution.

The basis of any such measure by the Commission would be Article 203 of the Atomic Agreement, the substance of which is the same as that of Article 235 of the EEC Agreement. If this article means anything at all, it certainly does in this case. And for us it would be of great interest to know whether a member country would reject recognition of Article 203 on the common storage of waste materials. What nonsense it would be for atomic power plants on both sides of the Rhine to transport their waste to the Pyrenees or to Schleswig-Holstein. This shows how much thought is necessary.

Mr Ballardini mentioned the French Government's reply. I believe that, despite the apparent rejection, the French reply contained something positive, in that it indicates that the Government will await the Commission's proposals, and only then announce its attitude. In view of this reply from Paris, the Commission ought to feel itself impelled to take some action.

The Christian Democratic Group fully supports the resolution and asks the Commission to take active steps in this direction. We are convinced that the European Parliament will always support the Commission in so doing.

(Applause)

President. — I call Lord Bessborough.

Lord Bessborough. — (*F*) Mr President, speaking in the European Parliament for the first time, I should have preferred to speak my mother tongue, that is the language of my mother. But it appears that this would be somewhat confusing. I would ask you, therefore, to accept my speaking in the language of my native country.

(*Speaker continued in English*)

I listened to Mr Ballardini with the greatest possible interest, and I congratulate him warmly on the way in which he has presented his report. I was also most interested in what Mr Springorum and others have said. Like Mr Ballardini, I am no prophet of doom in this, but I recognise that very serious problems arise. It was only the day before yesterday that this motion came into my hands. It has not been looked at by any of our experts in London.

While I must emphasise that I have not been able fully to consult those most concerned with these questions in the United Kingdom, I say, as a former Minister who dealt with these matters, that I view it very favourably. If any amendments are subsequently considered desirable by the United Kingdom, they can perhaps be introduced when the motion goes to the Commission and later to the Council of Ministers.

I was glad to hear that this question would be kept on the agenda of the Committee on Energy, Research and Atomic Problems because I hope to sit on that Committee. I have not yet had an opportunity to discuss matters with members of the Committee or with Mr Ballardini or Mr Springorum. I would welcome such a discussion. Meanwhile, I view this motion favourably, with certain provisos to which I shall come.

I did not know until Mr Ballardini spoke that there had been a certain reluctance on the part of the French and Italian Governments to accept the motion. The plan to set up a network of storage areas is sensible. I understand that in November 1972—I do not think that this has been mentioned so far—an expert panel convened by the International Atomic Energy Agency in Vienna agreed that the present techniques for conditioning and storage of this waste were entirely satisfactory for the protection of the human environment within the next few decades. It also agreed that additional study was required to provide the most effective system for the isolation of this waste in the long term.

Mr Ballardini mentioned some interesting figures which give an idea of the growing scope of this problem. In Great Britain we have considerable

experience in this matter and believe that our safety measures are second to none. At present most of the wastes with long half-lives arise through chemical separation and fuel reprocessing. For the commercial power programme in Britain only one site is involved and that is at Windscale, Cumberland. It is the British practice to concentrate on this site all the materials requiring long-term storage.

The United Kingdom is closely associated with the international bodies and with individual nations on matters of radioactive waste management. We played an important part in the joint IAEA/OECD conference in Paris last November. We have in Britain a firm which is called British Nuclear Fuels Limited. This firm exports fuel for reactors in Italy and the Netherlands. It does reprocessing of fuel for Italy and the Federal Republic of Germany. It converts uranium concentrate for several plants in Germany and Belgium and provides fuel elements and reprocesses fuel for testing reactors in Germany and Denmark. Of course, British activities are not solely confined to the EEC. We provide nuclear fuel for Japan and reprocess fuel for Spain, Sweden, Switzerland and Japan. We convert uranium concentrate for many plants in Australia, Spain, Switzerland, Japan and the United States, and we also provide fuel elements or reprocess fuel for materials testing and experimental reactors in many countries throughout the world from Canada and Australia to Greece and Israel, to mention only a few.

A significant situation has now arisen in so far as all three partners—that is, West Germany, the Netherlands and the United Kingdom—who are now involved in the centrifuge process for enriching uranium are now within the EEC, and with our entry there is now a second nation within the Community with major knowledge and experience in diffusion technology. Above all, may I say that the plutonium stocks of the Community have been more than doubled by our entry and that the nuclear fuel plants of the company that I mentioned, British Nuclear Fuels Limited, are approximately equal to the total capacity of the original Six members of the Community.

Therefore, it will be seen that Britain has a very considerable contribution to make in implementing the kind of programme set out in Mr Ballardini's motion of the Committee for Energy, Research and Atomic Problems and although, as I say, I have not yet had an opportunity of discussing the matter with him, I hope that this question will be kept on the agenda and that we will discuss it before or after that Committee's next meeting. At all events, I hope we shall watch the progress of the resolution through the Commission and the Council.

Lord Bessborough

I was interested to hear the idea of creating what the interpreter described in English as 'a common firm'. This was mentioned by Mr Ballardini. I do not know whether it is necessary to set up a further organisation. Is it conceivable that the International Atomic Energy Agency would be able to undertake this work? I do not know, but I am certainly favourably disposed to the idea that the EEC should have its own facilities.

We heard also about the European Institute for the Environment which is planned and this too, of course, must play a part. Meanwhile, as I say, I am happy, subject to the provisos that I have given, to advise my friends in this part of the Chamber to accept the resolution and thank Mr Ballardini for having given us so interesting an account of it.

(Applause)

President. — Since you were kind enough, Lord Bessborough, to start your speech in my language, I have the honour to thank you in yours.

I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, without entering into the technical aspects of the question, I will confine my opening remarks to thanking the rapporteur for his clear exposition, and to taking note of the interesting statement made by the Chairman of the Committee on Energy, Research and Atomic Problems. I regard it as a favourable omen that this Parliament of ours, representing a Community of nine countries, has brought up this problem for discussion immediately after the inaugural debate.

This interim report is the result of the initiative of the Committee on Energy, which has altered the normal order of working according to which it is the Commission which makes proposals and the Council of Ministers which makes a decision after having heard the views of the Parliament, and has taken the step of itself putting forward this question, with the request—as Mr Springorum has emphasised among other things—that a start be made on a policy for the whole Community, with particular reference to the legal aspects of Article 203, or if we prefer it, Article 235 of the EEC Treaty; and consequently to the aspect foreshadowed yesterday by Mr Kirk, who stated that Parliament should assume new powers (a point of view which I fully share).

And so we here have an example. Parliament has taken the first step, and we must follow with courage because the problem is one of unusual importance. I believe that we should

ask the Commission to make proposals on this matter, and that if the Commission does not do so, or if these proposals do not lead to any concrete solutions, we should exercise the right that the Treaty confers on us, namely to censure the Commission, with the legal consequences that follow from this.

It seems to me that on these practical points we should follow up the action we have taken, and that Parliament's spirit of initiative should not express itself only in legal formulations and regulations.

There is still a second point that I would like to stress. Mr Ballardini the rapporteur has emphasised that the views of the Italian Government are missing from those expressed by the Governments consulted by the Committee. Our colleague Ballardini has sought to explain this. I do not want to appear here as an apologist, I want only to lay stress on the action that Mr Ballardini and myself, together with all the other Italian parliamentary representatives, should take.

Here is a chance, a significant instance, for using the national Parliament to see that this statement of views is forthcoming. I do not believe that this silence on the part of the Italian Government arises from insensibility to the problem or to Europe's problems, but suppose that it is connected with perplexity regarding the technical aspects, and therefore the steps which should be taken. But this is not the moment for perplexity. The figures and technical factors revealed by the rapporteur throw into even clearer relief the need to act. Rapid decisions are necessary, for when all is said and done: "What is Europe? A race against time".

I would like to add that the position taken by the French Government, which the rapporteur has referred to, even if it must be respected, is not in my view acceptable since the existing agencies and international organisations are not adequate. They are inadequate not only because they are not yet equipped to solve such problems, but also because, when we are concerned with radioactive waste, my friends, we must concern ourselves equally with territorial organisation; that is to say, with the choices that are going to be made in the territory of the countries concerned, as regards the planning of production and economic development.

I would like to refer, in passing, to a question now arising between Tuscany and Corsica, that is to say between Italy and France, regarding contaminative industrial wastes (in this instance titanium) which are being deposited in the Tyrrhenian Sea by an Italian industry, and which is polluting the coast of Corsica after

Cifarelli

being carried there by the action of the sea itself.

This is another problem, but it is still an aspect of this territorial organisation. There cannot by any modern economy, there cannot be any effective development without planning, and planning means selecting the area involved. We do not, as in the days of the colonial empires, have territories which can be freely disposed of; and especially as regards pollution arising out of production processes, as for example the case of these radioactive wastes, the localities at our disposal are extremely scanty and the inhabitants have great anxieties which the democratic states should take heed of. We must therefore encircle this problem in our selections of territory within the Community. We can and should have recourse to international regulations. Where possible, we can and should make use of large international organisations which exist or which may come into being, but we should above all be fully informed as to what the Community wishes to do with its territories, its production decisions, and therefore the choices regarding the waste arising from them. A regional policy is required here, and that is why we consider that a reply which tries to refer everything to the international level is unsatisfactory.

The Community must deal with these problems and I would like—by way of conclusion—to recommend to the Chairman of the Committee on Energy, Research and Atomic Problems that having already consulted the Governments, he should also consult public opinion, and hold interviews on this subject. If there are independent bodies in the various countries, including mine, which deal with the conservation of the environment, nature, and so forth, why not listen to their opinion?

I in fact consider that all Parliaments should have frequent contact with public opinion, since the source of strength is not here, but outside; not in the wording of treaties, but in the convictions of the people. I have had an experience similar to this in the Transport Committee. We frequently find ourselves facing problems which lend themselves to a logical solution, and yet the solutions do not materialize. I feel that behind these great problems, whether in the field of transport or of energy, lies the basic problem of choosing the ground, that is to say, of the basis of the economic planning. It is a great battle, and I congratulate the Committee and their rapporteur Mr Ballardini on having drawing the attention of Parliament at this juncture to problems of such intense significance.

President. — I call Mr Spinelli, Commissioner of the European Communities.

Mr Spinelli. — (I) Mr President, I will be brief, since the addresses, beginning with that of Mr Ballardini, whom I would like to thank in the name of the Commission for the excellent report submitted, make it superfluous for me to add any argument in support of a cause which has convinced us all—namely the fundamental importance that radioactive waste will assume in the next decades, and the necessity of tackling the problem in good time.

The Commission of the European Communities has not ignored the problem, but has included questions relating to this waste in the research programme, and has clearly indicated a number of steps to be taken for protecting the environment from pollution by this waste.

Having said that, I am pleased that this Parliament has taken up the theme in rather more general terms which envisage a common initiative that should take account of the industrial problems, the conservation of the environment, the problems of research and so forth. This plan of action also includes the necessary participation in all the related international activities, and makes provision for the construction of a network within the Community which would control the problem of the utilisation of radioactive waste. The lack of such a network exposes us to a limitation on the possible exploitation of nuclear energy and to rather serious distortions of the competition between one country and another, or one region and another.

As is known, at the Paris Summit Conference the Community institutions, and in particular the Commission which has a specific mandate to take the initiative, took on the responsibility of drawing up programmes related to the environment, to a policy for industrial research, and to a policy for energy. When drawing these up, we must keep in mind the requirements specified by Parliament, with which we associate ourselves in principle. I am certain that for drafting this programme of action, and the related proposals, we can count on the continuing cooperation of Parliament.

Clearly, it is not possible now to follow up every suggestion immediately, but the Commission considers that the general principles involved are valid, and that they deserve to be gone into more deeply and developed at a later date.

Having said which, Mr President, I would like to give you an assurance that the Commission will go to work quickly, and that in drafting the proposals it counts on the collaboration of

Spinelli

Parliament. The resistance, reticence or silence of this or that State was a factor noted before a certain political event, that is to say before the Summit Conference; in fact this conference showed that the various Governments wished, and were prepared to commit themselves to making use of all the working tools of the Community, including Article 235 and the equivalent articles in the Euratom and ECSC Treaties, to give the Community the chance to implement this policy. We must take the view that these hesitations have been to a large degree swept away, as a political attitude. It is now possible to make progress here, and we ought to make progress, since otherwise—as Mr Ballardini has rightly pointed out—we could quickly reach a point of deadlock at which our development would either cease or would continue at the cost of such a deterioration in living conditions that its suspension would be regarded as preferable.

President. — I call the rapporteur.

Mr Ballardini. — (I) Mr President, I am speaking only to thank Mr Springorum and my colleague Mr Vandewiele, who have assisted in the drafting of this report for what they said, to thank our friend and colleague Mr Cifarelli for pledging his support for this initiative in the warmest possible terms, and to offer my special thanks to our colleague Lord Bessborough whose support for the action proposed has a significance that is worth stressing. It shows that also on the British side—that is to say from one of the newly-joined States—there is a marked receptiveness in the attitude to this problem, which demonstrates that we can make use of the great experience of Britain to examine the subject in greater detail.

Mr Spinelli, the Commissioner, has taken in good part the request made by Parliament, and we are sure that after the vote on this problem, Parliament will wish to urge Governments and the Commission in categorical terms to face their responsibility for taking the indispensable steps we advocate as speedily as possible.

President. — Does any one else wish to speak? I put to the vote the draft Resolution. The draft Resolution is adopted.¹

Ladies and Gentlemen, we shall adjourn and the sitting will be resumed at 3 p.m.

The sitting is suspended.

IN THE CHAIR : MR BERSANI

Vice-President

*(The sitting, adjourned at 12.50,
was resumed at 15.05)*

President. — The sitting is resumed.

*7. Oral Question No 19/72, with debate:
Franco-Polish Economic Cooperation Agreement*

President. — The next item on the agenda is Oral Question No 19/72, with debate, submitted by Mr Glinne, for the Socialist Group, to the Commission of the European Communities on the Franco-Polish Economic Cooperation Agreement and the holding of consultations as agreed between the Member States of the EEC on external trade.

The question has been circulated.

I remind you that pursuant to Rule 47(3) of the Rules of Procedure, a questioner may speak to a question for up to twenty minutes and that after the answer of the institution concerned, Members wishing to speak may do so for not more than ten minutes and may speak only once. At his request the questioner may briefly comment on the answer given.

I call Mr Kriedemann who has asked to speak to the question on behalf of Mr Glinne.

Mr Kriedemann. — (D) Mr President, we know the circumstances in the country of my friend Mr Glinne which have prevented him from being with us today. It may be some consolation to us that, according to the latest reports, these problems appear to be very near to a solution. We shall all hope for the best results.

In his place I shall table the question, and I can do so very briefly. We have no special ulterior thoughts, and the outcome of the question is unlikely to cause any surprise. In raising it we wish to draw attention to one problem only, a problem which is of great interest to us all. The Commission should have an opportunity to express its views on the matter.

If today we make an inventory of all that the Community has achieved, of what is being done on a Community basis, we shall not overlook, since 1 January of this year, the common commercial policy, because after this date it is the responsibility of the Community to conclude trade agreements.

¹ OJ No C4 of 14 February 1973.

Kriedemann

There are no more bilateral trade agreements, apart from commercial treaties of a bilateral nature concluded in accordance with a resolution of the Council of Ministers, that is to say a joint arrangement which has enabled one or other member country to conclude trade agreements after this date.

There does not appear to be complete unanimity as to what a common commercial policy is. The first reaction is always to think of trade agreements. By now, however, we know that in a development context conventional trade agreements no longer play the role they formerly did; instead, there are a whole series of agreements differing in content and form, which are undoubtedly commercial in nature, or at least of considerable material importance for trade and trade policy. The question then is: Are such arrangements included as a constituent part of commercial policy? We have selected a case of an agreement between a member country and a third country, which is in the Eastern bloc. It is not a trade agreement, but a treaty which is explicitly described as being of importance for the development of trade between the two parties to the transaction.

The questions arising out of this will be found in the form of a reprint. I do not need to read them out. They may be found on the tables in all languages.

I shall be interested to hear the Commission's comments. I will leave the matter there and reserve the right to revert to it after the debate and the Commission's reply, if we feel that the question has not been properly clarified. Be it said that it is not a specifically socialist problem, but a problem for the Community as one of the world's leading trading partners.
(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities — (E) May I first say what a great pleasure and honour it is for me to be speaking here in the European Parliament for the first time and how proud I am to be following in the footsteps of Professor Dahrendorf who did so much in this area of foreign affairs over the past years. What a privilege it is for me to follow him in attempting to make my contribution.

The question as it was tabled by Mr Glinne referred specifically to the Franco-Polish cooperation agreement but as Mr Kriedemann has rightly pointed out this whole subject concerns to a greater or less extent all the co-

operation agreements signed by all the members of the Community with the various State-trading countries.

The Commission's reply to this question is not, therefore, confined, as Mr. Kriedemann would probably wish, to the Franco-Polish agreement alone. Cooperation agreements of the kind concluded between France and Poland, extending to economic, industrial, scientific and technical cooperation in general, are not explicitly subject to Community prior consultation procedures as defined in the decisions of 9th October 1961 and December 1969. Nevertheless, the honourable Member is absolutely right to raise the question of the link between cooperation agreements and the implementation of a common commercial policy towards State-trading countries. An effective common commercial policy must cover all aspects of trade policy and especially those most relevant to the changing conditions of trade with these countries.

I mention the changing conditions of trade, because we are now at a stage where the problems of tariffs or quotas, so important in days gone by have lost the significance they once had in our commercial relations with the countries of Eastern Europe. The emphasis has now switched to instruments like credit policy and industrial cooperation as a means of extending trade.

If we examine the substance of the cooperation agreements, putting them in the broader context of East/West *détente* and the new forms of East/West economic relations which have developed in recent years, it is obvious that there are aspects of these agreements which relate directly or indirectly to a policy of export promotion.

Let me make it quite clear to the House that the new Commission, like its predecessor, attaches the highest importance to the harmonious development of trade with State-trading countries. We also consider that cooperation agreements are a useful instrument to this end, in that they provide machinery for improving knowledge of the requirements and opportunities in the different markets. They also establish a framework which encourages private initiatives to negotiate and finance cooperation contracts.

At the Summit Conference Member States referred to the need to promote a policy of cooperation founded on reciprocity with the countries of Eastern Europe. Indeed, the existence of an enlarged and strengthened Community should create the opportunities for a higher degree of cooperation and for a broader range of possibilities. But the Summit Confer-

Sir Christopher Soames

ence also reaffirmed the Community's declared aim to follow a common commercial policy towards these countries. It follows, therefore, that we should seek to ensure that cooperation agreements negotiated by individual Member countries do not run counter to the general concept of a common commercial policy.

The previous Commission, in its communication to the Council dated 20 December 1972 on the position as regards commercial policy towards the countries of Eastern Europe, showed itself to be aware of this problem. It stated that proposals on this matter would be submitted to the Council during 1973. I readily endorse this undertaking on behalf of the new Commission. We shall be working on it in the coming months. I hope the House will understand that this means that I am not in a position to be able to go into detail today, but I hope that I have said sufficient for the House to appreciate the lines on which our thoughts are moving.

But I should like to add that I am delighted that the honourable Member's Question has given me an early opportunity to address myself to the important subject of our relations with the State-trading countries, for there is much progress to be made and the time is surely right to concentrate our minds on this. Recent statements by the leaders of these countries make it clear that they also are rethinking these problems in the light of the changes taking place in Europe. Progress will naturally depend not only on the political resolve of our partners but also on our own capacity to think out well-balanced solutions. I wish to assure the House that the Commission is resolved to play its proper part in this.

President. — Thank you, Sir Christopher. I call Mr Baas.

Mr Baas, for the Liberal and Allies Group. — (N) Mr President, on behalf of the Liberal and Allies Group I should like to add a few remarks on the question by Mr Glinne and also on the remarks made Sir Christopher Soames. Sir Christopher has made it abundantly clear that the policy of the previous Commission will be continued by this one. On the other hand, it is clear that taking the date of 1 January 1973 as a starting point and knowing that we must arrive at a common policy of the Member States, we should, of course, develop our own ideas on how we can maintain commercial contacts with the countries of the Eastern bloc.

In addition to the contacts with the United States and Japan on the one hand and the developing countries on the other there will now also be contacts with the countries of the

Eastern bloc. This, as a third group, will compel the Community to form, as never before, a picture of the great commercial and political issues which are behind each commercial agreement. How can we present these in concrete form in a Community policy?

The Socialist Group did not press this matter over the agreement between Poland and France, but they have taken this opportunity to confront us with the extremely difficult to answer question of how, in ways to which we are unaccustomed in the Member States, we can combine our interests in an agreement. Concepts of price and delivery have a different meaning in the context of a relationship with the Eastern bloc than in our relationships with the United States or Japan.

How can we defend our common interests against the countries of Eastern Europe without being played off against one another by these countries? That is the question which we must answer.

We must not appear in Poland and Moscow shortly with our offers as nine individual states. We must not pursue our commercial and industrial interests and offer our know-how unilaterally. We must not, of course, let the development of our relations stagnate; business continues, with or without agreements.

The Community should, however, form a picture of what it has to do. I am grateful for the way in which Sir Christopher Soames has put it. He said that what was originally the essence of trade agreements has now given way to credit policy, industrial cooperation and export-stimulation.

However, as Sir Christopher Soames has introduced these three ideas, it is of course an urgent requirement for the Community as such to determine how it should give form to the credit policy and industrial cooperation, how it should stimulate exports and the ways in which all this should be integrated into the Community policy. This does not, of course, mean that it would no longer be possible for Member States to conclude agreements unilaterally. We must remember that in addition to commercial interests there are political considerations. The Community must give form to its political interests.

I wish to thank Mr Kriedemann on behalf of the Liberal Group. I should also like to thank particularly Sir Christopher Soames. The Liberal Group would appreciate it if the Commission would provide us with a working document, this year, indicating the lines along which it seeks to combine commercial interests with our political responsibility towards the countries behind the Iron Curtain.

Baas

Mr President, I believe that all nine countries have an interest in correctly balancing the industrial and commercial interests of the Community wherever possible. But apart from this, the separate interests of the Member States must be set in a framework in which we can conclude certain agreements. Before 1 January 1973 the Member States were in fact empowered to conclude commercial agreements. On behalf of the Liberal Group I should like to ask the Commission to say along what lines it considers that commercial interests can be defined in the near future in regard to the strengthening of relations between East and West. We think that there will then be opportunities for harmonious development, not only for the Community but also for the countries behind the Iron Curtain, to the benefit of the peoples.

President. — I call Mr de la Malène to speak for the European Democratic Union group.

Mr de la Malène. — (*F*) Mr President, Ladies and Gentlemen. On behalf of my Group I will make some brief observations on the Oral Question put by Mr Glinne.

The first remarks, applicable within the framework of the constitution by which we are governed, namely the Treaties, relate to our responsibility in respect of common commercial policy.

On this point the Treaties are very precise and stipulate clearly the scope of responsibility of Community institutions, and consequently the reciprocal responsibilities of the States and of the Community.

Many times, within this Parliament and on the Committee of which I have the honour to be Chairman, we have been faced with this problem, because circumstances have changed a great deal between the time when the Treaty of Rome was drafted and today. Indeed, commercial policy between States is not expressed and is not applied in the same way as at the time of the Treaties which govern us. We certainly have to acknowledge that nevertheless that is our law and none of us is entitled to depart from it, however much we may wish to do so. It is not for us to criticise one action or another, because instruments of commercial policy, which should in some way be adapted to the Community, are clearly provided for in the Treaty.

Yet we are bound to recognise that commercial relations between States are now being established in different circumstances than those which prevailed over them at the time of signature of the Treaty of Rome. It is necessary to be aware of this and to endeavour, when negotiating

new treaties, to do so in the light of the realities of common commercial policy and Community responsibilities. That, of course, is a consideration which it is easier to state than to put into practice, because every item is part of a complex and one could go so far as to say that a cultural exchange, in the event of its making progress, will result in an expansion of trade, because one must at some given stage set a limit. Everybody knows that nothing is more difficult.

However, we agree we must take care to ensure that it is not the instruments of common commercial policy but exchanges between our Community and all countries of the world that are brought into line with present day conditions.

That is my first observation.

Second observation: the actual purpose of the question is to some extent irrelevant, because unquestionably the Agreement referred to is not subject to criticism. It was submitted to the Council, as prescribed by the provisions of December 1969; it was also signed prior to 31 December 1972; finally, it relates to industry, cooperation and many other spheres. Naturally it will have consequences in the commercial sphere; everyone wishes this, as the signatories do; but under the Treaties it does not fall within the scope of common commercial policy.

My third observation concerns the State-trading countries. I regret the reference, on the part of those who have worded the question, to COMECON. I believe that our Community is not concerned with considering that it should lay down a common policy vis-à-vis COMECON. That name should be excluded from our vocabulary. It is not the function of our Community to give recognition to, or to lend support to, or to give greater authenticity to, that commercial body. On the other hand, we should welcome any initiative from State-trading countries to make an approach to the rest of the world, in particular our Community, regardless of the existence of that organization for economic integration which, for my part, I refuse to recognize.

Consequently, I believe that if we are to make an effort to harmonize the overall system of our trade with State-trading countries, and if we are to continue along the lines which we have already adopted—the Committee of which I have the honour of being Chairman has produced a great many reports on trade with the State-trading countries but there has never in any way been any reference to COMECON—there should be no reference by us to that organization for economic integration, because a number of the State-trading countries do not have the benefit of it. We should try and

de la Malène

provide for a harmonization of relations with the countries of the East, with the State-trading countries, but not aim in the terms we use, as has been specified in the question under discussion, to harmonize our relations with COMECON.

On that point I make all possible reservations. I want a harmonization of our relations with the State-trading countries; I want the relations of our various States to be within the framework of a jointly-determined policy which, as Sir Christopher Soames, the Commissioner, has so rightly said, is not incompatible with a common policy; but above all I would not wish them to be part of a policy of understanding with that economic organization which, for my part, I repeat, I refuse to take into consideration.

Those, Mr President, are the three comments which I wished to make, which may be summarized as follows:

First, it is necessary to go beyond common commercial policy as provided for by the Treaties. How? That is difficult because everything naturally favours commercial policy and it is indeed necessary to determine a limit, otherwise we do not know what falls within its scope and we imagine that the problem is solved when it is not. Therefore it is necessary to go beyond what is specified in the Treaty but also to know where to stop. At this moment, it is true, we do not know this.

Secondly, the Agreement at issue is not, in itself, above criticism.

Thirdly, as regards harmonization of our policy towards the State-trading countries, I fully agree with the idea: the Committee on External Trade Relations has always favoured such harmonization. On the other hand, I believe that it would be very reluctant for such harmonization to be arranged with COMECON.

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, just a few words, in order to clarify one or two points in this debate.

When my friend and colleague Mr Glinne made the decision to put this question I, in turn, was prompted to put it to the Foreign Affairs and National Defence Committee of the French Senate, and I asked the Minister, Mr Schumann for his opinion on the question.

In fact, I would not wish Mr de la Malène or our colleagues to have any reason to think that my intervention is a reply to the specific statements just made by Mr de la Malène, because I had my name put down before even knowing

whether or not he would address the House. What I attempted to obtain from the Minister, Mr Schumann, for my colleague Mr Glinne, was a precise statement of the policy of the French Government in this matter. Now, clearly, on the date when the Agreement was made, the French Government was under no obligation whatsoever to apply a Community policy, for as has rightly been pointed out, it was not a commercial agreement but merely a granting of credits. And Mr Schumann has made it quite clear that matters of the kind were not yet within the scope of the Community.

But obviously, as all the speakers have said, in one way or another the granting of credits, even if they are not exclusively assigned to trade, has implications for the volume of trade and commerce. Consequently, it is fortunate that as from 1 January 1973 precautions have been taken for agreements of this kind to come more or less directly within the scope of our competence.

In conclusion, I would mention that this is one of the forms of gradual extension of the competence of the Community and of our Parliament, and without such extension unduly large sectors would escape our control or our knowledge.

Finally, I should like to express special thanks to Sir Christopher Soames, the Commissioner, who in his first address showed that the new Commission, including himself in particular, is resolved to play the Community game to defend the interests of all.

(*Applause*)

President. — I call Mr Kriedemann.

Mr Kriedemann. — (D) Mr President, I should like to make a few concluding remarks. I must first thank Sir Christopher Soames for his reply and take the opportunity to wish him luck in his future work.

I hope we all realize to what extent the Community's credibility depends on its gaining respect as a trading partner from all, and not only from states we refer to for convenience, as state-trading countries, a trading partner which is above any suspicion that it is using its economic power in a manner which could be described as neo-colonialist. This term is no longer entirely unknown. It has been clear to me from the outset that we should not be able to come to a final decision on this question now raised by my group, and not be able to go home with the feeling that all doubts had now been dispelled. Contrary to any such foolish expectation, I felt that the subject would continue to appear on the agenda for some time to come.

Kriedemann

Consequently, the question does not refer, as a special case, to France because it concerns France, or to Poland because it concerns Poland or some other state-trading country. Moreover, I wonder to what extent we in this Community, if for instance export subsidies are fixed which are paid from public funds, can claim that it is not a case of state-trading countries merely because a merchant is involved as an intermediary, and he also wants to make his profit. Are such market economies still free? But I will not pursue this matter now.

We hope to be able to discuss this subject in detail in the Committee on External Trade Relations, in whose competence it falls, and shall find a suitable occasion to do so. Moreover, I would point out that we are concerned not only with questions affecting state-trading countries. I can well imagine that we shall also resort to solutions of this kind in dealing with industrialized countries. The methods and machinery available for conducting foreign trade policy would appear to have been amplified to some extent. Practices previously unknown are today encountered under the name of trade policy. This is a very natural process, for which no provision is made in the agreements.

Agreements are of course the basis of everything we do, but they must not be regarded purely as obligations which we impose on ourselves; we must also note what is not included, and is therefore not prohibited. If agreements, whatever their nature, are not to be a shackle, they must be constantly adjusted to developments which, fortunately, do occur in the life and relationships of individuals and nations. Without this kind of development the entire system would be in a very sorry state. Thus we are not prevented by the agreements from being receptive to new ideas, and this extends to our relationships with other trading partners, and I mean not only behind the Iron Curtain or the state-trading countries. How can we bring this about?

Mr de la Malène has reminded us that the Committee on External Trade Relations takes a very responsive attitude to such matters. Common thinking is certain to produce ideas, since we have a common interest in not deluding ourselves and not raising obstacles in our path. Frequently, in the course of our strenuous task, beset by disappointments of many kinds, we have sought refuge in the thought that, despite all difficulties, we have advanced at least one step forward. But, when morning came, we were no step forward. In the light of this realization let us clarify our minds. Have we really a common trading policy in the full sense of the word? This naturally leads to the further

question: Do we really want a common commercial policy in the full sense of the word? It would not be the ultimate in Community action to divide commercial policy according to the conventional vocabulary and the traditional methods, and to say that our common commercial policy is represented by trade agreements; it is only these which are still concluded in common; anything new will be decided by each member himself. With hindsight we should realize too late that hardly any trade agreements in the conventional sense are still concluded; instead, relations between individual countries are arranged bilaterally on a totally different basis. But this would have little to do with a Community or common commercial policy.

This whole range of problems will have to be examined very carefully, and there should be ample opportunity to do so in the Committee on External Trade Relations.

The sooner the Committee outlines its views, if no more, perhaps even as part of the work programme, the sooner we shall be able to discuss the entire problem in detail in the responsible committee.

Allow me, in conclusion, to make one further comment which concerns us all, i.e. the powers of the committees. I see certain dangers in saying that conventional foreign relations policy is the responsibility of the Committee on External Trade Relations, and that anything in the nature of development policy, that is to say economic relations between the Community and developing countries—and there can be further dispute about their number, their extent and their situation—is the concern of some other committee. Let us consider seriously whether it would not be most useful to treat everything connected with economic relations, for whatever purpose—either to earn money, to help somebody or to settle a political difficulty—according to the not entirely unknown formula: "Trade not Aid". Admittedly, the Committee on External Trade Relations would again be solely responsible.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — (E) If I could reply to the interesting points made by some honourable Members during this brief debate, first I take very much the point made by Mr Baas. I should like to take this opportunity, which he gave me, of pointing out that it is encouraging that in the Community's general relations with Eastern Europe the Nine are preparing to speak with a well coordinated

Sir Christopher Soames

voice at Helsinki on a number of issues which will be coming up at the Security Conference. This must clearly be developed and reinforced as the work of that conference unfolds during the coming months.

The general approach to the problem of trade arrangements was referred to by Mr Baas, Mr de la Malène, Mr Giraud and Mr Kriedemann. I think we all appreciate, as was demonstrated by the speeches made, that this is an exceptionally complicated problem. As Mr de la Malène said, we must not rest on those things laid down in the Treaty at the time when it was drawn up; *telle qu'elle est définie dans le traité*.

We must show ourselves to be pragmatic and demonstrate that the Treaty of Rome and the Community are alive. The Community must move with the times. Here is a particular issue where, when the Treaty of Rome was signed, there were specific things that were seen at that time, such as tariffs, quotas and the like, which were used in relationship with trade agreements with the East. Those are now things which are more or less of the past. Time has passed. We must adapt ourselves to this changed situation. The Community as a whole has committed itself to a common commercial policy with State-trading countries. If it wills the end, it must be prepared to will the means to that end. If the means change, the methods must change. We must be prepared to be pragmatic in this.

Having said that, do not let us underestimate the problem involved. There is a white area—there is no doubt about it—of the responsibility of the Community as a whole. At the other extreme there is a black area where individual countries can make their own individual arrangements with countries in Eastern Europe, and with which no one would wish to interfere. But there is a kind of grey area in between as to what extent it does or does not have an effect upon trade policies and upon a common commercial policy.

I would be the last to try to mislead Parliament into thinking that I saw this as a problem which is going to be easily resolved by us all. I am fully aware that it will not be easily resolved. But I am equally conscious that we must set about and tackle this problem. I have no doubt that the Community as a whole and, in particular, the Council of Ministers are determined to tackle this problem.

For our part, for the Commission's part, and in particular for my part, let me assure the House that I am at the disposal of the Committee on External Trade Relations to discuss this matter, realising the difficulties inherent in this prob-

lem. We shall, together with the Community as a whole, do our best to resolve the problem; and the Commission will play its full part in this process.

(Applause)

President. — Thank you, Sir Christopher, for these further comments on this important issue.

In conclusion to the debate on Oral Question No. 19/72 I have received no motion for a resolution.

Does any one else wish to speak?

The debate is closed.

8. Resignation of a Member of the European Parliament

President. — I have received the following letter from Mr Oele, dated 11 January 1973.

States General Geleen, 11 January 1973

Delegations to International Bilderdijklaan 3
Parliamentary Assemblies

Mr A.P. Oele

Mr Walter Behrendt
President of the European Parliament
Centre Européen du Kirchberg
Luxembourg

Dear Mr President and Colleagues,

As a result of my nomination as mayor of Delft I am resigning from the Second Chamber of the States General as from 1 February. This brings to an end my term of office as a Member of the European Parliament.

This latter consequence in particular makes it hard for me to take my leave of parliamentary life. The road to a European democratic system has proved longer than we supposed at the beginning of our European journey but my faith in the future is unshaken.

I thank you personally and the Secretary-General and all his staff for the support and friendship I have had in Brussels, Luxembourg, Strasbourg and elsewhere.

Yours very truly,

A.P. Oele.

Ladies and Gentlemen, Mr Oele has been Chairman of the Transport Committee and a member of the European Parliament since 1965. I am sure I speak for the whole Parliament in offering Mr Oele my congratulations on his appoint-

President

ment as mayor of the City of Delft and in expressing our regret that we must forego his invaluable cooperation and wide-ranging experience at such an important juncture in our Community life.

I am sure that in carrying out his new duties Mr Oele will remain equally loyal to the European ideal and will serve our common cause as he has always done.

I call Mr Oele.

Mr Oele. — (N) Mr President, you are too complimentary. I feel that I have done no more than carry out the duties of my office and whatever has been made possible by the cooperation of my group associates, the readiness to listen displayed by my political opponents and colleagues in this Parliament and, last but not least, by the tremendous cooperation of the splendid services of the European Parliament.

Mr President, may I add that I find it hard to say farewell to my work at the European level. Many opportunities came my way because in a certain sense the field of European politics is open to all who wish to labour there.

I am convinced that in the years to come there will be new opportunities which will be more far-reaching and also demand greater decisiveness than was the case in the sixties.

I wish you, Mr President, not only as President of this Assembly, but also as a good friend, every success in the relationships which we have established and I hope that the European Parliament will indeed grasp the opportunities which are at hand.

From nearby—but that also means, of course, from a certain distance—I shall endeavour to keep in touch with this and that.

(Applause)

9. Involvement of Parliament in the conclusion of commercial agreements with non-Member States

President. — The next item on the agenda is a debate on the report by Mr Giraudo, drawn up on behalf of 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. 226/72)

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

Mr Giraudo, Rapporteur. — (I) Mr President, you have kindly called upon me to enlarge

upon the resolution relating to the procedures through which Parliament may associate itself with the conclusion of Community trade agreements with non-member States.

As stated in the preamble, the resolution was considered and unanimously approved by the Political Affairs Committee on 4 and 5 December last. It concerns a subject closely connected with trade policy, a field that the Assembly has just been discussing. Naturally, it does not go into the merits of trade agreements as this would fall within the sphere of the Committee for External Economic Relations, but it does dwell on procedures basically relating to the functions and powers of Parliament, bearing in mind that by "trade agreements" we mean agreements on tariffs, in other words agreements associated with the problem of the Community's revenue and in consequence the Community's own budget. As a result, they concern the very powers of Parliament as they relate to the budget.

I would be prepared to comment on this report, but I must inform you, Mr President, that the Conservative Group has expressed to me, both as Rapporteur and as Chairman of the Political Affairs Committee, its desire to give this subject, whose importance is beyond dispute, a little more thought together with ourselves, the old members of the Political Affairs Committee.

Following consultation of Representatives from other groups serving on the Political Affairs Committee, I thought it opportune to accede to this wish. As a result, Mr President, I would ask that discussion of the resolution by the Assembly be deferred until the February part-session. By deferring the debate, the Political Affairs Committee would have an opportunity to reconsider the resolution with the new members of Parliament and the new members of the Political Affairs Committee at one of its forthcoming meetings—the meeting on 29/30 January or on 8/9 February—and of course to consult the Executive Committee, in particular Mr Scarascia Mugnozza who deals with relations with Parliament, and Sir Christopher Soames.

This will mean that the subject can be debated during the February part-session when the consent unanimously given by the Six will become—as we all hope—the unanimous consent of the Nine. I am of the personal opinion that discussion cannot be postponed beyond the February part-session, for it is vital that we establish a clear operating procedure for Parliament in this field, since the common commercial policy came into effect on 1 January 1973. For the very reasons advanced here a

Girardo

few minutes ago in the discussion of Mr Glinne's oral question, I believe it is important for the European Parliament to have adequate instruments to deal with the development of a common commercial policy. For these reasons, Mr President, I would ask you to agree to the proposal that discussion of this resolution be deferred until February so that the new members of Parliament can make themselves familiar with it and provide their contribution, to which we attach great importance, and so that the opinions of the new representatives on the Executive Committee may be sounded out at the meeting of the Political Affairs Committee.

President. — Ladies and Gentlemen, you have just heard the statement by Mr Girardo, Chairman of the Political Affairs Committee.

In pursuance of the Rules of Procedure, reference to committee is always granted when requested by the committee responsible.

At the same time, I do not think postponing this point on the agenda to the February part-session raises any serious problems.

I call Sir Tufton Beamish to speak for the Conservative Group.

Sir Tufton Beamish. — (*E*) I am very thrilled to be speaking as a member of the first British delegation to the European Parliament. Standing here in this hall brings back happy memories of making speeches here when I was chairman of a committee of the Council of Europe 20 years ago.

I would like to thank Mr. Girardo for what he has said, and I hope I will not be thought to be impertinent in any way in representing the views of the Conservative Group if I comment on the very useful report that his committee has put in front of us and on his speech.

The President of the Council drew our attention yesterday to the political importance of trade agreements when he referred to the Association Agreement between the Community and Cyprus. The details were not available, and I understand that such an agreement had never previously been discussed by this Parliament or by any of the committees. Furthermore, the statement was not debatable, though a question was permitted.

Cyprus sherry exports matter a lot to this small Commonwealth country, and the Conservative Group would have liked a little more information and a little more warning. In contrast, I understand that tomorrow or the day after there will be a report from the Committee on Agriculture on the preferential trade agreement with Egypt where rice and citrus fruits are concerned and that this will in fact be debatable.

Perhaps we shall hear why garlic has not been given preferential treatment. I loathe garlic but the Egyptians hoped that it would be given such treatment.

There are many examples of agreements in the pipeline. I understand that the relevant committee will be considering the trade agreement with Israel in the next few weeks. We were told by the President yesterday that there were agreements in the pipeline with Morocco, Tunis, Malta and other countries. I am told that Jordan has applied for an association agreement. I was in Syria recently and some interest was expressed there in this possibility.

We were very glad to have the assurance from Mr Fayat when questioned yesterday that he is available to discuss all these matters with the European Parliament. Agreements with countries bordering the Mediterranean are only one part of the extending pattern of the Community's trading relations. The Summit communiqué spoke of establishing a global approach to external trade by 1st July this year. This is a daunting task in which the European Parliament will certainly want to be involved and surely has a right to be involved, as the Political Affairs Committee clearly implies.

There are growing signs of protectionism in the United States. There are the important and difficult questions arising under GATT. There is the application from Norway for an EFTA-style agreement and the question mark over the length of the transitional period. There is the question of a Community approach to trade relations with Comecon countries, to which reference has been made in the question answered by Sir Christopher. There is, too, the undertaking to consult between ourselves in making such agreements, if not actually to coordinate.

We have to clear our minds about how Japan fits into all this and about trade patterns with China. There is the Yaoundé Agreement with all its widespread implications for other developing countries. There is no need for me to give any other examples because it is crystal clear that the political and economic importance of all these and other trade questions is very great indeed, bearing in mind that as an enlarged Community we are now the world's largest trading bloc.

Where does the European Parliament come in? That is the question to which the Political Affairs Committee addressed itself. Equally important, when do we come in, and how? With great respect to the work that has been done, I suggest that this question must have more careful and fuller consideration. All kinds

Sir Tufton Beamish

of questions occur to us in the Conservative Group. Are we before long to have powers of co-decision with Council of Ministers where the ratification of international agreements is concerned, as proposed in the significant Vedel Report? What is the fate of that report? I know that the outgoing Commission thought it would be wrong to express an opinion on it and that the new Commission has not had the time to consider it. We certainly hope that it will not be long before we know the views of the Commission and the Council of Ministers about this important report.

If we are to have these powers of co-decision, at what stage is the European Parliament to be consulted and not merely informed? Is there any longer a gap between the signature of a Treaty and its ratification or what is curiously called 'final conclusions'? How one can qualify the word 'conclusion' I am not sure. Is there a gap so that the run-of-the-mill trade agreements could be sent automatically to the correct committee for its opinion?

If recommendation 2(a) in the report from the Political Affairs Committee had been adopted, who would have decided what is 'appreciable change' in the Community's common commercial policy? Who has the initiative here, the European Parliament or the Council of Ministers? This was not made clear. We should give careful thought to that. Some major agreements must be conducted in total secrecy; we know that perfectly well. The European Parliament could not become a court of appeal but we must know what is going on, through a committee or directly, at the appropriate stage, and the sooner the better if we are to have any real influence over trade agreements.

It is surely the dialogue that matters, and that must be genuine if we as members of the European Parliament are to fulfil our dual mandates by taking a Community view which also takes full account of national interests and responsibilities.

I will give a brief example. Those of us in the British Delegation who belong to the House of Commons could not face our constituents or put our noses into Parliament at Westminster if too hard a bargain were to be driven with New Zealand over its dairy products at the end of the transitional period. Nor, for that matter, would we get a friendly reception in New Zealand if we had not been given an opportunity at the earliest stage to express our views in this House. We must be consulted about such questions early enough to have real influence on the thinking of the Council of Ministers. We are here—I think everyone will agree with this—to reflect parliamentary and public opinion from the countries from which we come.

This will often be the same for many of us as the opinion of our Governments but not necessarily so by any means, and that, I think, will be agreed too.

I recognise, therefore, that we are on delicate ground in discussing this subject. We are groping for the right and the sensible powers to be used in responsible ways in a critical field.

The Political Affairs Committee's request seems to the Conservative Group to be not far-reaching enough, nor quite positive enough nor—and I say this with real respect—quite clear enough in its drafting. I note—I do not say this in any critical sense because I am sure there was a good reason for it—that only 13 out of the 28 members of the committee were able to attend the discussion which resulted in these recommendations. It goes without saying, as Mr Giraudo has made clear, that there was no chance for any of the representatives of the three new member countries to express their views.

I do not know whether Sir Christopher Soames—to whom I would like to wish the utmost success in the very heavy task he has taken on—intends to reply to this debate in any way. Perhaps that is not so, as he was very willing and very quick indeed, when asked this morning whether he would be prepared to discuss this with the relevant committee, to say that he would. It may well be, therefore, that at this stage he has no further contribution to make, but that is for him to decide.

I conclude by thanking Mr Giraudo most warmly for his sympathetic reaction to the friendly and constructive proposal that the Conservative Group made to him this morning and for his ready agreement to refer this question back to the Political Affairs Committee for the reasons I have explained.

Our object, Mr President, is the strengthening of Parliament's powers and our object is to ensure that any request we make to the Council and to the new Commission should be practical and clear.

(Applause)

President. — I emphasise that reference to committee is always granted when requested by the committee responsible.

I would therefore ask all Members to confine their remarks to the reference to committee and not go into any point of substance.

I call Mr Baas to speak for the Liberal and Allies Group.

Mr Baas, for the Liberal and Allies Group.

— (N) Mr President, I appreciate the fact that the Political Affairs Committee may wish to re-examine this point. However, if that should happen, I am of the opinion that there should be a combined sitting of the Political Affairs Committee and the Committee on External Trade Relations. Naturally, we all agree with the remarks made in paragraph 1 of the Resolution regarding information. However, in view of paragraph 2 which sets out to what extent and at which times the Commission wishes to be informed, I consider that the advice of the Committee on External Trade Relations is needed because commercial interests as well as political aspects are involved in such agreements.

As reference is made to the mandate for negotiation on possible agreements which the Commission received from the Council, I would appreciate a combined sitting of the Political Affairs Committee and the Committee on External Trade Relations. The President of this latter Committee probably agrees with this.

I would warn you against combing out the mandate for negotiation at too early a stage since, after all, great commercial interests are involved. As long as one is negotiating one must remain within a certain framework.

As far as the mandate as such is concerned, a good many restrictions will have to be observed. I should like to ask the Political Affairs Committee whether, before the final agreement is concluded, it can request a discussion in Parliament. I imagine that this will not be possible within the framework of the Treaty of Rome. Is the Commission willing to give Parliament authority to judge the desirability of signing? I request the Political Affairs Committee to study this aspect. After all, one must not ask for things one cannot get; that does not make sense. The signing of the agreement with the United Arab Republic has just taken place. The power is vested in the European Commission and the Council.

The European Commission will keep us informed, that we know. The previous Commission also did so. If I have understood Mr Soames correctly, the present Commission is certainly ready to do likewise. I should be obliged if the Political Affairs Committee would put the question as to whether or not Parliament may give a valid judgement to the Legal Affairs Committee.

President. — Ladies and Gentlemen, in accordance with the Rules of Procedure we have only to take note of a request for reference to com-

mittee. There can be no discussion on this point. But the debate has now come onto a broader issue.

As regards reference to other committees for their opinions the procedure is quite clear: committees wishing to be referred to for their opinions must address their request to the Bureau which takes overlapping responsibilities for the matter under discussion into account.

I call Mr de la Malène.

Mr de la Malène — (F) Mr President, I would intervene very briefly to add my modest voice to yours and ask that we end the debate here. As the correct procedure is to refer the matter for consultation, there is no justification for our entering into debate in detail. That could cause us a considerable excursus and I regret that this has already been partly begun.

I associate myself with Mr Baas in requesting that in fact, either by the method which you, yourself, have proposed of calling the Committees into consultation or by the method of a joint meeting, we arrange a collective study of the matter. We are aware of Articles 113, 235 and 238 of the Treaty and we have implemented them. That is what we should study in committee if we wish to amend this procedure. But I would ask for the rule to be applied, namely that we close the debate. After the appropriate procedure for collective discussion has been adopted we shall be able to hold an organized debate in the next part-session.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — (E) The last thing I would intend to do, in view of the request of Mr Giraud, is to extend the debate.

I would have been prepared to answer the points made by him today. I understand the reasons that led him to refer the matter back to the committee.

However the usual channels or the normal channels—I do not know whether that is a current phrase in this House—decide it should be done, whether by one committee or a combination of committees, I need hardly say that I shall be at their disposal to discuss the matter with them before it is brought before the House again.

(Applause)

President. — In accordance with Rule 26 of the Rules of Procedure, reference to committee is

President

granted as of right. I therefore declare the discussion on this item on the agenda to be closed.

10. Decision on a common approach to air transport

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

I would remind the House that speaking time has been limited as follows:

- 15 minutes for the rapporteur and spokesmen for Political Groups,
- 10 minutes for other speakers,
- 5 minutes for speakers on amendments.

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

Mr Noè Rapporteur. — (I) Mr President, Vice-President of the Commission of the European Economic Community, fellow Members: in this session which marks the enlargement of the Community, a session which has, to the delight of us all, taken on a clear political significance, I am in the position of having to submit before you a matter relating to a specific sector, and therefore a matter that is not entirely political. Nevertheless, I believe that I am doing something useful, since it is only by the sum of achievements in individual sectors that we can pave the way for such political advances as the enlargement of the Community, and since this subject, a subject that affects an international network, has political aspects of some significance, as we shall see. Furthermore, enlargement raises the problem in an even more pressing fashion, for the air space now covered by the Community is a far closer approximation to the air space of Europe as a whole.

This observation affords me an immediate opportunity to reassure my fellow members from the new member countries meeting with us for the first time this week: the step we intend to take is a small one. If the measures we were to propose here had been wide-ranging, we should obviously have preferred them to take part in the process of drafting. What we are in fact doing is opening the door provided to the Council by Article 84 (2), which allows it to deal with air and with sea transport, in addition

to the other forms of transportation to which our attention has been drawn by the Treaty—in other words, rail, road and navigable waterways.

It should, however, be borne in mind that there were discussions in the 1960's with a view to achieving Air Union. These broke down for various reasons, including the fact that negotiations were too protracted since the process was fairly ambitious for the time. Nevertheless, we would like to say unequivocally that the step we intend to make is far more modest: it is a minimum measure, whose purpose is to demonstrate a desire for more cooperation in this field. After lengthy discussion in committee, we are of the opinion that we can no longer confine ourselves to the Atlas or Kuss projects, set up for reasons associated with the new aircraft and the new engines and their maintenance, nor can we limit ourselves to the Montmartre group which attempts to formulate a unified approach to the problem of acquiring new fleets.

This is the point: we must enter into the field of operational management, in other words into a concept of a European network from the operational point of view, one that has been neglected up to now. This is the core of the problem and we are bringing it to your attention. The problem is to achieve European, solely European, air traffic: intercontinental traffic will continue to be excluded from our analysis, as is the internal traffic of Member States. Our attention is directed towards European inter-city traffic. We trust that we shall be able to move away from the current system of bilateral traffic—based on an aircraft flying from Brussels to Rome, for example, and then back to Brussels—to a system based on circular flights. This is the point on which a decision should be taken and to which we should like serious attention to be given.

I believe, Mr President, that one of the basic tasks of politicians in these times is not so much to solve new problems raised by technological progress and so many other factors, but rather to attempt to arrive at a solution of those problems by an adequate, modern method.

From a cultural point of view, I am surprised at the comparison between the current network, which is bilateral, and the desired network in which certain sections could in fact be operated bilaterally but where the majority of flights would be circular. Such a comparison should, however, be made, especially for the benefit of the populations concerned so that the best solution may be adopted. This is the crux of the matter. I have mentioned the cultural viewpoint: all my colleagues know the problem of the commercial traveller, which I shall state very

Noë

briefly. It is a problem typical of the 19th century when a commercial traveller was first faced with the problem of working out the most economical route taking in many towns at which he would try to sell his wares. From a mathematical point of view, the problem was not finally solved until very recently, in 1960. Apart from this problem, however, there are other more pertinent questions. In 1965, for example, in the course of a symposium in Rome, three American specialists presented their plan for the optimisation of transport between American iron ore ports. The ore was not shipped from one port to another haphazardly but on the basis of an optimum system of distribution. The solution to this problem has some bearing upon the subject under consideration here.

Another problem that has already had some repercussions here in this House is that of remote control data processing, a subject that we discussed in Luxembourg a few months ago. The mathematical problem shares certain features with those under discussion: the optimisation of a network of computers, centres receiving certain data and transmitting other data, is very similar in some respects to the problem of airports with aircraft landing and taking off. One method of approach already exists, therefore, and we are merely asking that it also be applied to the case under discussion. I should like to add to this proposal that we can impose specific conditions: using the problem-solving technique, we can say that this network will achieve its optimum provided that, for instance, specific daily flights are planned for specific centres at specific times.

We cannot impose too many conditions, but we can say that certain requirements must be satisfied. I say this because we believe it to be a basic concept for the achievement of better use of the whole air fleet. Based on a discussion of this problem by the Transport Committee, the objective has been stated of recommending a European air time table to provide the best possible service for the European passenger; in the fifties, the companies considered air traffic to be a means of conveying passengers to the points of departure for trans-oceanic flights. Today the residue of this old attitude persists, but we must think of Europe as having a network designed to serve the European passenger. This is the crux of the matter.

Another problem is that of flights between places on the fringe of the national networks, which are often star-like in shape. For example, we all hope for a flight from Frankfurt to Strasbourg as it would save time for many of us here. I know that the Chairman of IATA is in the

public gallery now (and I am happy that he is listening to this debate); he could have come to Strasbourg by air rather than by car had these national, star-shaped networks been interlinked. We might consider the creation of a general pool of all aircraft so that some form of operational reserve could be set up, as this would certainly be a great advantage.

These, honourable Members, are the points that have come to light in the course of committee discussions. Problems of this kind are obviously multifaceted. Consideration should also be given to the problem of the European aircraft industry which the Commission—to the best of my knowledge—is tackling but which we have not dealt with because we have been occupied with the management aspect. This, then, Mr President, is an initiative taken by Parliament, because the Transport Committee acting independently has raised the subject for discussion. I note that the Commission has submitted a resolution to the Council which is similar in outline to what we should like to see. In reality, however, this was an independent initiative on the part of Parliament.

Speaking of these problems, I must make a brief mention of the problems of safety and those arising from hijacking—in fact, they are discussed in the report—since they affect the administration of an air line.

Mr President, on the question of safety I shall say no more here than that an analysis of the figures for the past few years gives rise to a measure of optimism, although 1972 was unfortunately a year that marked a slight rise in the accident rate. But since these factors should be looked at as a whole, I believe that, comparing the accident trends over the past few years, the number of accidents and the number of flights and passengers conveyed, we have some grounds for optimism for the future.

Since, however, we must continue to spur on the technicians to bring about further improvements, I shall merely state the need for greater respect of air space. I shall make this one comment: throughout the Community airports should be equipped with a dual radar system. A single radar unit is not sufficient to enable aircraft to fly closer to each other: two are needed. If one radar breaks down, the aircraft would be in difficulty due to lack of guidance.

In addition, there must be more than one source of electricity: there must always be generator units to provide power if the mains supply fails. This extension of technical facilities to the whole Community space is one more step to be taken before we have the means of tackling situations

Noè

which might become critical in the absence of such surveillance.

I should like to remind the Assembly of the very recent proposal by a special U.S. presidential committee that measures be placed before Congress which would enforce stricter specifications for the construction of aircraft engines and other aircraft assemblies.

Based on experience acquired as the result of any accidents that may occur, we can be stricter in accepting certain aircraft parts.

The question of hijacking is obviously a delicate matter. It is being debated in the U.N., where one proposal has been put forward by the United States and another by France: the aim of both is that any measures should be adopted by all states—and this is the basic point with which I believe we should associate ourselves. Obviously, if there is one gap or one failure on the part of one or more states compared with the conduct of all the rest, the measures would become valueless. I believe that this Parliament should concur with the appeals made by the pilots' associations, for pilots are essentially citizens who are entitled to work in conditions of safety where humanly possible. States should take concerted action to deal with these acts of piracy, so greatly deprecated by us all.

I shall not dwell upon the subject, but before concluding may I, Mr President, mention a subject that has come to the fore over the past few months and that is highly topical. The subject, only touched on in the report, is the effect of charter flights on airline flights and upon fares which, as you know, have undergone an upheaval.

In a few months' time the companies will unfortunately no longer be bound (let us hope that this point will be overcome) by a general agreement to the effect that fares are to be determined by common consent.

This fact has not occurred, mainly because of the implementation of charter flights in European air space. Here I confess that when I first took on these problems I would never have imagined that the number of passenger/kilometres for charter flights in our Community and in Europe in general was so high—about 50 per cent.

But this is not the issue: the issue is that of charter flights over the Atlantic, for there has never been and still is not a minimum fare. In its absence, there has been an element of instability in determining prices. A passenger paying a very low fare from New York to London will understandably be reluctant to pay a price based

on a far higher rate per kilometre to go on to another European centre.

This fact has caused alarm, to an extent justifiable.

Mr President, I have raised this subject—and I shall be finishing very soon—only to point out that there may be some solution to the problem: from a review of the figures for the past few years, we note that in 1970 very nearly 10 million passengers crossed the Atlantic by air. Of these, 71.6 per cent travelled on scheduled flights, while the remainder (28.4 per cent) went on charter flights. The percentage of charter flights had been steadily rising over the previous few years, as it did between 1970 and 1971, the year in which it reached its peak of 30.9 per cent.

The important fact, however, Mr President, is this: between 1971 and 1972 there was a percentage drop in charter passengers and the proportion of scheduled flights started to rise. It now stands at a total of 72.6 per cent. There has been an increase of almost a million and a half passengers compared with 1971. In addition, the number of charter passengers flying on aircraft owned by the regular air lines is increasing. The phenomenon is less serious, therefore, than it seemed a few years ago, especially in view of the fact that a more or less standard set of regulations was defined in 1972 in Canada (for example, passengers must book tickets three months beforehand, etc.). This means that certain price differentials between charter and scheduled flights may still be feasible and tolerable in some cases, thus allaying fears to a certain extent.

I would conclude by reminding us all that one of my colleagues on the Transport Committee is looking into the problem of fast hovercraft and other types of transportation: in future years there may be great competition in this sector. I think that this should lead to greater competition among companies. We do not in the least hope for a return to Air Union, but a reduction in the number of European companies might be desirable.

I conclude my contribution by associating myself with the greetings you are sending to Mr Oele, Mr President, and by adding my personal thanks for the help he has given with this report. On behalf of the Christian Democratic Group, I must express our appreciation of his cooperation over all these years. We hope that he will find even greater satisfaction as Mayor of the City of Delft, and we know that we can always count upon him as a friend of Europe.

(Applause)

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

Mr Jahn. — (D) Mr President, ladies and gentlemen. On behalf of the Christian Democratic Group I should like to thank our colleague Mr Luigi Noè for his excellent report. We know that he has devoted a great deal of work to this task; it has taken two years to collate all the relevant data. He has undertaken a great deal of research to enable him to express an opinion, which we now have before us for decision in the form of a report.

A study of the resolution and of the reasons underlying it has convinced us all that joint action in the field of aviation is necessary, as existing European air transport does not in fact meet the demands made on it.

It is repeatedly asked whether a common aviation policy is reconcilable with the policy on which existing international air agreements are based. As members of the European Parliament we cannot accept this.

In Sections 25-29 of his report Mr Noé has also given detailed reasons why this is not possible. Both economically and in the integration context European aviation policy is subject to our Community, and therefore to our common responsibility. Any economic solutions introduced by us within the Community affect the entire continent, and there can be no exception in the case of aviation. We feel therefore that a common European aviation policy must be developed as an integrating factor in common transport policy, such as is demanded in the resolution before us.

Nor does such a policy of common action as we in Parliament demand conflict with the aviation policy which we conduct in and with existing international agreements.

On the question of circular traffic, to select one aspect, we agree with our colleague Mr Noè. He has explained the reasons in such detail that there is no need for me to go into them again.

Permit me to make a few comments on paragraph 10 of the proposal for a resolution. This deals with the safety question. We mention supervision of the upper and lower airspace, the common use of the Eurocontrol organization and anti-sabotage measures. Indeed it is just in these sectors that cooperation between Member States must, in our opinion, be pressed forward. The pre-condition is that the existing aviation bureaux, or national inspectorates, together with the national safety organizations, reinforce their collaboration and proceed beyond the exchange of information stage to definite agreements.

Such agreements must include all immediate safety measures, such as the safety check of all aircraft, legal regulations and certificates of air-

worthiness, clearance and registration of aircraft, and chartering of aircraft. These are indispensable necessities for the safe transport by air of all our citizens.

We hope very much that the international negotiations now proceeding on standards of airworthiness for transport aircraft and their engines will soon be concluded, and consider that what applies to transport aircraft should be extended as soon as possible to cover all aircraft types, including transport aircraft in the European field.

In addition, we must establish a uniform standard of equipment in aircraft. Mr Noè referred to this in connection with safety regulations using the double radar system on airfields. We know that both the use and the performance of electronics in aircraft are far from uniform. Consequently we must standardize equipment. Coordination must cover inspection and safety regulations and all other measures.

In order to coordinate all safety regulations, the operating rules must be legally enforceable. Anyone who has the national aviation bureau in his constituency will, whenever there is an enquiry into an air accident, be confronted by the many and varied problems which are due entirely to the absence of European cooperation, as very many measures, if the limits are exceeded and the individual monitoring measures are examined, are at fault, as we discovered in the Bundestag when investigating a particular case.

We need universally binding rules for all areas of safety. At present the amount of variation in individual Member States is so great that it can no longer be tolerated. I therefore fully share my colleague's opinion that it is only a small step, but that if we could take it, this Resolution and its implementation would be a great step forward.

I should also like to draw attention to testing of flight staff in regard to training, experience and fitness for flying. We need standard rules for training and examining throughout the European area. If you were to study the matter more closely, you would find that conditions of admission vary widely. As the airspace in the European area is not equal in height, difficulties may occur, for which one day we should have to take responsibility.

Allow me to say a word about economy. From the economic point of view we should be well advised to coordinate cooperation in research and development in the aircraft industry step by step. We know the difficulties and need not go into them in detail. For reasons of national

Jahn

economy we cannot afford to have the same research work going on side by side in several Member States.

Particular attention should be given to charter traffic, not only as regards price structure between scheduled airlines and charter companies. Common rules for this charter traffic in Europe are essential.

A word about environment policy and pollution. Our rapporteur is right. I quote him :

“It is apparent that environmental pollution and noise in the vicinity of airports are assuming proportions which call for legislation. Further, it is to be expected that, if aviation enters the supersonic age, not only the vicinity of airports, but all the areas overflown will be exposed to supersonic boom”.

I agree with Mr Noè when he says that solutions may be sought in aircraft construction, in the layout of airports and in the choice of flight routes. Standards should be either international, or at least for European airspace. Common rules are needed. When they have been established, it is possible that non-Member States too—leaving aside transit traffic—could be induced to accept these rules. On the subject of hijacking, our view is that we can effectively deter assailants and kidnappers only if we can establish world-wide agreement. Through UNO we can certainly advance a step by non-provision of asylum, or standard application of severe penalties.

We also approve paragraphs 11 and 12 of the Resolution and chapter IV of the reasons for the way to a common air traffic policy.

Mr President and colleagues, once again I thank our colleague Mr. Noè for his excellent report and the course he has charted with the resolution and I wish to say that my Group supports this resolution.

(Applause)

President. — I call Mr Oele.

Mr Oele, for the Socialist Group. — (N) Mr President, the discussion of this subject comes at an exceptionally opportune moment. We now see that the introduction of the ‘wide body’ planes affects the overall surplus capacity and the mutual relations between the aviation companies in tariff policy. We are more than ever aware of the defects and bottlenecks connected with aviation companies organised on a national basis.

There is another reason why we can speak of an ‘exceptional moment’. We are embarking on a

new phase in European cooperation in which we have to deal with an enlarged Community and which has been joined by a number of countries which are, to a not unimportant degree, linked with an aviation company which plays a great part in air transport, both within and outside Europe. That makes the discussion both topical and interesting.

It is in my capacity of Chairman of the Transport Committee that I add that the new phase is marked by the fact that the committee which is responsible for transport is joined by a new member, Mr Scarascia Mugnozza. I have already had the opportunity of congratulating him in writing on his new post, and I would like to confirm this here. I believe that this new field will afford him also the opportunity of making progress in transport integration in the Community.

In thus greeting the new Commissioner, who incidentally is not unknown in our midst, I would not like to omit the presence of another personality who has won his spurs outside the European Parliament by his efforts in the field of air transport, namely Mr Hammerskjöld, representative of IATA in Geneva and Director of the European section of IATA. His presence here is proof of his support for the efforts of this House to further the integration of air transport in the Community at the political level.

My Group admits that there is a certain anomaly, that there are shortcomings—and I express myself carefully—in the organization of the present day air transport, and it also recognizes the need for tackling this at the political level. Those who would be inclined to express themselves in a more forthright manner would say: “Actually, from a European point of view, European air transport is organized in such a way that one could speak of a mild form of insanity. This is perhaps a Eurocentric view, but it is a fact that nowadays when one wants to fly to New York or Chicago and one pays part of the price in advance and books a seat well in advance, one pays the same or even somewhat less than for instance for a flight from Amsterdam or Copenhagen to Naples or Catania. This is very odd, even to some extent lunatic having regard to the differences in distance.

It is even stranger, when one bears in mind that it is easier to travel in one day, that is in 12 hours, from Brussels, Paris, Amsterdam or London to one or other of the state capitals of the Middle West of the United States than to a regional or provincial capital of France, Italy or Southern Germany. This is food for thought.

Naturally, there is method in the madness, the system of aviation companies organised namely

Oele

on a national basis, according to which the commercial framework is limited to and determined by what is considered to be important from a national point of view and by the nationally organised aviation firms. All schedules projected on the map have their start and their finish in the national capitals. It is only seldom possible to get good connections from these capitals to regional areas over the border.

My Group would not think this a great calamity if it were confident that the recent great reduction in the prices of transatlantic flight would lead to a similar reduction in intra-European transport. Unfortunately we do not entertain any such hope or expectation. If there were a reduction in prices for the European consumer, we would have to see its effects for the European taxpayer. Already the aviation companies are clearly drawing attention to the fact that the fall in prices on the transatlantic route will adversely affect their activities at budget and trading levels. Taking into account the structure of many aviation companies it is the European taxpayer who will ultimately have to meet the resulting losses.

If there is an authority which can consider itself responsible for these budgetary consequences, it is Parliament. It seems to me that in this case, the European Parliament also should have some power.

I can imagine people objecting that one should not put too much emphasis on European air transport, since it has too many disadvantages. Mr Jahn has pointed out the great disadvantages of noise nuisance and noise stress connected with airfields sited near big cities. There are indeed expectations arising from the introduction of other methods of transport which will presently make it possible to put intra-European air transport in the background. One thinks, for example, of the use of superfast trains. When we have the certainty that superfast trains can be introduced, on an efficient basis, over the entire area of the Community, including Great Britain and the Channel tunnel, then, in the long term, our interest in European air transport can become marginal. However we do not have this certainty because it is often much more difficult to arrange superfast connections through mountains and because, for the present we are still thinking in terms of only one tunnel under the Channel, whereas more than one is required, if we want to achieve, with superfast trains, the degree of frequency which is possible in present day air transport.

Taking all this into account, we think Mr Noè's initiative in attempting to open the debate afresh extremely useful and we are grateful to him for

the sound, pragmatic and technical manner in which he has tackled this matter.

Mr Noè's conclusions point, not only to a logical and pragmatic approach, but also to a number of fundamental points of policy.

There are, in fact, two points. The first is the necessity for a certain control of capacity which, under certain conditions, should also include charter transport to guarantee the maintenance of scheduled services. That has always been one of the most essential elements in transport policy, and it will also be the case as far as air transport is concerned. The expression "control of capacity" is a comprehensive one and one we are resigned to using. It is in fact one that can only be transposed into the context of a policy, if this policy can be initiated and carried out by a political body. One should not ask aviation companies to achieve control of capacity in the context of mutual relationships. It is a political responsibility, and this seems to me an important starting point for framing policy.

We know that the Commission of the European Communities now wishes to arrange for regular discussions under its guidance, within the Community, between the aviation companies on its proposal.

We believe that these talks can only lead to a sound policy if the Commission takes the responsibility for proposals on capacity control. This does not only mean that it should follow the discussions but that it should have its own ideas on this matter. We are grateful to Mr Noè for making this point. We believe that his way of approaching this problem has meant a start to Parliament dealing with it, and that the latter must follow it up. We must think about this. That will also be the task of my successor. We ought to examine more closely how capacity control can be achieved in European air transport.

The second point of fundamental importance is landing rights. At the moment this is an even more topical one than capacity control. We know that landing rights present no problems as far as charters are concerned. It is a technical matter. It has been agreed that landing rights for charters will be renewed automatically. We know also that bilateral discussions must take place on scheduled air transport. This means that according to the well-known principle of a "fair return", a certain balance must be achieved. Not only aviation companies but also Ministries of Foreign Affairs deal with all sorts of arrangements which are of such minor significance that no official of a Ministry of Foreign Affairs should be involved.

Oele

Well now, the proposal in the present report seeks to free those frontier-crossing services which are of purely European significance, and to provide automatic landing rights when certain conditions have been fulfilled. This proposal seems to me to be fundamental. Consequently we can soon, I think, achieve better provisions for the intra-European network.

Admittedly this is a form of transport which attracts relatively few passengers and which has not the commercial potential, for instance, of intercontinental air-transport. That does not alter the fact that it is of fundamental importance for further unification and integration, that greater attention be paid to frontier crossing and inter-regional transport.

We request the Commission to adopt the proposal of Mr Noè and of the Transport Commission to provide an outline agreement on landing rights for regional frontier crossing connections which are, generally speaking, of purely regional importance. This does not call for the difficult, cumbersome machinery of bilateral agreements. What is required is simply an agreement on the Council and on the proposal of the Committee to deal with these matters in a straightforward, quick manner.

Should this be possible, then a significant step forward will have been taken. If, moreover, we can further build on the foundation of the forms of technical and administrative collaboration already established by the aviation companies, I believe that, in the 'Seventies, air transport will develop much more favourably.

(Applause)

IN THE CHAIR: MR CORONA*Vice-President*

President. — I call Mr Guldberg to speak for the Liberal and Allies Group.

Mr Guldberg. — *(Dk)* Mr President, Ladies and Gentlemen, I address you on behalf of the Liberal and Allies Group but first I should like to ask your indulgence for one or two personal remarks.

It is the first time that I have had the honour of speaking in this Parliament; therefore I may make mistakes, especially in mixing together the standpoint which I am entrusted with presenting on behalf of my group and personal views influenced by knowledge which I gained as a former Minister of Transport of a country that was not a Member State of the Community when the excellent report by Mr Noè was produced.

For that reason I wish to say to Mr Noè that if I add certain items to the report which he has submitted to us, that does not imply any criticism at all in connection with his excellent work.

(Speaker continued in Danish)

The Liberal and Allies Group is prepared to support the Committee's recommendation and the notion for a resolution. We also think that it is quite right for the area under discussion here to be included in the work of the European Parliament in relation to transport—where it belongs.

We have taken note of the debate which took place on the extract to which these are matters for the European Parliament.

To the arguments already put forward I would like to add another one in favour of this being a matter with which Parliament should deal. This is that although the question of air traffic is actually treated as a transport question, over and above this it is really often—especially in the country I come from, so we have to pay particular attention to this—an activity of another type as well.

The fact is that air transport is associated with considerable commercial activity in the shape of production, in the shape of trade and in the shape of services. In order to illustrate the extent of this—and I would once again ask you to excuse me for introducing matters outside the argument contained in this report—I have only to mention that in the country I come from, the combination of activities at the national airport is so great that the group of trades employed there represents the largest conglomeration of trades in any one place of work in the whole of Denmark. Larger, that is, than in any private firm. I am using this as an argument in support of my contention that even if there may be a formal aspect to the question—referred to in the report—as to where it really belongs, it is clear that the general provisions of the Treaty of Rome concerning protection against discriminatory treatment, a demand for non-discrimination on a national basis, obviously also makes it necessary—no matter how one views the narrow transport aspect of the matter—for Parliament to deal with it as well.

So we in the Liberal and Allies Group are prepared to support the committee's proposal. I would also like to mention that we would be prepared to support the amendment proposed by Mr Cousté.

It is not inconsistent with this support that in the course of our discussion I would like to mention a few complications which make me think

Guldberg

it would be practical—without holding up the work or today's resolution—to discuss certain matters in the committee with Mr Noè. I hope this will be agreed to.

On the one hand, at a time when new countries are entering, there are naturally some uncertainties which it might be a good thing to discuss. On the other hand, I would like to call your attention to the fact that this development,—the lack of which was deplored in the Air Union plan—was clearly intended to create close cooperation, rationalisation in procuring equipment, its maintenance and use, personnel training, cutting across national companies over a wide area, etc., and that this system—which then came to nothing, which is deplored—has been almost fully established in the cooperation, also referred to in the report, between KLM, UTA in France, SAS and Swissair, which in practice pursue the same policy with regard to equipment supplies and distribute the technical work and training according to a system which is very close to the type of system we might hope for on a wider, European scale.

I mention this, Mr President, to draw attention to the fact that the expansion which has now taken place does introduce some new problems. It means, among other things, that it will not be possible to the extent that it once was in the committee, when 6 countries were there, to regard air transport companies as more or less nationally administered—yet it is something which can be organised through the governments. As soon as one introduces an air line company in which the State holds a 50% share, but this 50% is divided among sovereign states, none of which can therefore individually represent a governmental alternative, it becomes necessary, if one wishes to get further along the road we are speaking of here, to discuss the method of procedure itself in a little more detail.

So I would like to emphasise—especially to Mr Noè—that these remarks are in no way intended to alter the proposal put forward, but to give an opportunity for some discussion of the form in which work on these matters could continue. In relation to this I would also like to point out on behalf of my Group that the proposal in the report contains a multitude of different tasks which we are glad to see being tackled, but that it is quite possible that after more detailed discussion it might be a good idea to consider establishing an order of priority among these tasks—as other speakers have also suggested. I am thinking particularly here of the question, already referred to several times, of the disparity between scheduled flights and charter

flights—which is certainly an example of the way in which differing national regulations can operate in a way conflicting with our fundamental ideas about the Community which we are now helping to build.

Mr President, I would like to end by asking you once again to excuse me if in any of my remarks concerning the Assembly here, or the committee and Mr Noè, I have made the mistake—which would be due to ignorance of procedure—of bringing in other matters as well. I can assure you that at least it was done with the best intentions, and I would like to thank you for listening to me.

(Applause)

President. — There is no call for apologies, Mr Guldberg. You are perfectly in order.

I call Mr James Hill to speak for the Conservative Group.

Mr James Hill. — Mr President, fellow delegates, I am extremely proud today to be speaking in the Chamber on behalf of the Conservative Group of the enlarged Community. I am doubly pleased to be talking on a subject of which I have some knowledge, having spent years on the flight deck of an international airline. I hope to bring some of my specialised knowledge to the Transport Committee.

We in the Conservative Group—I am sure this also applies to the Irish and the Danish delegates, too—are extremely disturbed because we did not receive a copy of this document until Monday. I know, too, that the document was not read in London until Monday. This has left us with less than 48 hours in which to prepare for a debate of some consequence for air transport and associated ancillaries in the United Kingdom.

The Transport Committee and the Rapporteur, Mr Noè, have clearly put a great deal of time and effort into the preparation of these interesting and far-reaching proposals for European air transport, an area of growing importance. The committee has made a valuable contribution to the subject and it is right that the Assembly should be considering proposals for action.

The draft resolution proposes action on many important issues, both complex and of great public concern. Such action will have far-reaching implications. My colleagues and I are, therefore, in some difficulty in not having had the opportunity to consider these proposals in the detail which they deserve and require. We recognise that the report on which the proposals are based was drafted in the light of a Com-

Hill

munity composed of the original Six Member States. We therefore need to consider the effect of the proposals in the resolution and whether they fully meet the needs of air transport in the enlarged Community.

Some of the proposals are particularly far-reaching — those dealing with the agreement on bilateral air service agreements, with the multilateral approach to European air traffic services, with moves towards fewer European airlines; which is to give up its rights?—and for action on issues such as air safety, hijacking, and the environment, not to mention the importance of a genuinely European approach to the problems of European airspace. There are also the manufacturing industries.

These issues all require careful thought. I would like further time so that we may obtain the opinion of those whose livelihoods depend upon this, such organisations as Scandinavian Air Systems, Aer Lingus, BOAC, BEA, British Caledonian Airways and many other airlines in the charter business. The British Civil Aviation Authority, which was set up just over a year ago, and its subsidiary, the British Airways Board, will need further time to consider this report, which contains matters so important that in the United Kingdom Government they stretch over the Department of Trade and Industry and the Department of the Environment. It concerns the manufacturing industry of both airframes and engines with the ever increasing industry of aviation electronics.

There are, therefore, many views to obtain before my colleagues on the Conservative Group could possibly give full-hearted consent to the report. On the other hand, we realise that this is an extremely interesting and vital report. It has been in embryo now for just under two years. Naturally, every member of the committee that sat and served would like to see today that it is passed through the Chamber with the least impedance.

Might I mention some of the things I think we should examine in the light of the delay with which the British Conservative Group received the documents? Certainly we are all agreed, having tried to get from London to Strasbourg, that European air transport does not now measure up to the requirements of the market. It is quite interesting that in one of our national newspapers when we left London Airport it was called the "pâté plane". This was an editorial concerning the journey on the first leg of which from London to Paris we had half a glass of orange juice whilst from Paris to Strasbourg we had completely nothing. These are not the conditions which I feel will attract the normal commercial market.

One of the grave statements in the report concerns its fears that growing deficits may fall on the shoulders of the taxpayers, particularly if the switch-over is made to supersonic aircraft. No one here can be unaware that the British and the French have cooperated on the Concorde and that at long last we are getting orders. In fact only yesterday the Chinese were at Bristol, in England, viewing the Concorde, and we expect the signing of firm orders at any time for £60 million worth of aircraft and equipment. In reply to the report I would say it may be those who purchase the Concorde at this stage who may well turn their deficits into profits.

We have, too, according to the report to carry on a more efficient air service improving not only technical but also operational and commercial cooperation and performance. That is very easily done. You have already had the advantage in Europe of three such groupings. I feel they must be going well, otherwise they would have broken up by now. We must, of course, have standardisation of European air services and the necessary aircraft but, if you can recall it, it was this very point as to what aircraft Air Union should have that caused the negotiations to break down the last time it was mentioned.

There is also the question of environmental protection. We in the United Kingdom through our company Rolls-Royce are trying to perfect an absolutely silent engine which will be the engine of the future. The RB 211B is much quieter than other jet engines on the market today.

One of the grave points of the report is that on the one hand the committee says it wants to facilitate customs clearance at airports. In the next breath it says that it is necessary to deal with the dangers of terrorism and hijacking. The two just do not coincide. I am afraid that while we are in this decade of hijacking, it will not be possible to facilitate customs clearance. Certainly the rules of charter flights have to be closely studied. I know that the Civil Aviation Authority in London has been working extremely long hours on this very problem. A short time ago it was a fact that it was easier and cheaper to get a plane to the United States by flying to Luxembourg. Such conditions do not make for commercial sense. These are the type of things that in my view need a very close look.

My own view is that we have a great future in a European airline, but it must be based on full cooperation between the nine member countries. This will mean a delay of some four to five weeks possibly to provide an opportunity for our countries to examine this and advise the delegates and, indeed, for the delegates in their

Hill

wisdom to have time to decide whether or not they wish to use this information.

We are going into this long, all-embracing report with little or no time and certainly with little or no back-up information to put forward on behalf of our prospective countries.

I should like to think today that this report, if accepted, is accepted without a vote. I should like to think, if it is at all possible, that it could be delayed until the Luxembourg session in February.

If neither of those two courses is possible, I am afraid that in the circumstances it would not be possible for those who have not had time to consider the document to vote in favour of it. It may be then that my colleagues in their wisdom would wish to abstain.

I think this is a first-class report. It heralds a great future for a union within the aviation world. After due consideration, I am sure I shall come out with the same agreement as that expressed by the Chairman and Rapporteur.

(Applause)

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

Mr Cousté (F). — Mr President, the observations which I am about to submit centre on three fundamental points: first, the way in which this problem has been put to us; secondly, the mandate given by the Council to the Commission in respect of air transport; thirdly, some comments on the document on which decision is based and the failure of Air-Union.

On the first point, I would first of all congratulate Mr Noè for the excellence of his report and emphasize its title, which has perhaps escaped the notice of some members of this Assembly. That title is as follows: "Report made on behalf of the Transport Committee on the proposal from the Commission of the European Communities to the Council for a decision on the first measures of a common approach to air transport".

We realise at once how far the very wording of this document is influenced by prudence. In any case, I should like to make clear a fundamental point, which is that we are within the framework of Article 84 (2)—which is linked with paragraph 1 that states very precisely: "The provisions of the present Treaty (the Treaty of Rome) shall apply to transport by rail, by road and inland waterway"—whilst the text of paragraph 2 is: "The Council may, acting unanimously, decide whether, to what

extent and by what procedure appropriate provisions may be laid down for sea and air transport".

I end the quotation there. In fact, we are not in a sphere in which the usual procedures of consultation of the European Parliament and of the exercise of initiatives from the Commission are applicable. I would point out that we are in a sphere in which the Council, acting unanimously, should decide on the procedures and on the timing for approaching Parliament and the Commission with a view to the appropriate measures for sea traffic—with which we are not concerned here—and for air traffic—which is the topic to-day.

In that connection I publicly express my surprise, so that this does not pass unnoticed, at the absence of the Council. Either powers exist and this Parliament is considered to have some importance or powers exist and this Parliament is considered to have no importance, in which case the procedure placed before us is meaningless.

Now, if I have correctly understood the matter—and I note the attention with which Vice-President Mr Scarascia Mugnozza is kindly listening to my introductory remarks—, it is entirely clear that the Council Decision, as recorded in the Official Journal of 18 October 1972, shows progress, and I would stress this, but at the same time limitations, by comparison with all the previously available material on air transport policy.

Precisely because of the existence of these two aspects, I should presently like to hear Vice-President Mr Scarascia Mugnozza answer some of my questions.

The first, still in connection with the mandate given by the Council to the Commission concerns the timetable which the Commission is to follow with a view to arriving at definite conclusions. Now, on examining Article 1, I find that it is the duty of the Commission to enter into consultation with the Government experts and the representatives of the airline companies nominated by each of the Member States for the purpose of studying the measures to be taken at Community level in the sphere of air traffic in order to implement procedures designed to achieve 'improvement of regular services within the Community' but also 'a common approach in respect of policy on development of air links between the Community and non-Member States'.

I would wish Parliament, in the light of those terms alone, to take the measure of the problem before us. And I, for my part, should like to be

Cousté

informed by the Commission of the means which it proposes to employ and the procedures which it proposes to adopt for the purpose of achieving that improvement of regular services within the Community and that common approach vis-à-vis non-Member States.

That common approach is all the more important in that it should take up the matter of policy on airline fares between Member States. That means, from a practical point of view, that the Commission—and I should like to know if such is indeed its intention—is to investigate why the price per air kilometre is always higher in Europe than, for example, in the United States. A question of consumer protection is involved, because there is increasing use of air transport among Europeans.

A matter which also immediately causes me doubt is the third point in this mandate — “harmonization, so far as necessary, of the legal regulations governing air transport”. I thought, in my innocence, that only IATA could provide us with some kind of assurance and harmonization in that connection.

Such is not the case if I correctly understand the duty given by the Council to the Commission, and on that specific point I seek clarification from the Commissioner responsible.

Regarding the fourth point, the matter of “improvement, by common measures, of safety in air transport”, our colleague Mr Jahn has just, quite rightly, emphasized its importance. We can no longer, if only from the point of view of the construction of these machines, continue in this kind of anarchy in which we find ourselves at present as regards the arrangements ensuring the safety of air transport. As Mr Noè stated to the Transport Committee, this matter is linked with industrial policy in Europe. We are not discussing theories or abstract propositions today but the daily life of Europeans; that is what concerns us in this debate.

For that reason I would say to our British colleague Mr Hill, who was asking just now for this report to be deferred, that certainly this report is very important but I wonder how it is possible for it to be deferred just when this debate is initiated on an excellent report and in circumstances which, in my opinion, will enable us, within the Transport Committee, to take up the initiative offered by the Commission, with excellent motives, I am sure, and to avoid a repetition of our unfortunate experience with Air Union.

Let us remember that Air Union was a very interesting venture. In fact, whereas there are five American airlines linking the United States

and Europe there are at present no less than thirteen European companies for that same traffic. Because a price war over the North Atlantic is being waged we know in advance that we are on the way towards allowing increases in the deficits of each of those thirteen companies and in their inability to renew their equipment when they should do so.

The problem therefore has very wide implications. In 1964 or in 1965, when the Council suddenly authorized the Commission, after having prohibited it from doing so, to take up the Air Union negotiations, all the latter could finally determine, as discussions took their course, was that differences in standpoint between the airline companies had arisen. It eventually proved impossible to succeed in that endeavour to reduce competition in such a way that this was to the benefit and not to the detriment of the user.

Nevertheless that was an important initiative, involving not only air transport but also landing rights, to which reference was made just now, and one which would have prevented the unwelcome aspects of competition between the airline companies. Moreover, and as a fundamental consideration from the point of view of the influence of Europe, it would have placed the Community in an excellent bargaining position vis-à-vis non-Member States, that is to say that we would have obtained landing rights and probably a better position in all respects.

This is what I wanted to say and links up with what has been said by various Groups. Despite the discreet way in which this debate seems to be introduced, the fact remains that it has been introduced and we shall take it up in the interests of Europeans.

(Applause)

President. — I call Mr Noè.

Mr Noè, Rapporteur. — (D) Mr President, I have asked for the floor to say that having listened to the contributions of all the speakers in the debate and having consulted the Chairman of the Committee, I believe that the Conservative Group's request for postponement of voting on the resolution—possibly to the part-session at Luxembourg—should be granted to allow these delegates and those of the other new Member States to consider the problem at greater leisure, although the report has not in fact gone into the problem in depth. Having heard the opinion of the Vice-President of the Commission of the European Communities, Mr Scarascia Mugnozza, voting on the resolution could be referred. This, Mr President, is what I would like to propose.

President. — With regard to the motion to defer voting tabled by Mr Noè, I shall put this to the House after the Vice-President of the Commission of the European Communities has spoken.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice President, Commission of the European Communities. — (I) Mr President, Members of Parliament, I must express my heartfelt pleasure at the debate to which we have been listening. I should like to proffer my particular thanks to Mr Noè for his excellent presentation of his report, a proof of his ability to summarise a problem of such great moment. I must emphasise how proud I am to be speaking today as the person responsible, among other things, for the transport sector, a duty with which I have been entrusted within the new Commission. I should also like to thank Mr Guldberg and Mr Hill who have spoken on behalf of their own countries which have now joined us in the European Community. The number of representatives at this Parliament has now increased due to the participation of parliamentarians who bring a vast political experience and who have also shown outstanding professional competence in the course of their contributions to the debate.

I should also like to take this opportunity, Mr President, fellow delegates, to thank Mr Oele for the kind words he has used in referring to me and for the letter he was so good as to write me, although I regret that he has had to take a decision which will result in his departure from the European Parliament. I would like to thank him for his cooperation both in Parliament itself and on the Committee for Research, Energy and Atomic Problems where we have worked together so long. I am sure that he will transfer his commitment to Europe to his new office, and with this in mind I send him my special best wishes. I should also like to take this opportunity to thank Mr Oele for his good wishes when he reminded us that we are about to launch upon a new phase of activity in an enlarged Community, in which the transport policy problem must be viewed in another light. I should like to tell the House that over the past few days, in contacting the Directorate-General for transport, I have seen for myself the need for a pause for thought on the transport problem. With this in mind, I have proposed that the Directorate-General be organised to respond to the many new interests that have arisen in this vital sector. In view of today's discussion, I can confirm that, at my request, a specific section of the Directorate-General will be directed towards the study and negotiation of air and sea traffic problems. Over the next few months it is my intention—through

national groups of experts—to start reviewing the whole problem of transport so that a series of coherent proposals embodying the requirements of a sector in a period of transition may be placed before the European Parliament as soon as possible. Turning to Mr Noè's report, paragraph 10(c) of the resolution discusses the need to safeguard the quality of life and therefore to consider transport problems as a whole in the light of the environment in which citizens are to live.

On this point, I would add that very special consideration is being given to environmental problems in the office with which I have been entrusted. It is not by chance that I have been given the task of dealing with the transport sector: the aim was that political requirements should be considered as a whole: the European concept must not only be a more human concept but also provide the impetus for an enhancement of the quality of life of its citizens, to defend natural resources and the environment—in other words, to deal with the problems of modern society. In this context I refer to a recent contribution by Mr Cousté in which he underlines the need to protect the citizen as a consumer.

Bearing in mind the aim of consumer protection as part of environmental policy, transport was also included as it is an element that could give rise to considerable concern and cause extensive harm, both in the field of aviation and above all in urban transportation.

Mr President, honourable Members, in confirming my pleasure at the discussion to which I have been listening and Mr Noè's report, I should like to add that the Commission has noted with great satisfaction the favourable opinion expressed by Parliament on its proposals, especially since the Commission itself submitted them to the Council in 1972.

We believe that this is a necessary preliminary step towards a common policy in the field of aviation. And it is a very important step because of the fundamental problems that have been raised.

This report proposes amendments referring to actions that should be taken in the field of air safety, in particular on the uniformity of air-space control systems and rapid enforcement of efforts already being undertaken to avert the damage caused by sabotage and the trouble caused by hijacking. These problems are of acute concern. The first in particular merits greater commitment on the part of Member States, for it is due to lack of agreement among them that it has proved difficult to pursue the objective we should all like to attain, that of Eurocontrol.

Scarascia Mugnozza

With regard to the prevention of acts of sabotage and piracy, this is without doubt an important objective; it has already been emphasised that it is a problem on which specific agreement must be reached in the various countries. It has been debated in several international conferences and, as we all know, it is now being considered by the United Nations. The Commission is aware of the importance of these problems, especially the second which often has dramatic implications. Nevertheless, as already underlined at the Transport Committee, these questions are being viewed, at least for the time being, from a completely different angle from the initiative taken by the Commission. I wonder whether the European Parliament would consider the advisability of excluding these problems from its resolution and making them the subject of a specific recommendation. We say this not because the problem should be shelved or because it is not a fundamental one, but because we consider that introduction of factors not strictly pertinent to the general outline put forward by Mr Noè would run the risk of compromising certain solutions. While the Commission agrees with and fully shares the Rapporteur's general view of the problem, it believes that these two safety problems should be dealt with separately as a recommendation of the European Parliament to the Council.

On the other hand, the Commission has no difficulty in accepting the other amendments recommended. The only point I would raise is that we think it might be advisable for the draft decision to refer solely to Article 84 of the EEC Treaty, not Article 235, as we think it would then be easier to approach and discuss certain problems in the way we intend.

The Commission also fully agrees to Mr Noè's proposal for optimisation of the intra-European communications network. This was in fact the priority objective of the proposals submitted by the Commission. I have indeed learned with pleasure from Members of this House—the Chairman of IATA was also present on that occasion—that the debate on these problems aroused keen interest.

It was the intention of the Commission to improve air connections within the Community through its proposals. In this framework, any discussion will find us open-minded and we shall be very happy to take part.

I believe that no special comment is called for on the points raised by the speakers preceding me except that I would like to repeat my thanks to Mr Noè and Mr Guldberg.

With regard to Mr Cousté's intervention, as impassioned as ever, the Commission will draw the

appropriate conclusions following the consultations which it will naturally have to embark upon.

In practice, there is the problem of Article 84 of the EEC Treaty: whether or not Parliament's opinion should be given. This is the crux of the debate. I do not wish to enter into the merits of a legal discussion which could become involved, but I merely wish to say that Parliament's view is of extreme interest and shows that it is taking a lively part in the decision-making process, but I do not know whether it is appropriate to set aside a procedure open under the Treaties and enabling us to intervene, in favour of a procedure as yet imperfect, a procedure discussed in the communiqué issued at the end of the Summit Conference in Paris with great emphasis, but on which there are too many doubts and uncertainties.

Naturally we can discuss the best road to take among ourselves. For myself—and I believe I may speak on behalf of the Commission in this respect—I would merely say that in asking you to refer to Article 84, I do so in the conviction that this is the only reliable method of achieving concrete results in Community transport policy at the present time.

It may be objected that Parliament is thus excluded; I would not agree. Indeed, I believe that I may even speak on the Commission's behalf in affirming that Parliament will always be asked for its opinion. I believe that, on this basis, the Commission may avail itself of more appropriate legal instruments and ensure that any opinions formulated in Parliament on the work of the Commission will, as in the past, bear some weight.

Having said this, Mr President, I believe there is nothing more for me to add. I thank the House and hope that in the course of the coming year the Commission may be in a position to present a concrete plan of action for an effective transport policy.

(Applause)

President. — I call Mr Cousté.

Mr Cousté. — *(F)* Mr President, I wish to speak on two points.

First of all I should like to thank the Vice-President of the Commission for his statement in connection with Article 84. He has fully understood my precise aim in speaking of the way in which the matter was put to us. The interpretation which he now gives regarding the application of Article 84(2) to this debate is better than the interpretation of a probable, but not certain,

Cousté

extension of Article 235 of the Treaty of Rome. I take note of his statement. It is all the more important because it removes the doubt that we might have about the meaning of the letter from the President of the Council of Ministers, dated 17 September 1972, concerning the way in which the matter was put to us.

My second observation concerns procedure. Our friend and colleague Mr Noè said just now that he had consulted Mr Oele shortly beforehand to find out if the debate could be deferred. I wish to say, on behalf of the European Democratic Union Group that having consideration for the arrival of our new colleagues we wish the debate to be deferred until our next part-session, in Luxembourg. Thus everyone will have time to study the report fully.

President. — Mr Cousté, in future would you be so kind as to wait until the Chair throws open the discussion on the reference motion.

Having said which I declare the general debate closed.

We come now to the reference motion tabled by Mr Noè.

I call Mr Oele.

Mr Oele, Chairman of the Transport Committee. — (N) Mr President, Mr Cousté has cut the grass from under my feet and has in fact said what I wished to express, arriving however at a slightly different conclusion. The legal aspect of this matter is important. Now that Mr Scarascia Mugnozza has promised to involve the European Parliament in further policy, in accordance with the procedure laid down in Article 84 of the EEC Treaty, the application of Article 84(2) is actually the best way. You will therefore find this Treaty Article mentioned in the resolution. We had to come to that conclusion.

In regard to procedure, there must be no misunderstanding. That misunderstanding has just been referred to by Mr Cousté. The present report is the first of a series of reports and is therefore an interim one and forms the beginning of a discussion which will take up much of the time of the European Parliament.

It is usual moreover, in an interim report, for the conclusions to be of a general nature and to cover a wide field. It follows that in a subsequent report the question will be dealt with in a more detailed, specialized way, each part separately. I would like to ask our British friends to understand this method of working.

It therefore seems to me that in future the discussion should not range in the same broad way over all the parts of the report but should

restrict itself to weighing the pros and cons of, and possible amendments to paragraphs of the resolution.

If we accept this limitation, the Transport Committee, in whose name I speak, can have no objection to a postponement of the conclusion to the discussion, namely the vote on the draft resolution.

President. — I call Mr Noè.

Mr Noè, Rapporteur. — (I) Mr President, the Chairman of the Committee, Mr Oele, has expressed my own view: I too believe that in Luxembourg we should decide only on the resolution, since the general debate has been closed. I should like to add that my British colleagues and those from the other new members of the Community may take part in the committee meeting to be held in Brussels some time between today and the Luxembourg part-session, because an exchange of views on the resolution would be useful.

President. — Ladies and Gentlemen, it is agreed that the debate in the February part-session will be confined to the motion for a resolution because the Chair has closed the general debate.

The point now is whether the House is ready to defer discussion of the various paragraphs of the motion for a resolution and the vote on this motion for a resolution.

It would appear that the majority in the House is in favour of deferment but I must put the motion from Mr Noè to the vote.

I therefore put to the vote the motion from Mr Noè that discussion of the motion for a resolution and the vote on it be deferred until the next part-session, in Luxembourg.

Are there any objections?

It is agreed.

11. Change in the agenda

President. — The next item on the agenda now is the debate on the report by Mr Memmel, drawn up on behalf of the Legal Affairs Committee, on the addition of a Rule 47(a) to the Rules of Procedure introducing a question time in the European Parliament followed by a debate if so requested and on an outline implementing procedure (Doc. 252/72).

I must however point out that a Political Group has asked to meet at 6 p.m.

The Chair cannot fail to respond to this request. I therefore propose to close the sitting and post-

President

pone the discussion of this last item on the agenda until tomorrow.

Are there any objections?

It is so resolved.

12. Texts of agreements received from the Council of Ministers

President. — I have received from the Council of the European Communities a certified copy of:

- Agreement between the European Economic Community and the International Committee of the Red Cross on food aid in the form of cereal supplies to the peoples of Bangladesh.

This document has been filed in the archives of the European Parliament.

13. Agenda for the next Sitting

President. — The next meeting will be held tomorrow, Thursday 18 January 1973, with the following agenda:

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

At the request of the committee responsible

- report by Mr Reischl, drawn up on behalf of the Legal Affairs Committee, on the proposal from the Commission of the European Communities to the Council for a regulation concerning legislation for the settlement of labour disputes in the Community (Doc. 261/72).
- report by Mr Memmel, drawn up on behalf of the Legal Affairs Committee, on the addition of a Rule 47(a) in the Rules of Procedure introducing a question time in the European Parliament followed by a debate if so requested and on an outline implementing procedure (Doc. 252/72)
- Oral Question No 26/72, with debate, of Mr Cipolla and others to the Commission of the European Communities on the building up of excess stocks of butter and their use.
- report by Mr Klintner, drawn up on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 259/72) for a regulation amending EEC regulation no. 1009/67 on the common organisation of the sugar market (Doc. 265/72) (without debate).
- report by Mr Vetrone, drawn up on behalf of the Committee on Agriculture, on the proposal from the Commission of the European

Communities to the Council (Doc. 172/72) for a regulation amending EEC regulation no. 805/68 with respect to arrangements for imports of beef and veal (Doc. 241/72)

- report by Mr Vetrone, drawn up on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 208/72) for a regulation on the introduction and allocation of and arrangements for managing the Community tariff quota for frozen beef and veal under subheading 02.01 A II (a) 2 of the common customs tariff (1973) (doc. 242/72).
- report by Mr Vetrone, drawn up on behalf of the Committee on Agriculture, on the amended proposal from the Commission of the European Communities to the Council (Doc. 183/72) for a regulation introducing a system of premiums as an incentive for increasing beef and veal production and premiums for switching over dairy herds to beef production (Doc. 244/72).
- report by Mr Vandewiele, drawn up on behalf of the Committee on Social Affairs and Health Protection, on the amended proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States on cocoa and chocolate products for human consumption (Doc. 216/72).

Are there any objections?

I call Mr Memmel.

Mr Memmel (D). — It is customary to commence on the following day with the agenda item which concludes today's sitting. However, I accept the suggestion to consider my report tomorrow under item 2, on condition that the Reischl report, which according to your announcement is to be given precedence tomorrow, does not take up more than a quarter of an hour. I have to leave just as do those who previously proposed the deferment.

President. — Mr Memmel, I do not wish to dispute your rights. In giving tomorrow's agenda, furthermore, I pointed out that the responsible committee requested that the report by Mr Reischl should be the first item on the agenda. In view of the time available I think that the rapporteur will have an opportunity of satisfying you on this matter.

Are there any further comments?

It is agreed.

The sitting is closed.

(The sitting was closed at 6 p.m.)

SITTING OF THURSDAY, 18 JANUARY 1973

Contents

1. Approval of the minutes	94		
2. Receipt of a petition	94	Pounder, Mr Cifarelli, Mr Dewulf, Mr Jakobsen, Mr Cipolla, Mr Lardi- nois	112
3. Statement by the President	94	8. Resolution on the common organiza- tion of the market in sugar	
4. Regulation on labour disputes		Resolution in report drawn up for the Committee on Agriculture by Mr Klinker agreed to without debate	129
Discussion of a report drawn up for the Legal Affairs Committee by Mr Reischl.		9. Regulation on import arrangements for beef and veal	
Mr Reischl, rapporteur, Mr Vande- wiele, draftsman for the opinion Dr Hillery, Vice-President of the Com- mission of the European Communities. Resolution agreed to	95	Discussion of report drawn up for the Committee on Agriculture by Mr Ve- trone; Mr Vetrone, rapporteur; Reso- lution agreed to	129
5. Addition of a new rule in the Rules of Procedure		10. Regulation on the Community tariff quota for frozen beef and veal	
Discussion of report drawn up for the Legal Affairs Committee by Mr Mem- mel.		Discussion of a report drawn up for the Committee on Agriculture by Mr Vetrone; Mr Vetrone, rapporteur; Resolution agreed to	129
Mr Memmel, rapporteur; Mr Meister, for the Christian Democratic Group; Mr Broeksz, for the Socialist Group, Mr Baas for the Liberal and Allies Group; Sir Derek Walker-Smith for the Conservative Group; Mr Triboulet for the European Democratic Union Group; Mr Cipolla, Mr Dewulf, Mr Lefèvre, Mr Scarascia Mugnozza, Vice- President of the Commission of the European Communities; Mr Cipolla, Mr Memmel, Mr Broeksz, Mr Dewulf.	98	11. Regulation on a system of premiums for beef and veal production	
6. Order of business		Discussion of a report drawn up for the Committee on Agriculture by Mr Vetrone; Mr Vetrone, rapporteur; Mr Aigner, Deputy draftsman for the opinion; Mr Richarts for the Christian Democratic Group; Lord St. Oswald for the Conservative Group; Mr Briot for the European Democratic Union Group; Mr Scott-Hopkins, Mr Brewis.	130
Mr Briot, Miss Lulling, Mr Briot	111	12. Change in the agenda Mr Vetrone	143
7. Oral Question 26/72 with debate : build-up of butter stocks and their use Mr Cipolla, Mr Lardinois, Member of the Commission of the European Com- munities; Mr Martens, for the Christian Democratic Union Group; Miss Lul- ling for the Socialist Group, Baroness Elles for the Conservative Group, Mr		13. Regulation on a system of premiums for beef and veal production (contin- ued)	
		Mr Lardinois, member of the Commis- sion of the European Communities; Procedural motion; Mr Cipolla, Mr	

<i>Vetrone, Mr Héger, Mr Cifarelli; Procedural motion withdrawn; Motion discussed; Preamble agreed to; Amendments No. 1 and 2/rev. to Para. 1, Mr Scott-Hopkins, Mr Briot, Mr Scott-Hopkins; Amendment No. 1 withdrawn; Mr Vetrone, Mr Briot, Mr Vetrone, Mr Richarts; Paragraph 1 agreed to; Amendment No. 2/rev agreed to; Paras 2 to 5 agreed to; Mr Houdet, Mr Vetrone, Mr Scott-Hopkins; Resolution agreed to</i>	143
14. <i>Directive on cocoa and chocolate products</i>	
	149
	154
	154
	154

IN THE CHAIR : MR BEHRENDT

President

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments ?

The minutes are approved.

2. *Receipt of a petition*

President. — I have received a petition on Vietnam from Mr Feidt, Mr Lalleur, Mrs Stevens and other members of the staff of the European Parliament.

In accordance with Rule 48 of the Rules of Procedure the petition has been entered in the register as No. 2/72 and referred to the Legal Affairs Committee.

3. *Statement by the President*

President. — Ladies and Gentlemen, The enlargement of the Community, which we have all welcomed, has raised a number of technical problems for our Secretariat.

Within our Parliament the first concern has always been the fact that every delegate must be given the opportunity to express himself

Discussion on a report by Mr Vanderwiele drawn up for the Committee on Social Affairs and Health Protection by Mr Vanderwiele; Mr Vanderwiele, rapporteur; Miss Lulling for the Socialist Group; Mr John Hill; Procedural motion; Mr Vanderwiele, rapporteur; Miss Lulling, Mr Lardinois. Vote on the motion deferred

15. *Reference to Committee* 154

16. *Agenda for the next sitting*

Mr Vetrone 154

in his mother tongue and also to read all documents in his own language. This highly democratic principle of giving every delegate the opportunity to perform his work under the best possible conditions was not always, even when there were only four official languages, easy of accomplishment. You can well imagine that the task of our Secretariat has been made no easier by the addition of a further two languages.

Nevertheless, everything has been done to observe this principle at the beginning of 1973. For technical and material reasons, however, it has not been possible to preserve it entirely; the necessary staff was not yet available on 1 January 1973, and it will still take us some time to find it.

In view of this situation certain measures must be taken and certain priorities fixed.

As an immediate step absolute priority was given to the translation in six languages of texts which must be voted on.

Thus, all motions for resolutions awaiting a vote at this sitting have been translated and distributed.

On the other hand, it was not possible within the short time to translate the reasons for the resolutions, or to duplicate them. Therefore, the rapporteurs will submit all reasons for resolutions orally.

As regards the distribution of documents, every effort will be made to distribute documents as far as possible at the same time in all languages. It is already apparent, however, that owing to these difficulties, it will not always be possible to make the distribution at the same time. It has therefore been decided that, should distribution

President

be delayed by translation and duplication in English and Danish, distribution in the other four languages will begin at once, while the remaining versions will follow as soon as possible.

I am convinced that I can count on the understanding of you all, and for myself I can assure you that the Bureau and the Secretary General will see that this situation, which is due to exceptional circumstances, will remain an exception and that all steps will be taken to ensure that it is as short as possible.

Finally, I am pleased to be able to state that, thanks to the efforts of the Secretariat, and despite very limited facilities, it has been possible within a very short time to make available to our new colleagues not only all documents shown on our agenda, but also the following: the Rules of Procedure of the Parliament in Danish and English, and in English the Rules of Procedure of the Parliamentary Conference of the Association between the European Economic Community and the Associated African States and Madagascar, as well as a handbook containing all resolutions on the General Reports agreed to since the inception of the Community, and the resolutions which concern the Parliament in the institutional field and the powers of the Parliament, together with the resolutions adopted since March 1972.

I should like to take this opportunity to thank the staff of our Secretariat, especially our translators, our first British, Irish and Danish lady secretaries and the printing staff for the work they have performed and for their zeal in their work.

(*Applause*)

4. Regulation on labour disputes

President. — The next item on the agenda is debate on the report by Mr Reischl, drawn up for the Legal Affairs Committee, on the proposal from the Commission of the European Communities to the Council for a regulation on legislation for the settlement of labour disputes in the Community (Doc. 261/72).

I call Mr Reischl to present his report.

Reischl (*rapporteur*). — (D) Mr President. Ladies and Gentlemen, I should like to make a brief statement in substantiation of the written motion for a resolution now before you.

The Council regulation of 15 October 1968 which established freedom of movement of workers within the Community has led to increasing

labour mobility across frontiers. As a result the question arises of the application of different national legislation for more and more contracts for work to be performed in a member country other than the worker's country of origin. In the main these are cases where a firm has branches in another Member State, which engages labour from the country of the employing firm. There are, however, other cases, and they too must be provided for, where workers are occupied in another Member State, but are not on the permanent staff of a firm in that country.

The legal position varies considerably according to the legislation in the individual states. The result is that there may be a conflict between social welfare legislation in cases where we already have a uniform solution of the question of which national law is to apply and the supplementary labour legislation. I have in mind continuing wages payment in sickness, maternity benefits and accident compensation.

All this means that the freedom of movement of labour within the Community may be endangered by this legal uncertainty. For this reason the proposed legislation seeks to establish objective criteria and standards aimed at the application of a definite practical labour law in Member States, which will ensure exact knowledge of the labour law which will apply. I consider the solution as submitted by the Commission, for which I sincerely thank the Commission on behalf of the Legal Affairs Committee, very well balanced. I am convinced that it will prove its worth in practice. The starting point is the system of labour legislation in force at the place of employment. That is the most sensible method, because it creates no contrast between the labour law system to be applied and the "lois de police et de sûreté" applicable at the place of employment. And all workers, both of other Member States and of the Member State itself, are subordinate in the firm to a uniform system of labour law, so that no risk of discrimination arises. In particular, the risk is avoided that, in subjecting the worker to different labour law systems in the same firm, the particular national labour law system is controlled by foreign capital, owing to the use of the home country regulations concerning foreign workers. Lastly, uniformity is established between labour law and the law of social security.

In principle, as I have said, the law of the place of employment applies. Certain exceptions must, however, be made. The Commission has realized this and has made two exceptions. They apply, first, to cases where a worker is transferred by the firm itself to a branch establishment in

Reischl

another Member State. The Legal Affairs Committee proposes supplementary clauses. This would mean that an employment contract may establish in writing that, as an exception, and departing from the basic principle, the law of the home state of the worker concerned, that is the law of the legal domicile of the firm, is applied. Our wish is that this exception shall apply also to cases where a worker is transferred from one branch establishment to another in another Member State, or back to the main establishment.

This case is intended by way of analogy.

In the negotiations conducted by the Legal Affairs Committee the Commission has stated its approval of such an amplification. I am convinced that it will do the same again today. Article 4 is supplemented by a new paragraph 3, as shown in the printed report.

The other changes in Article 4 are of minor importance. The question is what is to be the principle governing solutions to such exceptional cases. I too regard it as a good principle that certain fundamental rules as to the main establishment of the firm shall always apply. There follows a long list. We wish to propose two small additions. Not only suspension of work on Sundays and public holidays, but also the general rules shall apply, since there are exceptions, whereby in certain firms work may be done on Sundays and public holidays.

Similarly, we wish to augment the group of specially protected persons, e.g. to include severely injured persons. Further, we intend to propose that not only prohibitions, but the general rules for protection shall apply universally. Here again the Commission has expressed agreement in the Legal Affairs Committee.

The first of the two exceptions is where a worker is employed in another Member State only temporarily. It goes without saying that the tie with the home firm is stronger and that, if he has worked for 12 months in another country, he cannot be subject to a new system of law. This would make a transfer for any longer period impossible. Such cases are more in the nature of assignments.

The second exception is where a person is employed in another country without becoming a permanent member of the staff. I have in mind commercial representatives, not self-employed persons but employees who work in another Member State. Here again, logically, only the law of the home firm can apply.

In conclusion, I repeat, I should like on behalf of the Legal Affairs Committee to say: We are

very grateful to the Commission for having submitted this regulation. I express the hope that as soon as possible the Council will pass what is, in my opinion, a very well-balanced regulation, thus ensuring freedom of movement in our Community.

President. — I call Mr Vandewiele, draftsman for the opinion of the Committee on Social Affairs and Health Protection.

Mr Vandewiele, Draftsman for the Opinion. — (N) On behalf of the Committee for Social Affairs & Health Protection. — Mr President, I should first of all like to congratulate Mr Reischl most cordially on his excellent report and equally on his very clear comments. On behalf of the Committee for Social Affairs, which has given its opinion on the proposal for a regulation, an opinion it has not yet been possible to circulate to Members of the Parliament, I should still like to put forward a few brief observations.

The problem that now concerns us was examined by the Committee for Social Affairs back in 1967. In the report by Mr Pêtre, concerning the proposal for a regulation by the committee in the matter of free movement of workers within the Community, the desire was expressed that an Article 49 (a) be included in the Regulation.

The Council was therefore expected to lay down provisions before 31 December 1968 to define the law applicable to disputes.

The Council did not take up this proposed amendment in its Regulation (EEC) 1612 of 16 October 1968 introducing free movement of workers. The former member of the Committee, Mr Levi Sandri, in fact stated in plenary session in October 1967, in his reply to Mr Berendt: "This is a very difficult and complicated question, but in view of the fact that we have already been working on it for some time, I believe that we shall soon be able to make concrete proposals towards a solution."

The Commission of the European Communities is therefore now following up a wish expressed by Parliament in 1967. The delay of five years in submitting this proposal is in any event a matter of regret.

As far as the heart of this regulation is concerned, it should first of all be noted that it does not refer to the questions of the powers and jurisdiction of the courts, which are governed by the Convention on Jurisdiction and the Enforcement of Civil and Commercial Judgments that was entered into by the Member States on 27 September 1968. The draft regula-

Vandewiele

tion refers only to labour law applicable to workers moving within the Community. A number of questions that were put by various members during the deliberations of the Social Committee therefore fall outside the scope of the present regulation. Mr Reischl also wished to draw our attention to this.

This applies for example to the application of Articles 14 and 15 of the French *Code Civil*, a question settled by Article 3 of the above-mentioned Convention, and also to the difficulties regarding legal jurisdiction to which a migrating worker might have recourse should he wish on his return to his home country to serve a writ upon his former employer, in order, for example, to recover remuneration owing to him by this employer.

The Committee for Social Affairs cannot but agree with the territorial criteria chosen by the Commission for the present regulation, which is to say that labour law to be applied must be that applying where the employing undertaking is established.

These criteria do guarantee that the law will apply uniformly in respect of personnel employed in the undertaking. In addition, disputes are thereby avoided between native and foreign workers. The exceptions made will further enable specified groups of workers employed within an establishment or who are sent abroad for a limited period to choose which law shall apply to them and therefore if necessary to retain the advantages that they could derive from the original agreement.

Criticism could probably be made of the proposed Article 4, which relates to workers transferred by their firm to a branch abroad. In this case the legislation applying to the worker will be that of the country in which he finds himself, unless—according to the remarks by the Commission, merely in exceptional cases—provision is made in writing that the law of the land where the contract of employment was made, that is to say where the undertaking is registered, will continue to apply.

In the first place it should be more explicitly stated that the transfers concerned are those abroad for an unlimited space of time and not merely for a limited period, as in the latter case the worker concerned will be subject to Article 5, which provides that the law of the place where the worker's original undertaking is established remains applicable.

Our Committee for Social Affairs has expressed the wish that Article 4 should be made more general in intention. This Article in fact only

covers the case of the worker who is transferred from the undertaking's registered office to one of its undertakings abroad. It may be wondered why no account is taken of those other cases, for example the extended transfer of a worker from an undertaking established in the territory of one Member State to the undertaking's head office in another Member State and transfer from the one establishment to the other.

We are concerned here with cases which are becoming more frequent due to the phenomenon of international companies. The rapporteur has already drawn attention to this point. We note with satisfaction that the Legal Affairs Committee proposes an amendment to Article 4, paragraph 3, to take account of the said difficulties, which fulfils a desire expressed both by the Economic Affairs Committees and the Committee on Social Affairs and Health Protection.

With regard to the minimum protection guaranteed by virtue of the provisions of Article 4, paragraph 1, clause 2a, to workers transferred abroad, it should be noted that several points in the Commission's proposal are too limiting in their drafted form. Article 4 of the proposal, for example, mentions provisions prohibiting the carrying on of work on Sundays and public holidays, while it would be more correct to speak of provisions regulating such work, which may be permitted under certain conditions.

Mr President, we are therefore glad to associate ourselves with the appropriate proposed amendments made by the Legal Affairs Committee. The Committee on Social Affairs and Health Protection can in principle support the criteria on which the regulation is based and the solutions contained in it. It however regrets the delay in submitting this proposal. It welcomes the fact that the Legal Affairs Committee has taken a number of its proposals into account, particularly with regard to the important Article 4 of the Commission's proposal.

On behalf of the Committee on Social Affairs and Health Protection I should in turn like to ask Parliament to approve the proposed resolution and the proposed amendments.

President. — I call Dr Hillery to inform the House of the position of the Commission of the European Communities on the proposals for amendments tabled by the parliamentary committee.

Dr Patrick Hillery, Vice-President of the Commission of the European Communities. — (E) I thank those who have contributed to this

Dr. Hillery

complex subject. It has yet to be determined which legal system will apply in labour relations law to workers in the Community. This has been seen as an obstacle to the application of the principle of the free movement of workers. To this end the Commission has put forward proposals for regulations based on the principle that labour relations should be governed by the law applicable in the State where the establishment is located, where the worker is employed.

Derogations will be made from this basic principle of compulsory application of the labour law of the Member States in which persons are employed. These derogations are indicated in Articles 4, 5 and 6. To avoid disturbance of the social and economic order of the State where the work is done, the law currently applicable in the State must be applied to the extent to which it deals with conditions of work governed by the police and security regulations set out in Article 4 (a - i) with the possibility that the States may extend them under the conditions indicated in Article 4 (2).

The committees of the House have endorsed the report and the proposals on this conflict of the law, and have proposed some amendments, which, might I add, are acceptable to the Commission. They unquestionably add a good measure of improvement to the proposals which have been put forward.

The Commission therefore welcomes the constructive work which has been done by the European Parliament in what I have described as a field which is proving extremely complex. This regulation, once it has entered into force, will, I think put an end to the legal uncertainty in labour relations prevailing in the Community and impeding the full implementation of the principle of the freedom of movement of workers.

As I have said, the amendments are acceptable, and an additional amendment which was proposed here in relation to the time limit on the transfer of workers seems to me also to be acceptable.

Again I thank you, Mr. President, and the House.

(Applause)

President. — Does anyone else wish to speak?

I put the motion as a whole to the vote.

The resolution is agreed to.¹

5. Addition of a new rule in the Rules of Procedure

President. — The next item on the agenda is debate on the report by Mr Memmel, drawn up for the Legal Affairs Committee, on the addition of a Rule 47 (a) to the Rules of Procedure introducing a question time in the European Parliament followed by a debate if so requested and on an outline implementing procedure (Doc. 252/72).

I call Mr Memmel to present his report.

Mr Memmel (rapporteur). — (D) In presenting Document 252/72 the European Parliament would like to introduce a practice which has existed for some time in various national Parliaments and has acquired special importance in the House of Commons, the "Mother of Parliaments". There, Question Time has proved to be an important parliamentary instrument which influences public opinion, and is a means of subjecting the government and the administration to constant supervision and criticism.

Ladies and Gentlemen, the report you have before you with the resolution has of course certain shortcomings. It certainly needs improvement, but I would urge you in all sincerity to make no changes in it, as it has already taken us long enough to prepare the subject for the Plenary Session. The report has been a regular chapter of accidents, if I may so describe it. On 7 October 1971 — repeat 1971 — the Legal Affairs Committee was directed to deal with the matter. The committee had several sittings and voted unanimously in favour on 14 March. The Commission then raised some difficulties. On 20 March 1972 we again discussed the matter, noted and took up the Commission's comments, and made an addition to the report.

This now enlarged report of 24 April 1972 found no favour with the enlarged Bureau. In September 1972 that body made some new proposals, which obliged the Legal Affairs Committee to consider the matter once again. Now at last we are at the stage where we have a document ready for the Plenary Session.

Ladies and Gentlemen, in principle, the resolution to introduce question time and debate, into the European Parliament is to be welcomed. If both instruments are used properly, both question time and debate, represent genuine parliamentary instruments of supervision and for influencing public opinion, and may serve to some extent to draw the European Parliament out of its shadow existence. Question time and debate may arouse public interest in the sittings

¹ OJ No C4 of 14 February 1973.

of the Parliament, and perhaps serve to draw closer the bonds between it and other institutions. So much for the principle.

We in the Legal Affairs Committee have reached agreement to insert a short Rule 47 (a) into the Rules of Procedure, but to incorporate the outline implementing procedure into the *vade mecum*, which those interested may consult. I cannot help saying that it would be foolish simply to incorporate all the guidelines and outline implementing procedure into the Rules of Procedure. The proposal to absorb them into the *vade mecum* is better.

In conclusion, may I say that the Legal Affairs Committee very much welcomes the introduction of question time in the European Parliament, and at the same time expresses the expectation and hope that, as a result of the proper use of this instrument by Members, and of course the Bureau it will be possible to reduce somewhat the large number of written questions tabled by individual Members and printed in the Bulletin.

President. — I call Mr. Meister, to speak for the Christian Democratic group.

Mr Meister. — (D) Mr President, Ladies and Gentlemen, on behalf of the Christian Democratic Group I have pleasure in speaking on this report on an addition to the Rules of Procedure.

Two days ago, in his speech on assuming office, the leader of the British delegation emphasized the need to develop the responsibilities of the European Parliament, in other words to build up democratic parliamentary democracy in this Community. In our judgment the concept expressed is greatly to be welcomed. The struggle for the widening of responsibility has already been very difficult in the national States, and will be no simpler in the European Community. We are confident, however, that the United Kingdom representatives, with their long experience, can make a major contribution.

Mr Memmel's report represents a step, if only a small one, in this direction. The resolution in principle of the enlarged Bureau, the body which initiated the report, to introduce into this House a question time and debate, is greatly to be welcomed, and we feel that, in making this resolution, the Bureau really had a brilliant and original idea.

We may expect, and we think this important, that if Question Time and all that it involves is properly conducted, not only will it provide an effective instrument to influence the public but that public interest in the Parliament's task

will be aroused and promoted. In some national Parliaments, especially in the House of Commons, this and similar institutions already exist.

From my knowledge of the Bundestag. I may say the experience has been successful. We must remember, however, that it will be favourable only if Question Time is conducted at an appropriately high level and does not deviate into humdrum questions, questions which perhaps do trouble Members and indeed must trouble them, but do not come within the responsibility of the Commission or the Council. Very precise conditions must, therefore, be laid down for questions to be accepted: questions must be clearly worded, relate to concrete problems, and should not deviate into abstract generalities; they must be so framed as to elicit short and clear answers, which can be given without time-consuming preliminary work, detailed study or research, etc. Questions on the agenda for the day should not be raised, since we do not wish to bypass, favour or relegate to Question Time the discussion of items on the agenda.

The principle is also important, Mr President, that questions must in fact be asked, rather than that explanations, statements, assessments or other irrelevant matter be offered.

You will see from these limitations, which require the President of the Parliament to weigh up whether a matter is admissible, that use has been made in the Legal Affairs Committee of the experience of other parliaments, in order to establish a high level for this Question Time and the greater demand for debate in the European Parliament. On the other hand, should the answer to his question be unsatisfactory, the questioner should be able to ask one or two further questions. Any member of the House may ask further questions and it is to be hoped that Question Time will develop into a living, effective enlargement of the Rules of Procedure, even if now and again the President of Parliament may have to use the right of limitation, in order to avoid too great a flow of questions. Purely as a formality it will also be necessary to know the Rules of Procedure provisions as to dates for tabling questions, the order of reply, as well as any written answers, time allowed for replies, facilities for complaints, etc. Members must therefore study this new section of the Rules of Procedure, in order to make fullest use of its potentialities.

The time for debate is always welcome in cases where it has not been possible to answer questions satisfactorily at Question Time. We must remember that a Member may only ask questions, and is at a disadvantage vis-a-vis the representative of the institution. He can merely

Meister

ask, whereas the representative may choose his words and enlarge on them. In our view there is a need for a broad debate, for an exchange of opinion, for contradiction, and sometimes for a counterplea, especially on matters of importance. Such requests for debate should be made only in the case of really topical questions of general interest. Only then will it fulfil an important parliamentary function and become an instrument of spontaneous criticism and supervision.

Mr President, the enlargement of the Rules of Procedure as proposed is an experiment. We hope it will prove its worth, even if experience makes improvements or amendments necessary. We know from long experience that not all that is suitable in a national Parliament can simply be taken over by the Community with its complex institutional structure. But we feel confident that the introduction of Question Time will prove its worth and be a real step forward.

The Christian Democratic Group supports both the motions from the Legal Affairs Committee. It would like to thank the enlarged Bureau for its suggestions, the members of the Legal Affairs Committee, and especially the rapporteur and the secretariat of the committee for their work and cooperation.

(Applause)

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

Mr Broeks, spokesman for the Socialist Group. (N) Mr President, Ladies and Gentlemen, the day before yesterday at the ceremonial sitting we heard some encouraging words about the rights of the European Parliament and on the many rights it lacks. This opportunity was also rightly taken to ask if we are making satisfactory and correct use of the rights that we have. This too is an important question.

Mr. Memmel's report deals with the very important matter of the right to put questions in the European Parliament. The right to question is one of the important means of control that the Parliament possesses.

This report deals with how we can activate this right to question. It gives us the opportunity to prod in cases of bureaucracy and inattention by the Commission and its services and by the Council and its services. It above all offers the opportunity of putting questions on possible corruption and fraud in the Community as a whole and to exchange thoughts on present problems.

We thank the rapporteur for his report which sheds a clear light on the opportunities that are

available here, including the important observation that even during Question Time, one hour equals sixty minutes.

Mr President, I can fully support what Mr Memmel and Mr Meister have said.

I should only like to add to this that it is important that the question be read out here.

In other Parliaments this may perhaps not be necessary because it is possible there to have written notice of the question that is put. In the European Parliament this in fact means that the question has then to be translated into the Community's official languages, while if the question is read out here, use can be made of simultaneous translation. This naturally saves a good deal of work.

Our Group has no objection to the report and hopes that it will be accepted by unanimous vote, so that we shall soon be able to make use of this question time.

But even if the Members of this Parliament were to make excellent use of what is stated in this report, it is nevertheless by no means certain that Question Time will be a success. This will always depend in part on those to whom our questions are addressed. In this case I mean representatives of the Commission and of the Council of the European Communities.

It is very important that we should learn from them, particularly from the Commission the appropriate member of which is present, what they think of this report.

Will the Commissioners to whom the questions are put be present at the time when the question is put? Or will they not be present?

The position should not be that the one Commissioner says to the other: "You are going to the meeting anyway, this is my answer, just read it out; and as to the supplementary questions, you will be able to get round them." If it is done like this, the plan will fail. It will fail because it will not then be possible to carry on the debate that may lie behind it with the Commissioner concerned. I consider it very important that when questions are put the Commissioner concerned and we would hope, the President of the Council or his Deputy, will be present to answer the questions.

I have one request, Mr President, which is to ask the President of the Commission if it can hold its weekly meeting on the day on which we put these questions. I know that the Commission does not always meet on the second day. If they always meet on Wednesday, we could consider holding Question Time not on

Broeksz

the second but on the third day of our part-sessions. I do not think that the rapporteur will have any objection to this.

The main thing is that we can be sure that the Commission will answer the questions.

The Commissioner present, Mr Scarascia Mugnozza, may perhaps be prepared to promise now what we ask here. I have the feeling that the whole of our Group would be glad to accept this. I agree with Mr Meister that we must wait and see how it works in practice. Should any changes prove necessary an alteration in our Rules would not be so difficult that we could not introduce it after a year or two. I join with the previous speaker in hoping that we shall make a success of it ourselves and that we shall also be able to count on the full support of those to whom we address our questions, the Commission and Council.

President. — I call Mr Baas to speak for the Liberal and Allies Group.

Mr Baas, spokesman for the Liberal and Allies Group. — (N) Mr President, Ladies and Gentlemen, this proposal from the Political Affairs Committee is aimed at solving a problem with which Parliament has been struggling for many a year i.e. whether a Question Time should be introduced. The right to ask questions involves an obligation to make use of it. My Group also sees this proposal as a further opportunity of bringing the preparatory work for policy decisions in the Community more into the public eye. The preparatory work for policy decisions in the Council and Commission and the preparation of our work in our committee meetings take place behind closed doors. As you know, Mr President, this problem has already been put on the agenda on several occasions. How can Parliament publicise its work more? There is an opportunity to do so in Question Time. Much of our work and discussion concerns executive arrangements, all that has to be brought about to make a market regulation effective. The many reports that are on the agenda today nearly all relate to Commission regulations that have been submitted to Parliament for comment.

The problems with which the Community is faced are seldom topical. So we must not use Question Time to conduct polemics or to continue fruitless discussion which has been making heavy weather in the parliamentary committee. I agree with Mr Broeksz that for a discussion to be truly topical the Commission and the Council would have to be present here. We can read the stereotype answers by the Council, but they are not sufficiently interesting to attempt

delving deeper into the material. If we are to make a success of Question Time the participants, and Members themselves in the first place, will have to limit their scope when putting questions. As far as possible they must present their arguments very clearly and very concretely. I do not wish to go as far as Mr Memmel, who said that there are some colleagues who ask too many questions. It is not for us to make such value judgements. The Members concerned feel the need to put a question. Democracy gives them a right to it. They are also, of course, bound to make something of it.

The value judgement lies in the answer to the question and in the personal responsibility of the questioner, but not in the number of questions that he puts.

My Group sees Question Time as an opportunity of airing topical matters on which policy decisions are soon to be taken. Detailed discussion of frauds and suchlike is perhaps worth space in the newspapers. But Question Time must in fact take its rightful place in that a real contribution is being made to policy decisions. In Question Time we see a possibility of obtaining an altogether better understanding of the problems with which we are faced. In addition, cooperation can be furthered by this means. An answer by the Commission or by the Council can have a fundamental bearing on the preparation for discussions on parliamentary committees and in Parliament at a later stage. I hope that the Commission and the Council are aware of this.

A reply by a Commissioner other than the one responsible seems to me of little purpose. As soon as Parliament knows that the Commissioner is reading the reply, it would find it particularly easy to embarrass him by means of supplementary questions. I therefore hope that the Commission will prepare itself. From the reply to a supplementary question we shall know whether the Commissioner knows exactly what he has told us or whether he has merely read out a piece of prose that has been prepared for him. I urgently appeal to the Commission and the Council that they be aware of this. It is stated quite clearly in the proposal that two supplementary questions may be put. The supplementary questions offer an opportunity of testing the Commission or the Council.

These sixty minutes must be spent usefully, for example, on topical problems where policy decisions are being prepared and are being given attention in the press. It is not a matter of which Member happens to be speaking. It is a matter of problems being presented in such a way that we can continue to work on them.

Baas

My Group therefore sees an opportunity of gaining information, but I should like to stress two other important aspects. Parliament is prepared to work quickly and take decisions. But I must comment that experience shows that there are some in Parliament who attempt to postpone decisions. Arguments can of course always be found to support this, translation amongst others. We have not, for example, dealt with the problems of ethylalcohol. We are familiar with the existing controversy on the matter. It is therefore not just the Council that attempts to avoid decisions on particular problems. I think that the Council still has 200 or 300 proposals in its in-tray, from which at the eleventh hour it can make a selection according to the lie of things. But this is a phenomenon that I can also detect from time to time in Parliament.

Mr President, in a democracy we have to take decisions in such a way that a majority decides. This decision must then be respected and we must join together in seeing that it is carried through. If Question Time can contribute to getting statements of principle from the Council and the Commission at an early stage, then I feel that we can make a success of this Question Time. For the rest I hope, Mr President, that you will see to it that Question Time takes its rightful place in the sense that we shall be able to put a large number of questions and that we shall also receive a large number of answers and that we shall not end up becoming bogged down in controversy with each other, which would deprive this part of our activities of their immediacy.

Mr President, the Liberal Group is prepared to cooperate in this experiment, but I do urge the other Members of Parliament to do what they can so that we may receive a maximum of information in those sixty minutes, so that we can take this into account when preparing resolutions and taking other policy decisions.

President. — I call Sir Derek Walker-Smith to speak for the Conservative Group.

Sir Derek Walker-Smith. — (*E*) It is with a sense of privilege that I rise to make my debut in this Parliament in the debate on this important and stimulating report presented with such grace and distinction by Mr Memmel. It is a report dealing with matters which lie very close to the heart of our parliamentary procedures. I speak here for the Conservative Group, whose keen and constructive interest in procedural progress and improvement is already evidenced by the presentation of the memo-

randum referred to by Mr Kirk in the ceremonial session.

It is nearly 28 years since I made my debut, my maiden speech, in the House of Commons; but even that period is only a very short span in Britain's long parliamentary history, perhaps 5 per cent of the whole.

I should like to thank Mr Meister and Mr Memmel for their gracious and courteous references to British parliamentary experience and to say that we in our turn would hope to profit from the experience of question time as operated in the Bundestag.

At Westminster we are still learning after many centuries. It is not surprising, therefore, that this European Parliament should still be in the formative stages of its procedures. For myself, I have some little experience of parliamentary questions at both ends, so to speak. For over 20 years I have been asking them; for five years, as a Minister, I sought to answer them; and both activities were certainly enjoyable. I can only hope that they were useful, too.

There is no doubt that the inauguration of a regular question time and the opportunities for debates on matters of topical interest will mark an important advance in the working methods of the European Parliament.

I have a few critical comments to make but I have harkened to the exhortation of Mr Memmel; and in deference to his very natural desire to see some fruits, albeit tardy, of his long labours, I have not found it necessary to formalise them in the way of amendments. They must be viewed against the background of a warm and general approval of the report as a whole and of my respectful congratulations to the rapporteur and to the committee of which as from now I am proud to be a member.

The first of my specific points is this. In adding the proposed Rule 47 (a) the motion specifically states. Rule 46 shall not be affected by this provision. In one respect I think that is a pity because Rule 46—albeit that it is a rule dealing with oral questions without debate—makes provision for a supporting ten-minute speech. Speeches in question time are, with respect, out of place. They may properly and usefully follow in a topical debate such as is contemplated by the new Rule 47 (a), but they should not be injected into the actual question time. They inevitably blur the sharp edges and blunt the foils of what should be a quick and lively exchange of question and answer. If this provision in Rule 46 is allowed to co-exist with the new Rule 47 (a) it will make it more difficult to achieve the brevity and pertinence very

Sir Derek Walker-Smith

properly sought by the guidelines. I think therefore, and the Conservative Group thinks, that it should not be long before the Legal Affairs Committee takes a critical look at Rule 46 and Rule 47 also, and, indeed, at the whole corpus of our procedural code.

I wish to make some brief reference to the guidelines. The first is: 'Questions shall be brief and allow of a brief answer'. In the Shakespearian idiom, a consummation devoutly to be wished. But, of course, brevity involves a subjective value judgment, and after operating a regular question time for a period Members will be struck by a curious fact: it is always the questions of other members that seem to be prolix and prosy, whereas their own questions will always be pithy and pertinent. Hardly will they have registered that impression than they will be subjected to another powerful and paradoxical impression, that however clear, relevant and valuable questions may be, the answers tend to be discursive, evasive and unsatisfactory. However, even in forming these views, Members will be wise to pause and reflect that, viewed from the standpoint of the Commission and the Council, things look a bit different. In their view it is the answers that are models of administrative propriety and discretion, whereas the questions, alas, all too often are misconceived, unnecessary, prejudicial and sometimes plain mischievous.

There are further guidelines, most of them impeccable if sometimes containing glimpses of the obvious. There is, however, one of main importance, and one or two require a short comment.

The one of fundamental importance is that which says that, to be in order, questions shall fall within the competence and sphere of responsibility of the Commission and the Council. When once you have set that very necessary limitation on the scope of questions, you have done most of what is necessary to safeguard question time. For the rest it is a matter for the discretion and skill of the chair.

The next guideline says that questions shall not require lengthy studies or inquiries by the institutions concerned. I must, with respect, warn members of the dangers of this guideline. It is a dangerous limitation even if well-intentioned. It would provide an easy and sign-posted escape route for any commissioner or member of the Council who might seek to evade—Heaven forbid the impious thought—an inconvenient question. It is, of course, precisely those questions which are inconvenient to the executive which it is the duty of Parliament to prosecute and press. There is the further

question: When are studies to be judged as lengthy, by what criteria and in whose judgment?

Those are the specific comments I wish to make, but I want, in conclusion, to make a general observation. It is a great and important thing for any parliament to introduce a procedure for the effective and regular interrogation of the executive. It is a great thing, but it is not everything. We must not exaggerate the effect or importance of these innovations which we discuss here today. It is not the whole answer to the question of parliamentary control, even in the House of Commons, where we have over 30,000 questions a year, and here only 60 minutes every month or so. However, it is wise not to exaggerate the importance of these innovations. It is right to remember that the value of question time is not restricted to particular answers to specific questions. It is a case where the whole is much more than the sum of the individual parts.

The real value of a regular question time is that it imposes on the executive the knowledge that all their actions are subject to parliamentary scrutiny and interrogation and will be examined closely and conscientiously in the interests of those millions whom we here seek to represent. That knowledge has a tonic effect on executive bodies. It is a spur where speed is needed and a brake where administrative considerations are in danger of out-running popular will.

The attitude of Parliament to the executive should be one of criticism and inquiry, tempered by the realisation that action, administration and the effective practice of government is inherently and inescapably more difficult than the task of comment and criticism without the function of government, which is all that rests with us here in this Chamber. The relationship should therefore be one of continual confrontation stopping short of conflict. We should always bear in mind the words of the general to his staff officers: 'Always remember, Gentlemen, that, in spite of occasional evidence to the contrary, we are all on the same side really.'

All of what we seek to do here is part and parcel of an important task, a task which must command the attention not only of this Parliament but of all the national Parliaments as well. It is only by the cumulative efforts of all parliaments that the ideal expressed in the *exposé des motifs* of bringing the executive under parliamentary control can be achieved. That is an ideal of abiding importance but of particular significance at this present time when new countries have joined the Community. There are many of these countries with grave

Sir Derek Walker-Smith

and sincere misgivings, especially in regard to what they think may be the bureaucratic and supranational rigidities of the executive institutions of the Community, and for myself I share these misgivings. On the question of British entry to the Community, if I may quote the Churchillian phrase in a different context: 'I find no difficulty in confining my enthusiasm within the bounds of decorum.'

If therefore these doubts are to be stilled and these anxieties are to be allayed, if the peoples of our countries are to accept the workings of the Community in their hearts and in their minds, these workings must be conducted in a spirit of parliamentary democracy and according to its forms and be seen to be so. That is the vital objective. Therefore, though the motion is a valuable step, it is the first step only; but I hope that, in this as in other matters, it will turn out to be a case of 'il n'y a que le premier pas qui coûte'.

(Applause)

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

Mr Triboulet. — (F) Mr President, Ladies and Gentlemen, the European Democratic Union Group can only be delighted to see our European Parliament adopt British time. I would add, because I have been a parliamentary representative for a long time, almost as many years as my colleague Sir Derek Walker-Smith, myself representing Normandy in the French Parliament, that we could equally well call that time "Norman time". In fact, without wishing to take issue with Mr Memmel, who mentioned the House of Commons as the "Mother of Parliaments", we think that the Norman "Exchequer" played a vital role in the history of parliaments. Does this mean that "question time" existed in the era of William the Conqueror and his successors? I would not swear to it! All the same, that Exchequer, which was the precursor both of parliaments and counting houses, indubitably made a valuable contribution to the form of parliaments throughout the ages.

In fact, British influence, or rather, so that everyone can be in agreement, Anglo-Norman influence, on our national Parliaments has already been apparent. The French Parliament has recently added an "urgent questions" procedure to the procedure of "oral questions" with or without debate. Moreover, when the Bureau of the European Parliament and the Legal Affairs Committee took up this suggestion of introducing, by means of a Rule 47 (a), a time reserved for questions in our European Parlia-

ment, we imagine that they were not altogether unmindful of the fact that our British colleagues were to join us on the benches. It is a kind of welcoming present: so that our colleagues should not feel out of their element, this debate has been placed on today's agenda.

We heard with great interest the address by Mr Peter Kirk and we have already studied his memorandum. We think that it is in accord with the underlying principles of a concept which the European Democratic Union has very much at heart: we can, in present circumstances, obtain a great deal from this Parliament. The European Parliament has powers which it can use and which are available to it, in particular the essential power of supervision of the Commission's administration.

It seems to us that hitherto that aspect has not been taken up sufficiently and we very much look to our British, Irish and Danish colleagues to assist us to increase the supervisory powers of this Parliament.

Moreover, if you will forgive me for returning to the topic, this aspect was paramount in the Norman Exchequer and I know it exists in the British Parliament. We already have the powers to supervise the Commission's administration. Solely as a matter of form I would recall that stillborn motion of censure a few weeks ago, which in order to be valid within the terms of our Rules clearly had to relate to the Commission's administration.

How is it possible that our national Parliaments are not disturbed that we allow a European budget now drawn from own resources to reach nearly 4,500 units of account without any real parliamentary control being exercised?

Hence a vital function has to be performed in this connection, and the questions put to the Commission and to the Council in the special period which we are to introduce should relate to that administrative work. For the same reason, our Group has always drawn the attention of this Parliament to the fact that one of its essential tasks is to debate the Annual General Report, as provided in Article 143 of the Treaty. The presentation of that report gives Parliament the opportunity to require the Commission to render account.

Just now a Member known to everyone in this House and greatly esteemed by all of us was criticised for putting down a great many written questions. Permit me to say that I admire a high proportion of his written questions, and that such questions constitute one of the means whereby a member of the European Parliament is entitled to control the administration by the

Triboulet

Commission. He puts questions on specific aspects of the work of the Commission, which, unfortunately, we do too rarely in this House. In that spirit the European Democratic Union welcomes with great pleasure this opportunity of putting questions at sittings on specific points of the operations of the Commission or of the Council.

May I take this opportunity to add that if we institute these short, specific and effective debates, we should at the same time free our agenda of a number of specialized debates on topics on which the committees have reached some kind of unanimity. At your suggestion, Mr President, we have initiated a system of a certain number of votes without debate. Perhaps we should also apply that procedure in the case of specialized matters whose discussion at a public sitting is of no real interest.

To sum up, if we can give our European Parliament both greater vitality and greater effectiveness, that is assuredly the best contribution which we members of Parliament could make towards our common aim of creating a united Europe.

(Applause)

President. — I call Mr Cipolla.

Mr Cipolla. — (I) This discussion, Mr President, has reminded me of the beginnings of my parliamentary career in Sicily in a noble old building that the Sicilians remember with pride as being the seat of one of the first and oldest parliaments in Europe, the parliament established by the Normans and Swabians in our island. And this memory is a good omen for the meeting that, after almost a thousand years of conflict and suffering, is being held in this seat today among European peoples under the banner, I trust, of peace and progress.

Having made these observations and having congratulated all my colleagues who have made their contribution and who have raised the problem of parliamentary control over the executive, I cannot forget that the year is 1973, nor can I ignore the fact that powerful economic forces are at this time increasingly tending to limit the power of parliaments, that all over the world they are increasingly tending to curb the effectiveness of the form of peoples's control exerted through the parliamentary institutions.

I am well aware that such forces are permeating deep into these institutions and are attempting to reduce them to the symbolic and the formal, while the true seats of decision-making power are far from indiscreet eyes and ears, in places where the technocrats and the boards of large

companies are mapping out the lives of our peoples.

This means that we—not only we Communists but all those who wish to defend democracy—must continually reinforce the full powers of the democratic institutions to combat such attempts to restrict the powers of Parliament, especially in this seat, in this Parliament which, as we all like to remind ourselves frequently (but do not always act accordingly), was created and still exists with scanty powers. Indeed, it has been said that this Parliament is only of etymological origin: it is a place in which there is a great deal of talking but very little decision-making power.

These considerations should stimulate us all, honourable members, Mr President, chairman of the recognised groups, to deploy the few powers allotted this Parliament with great force and tenacity. And I express our agreement in principle with the proposals submitted to us by the Legal Affairs Committee. While I realise that they amount to very little, while I concede the validity of certain criticisms raised by Members from other parties these proposals nonetheless are a small step forward and we cannot oppose them.

I take this opportunity to remind the House that the parliamentary right to question the executive bodies is one that should be defended, by whichever political sector it is exercised, and the aspect most worthy of defence is its timeliness. I would like to remind you of the respectful protest that I addressed to the Chair in this House at yesterday's sitting regarding the continued postponement of discussion on my Group's question as to the problem of industrial sugar monopolies' disruption of Community regulations on free competition. We raised this question in November last year in good time for consideration during the part-session in December; it was then placed on the agenda for the January part-session and it has now been deferred until February. This fact demonstrates that the right of the individual parliamentarian—and therefore of Parliament itself—is being suppressed. Yesterday the President said—and it is recorded in the minutes—that it is normal practice that when requested by a committee the chair automatically orders its referral. But then, if this is the norm, I must say that it debases the spirit underlying the parliamentarian's right to exercise his power of questioning. I would remind you that we did not view the Bureau in ideological terms but rather on a functional terrain and we gave it our support at the time of its constitution; but the Bureau must defend Members' rights vis-à-vis the executive, whether this takes the form of the Council of Ministers

Cipolla

or whether it is the Commission. To defend the rights of Members means to ensure that replies are given to them promptly. I would remind you that I raised the point when the Commission had not taken a decision, and it had not decided because pressure had been exerted upon it to prevent it from deciding and to persuade it to refer everything to the new Commission. I did not obtain a reply then, I am not obtaining one now and it may be that when I do obtain a reply the Court of Justice at the Hague will have already reached a decision. In this way, the provision of Rule 47 of our Rules of Procedure will have been circumvented. Yesterday we were placated by the assurance that the chair had not been subjected to pressure. We found out, however, that pressure for deferment had come from the Commission; this is what the President said. We know what has dictated the Commission's attitude, what pressures, which governments or which industrial interests. For this reason, Mr President, I believe that even though this regulation increases the House's powers to question little and in a very contradictory manner, its approval is without doubt a positive factor; all of us, whatever our party, must be in favour of such an extension of Parliament's powers. It is a right which we must be very firm in establishing, for its infringement may affect one political party today, another tomorrow, or a parliamentary committee. The spheres of competence of the institutions must be respected.

Here Europe is playing a very important part in defending this institution. On these grounds, Mr President, I conclude with the hope that the novelty of the situation and a more tenacious defence of Parliament's rights will enable our institutions to function more effectively.

President. — I call Mr Dewulf.

Mr Dewulf. — (N) Mr President, it goes without saying that I cannot but welcome this initiative and I hope that in applying it we shall wish to take account of the particularly pertinent remarks that have just been expressed by the spokesman of the Conservative Group. I am convinced that we can depend on full co-operation from the Commission.

Political dialogue with the Council seems to me essential in this improvement in parliamentary procedure. We all feel that a certain shift should take place from the dialogue between Parliament and the Commission to a more intensive dialogue between Parliament and Council. The Council is not present here. Nor am I a member of the Legal Affairs Committee.

But may I put the following question: Can either the rapporteur or the Chairman of the Legal Affairs Committee or the President of the European Parliament give an assurance that the Council will not be able merely to agree formally to this procedure but will also be prepared in practice to accept this new opportunity to proceed via the mechanism of question and supplementary question in fact to a consultation, a dialogue between Parliament and Council. That is my worry, Mr President.

President. — I call Mr Lefèbvre.

Mr Lefèbvre. — (F) Mr President, as this debate draws to its conclusion, I should like to submit to the Bureau of this House and to the rapporteur, Mr Memmel, some observations made in the light of my experience—which, I regret to say, is somewhat longer than that of the distinguished speakers who have preceded me—in the parliament of my country, which has enabled me to form an opinion on the way in which the system of oral questions works.

I think that we shall be agreed that the system of oral questions cannot be allowed to interfere with the normal working of the House. The time which we are to devote to oral questions should be so organized by the Bureau that the greatest possible number of questions can be put in that space of time.

In the Belgian Chamber of Representatives one hour every Thursday is reserved for oral questions and not less than six questions can be put during that hour.

It is clearly understood, and I think this is the general consensus of opinion, that when oral questions are put the purpose is not to deal with fundamental matters; rather, the purpose, as Mr Triboulet very pertinently emphasized just now, is to question the Commission, or if appropriate the Council of Ministers, on the application of the Treaties.

The point which I should like to take up at the moment is that there seems to be a suggestion that if a question has been put and the reply given by the spokesman for the Commission or for the Council of Ministers is not to the satisfaction of the questioner, then the questioner is to be allowed to put supplementary questions, that is, to initiate a debate.

Mr President, I believe that would be an extremely dangerous procedure. I much prefer the system currently in operation in Belgium. The questioner puts his question and the Minister responsible replies to it. Then the matter is declared closed without any other

Lefèbvre

speaker being allowed to intervene. It should be realized that eight times out of ten the person who has put a question will not be satisfied with the reply obtained, because in his opinion some detail or other will be omitted. His inclination will be to make a debate of the matter and to continue the discussion, the result of which will be disruption of the parliamentary agenda.

What courses should be open to a questioner who has been given a reply which he does not find satisfactory?

In our national Parliaments if a speaker is not satisfied with a reply to an oral question he may turn it into a formal challenge. That is not applicable in our case. But it is highly prejudicial to the functioning of our Parliament to adopt a system which would lead to the whole of Wednesday afternoon being given over to question and answer. It could be decided that the debate is to be closed when the reply has been given by the Commissioner, but with the reservation that the questioner would then have two possibilities: that of putting down a written question or that of asking for arrangements to be made for an emergency debate. But I make a distinction, Mr President, between a system which would allow a debate to develop automatically and the system which I recommend, whereby a questioner would be permitted, if he were not satisfied with the reply from the representative of the Commission, to apply for an emergency debate. The question of whether or not to hold an emergency debate should, at the request of the President, be decided by the Assembly without debate.

With your permission, Mr President, I shall conclude by saying that if we adopt any other system we run the risk of becoming involved in interminable debates which, far from expediting the work of this Parliament, will slow matters down even more.

To summarize my proposal: let an oral question be put by a Member and let the Commissioner reply to it. If the questioner is not satisfied with the reply he either tables a written question or asks for an emergency debate. In the latter case, let the President put the matter of an emergency debate to the vote—but, of course, there should be no debate as to whether it should be held. But for the time being let us not engage in long discussions of procedure which will only delay progress in our work.

President. — The list of speakers is closed.

Before calling Mr Scarascia Mugnozza, there is one point I should like to deal with further to

the statements made by Mr Cipolla on the Oral Question from him and other Members.

I have here draft agenda No. 47/72. According to this, the question was to have been called today, 18 January. The Commission asked that it be dealt with in conjunction with the report by Mr Berkhouwer, i.e. on Tuesday.

The Bureau would have liked to comply with the Commission's request but was confronted with the following situation: the new Members from the three acceding States requested that this statement by the Commission on the social situation in the Community be followed, for the first time, by a debate. After some deliberation, this request was acceded to and, contrary to precedent, we had this statement followed by a debate which began on Tuesday and even continued yesterday morning.

In view of this, the Bureau decided to withdraw the report by Mr Berkhouwer from the agenda and carry it forward to the February part-session.

The Commission did not, therefore, manoeuvre so that the report by Mr Berkhouwer and your report were not called today. This was purely and simply a decision by the Bureau announced in plenary session when the agenda was being adopted and it was approved by the House.

This is what I had to say for the sake of propriety following the statements made by Mr Cipolla and for the information of the Commission.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice President of the Commission of the European Communities. — (I) Before entering into the merits of Mr Memmel's report, I wish to thank President Behrendt for his explanation of the point raised by Mr Cipolla. I wish to confirm that the Commission has never asked for a postponement but that, to save work, Mr Cipolla's question could be combined with Mr Berkhouwer's report. I should also like to clarify matters a little further for Mr Cipolla, for I believe that this system of throwing out accusations that pressure is being exerted must be cleared up once and for all. I do not know whether there has been pressure, but all this has not prevented the Commission from reaching a decision at the opportune moment. I repeat, I do not know whether pressure has been exerted, but speaking for myself and as the person responsible for Community agricultural policy, as I have already stated to the press I must declare that no pressure has been exerted upon me either by the politicians or by professional associations. I say this to assert the truth and so that it will appear in the Parliamentary records.

Mugnozza

As I said at the beginning, I should like to thank Mr Memmel and the Legal Affairs Committee for the important piece of work which has been presented, and to say at once to Mr Triboulet that the Commission is very happy that there should be scrutiny of its administration. This is one of the reasons why, in organising the Commission departments, we agree that the size of the staff working on parliamentary questions should be increased so that replies to both oral and written question may be as prompt, detailed and comprehensive as possible. This progress is apparently slight but is undoubtedly of great importance, and the Commission will not try to evade its responsibilities. I am happy that Sir Derek Walker-Smith agrees that the executive should be afforded this possibility.

The Commission, for its part, intends to deal with any questions put to it in a straightforward and committed fashion, for we believe that only in this way can we move forward towards building Europe.

I would like to reply to two more points. It has been suggested that the Commissioners should all be present so that they can speak. I must remind the House that the Commission is a collegiate body and that in consequence it is responsible for its replies on a collegiate basis, but I must add that a Commissioner who is in day-to-day touch with a specific sector is in a far better position to give convincing replies than a Commissioner who lacks daily experience of that sector.

As part of the increasingly close cooperation with Parliament for which the Commission hopes, the fact that the President is *primus inter pares* and that he is the main person responsible for political contacts, and that it was thought fit for him to be assisted by a Commissioner to make these contacts even closer, does not imply that political representation should be given solely to the President or Vice-President in office. It is clear that, especially now that the Commission has been enlarged from 9 to 13, we wish Commissioners to be able to attend all the meetings in person, to be present at the sittings of the House and to reply in person to all the problems raised. Obviously a Commissioner may be absent from time to time, but in that case another Commissioner will take over with equal authority. This will be the exception, however, not the rule.

We can, then, assure you that we shall do our utmost to see that this new procedure is adopted by the Commission, to see that the debate is brief but also very clear, providing proof of the continued link between the Commission and the European Parliament.

I have no comments on the proposed text, especially as this is a matter for the European Parliament alone. If the Commission has in fact made observations, it has done so with the aim of improving our work.

May I, Mr President, express a desire of the Commission: on Mondays and Tuesdays we often have to attend Council meetings and on those days it is difficult for us to keep abreast of the work of the European Parliament. If Wednesday could be established as the day for discussion of oral questions, this might be of benefit to the work of the European Parliament. It is not the Commission's problem, as the Commission has always declared itself to be available, but normally the Council meets on Mondays and Tuesdays.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, I said yesterday and today I repeated that I am quite convinced that the Bureau has not acted as if it had been subject to pressure; my complaint to the Chair was not based upon these but upon other considerations, and I should like to explain them further.

The first is the following: Rule 47 states that questioners shall be informed promptly of all the particulars of the agenda for the sitting in which a reply is to be given, as well as of any changes. But this information was not made available to us.

With regard to my other comment, I wish to state that this referred to a reply given me yesterday from the Chair—as recorded in the minutes—in the words I mentioned earlier, specifying that a postponement requested by the Commission is automatically agreed. If this is the interpretation I take the liberty of disagreeing, for in my opinion the Bureau should exercise a form of pressure upon the Commission if the Commission proves reluctant to give an answer. I say “if the Commission proves reluctant”, for this is not always the case. I have stated my opposition to this declaration of principle and I now reaffirm that opposition.

There is, then, a third point explained by you this morning: it concerns the Commission's application to deal with our question in conjunction with a report and the desire of our British colleagues to postpone discussion of this report until the February part-session. It might almost be found amusing that the first contribution made by our British colleagues, who have such great respect for Parliamentary rights according to the declaration they made yesterday on the first occasion they spoke, should have served to render one of Parliament's acts of control less

Cipolla

effective. Perhaps the request put forward by our British colleagues might have been accepted rather than that of the Commission, for if the question had been discussed during this part-session it would not have lost its timeliness and no harm would have been done if it had not been discussed together with the report on competition. My concern, Mr President, arises from the fact that, by discussing this question during the forthcoming part-session, it will be examined after irrevocable actions have already been committed by the Community institutions, which are neither the Commission nor the Parliament. This is the point, Mr President.

Nevertheless, the House has decided and we must defer to that decision, although we would state our own position in what we believe to be a respectful manner.

I still owe the Commissioner a reply. The Italian Constitution lays down minimum ages for the right to stand for election: 25 for the Chamber of Deputies and 40 for the Senate of the Republic. In other words, a degree of maturity and awareness is required.

I am not in a position to prove whether or not you have been subjected to pressure, but the history of Italy—this is by now a matter of historical and cultural record—shows that sugar monopolies, both before the advent of Fascism (and this subject is fully documented), during the period of Fascism (of which they were supporters) and in the course of recent events (the sugar producers' trade journals supported both the Social Movement and the right wing operation) have had great influence upon political decisions in our country, and also on decisions on and the creation and drafting of the Community sugar regulations, as I can prove when this question is finally discussed.

For this reason, Mr Commissioner, although your personal good faith may well be beyond dispute, political pressure exerted by the sugar monopolies has, alas, become part of the troubled history of our country, and these forces have always acted against the interests of the Italian people and of freedom.

President. — Before calling Mr Memmel I must correct at least one of the statements made by Mr Cipolla.

It is not our British colleagues in the Bureau who requested that the report by Mr Berkhouwer and Oral Question No 25/72 be withdrawn from the agenda. The decision of the Bureau to deal with Oral Question No 25/72 in conjunction with the report by Mr Berkhouwer and the decision to carry these two items for-

ward to the February part-session were dictated by a lack of time.

Our British colleagues did not ask for this postponement, the decision was taken by the Bureau in view of the situation.

I call Mr Memmel.

Mr Memmel. — (D) Allow me, Mr President, to say a word of criticism.

We are at present dealing with the agenda item: Introduction of a question time and general debate on the Rules of Procedure, that is Article 47 (a). I therefore cannot understand why now a debate on sugar monopoly, the Berkhouwer report and other matters which were due for discussion the day before yesterday, is beginning. I object to a Member of the House using an interjection to guide the debate in a different direction.

President. — Permit me to interrupt you Mr Memmel.

As President it is my duty to direct debates. It was for this reason that I allowed this intervention because I thought it essential for the purposes of clarifying the situation.

I am sure your remark was not intended as criticism of the Chair.

You have the floor Mr Memmel.

Mr Memmel. — (D) No, no criticism of the Chair, but of the colleague who caused this whole discussion and was again called upon to speak.

I now come to Rule 47 (a), and would first say to Mr Dewulf that no difference exists in the relationship of Parliament to the Council and to the Commission. We can constrain the Commission to come here, we can even send it away, if we so wish and agree. With the Council we are powerless. We are dependent on its grace, favour and benevolence. For that reason in Rule 47 (a) we deliberately refrained from including the Council. It is true that the Council has now agreed to attend Question Time, but not the debate, if so requested.

A word to our colleague Mr Lefèbvre. I am sorry to have to contradict you with your experience in Parliament. Our only purpose in granting the questioner and other members of the House the right to ask a supplementary is to make Parliament more up to date. It is the task of the President—and I place great confidence in the President—not to allow the whole proceedings to degenerate into a limitless debate, as our colleague Lefèbvre suggested. At Question Time

Memmel

there are only questions and answers, no debate. It is quite different after Question Time. If anyone is not satisfied with an answer from the Commission, because it appears to him too short or wrong, he can raise a further question, or persuade colleagues to do so. We consciously chose the number five, rather than ten, as originally proposed. The reason for reducing the number to five Members was to accommodate Members of no Political Group, for whom ten would have been too high. The questioner may induce five people to request a short debate immediately after Question Time, in which every speaker may take five minutes.

I must make a further correction. On pages 5 and 8 of the report you will notice a certain variation. This is due to technicalities, translation and printing. Rule 47 (a) 2, must read as it appears in the correction before you. I hope it has now been translated into all languages, so that I may refer to it: Before the close of Question Time any political group or at least five Representatives may request that a debate be held immediately thereafter on the Commission's answer to a clearly defined question of general topical interest during which brief oral questions, suggestions or comments may be addressed to the Commission of the European Communities.

A final word on the proposal made by Mr Scarascia Mugnozza. In the report we specified no definite day of the week, but said 'at the beginning of every second sitting day of the sitting', because the sittings of the European Parliament do not always begin on a Monday. This week, for example, it began on Tuesday. So we wanted to lay down it should be the second sitting day.

We wanted a definite time for our question time. In this way we can ensure that the press adjusts to this and is present. What we shall also achieve is to arouse Parliament out of its Sleeping Beauty existence.

Mr Scarascia Mugnozza, it is immaterial whether we take Tuesday or Wednesday. All I would like is that we should not specify a day of the week but opt for every second sitting day or, if you prefer every third sitting day. We take the second sitting day because Parliament does not always begin on a Monday.

I should also like to appeal to you: let's make a start. It is true—as I said at the beginning—the draft has its faults. Perhaps every school has a much better solution in its national Parliament. But we want to try to make a start and arouse interest. We can make changes as time goes by.

It will be for the President to make Question Time into what we want, namely a genuine exercise of control by Parliament over the Commission and a way of drawing Parliament's existence to the attention of the general public more firmly.

(Applause)

President. — I call Mr Broeksz.

Mr Broeksz. — (N) Mr President, I wish to concur with the last remark made by Mr Memmel, because I fear that nevertheless we are getting into difficulties. We have, in fact, in the Legal Affairs Committee opted for the second day. I have, Mr President, received a nice pocket diary from you, for which I am most grateful. But this clearly indicates that in a large number of months the second day of the plenary sessions falls on a Tuesday, which is the day on which the Commission meets with the Council, as Mr Scarascia Mugnozza has informed us. Nor can we always hold Question Time on the third day of the session, as there are three months in the year in which we meet on only two days. If meetings are held on only two days, it would be difficult to fix Question Time for the third day. Hence I wonder whether it would not be wise if we were to establish at once that Question Time will take place on Wednesday, or otherwise on the second day of the session if meetings are to be held only on two days. If we always take the second day of the part-session and if this second day falls seven times on a Tuesday—a day on which the Commission is not present—then we are already laying down the seeds of failure of Question Time in the motion for a resolution.

Only when the Commission is present can Question Time become a success. Hence I have asked you, Mr President, to consult with the President of the Commission on the possibility of holding Question Time on Wednesdays, the day on which the Commission of the European Communities meets. In addition, the Commission could then meet in the town where we are holding our part-session. We have not yet a permanent seat and we meet in Luxemburg or in Strasbourg.

In my opinion the Commission should meet during our part-session in the town where Parliament is meeting. I feel that this is also the view held by Mr Memmel.

President. — Ladies and Gentlemen I should like to make a suggestion.

I think Mr Memmel, you too will agree, as regards the timing of questions, that the Com-

President

mission must be able to attend and be represented as far as possible by the Commissioner responsible for each matter arising.

If Mr Scarascia Mugnozza accepts this and asks that Wednesdays should always be the day chosen, we should accede to his request because we wish Commissioners to attend.

I think that the simple answer would be to state in paragraph 1 of Rule 47 (a): 'At the commencement of the second or third sitting day during a part-session...'

This would resolve the difficulty.

If the part-session began on a Tuesday, we would take the second sitting day and if it began on a Monday we should take the third sitting day. In this way question time would always be on a Wednesday and we would be reconciling the wishes of the Commission and our own.

I call Mr Dewulf.

Mr Dewulf. — (F) Mr President I agree with your proposal but I should like to stress that the argument put forward by Mr Scarascia Mugnozza also applies, a fortiori to the Council at the same time.

President. — Mr Dewulf, we have received assurances from both institutions. If the situation changes we shall naturally have to ask the Council.

The Commission has agreed. I think we shall also come to an agreement with the Council.

Does any one else wish to speak?

We come now to the vote on the two motions but first, I am going to read Rule 47 (a) as it now stands as a result of our discussion:

'Rule 47 (a)

1. A question time shall be set aside at the commencement of the second or third sitting day during the part-session, when any Representative may put a brief oral question to the Commission or Council.

Rule 46 shall not be affected by this provision.

The detailed procedure for the conduct of questions shall be governed by guidelines.

2. Before the close of question time any political group or at least five Representatives may request that a debate be held immediately thereafter on the Commission's answer to a clearly defined question of general topical interest during which brief oral questions, suggestions or comments may be addressed to the Commission of the European Communities.

Rule 47 shall not be affected by this provision.

The detailed procedure for the conduct of such debates shall be governed by guidelines.

I put the two motions to the vote.

The two resolutions are agreed to.¹

6. Order of business

President. — I call Mr Briot for a procedural motion.

Mr Briot. — (F) Mr President, Colleagues, I have been informed that the House has agreed to delete my report on alcohol from the agenda for today. I am surprised and do not understand the reasons for this, because for the last few days I have been reminded constantly that we are pressed for time.

On checking the date on which the Commission in Brussels had the copies of the document distributed I find that a letter dated 15 March 1972 shows the decision of the President of the Council of the European Communities, in accordance with the provisions of Articles 43 and 235 of the Treaty, to consult the European Parliament on the proposal from the Commission of the European Communities to the Council relating to a Community system for the market for ethyl alcohol of agricultural origin and supplementary regulations for ethyl alcohol of non-agricultural origin and for certain products containing alcohol.

I do not therefore understand why a debate which was considered urgent a few days ago suddenly ceases to be urgent, after I have several times had to submit the document to the Committee on Agriculture, after it has at one time been considered to be too long, and after I have been asked to produce an interim report quickly so that final decision could be taken last week so that the report could be debated today. And then, suddenly some one stands up in this Parliament to declare: 'Gentlemen, we have not been able to study the draft, we have not had enough time.'

In the circumstances I am justified in mentioning, Mr President, that when we receive an agenda we make our arrangements to be present at the sitting. But if the agenda is constantly changing it becomes impossible to keep in line with it because, as everybody will be aware, it is difficult for us to be present all the time. This difficulty is common to all Members as the last debate showed.

¹ OJ No C4 of 14 February 1973.

Briot

I therefore protest against this procedure and take the opportunity to emphasize that on 19 and 20 December the Council acted unilaterally, that is to say without consulting us, in taking a decision on a regulation relating to alcohol. And thus we have a discriminatory position in which one decision in relation to one State has been taken—a decision which I do not criticize, quite the contrary,—but as to the other States, they must wait!

Thus, there are some obscurities, and I should like an explanation of the reasons for the deletion of the report from the agenda.

I am advised that, during a previous sitting, it was decided to defer an item until the next part-session. I should like to point out that hitherto courtesy has prevailed and that never before when it was election time in his State has a rapporteur, whose timetable was in the nature of things very heavy, had the surprise of finding his report deleted from the agenda. Yet this is what has happened today.

The position therefore seems to me to be very confused, and I very much regret that the deletion of this report has been allowed. I do not know who authorized it, but please permit me to object to such methods, especially in view of the implications.

President. — Mr Briot, I regret having to spend so much time on points of procedure and I am sorry you were not present when this matter was dealt with.

At the request of the Economic Affairs Committee—and not of any Group or smaller group—the House decided not to discuss the interim report during this part-session so that the Economic Affairs Committee could be associated in the study of this matter.

Yesterday Mr Oele introduced a request, on behalf of the Committee on Agriculture, that your report be put on the agenda. In view of the discussion that followed and the statement by the Commission of the European Communities that the Council would not take a decision this month, Mr Oele withdrew his request.

Thus everything was perfectly in order and the decision taken was accepted by the Chairman of the Committee on Agriculture.

That was what happened.

I think, Mr Briot, that the position is now clear and the incident is closed.

I call Mr Briot.

Mr Briot. — (F) Mr President, that clarifies the situation; I was not unaware of the facts. But

I do not understand why the Economic Affairs Committee has not had time to examine a draft produced ten months ago, or why, just when the House was due to debate it, it suddenly transpires that nobody knows anything about it.

President. — I call Miss Lulling.

Miss Lulling. — (F) In the absence of the Chairman, Mr Lange, who, as you know, has had to return to Germany, I, in turn, would wish to reassure Mr Briot and tell him that there is nothing obscure or confused in the present situation and that courtesy has never ceased to be the rule.

In fact, it was after noting, following the amendments submitted by Mr Briot to the report by the Committee on Agriculture—which relate in particular to the industrial sector—that the common organization of the market in alcohol is now affecting the industrial sector, that the Chairman of the Economic Affairs Committee judged that that Committee should have the opportunity of defining its position.

Mr Briot, I would also like to reassure you on behalf of my Group, because we share your opinion that a common organization of the market in alcohol is necessary. Quite simply, we believe that the Economic Affairs Committee should be allowed to give its opinion and that is why we believe it would be more sensible to discuss the matter at a future part-session.

President. — I call Mr Briot.

Mr Briot. — (F) One is bound to admire the way in which Miss Lulling expresses herself, but I return to the issue which I raised: we know very well that it is an industrial matter: That is the fact on which I was seeking confirmation. (Smiles)

President. — I declare the debate on the order of business closed.

*7. Oral Question 26/72 with debate:
build-up of butter stocks and their use*

President. — The next item on the agenda is Oral Question 26/72 from Mr Cipolla, Mr Amendola, Mrs Caretoni Romagnoli, Mr D'Angelosante, Mr Fabbrini, Mrs Iotti, Mr Leonardi, Mr Marras and Mr Sandri to the Commission of the European Communities on the build-up of butter stocks and their use.

The question reads as follows:

President

1. Is the Commission in a position to forecast what quantities of butter will be warehoused with Community intervention agencies at the end of 1972? Having regard to recent statistics and the impact of the accession of the new Member States, what does it feel are the prospects for the immediate future?
2. To what use will existing surpluses be put and how much will the operation cost? Can the Commission provide Parliament with a list of bodies and undertakings to which surplus amounts of butter have been allocated or sold over the past year?
3. Does the Commission not think that the sale of stocks of butter to food industries (confectionery, ice-cream, etc.) at prices well below market or intervention prices allows tenderers to make huge profits and puts other competitors, which have to buy on the market at higher prices, at a disadvantage? Does it not consider that such sales also tend to cut down demand for butter on the normal market and therefore do not solve the problem of marketing surpluses?
4. Why have the rules and procedures which used to be applied to these sales been changed?
5. In view of the fight against the rising cost of living, does the Commission not consider that, where the level of consumer prices in one or more areas of the Community exceeds 30 per cent of the target price to producers, it would be more advantageous to channel consumer sales through cooperatives, i.e. retail purchasing associations tied to an agreed price?

I would remind you that Rule 47(3) of the Rules of Procedure states that 'One of the questioners may speak to the question for up twenty minutes' and that, after the institution concerned has answered, 'Representatives who wish to speak may do so for not more than ten 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. — (I) Mr President, the delay in discussing this question may afford the Commission the opportunity of providing more precise information. It is too late to talk of the outlook for 1972, it is now a matter of record. Our question was motivated by the fact that the whole European press was beginning to raise the problem of the build-up of surplus stocks of butter in the Community warehouses from the early months of 1972. This accumulation of

surplus stocks is a further demonstration that the Community's agricultural policy in this sector is wrong and that consumers in the Community will suffer in the long run, although the main damage will be to the producers themselves. They have managed to make enormous profits for a short period from the chosen protection system but in the end they are moving towards economic disaster together with the Community institutions and finances.

I believe that the clearest indication that this butter production policy is wrong and contrary to nature will be found in the data supplied to us by the Community on *per capita* butter consumption in a country whose *per capita* production and consumption used to be the highest and whose actual production was the highest of the Community: Holland. In 1963, this country consumed 4 1/2 kilos of butter per head. Its consumption dropped to 2 1/2 kilos per head by 1970-71. The protectionist system which was intended to favour certain interests finally led to a drop, not an increase, in consumption. It is, therefore, a policy against nature: on the one hand it increases production while on the other it decreases consumption.

As I was saying, this policy has been conducted by guaranteeing the price of butter in the Community at a level higher not only than the world market price but, as we shall see with the entrance of Denmark, higher than that of other economies. This encouraged the producers to produce not for the consumers but for the Community warehouses, while at the same time the quality of the butter was lowered.

It is impossible to conduct a protectionist policy without bearing other competing production sectors in mind. The fact that the Community then had to liberalise imports of oil seeds altogether has, on the one hand, lowered the price of vegetable oils and margarine—products that compete with butter—while on the other it has reduced the cost of cattle feed products. For this reason, as stated by the Commission in the 1972 report on agriculture which refers to 1971, the ratio between the price of the basic feeds for dairy cattle and the price of milk (and therefore of butter) led to an increase in production. The same highly questionable measures which so cheered public opinion inside and outside the Community, such as the giving of premiums for slaughtering dairy cows, did not achieve the end stated by the Commission representatives in this House, in other words a decrease in the production of milk and butter and a resulting fall in milk and butter surpluses. Those measures in fact led to a reduction in the number of cattle, at a time of great shortage of beef in the Community area, and they had an adverse effect on the production of small farms and small herds,

Cipolla

while at the same time—since they were virtually an incentive—they led to a rise in the production of large organisations and large farms. The result was a rise in milk production.

This means that the Community has adopted measures with the apparent aim of reducing butter consumption and increasing the consumption of margarine, and this has led to larger stocks of this product and has increased the cost to the Community.

We will all remember that about four years ago the Mansholt Memorandum drew the attention of European public opinion to the very fact that the prices policy practised by the Community up to then was leading to this surplus situation, so that various forms of action were necessary to reduce overproduction. Stocks of certain products, including butter, were indeed reduced, at great cost to the Community. The fact that the prices of these products remained firm for a few years led, I would not say to a contraction, for there was a degree of stability, but to a smaller surplus. On the one hand we have seen that the last two annual decisions on price increases, contemporary with the modernisation of farms (especially in view of the disappearance of smaller farms and rising productivity) brought about an increase in surplus stocks.

This is the reason for our question. Our position is not dictated solely by our national interests; of course, we are also concerned with national interests, for the problem of surplus butter is of concern to our country too, but the problem is above all European and of a general nature. We realise that this system adopted up to now must be changed, and this is one of the reasons for our question. We would like here to quote the example—even if it is not altogether successful and is open to criticism (and we ourselves have criticised it several times)—of the system applied to olive oil. In this sector, measures are taken not for the purpose of keeping up the price to the consumer but to supplement the producer's income directly out of Community funds.

We are by no means engaging in controversy vis-à-vis the small farmer, the German, Dutch or French farmer, but we do not want their guaranteed income to be replaced by methods which are proving to have such adverse effects for the purpose of maintaining a given production. If the consumption of butter continues to fall, there is no doubt that this will not alter the Community's attitude, the Community policy in this sector.

The second point that we wish to raise in our question, addressed to the Commission and any

colleagues who wish to make a statement, concern another fact: in making concessions to farmers producing milk and butter, in actual fact we are confirming a dual price system within the Community for the benefit of certain sectors of industry.

There is in fact a market price for the non-trade consumer (in other words, the household) who buys a couple of pounds, a pound, a quarter of a pound of butter, and there is another price for industry. The House will remember all the discussions on the conversion of butter into feed for calves, which had to take this butter-based feed instead of their mother cows' milk, and on various system of denaturing and deferred sales.

While, in the preliminary phase of building up surpluses, we resorted to such picturesque and unproductive systems, today we are moving away from these and are at the core of the question. At the very time at which stocks are being formed, the Commission changes the procedures (and we wonder why these procedures were in fact changed) and immediately proceeds to auction off what is considered to be surplus butter to the confectionery industry and to the ice cream industry.

As a result, we have two prices in the Community for two classes of consumers: the private consumer, the worker, the worker's family buys at a price that is made up of the intervention price and any increase which the trade manages to add on top; then we have the manufacturers, who used to buy their supplies on the market or who were obliged to procure their supplies on the market; now, on the other hand, they go to the Commission sales, paying half the intervention price for the same year's production, creating a situation—as we say—of unfair competition, of an infringement of Articles 85 and 86 of the Treaty. As a result, we have a situation in which there is no longer a single butter market in the Community but two markets—one for industry and the other for private consumers.

But this is not all. The auction market is not the province of industry as a whole but is used only by that part of industry which has access to the Community sales by virtue of its size, its acquaintances, its contacts and its ties with Commission circles (once Mr Mansholt said in this House that the walls of the Commission building in Brussels have ears): in other words, to that portion of industry which is able to put itself forward and which is in a better position than others to purchase butter at the sales.

Where will this butter end up? I believe that the pages of the official Community documents contain at least a hundred or so questions showing that frauds in this product have been vast,

Cipolla

enormous. Our colleague Mr Vredeling will certainly recall the problem associated with imports through the Vatican City, with the Community premium. Those manufacturers who purchased butter at 300 lire per kilo, what guarantees do they give that they will not go and sell it again to consumers on the market? And what guarantee is there that a great monopoly which can make an offer for hundreds and thousands of tons of butter at a time in Brussels will not then resell it at the market price to the little producer or to the small-scale ice cream or biscuit factory? This, then, is how the Community's action profoundly affects free competition between companies, allowing certain pressure groups to make enormous profits to the detriment of the Community budget. In this way, funds allocated to help growers and small farmers are being used for speculation of this nature. I think the Commission should tell us who these companies are and the quantity of butter which each one has purchased and at what price, and that it must guarantee that the butter will be used for the purpose for which it has been purchased. It should not, as has been the case so many times, even with denatured products for the production of composite foods processed by the European companies—end up with European consumers.

There is, then, another problem which I should like to discuss briefly. I refer to inflation, to the high cost of living and the fact that today competitiveness, even at the international level of the economy of EEC States, imperilled by the rise in the cost of living, an increase which naturally legitimises the workers' well-founded claims for wage increases. If we wish to start on a new phase in the life of our Community, as it has been affirmed with such emphasis in all the speeches celebrating the undoubtedly historic event through which we have been living over the past few days, we must realise that a specific solution to the problem of the cost of living must be found. This problem (especially in my own country, where the percentage spent on food is higher than in any other Member State) must be tackled seriously. I believe that one of the fundamental causes of the rise in the cost of living, and therefore of inflation, is the Community's agricultural protectionist policy, the butter sector being one of the examples. On this occasion I would once again call upon the Commission to tell us whether the commitment entered into last March during voting on Community directives and on increases in agricultural prices will be continued and whether it will propose to Parliament a different system of aid to agricultural workers, of direct income supplements and not merely the manipulation of prices, for this is the vital problem today. We wanted to raise

this problem not to cause controversy between one state and another, between people who get more from the Community and people who get less, but because we wished to highlight a problem of concern to all consumers, all taxpayers and all the Community farmers, beginning with those who produce milk, butter and the products under discussion.

IN THE CHAIR: Mr SCHUIJT

Vice-President

President. — I call Mr Lardinois to answer on behalf of the Commission.

Mr Lardinois, Member of the Commission of the European Communities. — (N) Mr President, may I, before giving my reply, say a few words on the fact that this is the first time that I have the honour of appearing in this House in this distinguished company. I had the honour of being a Member of this Parliament for four years. That was ten years ago. It is a very great pleasure for me to see a number of very good friends and esteemed colleagues from that time back again at this meeting today. This pleases me particularly. I also greatly look forward to the cooperation and friendship that I shall find here in carrying out my new, difficult task, even if, as I assume, our encounters may often not be entirely devoid of acrimony.

May I hope and trust that as Member of the Commission entrusted with the Agriculture portfolio, a subject that is discussed a lot here, I may build up a good relationship between this Parliament and the Commission in general and myself personally?

Mr President, I now come to the subject now on the agenda, the questions put by Mr Cipolla and others. I may say that speaking figuratively and almost literally I have landed with my nose in the butter on my first appearance here as a member of the Commission. I should very much like to answer these questions as precisely and briefly as possible.

The first question was: Can the Commission give an estimate of the quantities of butter transferred at the end of 1972 to the Community's contingency stocks.

The answer is: As far as the Community's contingency stocks are concerned this is some 240,000 tons of butter. With the Community's assistance some 60,000 tons of butter were stored privately. Altogether this is some 300,000 tons of butter, slightly more than 2 months of production by the Community.

Lardinois

Has the Commission calculated the prospects in the light of experience and assessed the consequences of the accession of the new Member States?

As far as the immediate future is concerned, on an important date for the dairy market, namely 1 April next, we expect to be holding much the same quantity of butter in the cold stores.

What plans are there for clearing the stocks already built up? What costs will this involve?

Mr President, the Community has developed a number of measures which are based above all on the experience of the years 1968 to 1970. Most of these measures have been instituted only quite recently and I would like to quote a few of them to you. In July a measure was approved by which butter was made available at a reduced price to confectioners and ice-cream manufacturers. In August, non-profit-making companies were given the opportunity of purchasing butter at a greatly reduced price. We had already introduced a measure in June last year for armies and comparable units, who previously did not require butter. In September, we introduced a measure relating to a special form of export, which is outside the scope of competition on the world butter market. We decided at the end of November to introduce a general price reduction for refrigerated butter for all consumers in the Community. In the past six months we have developed several programmes for famine relief which have provided additional outlets.

Mr President, disposal through the additional outlets amounts to a total of some 90,000 tons, of which 15,000 tons went as famine relief. 75,000 tons were therefore disposed of along other routes, principally on the Community's internal market.

Then it is asked whether the Commission can inform Parliament which organisations and undertakings have received specified quantities of surplus butter by allocation over the past year. The Commission cannot give this information, as tens of thousands of undertakings are concerned. I should like to point out that any undertaking can apply for these quantities of butter, that these applications are made regularly and we consequently feel that there can be no question of unilateral distortion of competition.

The next question was whether the Commission does not think that the sale of surplus butter to the foodstuffs industry at prices well below both the market prices and the intervention prices offers an opportunity for enormous profits and that these organisations cause damage to com-

peting organisations, who must obtain their stocks on the market at higher prices?

Mr President, I should like to repudiate this, at least while use is made on a large scale of the opportunity for application, which is open to everyone and which is not sporadic but recurs regularly. I have personal experience in this area, particularly in the Netherlands, obtained during the last six months. I have not yet studied this problem sufficiently on a European scale, but I know that in the Netherlands the smallest confectioner is in a position to purchase this butter at a reduced price, which was reduced practically to the same extent as for large undertakings, who have purchased the butter in large quantities. As this occurred on a large scale, competition could be left to operate normally. I cannot say exactly what the position is in other parts of the Community, but I wish to emphasise once again that application is open to every undertaking or group of undertakings.

For what reasons have the rules and procedures that used to apply to these sales been changed?

We gained experience with these kinds of measures in 1968 and 1970. A number of these procedures have been altered, particularly in order to reduce the chances of fraud to the minimum.

Is the Commission, in view of the fact that consumer prices in one or more areas of the Community are a good 30 per cent higher than the guideline producer price, not of the opinion that it would be better, within the scope of the measures against the rise in the cost of living, to sell the surpluses for consumption via co-operative organisations such as retailers' purchasing associations, this being on condition that the latter keep to an agreed price?

It is entirely normal that the price in the shop, and so for the consumer, should be higher than the guideline producer price, in view of the costs incurred by the shops who have to sell the product and the transport undertakings that have to be employed.

Whether 30 per cent is too high in all circumstances, I cannot judge. This often depends on the taxation systems, which differ rather in the various countries. I only know from experience that in my own country a margin of between 20 and 25 per cent is normal. In the Netherlands we still, in fact, have a relatively low VAT. And we do not have any other taxes there bearing specifically on retail traders.

As to the question whether disposal of surpluses should be made exclusively or chiefly via co-

Lardinois

operative organisations, such as retailers' purchasing associations, I should like to reply as follows: They, too, naturally have a function in this process, they are given their chance, but individual control of prices is an impossible task for the Community.

(Applause)

President. — Thank you Mr Lardinois.

You began your intervention, Mr Lardinois, by recalling that you were a Member of the European Parliament. On behalf of all Members I should like to tell you how glad we are that you have accepted the responsibility of Commissioner of the European Communities.

We shall now adjourn until 3 p.m.

The sitting is closed.

(The sitting, adjourned at 12.55 p.m. was resumed at 3 p.m.)

President. — The sitting is resumed.

The next item on the agenda is continuation of the debate on Oral Question 26/72 on the build-up of surplus butter stocks and their use.

I call Mr Martens to speak for the Christian Democratic Group.

Mr Martens. — *for the Christian-Democratic Group.* — (N) Mr President, Ladies and Gentlemen, I listened with great attention to the rather emotional speech made by Mr Cipolla on five questions which are nevertheless very concrete and to the point. I listened with equal attention to the sober and businesslike reply made by Mr Lardinois which proves that he knows the problems very well. I should like to congratulate Mr Lardinois, because he has prevented the discussion from turning into a wide debate on general agricultural policy, in particular on the dairy and beef policy. The latter we can discuss when dealing with the agricultural prices for the new season as from 1st April 1973.

It was my wish to confine myself to the factual question regarding the surpluses and the use to which these surpluses are to be put. These surpluses are, as confirmed by Mr Lardinois, of the order of 300,000 tons. It is as well to recall 1969-1970, when we had a butter surplus of approximately the same size.

We know, however, that it was an accumulated stock which had grown since 1965. Initially the surplus amounted to 30,000 to 40,000 tons per annum, later 60,000 to 70,000 and even 80,000 tons per annum.

At that moment there were reasons to assume that it was a question of structural surpluses. For that reason the reforms suggested by Mr Mansholt were partly justified.

This, however, was followed by the years 1970 and 1971. We have established that we were faced by a genuine shortage of dairy produce in 1971. The inclination is now to consider this problem as a cyclical rather than a structural phenomenon.

I should like to point out that the reduced production has had an important effect on world prices and consumers' prices. In 1971, for instance, we had market prices for butter of 130 dollars. In 1969-1970 that price was 55 dollars. For powdered milk the price was 25 dollars in 1969-1970 and 70 dollars in 1971. By 1969 and 1970 the point had been reached where large subsidies were given for the export of butter and powdered milk. In 1971 the clock had to be put back. It then became necessary to impose levies on exports and grant premiums for imports. Since 1971 we have been faced by a definite reversal in the ratio production-demand/supply-sales. At this juncture it seems right to consider how production and sales are affected, because they are the decisive factors in the build-up of surpluses. We all know that production depends on the overall numbers of livestock, and on the weather which we are as yet unable to control. Producers' prices may also affect production. If it is a question of butter, we do well to realise that butter is in fact a surplus product. Initial milk products are milk for consumption, industrial derivatives, powdered milk, condensed milk, cheese and so forth.

The remainder is turned entirely into butter. If, on an overall supply of 60,000 million litres of milk, production increases by 5 per cent, we may assume that the 5 per cent will lead to an increase of butter production by 10 per cent, i.e. approximately 130 to 150 tons. The actual situation is, in fact, close to that figure. I think that we shall have to bear in mind the cyclical phenomenon of milk production. If one looks at the dairy problem over a five-year period, it can be assumed that butter production from 1968 to 1972 was on average 1,300,000 tons and consumption approximately 1,150,000 tons. Of course, fluctuations occur within a five year period, with years of surpluses and years of shortages. In order to secure the supply in all circumstances it will be necessary to sell approximately 150,000 tons at lower prices. We shall approve the measures taken by the Commission and the Council, but have nevertheless some objections to raise. I pointed these out some months ago. Because we shall have

Martens

regular surpluses available, long-term measures will have to be taken to dispose of them.

It is a pity that we should not even have been able in 1971 to meet our obligations within the framework of the World Food Programme. We shall have to aim at a longer-term policy directed towards an expansion of sales.

In the years 1969-1970 we found important markets in non-Member States and even in developing countries. As a result of the steps taken in 1971 these markets have fallen off. I think an effort will have to be made to give a lasting effect to the steps taken. We should not be so careless as to slide from one extreme to the other.

I should like to point out to the Commission that the steps referred to have been taken somewhat belatedly. As long ago as in April and May it was to be foreseen that the situation in 1972 would be totally different from that in 1971. The measures which has been shown to be conducive to the disposal of surpluses should have been re-instituted at that time.

There is, therefore, a problem with regard to markets. We all know that at all events consumption stagnates and that vegetable fats are increasingly used. This increase has been caused partly by the difference in price between butter and vegetable fats and to a large extent by the striking publicity based on the adverse effect of the cholesterol content of some animal fats. I believe that we should endeavour to correct this situation. I have already said that we should endeavour to find outlets in non-Member States. We should make an effort to improve quality, but I believe that it is also time for the agricultural world to counteract the very spectacular publicity given to the use of certain nutritional fats.

Mr President, our Group approves the steps taken, but also emphasizes the fact that in future the market situation will require close study in order to prevent the build-up of additional surpluses. Lasting measures need to be taken in order to eradicate those surpluses.

President. — I call on Miss Lulling to speak on behalf of the Socialist Group.

Miss Lulling (F). — Mr President, Ladies and Gentlemen, we do not see this issue as an opportunity to re-open the whole matter of the Common Agricultural Policy as envisaged by our friend President Mansholt which, although it affords many advantages to farmers in the Member States of the Community, also produces some regrettable consequences, and I would quote the

reappearance of excess butter supplies as one of these.

It is, of course, necessary to try to overcome these disadvantages, but that will not be achieved by raising certain questions here. The courage to adjust relative price levels for agricultural produce is required, and that is no easy matter, as we know. It would be necessary to rethink our system of guarantees, for example, in the way I suggested in this House, specifically when we discussed the common organization of the market in tobacco.

But there again Mr Cipolla was not in agreement. At the time, his supporters accused me of seeking to ruin the tobacco growers.

Mr President, I wonder how many farmers would have been ruined if the Community had not introduced the protection and agricultural price levels against which Mr Cipolla is now militating. When it comes to olive oil or vine-growing, for example, Mr Cipolla never finds that there is too much protection, yet without it there would be no more production of olive oil in Italy, in particular. If protection, which we consider to be justified, is desired in order to maintain the production of olive oil in a certain region of the Community—although olive oil is much more expensive for the workers, for whom Mr Cipolla wishes to act as champion, than groundnut oil, just as butter is much more expensive for them than margarine—then one does not have the right to refuse farmers in other regions of the Community similar protection and fair prices for dairy products.

Mr President, I believe, as does my Group, that the rural population, like the other sectors of the population in our various Member States, is entitled to a fair return for its work. That population is also entitled to protection as long as many of those in this House lack the courage to implement the structural reforms or any other system, such as deficiency payments, to guarantee the farming population a standard of living and way of life comparable to those of other sectors of the population but without running the risk of surpluses such as excess butter supplies.

I would also mention for the benefit of the honourable Member who put the question that, fortunately for the farmers of the Member States of the Community, they are still free to produce what they wish to produce.

I should like to say to him that if I, personally, had the choice between our surplus stocks and the shortage of certain foodstuffs under the system and regimes which he favours, I, for my

Lulling

part, would prefer to be concerned with dealing with and solving the problem of surpluses than with how to eke out stocks when production is inadequate.

Mr President, the problems involved in reducing stocks, and the malpractices and distortions of competition which inevitably arise from the sale of stocks at cut prices, are very well known. We regret this situation and in our opinion it is necessary to try to find another system, another solution.

What is the solution?

The one suggested by Mr Cipolla, namely to reserve such cut-price butter for those regions where the price is highest or for the cooperatives?

Such systems are just as discriminatory as the one currently in operation.

We are especially aware as Members of the Socialist Group, of the important role played by the consumer cooperatives in certain regions of our Community, but unfortunately not in all the regions of the Community. If we adopt this proposal we shall be opening the way to a new form of discrimination.

Mr President, we know also that consumer habits are such that not even lower prices would bring about an increase in the consumption of butter in certain countries of the Community.

In our opinion, therefore, it is the function of the Commission to submit proposals which, whilst guaranteeing the income of the farming population—even people in the regions not represented here by Mr Cipolla—are no longer conducive to surplus production. We believe that an endeavour must be made to set matters in order for once and for all.

Which would be the more costly?

It is unacceptable that we in this House should defend the incomes of all other sectors of the population and not grant fair prices to farmers, whether self-employed or not, irrespective of whether these prices are guaranteed by the present system, which causes surplus stocks or, as I proposed in the case of tobacco, by ensuring guaranteed earnings within the framework of controlled production. Let the Commission put proposals to us!

But for the moment, in view of the fact that we again have surplus butter stocks, I believe that the Commission should give priority to food aid outside the Community. This is admittedly difficult with butter. If it were powdered milk it would be less difficult; however, let us have the

courage to readjust the relative price levels! We know that is none too easy, but we urge the Commission nevertheless to give priority to food aid in the present situation, pending a recasting of the agricultural policy. We do not wish to see malpractices appear, but I believe that we would not avoid them even by supplying butter to welfare organizations, because in certain of those organizations, it would go in through the front door and out by the back door. Some manufacturers will take advantage of this, others will not; hence there will be distortion of competition. The scheme of cut-price sales within the Community gives rise to distortions of competition; it encourages malpractices.

In these circumstances, we should try to be generous to third countries to avoid creating disruption within the Common Market and encouraging such malpractices. In the meantime, I believe that we should make very serious efforts to reform our system. Either we accept the consequences of the present system, which, I think, has many advantages for farmers—and I challenge you all to find a means of totally eliminating all protection for the farmers in our countries, whatever form it takes—or we must rethink the system.

(Applause)

President. — I call on Baroness Elles to speak on behalf of the Conservative Group.

Baroness Elles. — I shall be speaking on behalf of the Conservative Group but I would like first to take this opportunity of expressing my deep personal satisfaction that at any rate part of the United Kingdom is represented in this Parliament and that I have the privilege of being able to address this Assembly.

I would also like, because of the perhaps unseemly punctuality with which some of us arrived this morning, causing a slight flutter among the interpreters, to say, and I speak on behalf of our Group, how grateful we are for all the help and co-operation we have had in these first three days which must have been extremely difficult for translators and interpreters dealing with all of our demands. We can only say how grateful we are and express the hope that we will be as co-operative and undemanding as possible.

The questions which have been raised by Mr Cipolla this morning together with the lucid answer by Commissioner Lardinois have raised certain issues. These are of particular importance and of intimate concern to consumers. We recognise that it is a problem to find suitable methods of support while at the same

Baroness Elles

time attempting to regulate milk and butter production to the level of demand. This may involve several considerations.

For instance, how does one assess the level of demand for butter in the Community, let alone in the rest of the world, as the standard of living rises? Even within the Community there is a wide range of consumption. Without disrespect to Mr Cipolla, I would like to quote what are new figures. The annual *per capita* consumption in Italy is about 2 kg. whereas in Ireland it is about 13½ kg.

In considering how to support butter prices Mr Cipolla mentioned the olive oil market, and I speak here as an interested party because I produce olive oil. He must be well aware that the olive oil problem has no relation at all to the butter problem or to any of the dairy products produced throughout the Community. It is a closed market with completely different labour problems, and the marketing and distribution problems of olive oil bear no relation to those of butter.

The other question is: How do we ensure that the farmer obtains an adequate return for his labour? Just as important is meeting the needs of the consumer by efficient distribution and reasonable prices. I want to put a question to the Commissioner. He dealt with this matter of selling butter cheaply to certain margarine producers and said that these kinds of margarine are not in competition with butter. We in our Group would be glad for some elucidation of this because in our country we cannot think of any form of margarine which does not in some way act in competition with our butter supplies. Perhaps in the Community of the Six there was a different problem.

A question which the consumer is entitled to ask is: Why is it that when there is a shortage, prices rise, yet when there is a surplus they never appear to fall? I know that this is difficult, bearing in mind world prices, inflation and—one of the objectives of the Common Agricultural Policy—the achievement of stability in prices. Nevertheless, this does not seem to have been achieved so far, and I wonder whether it ever will be.

The question of surplus milk and butter production is inextricably inter-related with that of beef. I have not heard that subject mentioned yet. If we are to produce sufficient beef to meet the ever-increasing demands not only in the Community but throughout the world, we shall inevitably be faced with a continued surplus. This is one of the problems which man has not yet managed to solve—how to have beef cattle

without a cow. The slaughtering policy of killing the excess number of animals was tried in 1969 and farmers were given premiums. This was a global policy. I question whether it is advisable to have such a policy when there are so many different varieties of farm. There is the very large farm of 500 to 1,000 hectares and the small farmer in Tuscany or anywhere in Italy with, say, six or seven hectares. The problems in such cases cannot be the same.

I wonder whether there should not be a slightly more flexible approach to this issue. We shall be faced with a continual surplus of butter if we are to have increasing beef production—unless the scientists find new methods of breeding cattle. We should focus our attention on whether alternative uses for dairy products should be found. Should there be greater encouragement to drink milk, not only in the Community but outside? So far we have heard of only one dairy product, butter. Should there be greater encouragement to eat cheeses, both on nutritional grounds and on grounds of food value, again not only inside the Community but outside? Should there be more dried milk products for world markets, not only in the Community? Are there other uses to which milk and butter products can be put? We are continually being told by the scientists that the world's resources are being used up rapidly. Why does not any scientist—and may I state I am not one—ever think of a way of using any of the dairy products in which there is no deficit at all—on the contrary, we are always being told that the surplus cannot be used for some more practical purpose than being kept in warehouses—for some of our other needs? This, of course, should be done where there is a surplus.

In our country we have always believed that one of the major roles in joining the Community was to help developing countries, especially those where there is a very graphic food shortage. I am sure I speak for my Group when I say we should support any system of food aid to countries which are short of food when there is food surplus to the requirements of the Community.

The disposal of butter stocks, of course, is a matter which I shall make quite clear does not affect the United Kingdom for the time being. With our estimated present stocks and estimated production for this year, together with the authorised imports from New Zealand, we should have adequate supplies for the United Kingdom.

In connection with New Zealand, we are reminded of the agreement with which, I would say, both New Zealand and the United Kingdom

Baroness Elles

were very satisfied. Both countries have expressed their satisfaction that the Community would not pursue any commercial policy undermining New Zealand's search for new markets.

This, of course, to some extent will affect the programme compared with past years. Whereas before, the EAGGF provided export compensatory payments for butter sold cheaply in Asia and the Far East, it would surely be beneficial for the Community now that these markets are no longer available, to find ways for the EAGGF to subsidise the sale of dairy products within the Community.

I would say not only to makers of ice cream but to those classes of society at a financial disadvantage—here I am thinking of people like old-age pensioners, the numbers of which are ever-increasing, schoolchildren and children under five; and here I am not speaking for my Group because I have not consulted them—that I do not accept that they cannot have this because of an administrative difficulty. If you want them to have it, they can get it. There are ways of doing this on family allowance books and old-age pension books. Although this is not a party political problem, I would be grateful if the Commissioner would examine it.

From what I have said it is quite clear that we as a Group appreciate the very real problems which face the Commissioner because there are so many things that are involved, whether it is the question of beef production, the demographic problem of moving farmers into the towns or the general economic laws of supply and demand. Thus, when we are considering the price of butter we have to take all these questions into account. As a member from the United Kingdom, I would say we even have to consider the time-old tag of the Britons, the weather.

When, as I hope he will do, the Commissioner prepares a report on this matter in order that we may discuss it again in the Assembly, may I ask him to bear in mind the points we have raised and, in particular, not only to look to the needs of the farmer but to balance those needs with the needs of the consumer?

(Applause)

President. — May I thank Baroness Elles for her kind words at the beginning of her speech on behalf of the Conservative Group to the members of this Parliament and to the members of the staff?

I call Mr. Pounder.

Mr Rafton Pounder. — Mr President, I should like to open in exactly the same way as did my colleague, Baroness Elles, because those of us like me whose French is, to say the least of it, at schoolboy level, have been in need during the week of a great deal of assistance. This has been forthcoming with great generosity from everybody in this Parliament and those associated with it. I for one would very much like to join in the expressions of gratitude. Likewise, I hope none of us will be too demanding.

I must admit that when last I spoke in this hall five years ago in a Council of Europe capacity, I never in my wildest moments thought I should be here in the European Parliament, nor that the first occasion on which I should speak in this august Assembly would be on a subject on which I have never even ventured to speak in my own national Parliament, namely, agriculture. However, such is the importance of butter in the Community at this time that I feel I must take some brief comments, and the more so as I come from an area of the United Kingdom where we are not only large per capita consumers of butter but large producers. I refer to Northern Ireland.

In parenthesis, might I add that I refer to Northern Ireland here purely in the context of the background to this subject. I certainly hope—and I am sure honourable Members in this Parliament will equally agree—that the other aspects of Northern Ireland which one hears about tragically through the news media are not subjects for discussion in this Assembly but are rather a domestic issue.

There are three courses of action which the Commission can take in dealing with what is acknowledged to be the mountain of butter. One is the time-honoured concept of 'Let us do nothing and hope that the problem will go away.' On that basis I would expect there to be total disaster. This is not a problem which will resolve itself. It must be tackled by means of positive action. The action could, of course, be to put some of these surplus stocks into Third World markets. I realise that the Community quite rightly is preoccupied with its own problems and the challenges which, in its enlarged form, are now evident. However, "to seek Third World markets" could be another term for dumping, and dumping would be a disastrous policy with the gravest international implications. It is inevitable that the international position in dairy products of New Zealand would be crippled—I do not think that is too strong a word—were there to be a dumping programme to get rid of the butter stocks. Like Baroness Elles, I think everybody in the United

Pounder

Kingdom and New Zealand greatly appreciates the generous approach during the period of negotiations to New Zealand dairy problems adopted.

As to the third course of action, having eliminated doing nothing and having eliminated dumping, one must now come to the idea of some form of direct intervention. I agree with Mr. Martens' observations that the problem could be either structural or cyclical. In my view, it is inevitably structural, and for that reason some form of intervention by the EAGGF or some other agency is obviously necessary. This, I suppose, could be called the use of the subsidy mechanism. The fact is there are vast stocks. When the Commissioner replies to the debate, might I ask him to reply to one specific question? As I understood his answer, he quoted a surplus of 300,000 metric tons or thereabouts. The latest information I was able to obtain from the United Kingdom as recently as yesterday was that the stock surplus in the nine countries of the Community is 470,000 metric tons. By any standards, whether one accepts the 300,000 or the 470,000 figure, one is talking in terms of massive stocks, stocks which will be increased once the dairy herds go back to the pasture lands when the winter has receded.

This is a desperately serious and urgent problem. I hope it is not contrary to the spirit of competition that there should be some means of attracting the consumer to buy butter. Margarine is a competitor with butter. From my earliest days I seem to recall newspaper and television advertisements assuring me I could not tell the difference. They are standing in competition one with the other.

As Mr. Martens also rightly said, butter production is the end of the milk cycle after liquid milk, skim milk, cheese and all the other functions for which milk can be used have been taken account of.

Perhaps we could have for a period of time, until the stocks are reduced and until the structural defect—for such it would appear to be—is remedied, some form of subsidy so far as the consumer is concerned, because this subject must be related to the beef crisis. If that problem is not correctly solved, what is an existing butter crisis will become a disaster of enormous proportions.

Because of my political beliefs I do not like to advocate the concept of a subsidy structure, but in a grave and serious situation exceptional methods must be tried. I would respectfully submit that such an exceptional measure should be the use of some form of subsidy mechanism.

Do not let us allow the dairy farmer to lose. He is already receiving in many cases a small enough return for the work which he undertakes. I am not suggesting that it is at the producer end that the prices should be altered; it is at the consumer end where the situation should be changed.

(Applause)

The President. — May I express the same thanks in the same kind words to the same people.

I call Mr Cifarelli.

Mr Cifarelli (I). — Mr President, Ladies and Gentlemen, Miss Lulling has already spoken on behalf of the Group to which I am allied and I shall therefore confine my remarks to a few personal points. I have been led to ask for the floor because I think that Commissioner Lardinois's reply and the debate itself have taken us very far from the point.

We wanted to tackle once again the problem of agricultural aid in a free market system, the problem of animal and vegetable fats, the competition to these, the level of consumption of these products, the creation of surpluses and so on. However, Mr President, what I believe to have been Mr Cipolla's timely question brings up two basic issues.

We are not discussing agricultural policy in relation to butter at this moment. The question refers to certain consequences of the policy of eliminating or containing butter surpluses, those stocks which, as we have just this minute seen, may be evaluated at such disparate figures, as in the case of so many things in free countries (and—heaven knows!—not only in free countries).

The Commissioner responsible has spoken of 300 thousand metric tons, while Mr Pounder has mentioned the figure of 470,000 tons. I am not sufficiently well informed, nor am I competent, to make a pronouncement on the subject. It is in relation to this that the question raises two points. First of all, we wonder whether it is true that, as a change to previous systems, certain quantities of this surplus butter have been sold off at special prices to certain firms, to certain industrial undertakings, and we are asking for information, a list of their names or the trades concerned. On this subject—may I be permitted to point out—the Commissioner has told us nothing except that the individual manufacturer, even the baker, may buy this cheap butter. No details have been given and I believe that these should be forthcoming. Above all, it should be stated whether or not there are grounds for a

Cifarelli

concern which I believe to be well-founded: when a source of supply is created for industry in order to sell off stocks, the price being determined by I know not what means but which is at a far more advantageous level, not only does this distort the basis of competition but it acts in favour of Mr X or Mr Y, in favour of this company or that company. Furthermore, we should like to see by what means such advantages are created.

In a free market where the situation is determined only by current events, we in Italy say that it is the Hand of God. In one region it may rain a good deal and the wine is poor; in another, the weather may be good and the wine produced is excellent, and this has different effects upon the market. In such a case, this would be the Hand of God. But when the Community authority intervenes, then the hand of man must be subjected to controls based on the criteria of justice, impartiality and prudence, to prevent even more serious disruption.

This is the first point. I believe it has escaped attention up to now and I should like to submit it to the Commission for special consideration. Then there is a second point: aid to developing non-Member States.

I remember (our colleagues from the United Kingdom will have heard of this) that once upon a time a rumour circulated that certain cartridges were greased with a certain fat and an immense and shattering mutiny arose in a country then under Her Britannic Majesty's flag. But, apart from all this, there are so many countries towards which aid might be directed whose mechanism of financing and control is very familiar to us.

There is another question on which a stand must be taken unless, when we raise the problem of eliminating surpluses, more account is taken of the consumer associations, the consumer co-operatives, in other words of bodies acting more directly on behalf of the consumer population rather than on behalf of the producers who would otherwise be arbitrarily favoured in competition and obtain advantages which might be very substantial but have little justification.

There seem to me to be two fundamental points at issue. It can be argued that in certain countries cooperatives are not truly democratic bodies and may lend themselves to speculation; it may be said that consumers' organisations in other countries are not sufficiently comprehensive and efficient, and these are concrete problems of action. But it is these very problems that the question emphasises, I believe opportunely. I, who do not share much of the basic

concept of my colleague, Mr Cipolla, (indeed, we are often in conflict on this), believe that this question is inspired by the concern for the principle of control over the functioning of this whole that we call the common agricultural policy, a principle of good administrative conduct and democratic reliability. I believe that the points raised in the House deserve a clear and detailed reply.

President. — I call Mr Dewulf.

Mr Dewulf. — Mr President, I suppose that Mr Lardinois will deal with the remarks made on food aid to developing countries through the supply of dairy produce. I believe that it is possible to seek and think further in that direction.

I request the attention of Mr Scarascia Mugnozza's successor, who himself was Mr Mansholt's successor, for a suggestion made by me at the time, but for which I have not received any response from either the responsible members of the Commission or the administration. I feel supported to such a degree by Baroness Elles's words that I should like to dwell upon them for a few moments. In some parts of the Community people eat bread and butter. "Bread and butter" is a euphemism for the eating habit of many families, particularly the large families. There, to have butter on one's bread is a luxury. People are forced to use margarine for the so-called bread and butter. And I know what large families are. If one could find a system whereby butter surpluses could be sold at a price which is competitive with the retail price of margarine, one could undoubtedly reach a consumer group which is of interest from a social point of view.

I should like to make the concrete suggestion that by way of a test taken at random an enquiry be instituted into consumers' habits, into the actual situation in the large families as far as butter and margarine are concerned. That enquiry could, if need be, be made with the co-operation of the family associations. I am of the opinion that a technical-administrative system could be devised, by way of the Child Allowances Funds, etc., to make this butter available at a reduced price to certain social categories, in particular the large families, without there being the risk of abuse or falsification.

President. — I call Mr Jakobsen.

Mr Erhard Jakobsen (DK). — It is quite natural for a Danish Member to intervene in a discussion of the butter surplus. However, I must say at once that from reading about it, we know it best as a problem which might still further di-

Jakobsen

minish the advantages for Denmark of entry into the European Community. We have not taken this too seriously—I have the impression that perhaps in this discussion a little too much exclusive attention has been paid to the fact that there are now surplus stocks of butter and how to get rid of them—I am not going to try to deal with this.

A lot of good suggestions which could be tried have been made—but I would like to point out one thing which I learned when I was first becoming acquainted with agricultural problems as an economics student, and that is that the chief characteristic of agriculture is the many alternative forms of operation available. Has anyone considered that, instead of taking butter away from the consumer market, one could perhaps offer agriculture other uses for its production resources?

What about milk production? Instead of encouraging people to use more butter one might encourage them to use more milk. Perhaps the milk could be used for milk powder. Perhaps there are places where dried milk could be useful. If we gave butter to people in the various underdeveloped countries we would simply be killing them off a little faster than they are now dying of starvation. There must be more possible alternative uses than there are actually uses for butter.

In this connection I would like to dispute what my Italian colleague said earlier this afternoon. It is really not right to blame the agricultural regulations for the fact that butter consumption has fallen, for instance in the Netherlands. The fact that people are ceasing to eat as much butter may be due to quite different factors. Perhaps some Dutchwomen have been told that you don't improve your looks by eating butter; so they are using other materials instead. It is not really this which is wrong with consumption. These are two independent problems.

In any case, I would like people to look at the alternative possibilities. What can we use farmers for, other than producing butter, and how could we set about encouraging farmers through the agricultural regulations to produce something other than butter? I don't know the whole mechanism, I admit it frankly, we are just beginners. I know it is all very complicated, but I would ask that consideration be given to the alternative possibilities.

And so finally to certain trends which have emerged in the discussion. As someone who knows a lot about his Danish countrymen, I would like to say that one must not regard the agricultural producers as the rich and the con-

sumers as the poor. In a good many countries, including Denmark, there will be a good many producers who are considerably poorer than the consumers. And this must be borne in mind when the measures to be adopted are being thrashed out.

I am in complete agreement with my English colleague, who said that if something is to be done it must be in controlling consumption, not controlling the incomes of those who produce, because there isn't so very much to be picked up here to begin with.

Thank you, Mr President.

President. — I call Mr Cipolla.

Mr Cipolla (I). — Mr President, first of all I would like to thank those Members who have been so good as to provide their valuable contributions to this discussion, making this debate so useful for Parliament and for our institutions.

With regard to the reply from the Commissioner, I must say that I was disappointed at what he did not say, at the replies he did not give, and I shall be commenting further on the Commission representative's statements in response to my questions.

I had asked—and I believe this to be the primary task of a parliamentarian—about the foreseeable cost of this new version of the mountain of Community butter; a cost foreseeable not only in the light of the formation of these new surpluses but also in consideration of the fact that from 1 April the Community will be broadened and as a result other producers will enter and will rightly claim the same measures of defence as the producers of the six Member States. And I believe that, in its reply, the Commission should state this, and if it does not wish to state this now it has the duty of issuing an official communication.

Furthermore, what it has not said concerns the firms which have benefited from the purchase of butter up to this time. I was not enquiring which baker in Haarlem bought a hundred pounds of butter, nor can this be a matter for the House. I believe that the Commission, if it wishes, could tell us the number of purchasers and provide a list of those purchasers who have bought substantial quantities of butter, in other words the large Dutch, Italian, French and German complexes, and so on.

I wished to emphasise—and I believe that many other Members are in explicit or implicit agreement with my comment—that it is extremely harmful to the general interest and also to the spirit of the Treaty of Rome and the Community

Cipolla

institutions that there should be two markets, one at a privileged price and the other at a far higher price, and that the preferential market should be made up of industrial buyers and not consumers.

This is the first consequence: a family man (and Mr Dewulf who has a large family has reminded us of the problem) must pay three times more for his butter than an industrialist purchasing it for processing. The Member who preceded me has said that in Holland a baker does not have this problem, but the Community, honourable Members, is not confined to Holland. A baker from Edinburgh or Palermo cannot go and buy from the warehouses storing the surpluses—as can a small producer operating in the areas of these warehouses. The Italians or the Irish who can do something like this obviously have large complexes behind them and have the means of paying to ship butter from a market where it costs 300 lire a kilo to a market where it costs 1400 lire, the price paid by the Italian consumer. Who prevents anyone from doing such a thing? Nobody. I believe that this should be stated; since a specific question has been raised on the subject, I cannot but urge the Commissioner once again to carry out his duty and provide a list, not of the small firms who can be numbered in dozens or hundreds, but of the other companies making purchases of more than 50 or 100 tons, so that each one of us can have a better grasp of the situation.

With regard to the comments of a general nature, Mr President—and I am coming to the end—I must state that we do not raise the problem (and in this I agree with certain comments on the part of the Socialist Group) of reducing the necessary aid which must be given in a market system to the small agricultural producers who have no power over the market, in other words the intervention measures in favour of growers. But I must recall that these measures, adopted at a sacrifice by the Community to help farmers, have proved to be of benefit to other forces, not to the farmers. When I spoke of olive oil—and I would address my remark to Miss Lulling in particular—I said that the price did not rise on the market to help the oil producers but that it was, with many imperfections, an integration of the price. We, Mr Lardinois, do not make distinctions between one farmer and another, and we believe therefore that in the case under consideration an intervention measure could be taken in this direction. In conclusion, I should like to thank the Commissioner who has taken part for the first time.

He began by quoting a Dutch proverb, "he has fallen with his nose in the butter." We hope, Mr

Lardinois, that we can help you out of this rather embarrassing position, if you will work with Parliament, which has expressed itself in such clear terms in this debate, to make a radical change in a situation which is now arising for the second time and is such a serious problem for our Community. And this can be done, if one wishes, without harming the producers' interests, indeed reconciling them with the interests of consumers and of the Community as a whole.

President. — I call Mr Lardinois, a Member of the Commission of the European Communities.

Mr Lardinois, — (F) Mr President, I should like to deal with the various questions which have been put forward in second instance. I wish to start with Mr Marten's questions. Mr Martens has pointed out that two years ago we ceased the promotion of sales by more or less artificial means, because production and demand in the Common Market were then in balance. Even then there was a time when production lagged behind normal sales and we were able to use the stocks we were keeping in cold store at the time. This situation lasted for about a year, so that we automatically and even over a fairly short-term period could get rid of our stocks. This was the case not only in the Community, but in the whole of Western Europe and even in the whole world. So much for the butter situation in 1971.

I wish to emphasize that a certain measure of stockpiling of staple produce, among which I would include some foodstuffs such as butter and cereals, has a useful and very important function for the consumer. It is of benefit to the consumer if certain periods of scarcity resulting from the weather or from accident, may be bridged by a kind of buffer stock. The normal buffer stock cannot really be called surplus. A surplus arises only if the limit of buffer stocks is clearly surpassed. Where is this limit? I would not say that for a common market with 250 million inhabitants a stock of 300,000 tons of butter is excessive.

On the contrary, the stock may, from the point of view of the provision of the consumer, be called acceptable. Unless—and now I am putting the matter in a different light—this stock has arisen very quickly and we may assume in addition that this stock in this case 300,000 tons might be increased considerably in normal weather conditions and over a short period—let us say next summer. It is only then that a problem arises.

In itself the present butter stock does not constitute a great problem for the enlarged Community.

Lardinois

I also wish to point out—this in reply to some other speakers—that with regard to the butter stock we find ourselves in a fundamentally different situation from that of three years ago. As it was, some three years ago we had in this market a surplus of skimmed milk powder, that is the albumen part of the milk, as well as a surplus of the fat content, the butter.

This is not the case at present. As regards the albumen part of the milk, the situation is almost normal. There is no surplus. There is only a surplus situation for the fat content, the butter. In addition, there is an important difference in that four years ago beef prices were definitely not high and there was also no shortage of beef, whereas at the moment there is a combination in the Community of a butter surplus and a shortage of beef. In my judgement the beef shortage is not a short-term problem. Having regard to the consumption habits in the world, this shortage may well be of a more general and lasting nature. There is, therefore, sufficient reason to endeavour to switch the means of production which are now applied to achieve milk production, towards meat production, so that in the structural sense, too, something would be done about this situation. It is indeed my view that we shall have to try to do something in the structural sense to prevent the formation of these ever-recurring butter surpluses, i.e. the fat part of the milk. I suspect that some structural factors in the consumption habits of West Europeans are involved. I do not wish to go into this. It is not only a matter of the margarine industry, although it plays an important part in this context. It is also the view of at least a section of medical opinion with regard to animal fats which is involved here as well as the changed living habits of many people. The decreased butter consumption and the considerable increase of meat production over a relatively short period, not only within the Community, but in the whole Western world, on a global scale, create problems which are all the more exacerbated by the fact that the dairy season over the past six months was particularly favourable.

I cannot, therefore, agree with Mr Martens when he says that we did too little for sales in 1971.

If we had persevered with certain programmes instead of discontinuing them, we would only have accentuated the existing shortage, which certainly was not in the consumer's, nor in the producer's interest, at least over the longer term. Maybe we reacted a little late last year with some of our marketing programmes; it might have been better to have started a few months earlier. I do not deny this. In situations like these,

however, it is customary for one expert to view the situation differently from another. Only in retrospect can it be said who was right. I agree with the view that industry, and in particular the dairy industry, would do well to develop its efforts to sell its products by increasing its publicity and also by counteracting the sometimes impudent and importunate publicity promoted by the margarine industry.

Miss Lulling has raised the question whether it would not be a good thing to devise another system for the disposal of butter in particular. It is indeed possible to suggest another system and it might be possible to get it accepted by the Council, at least in part. A fundamental and meaningful reduction of the butter price might be one possible way to achieve a considerably greater consumption. Of course, the reduction in the price would have to be meaningful. We must not, however, lose sight of the fact that a reduction of the butter price by DM1 per kilogram would cost the EAGGF DM 1,500,000 million. It will be appreciated that the Ministers of Finance in particular will not be immediately convinced of the necessity to do this.

On the other hand other programmes might then be cancelled or they might cost less. But generally speaking the end result would in all likelihood be more expensive. Perhaps this would be acceptable in a period in which everybody is worried about inflation. This will undoubtedly be the central theme in the discussions due to start here by the middle of March on the subject of agricultural prices for the coming year. Perhaps it will to some extent be expressed in the proposals. However, I do not wish to anticipate events. We have only just made a start with a study of the situation regarding market arrangements and prices for next year. I can only give the assurance that the sudden appearance of this butter surplus will decidedly not simplify the task of Parliament and Council in fixing next year's prices.

Miss Lulling has stated that food aid is her priority. She has underlined that this should not only apply to butter, but to other dairy produce as well. I can only confirm this.

I assume Baroness Elles was referring to the sale of ghee. She was asking how this could take place without it entering into competition with margarine. Ghee is widely used in the Middle East. Normally it consists of other animal fats, but not of butter.

If we turn the butter surplus into ghee, its disposal will, therefore, not be competitive with the normal disposal of butter. It is, of course, competitive with the other animal fats being

Lardinois

used for it, but the quality of these fats is such that they do not offer serious competition to margarine.

Baroness Elles has also asked why there should be no price reduction. I have already dealt with that point. The expenditure for the Agricultural Fund would be enormously high, unless we were to increase the price of other dairy produce significantly and to utilise the excess (in a round-about way) to reduce the butter price. This happens to a certain extent in the British system of the Milk Marketing Board which fixes a higher price for consumers' milk. The excess price thus obtained compared with our system is used as a pool to keep the butter price at a low level. In my view this system has always worked to perfection in Britain. It was, however, very specifically geared to the characteristics and possibilities of the British market. These possibilities do not exist in our case. Barring a significant intervention with government finance we cannot think of anything of this nature. I do not, however, reject the system in advance. I believe, nevertheless, that it can only function in a scheme in which all other aspects are considered. Other prices, too, will have to be considered and other possibilities, if any, examined. I hope that this may be done by the end of February or the beginning of March in the meetings of the Committee on Agriculture and possibly also in other parliamentary committees. We may be able to revert to this in the part-session to be held in March.

I agree with Baroness Elles that against the background of the whole situation on the meat market a slaughter programme—such as we had three years ago—is not the proper method to tackle the butter problem.

Measures to stimulate the use of consumers' milk are always an excellent thing. At present they are mainly taken on a national level. One country may in this respect be a little more active than another. I am not really in favour of co-ordinating such activities—on the contrary. If this is in fact done, it does not necessarily mean that butter fats will disappear by way of the consumers' milk. Consumers are more and more inclined, instead of drinking milk of a normal fat content, to drink milk of a fat content only half that or even less. Skimmed cheese varieties, too, are becoming more and more popular.

Given a constant level of milk consumption, the problem of butter surpluses would therefore be very far from being settled.

I was very pleased to learn that Baroness Elles and Mr Pounder consider that an excellent agreement had been reached with New Zealand in

connection with the accession of Great Britain to the Community. I must in all honesty say that one of the reasons why the negotiations in which I took part at the time did not yield the results now achieved was that they were carried on just at a time when there was a shortage of butter fats on the European market.

This makes it easier to be optimistic about the future than was possible in a period like that three or four years ago. We have however come to the known settlement and we intend to keep to it, even in respect of the point that we must not dump large quantities of butter onto the world market. This applies not only to New Zealand's market, but also to that of Australia and other countries, which will probably in future not be able to rely as much as hitherto on their traditional sales to Britain. I firmly believe that the Community has a duty to behave with restraint in this respect.

Mr Pounder asked precisely what the level of stocks is at present. Let me recall that in the written question, I was asked under point 1: Can the Commission give an estimate of the quantities of butter which were transferred at the end of 1972 to the Community contingency stocks? This is something different from all the butter which—except for what is in the contingency stocks of the Community—is in normal trading stocks, including those in the new member states.

I have answered the question as to how much contingency butter is at present held in the Community, giving a figure of around 300,000 tons, even if I include stocks which are in private hands, but subject to guarantee of the EAGGF of the Community. This is therefore the quantity of butter for which we in the Community are responsible (both the Six and the Nine), since in this respect the figure remains the same, namely about 300,000 tons. This does not include the normal trading stocks held in Britain, Ireland and Denmark, where, at the end of 1972, these stocks amounted to some 90,000 tons.

Mr President, Mr Pounder also asked whether we cannot further subsidise the consumer, and Baroness Elles put the same question. I think I have already answered this question. In my view we must consider this matter very carefully and it might well turn out that prudent proposals can be worked out in this connection, which might have a better chance today of being accepted than some three years ago, when the Commission advanced similar proposals, which were ultimately not accepted by the Council. Looking at this event with hindsight, this was perhaps the right decision. We are however now

Lardinois

dealing with different conditions in respect of butter.

Mr Cifarelli also pointed out the need for proper supervision of the sale of this butter. I am very happy to agree with him, but I would like to point out that this supervision is in the hands of national authorities. There is a sort of centralized post-calculation carried out by the Community services, but the real on-the-spot checking, i.e. in the warehouses,—must be (and for that matter is) carried out by the national authorities responsible.

Frequently it is a question of priorities. It is on the national level that it is determined what mistakes made in commercial activities need more particular detail supervision.

Mr Dewulf has suggested an investigation into consumption of butter in large families, and an attempt to establish what quantities they could consume if the price of butter were somewhat lower. This is an interesting proposal. I will make enquiries as to whether such an investigation, possibly in collaboration with certain offices can be organized.

I readily concur that rather more can—and must—be done in the field of consumer research. In any case I am in principle sympathetic to Mr Dewulf's suggestion.

Mr Jakobsen emphasized the importance of stimulating the consumption of other dairy products. I think I have already answered this point. He stated definitely that any possible change in the present dairy system must not be at the expense of the producer, or in other words that the producer must not be made to suffer from it.

Let me here add that, if we wish at a particular moment to slow down production or no longer to encourage it, or not allow it to increase any further then—in our free system, with its millions of producing units—frequently the only possibility is in what I will not call a price reduction but rather a prudent handling of price increases.

Mr Cipolla has complained that I have not answered all his questions, and in this respect he is right. I offer him my apologies. I have now reread some points and will attempt to give a supplementary answer.

The cost figures for the butter programmes as they stand at present come to between one and one-and-a-half units of account per kilogram of butter.

My starting-point here is that the butter can be sold on a purely additive basis, i.e. that it is not

a question of absorbing fresh butter which might be sold in some other way. Otherwise my cost figures come out much higher. The supplementary sale of about 75,000 tons of butter in the last six months involves cost of approximately 100 million units of account. Let me also point out that the expenditure is primarily beneficial to the consumers in the Community.

Mr Cipolla may well have said that the expenditure benefits the largest industry, but I emphasize that every food industry can make application for the controlled sale of butter surpluses.

Everything depends on the manner in which the distribution of the butter stocks is organized in the different Member States. I can only speak from my experience as Minister of Agriculture in my own country. I made sure that not only large bakeries or large industries, but even the smallest baker was able to obtain butter at a reduced price.

Had I not done so, then I would certainly have had considerable problems in domestic politics. Although the supervision in the bakeries was much more difficult, we succeeded by means of a combination of systems—i.e. by adding colorants to butter used as a raw material by bakeries—in supplying these small craft units in a manner which could still be supervised. In large units using 5 tons or more, physical supervision is still possible at the moment of mixing. You can send an inspector to each such unit. But naturally enough this is not possible with the tens of thousands of small bakeries, which process much smaller quantities. Tens of thousands of producing units can apply for quantities of butter every week. The allocations are not made by the Commission. They are made on the national level or possibly in cooperation with the management committees. I do not have the address, not even of the producing units which received more than 100 tons I could have them looked out. But I ask myself whether an "instantaneous picture" of this kind has any value, since the whole picture is quite different a couple of months later. I would like to know more about it myself, and will have the matter looked into again. Once I have the relevant information, I will make it available to the Committee on Agriculture.

I think I have now broadly answered the questions which were put to me. Thank you for your kind attention to my remarks.

(Applause)

President. — Does any one else wish to speak?

The debate on Oral Question 26/72 is closed.

8. *Resolution on the common organization of the market in sugar*

President. — The next item on the agenda is vote without debate, on the resolution in the report drawn up on behalf of the Committee on Agriculture by Mr Klinker on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation 1009/67/EEC on the common organization of the market in sugar (Doc. 265/72).

There are no speakers listed.

Does any one wish to speak ?

I put the motion to the vote.

The resolution is agreed to.¹

9. *Regulation on import arrangements for beef and veal*

President. — The next item on the agenda is the discussion of the report drawn up on behalf of the Committee on Agriculture by Mr Vetrone on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) 805/68 with respect to arrangements for imports of beef and veal (Doc. 241/72).

I call Mr Vetrone to present his report.

Mr Vetrone, rapporteur. — (I) The official record of the conference at which the three countries became members of the Community carries a report on the intention to revise Article 10 of the regulations for beef over an interim period, in accordance with the rules prescribed for this procedure. The proposal which relates to this statement contained in the record of the conference which finalized the new memberships, has the particular effect not of amending Article 10 of the basic regulations of the Community, but only of adding one paragraph to it. Article 10 of the basic regulations lays down that the price fixed for imports must be increased by a customs surcharge in the event that any such import price should be lower than the governing price fixed by the Community.

In point of fact, in order to be able to establish this import price, the Community took the price-levels of the most representative markets of the third countries as its point of reference. These markets, however, can be divided into two groups : the markets of the countries where the

production and marketing conditions were not comparable with those of the Community countries, and where the price-levels were low, and the markets of the countries where the production and marketing conditions were comparable with those obtaining in the Community, and where the price-levels were accordingly similar to those in the markets of the Community. This fact is of extreme importance for the purpose of fixing the levies which necessarily come into effect as soon as the import price falls below the governing price.

Out of this second group of countries whose market-prices could be considered comparable with those of the Community, three have become members of the Community itself. And since the Community is a single entity, these countries can today no longer be called a group. In addition, this would bring into being a discrimination harmful to countries like Austria, Finland, Sweden and Switzerland, which have a production and marketing structure comparable to that of the Community. The injustice would arise out of penalizing these countries by the imposition of levies that would come to be calculated on data related to other countries where different, lower market are in effect.

Hence the necessity for inserting this second paragraph in Article 10, which fixes a specific price for imports, and especially for those from these countries whose interests it is particularly wished to protect. Clearly, there are dangers arising out of deflections of trade, and the proposed resolution recommends the Commission to be watchful in seeing that imports benefiting from this specific import price really do consist of products originating in the countries where the production and marketing structure is comparable to those existing in the Community.

So this, Mr President and fellow-members, is the substance of the proposed regulation on which the Commission has invited us to give our views. On behalf of the Committee on Agriculture, I recommend that it be approved.

President. — Does any one else wish to speak ?

I put the motion to the vote.

The resolution is agreed to.²

10. *Regulation on the Community tariff quota for frozen beef and veal*

President. — The next item on the agenda is discussion of the report drawn up on behalf of

President

the Committee on Agriculture by Mr Vetrone on the proposal from the Commission of the European Communities to the Council for a regulation on the introduction and allocation of and arrangements for managing, the Community tariff quota for frozen beef and veal under sub-heading 02.01 A II (a) of the common customs tariff (1973) (Doc. 242/72).

I call Mr Vetrone to present his report.

Mr Vetrone, rapporteur, (I). — Mr President, Ladies and Gentlemen, the proposal from the Commission of the European Communities concerns the administration of a tariff quota, implying by the term administration the opening of this tariff quota of frozen meat and its allocation among the Member States. As part of the international agreements under GATT, the Community has entered into a commitment to open a tariff quota of 22,000 tons of frozen meat per year at 20 per cent customs duty. On 8 November 1971, the Community signed an agreement with the Argentine to the effect that the tariff quota has been set as 22 thousand tons of frozen meat, but that the Community reserves the right to allow additional quotas in the light of its needs. The draft regulation aims at giving a truly Community nature to this tariff quota, so that the Community will propose a mechanism for the allocation of the quota, according to which 90 per cent of the quota will be shared out among the Member States. I must point out that reference in this case is made to six states, not nine, because there is a provision for the Community entitlement to open additional quotas if it proves necessary in the future for the other states.

The initial allocation, which has been made on the basis of the imports of frozen meat by the six states over the past three years (the period for which statistics are available), is only of 20,000 tons, the remaining 2,000 tons being a reserve upon which the six states can draw once they show that they have exhausted 90 per cent of their first allocation.

I do not intend to dwell on the other mechanisms because they are purely technical and of no importance to a political assembly such as this. In consequence, Mr President, I propose that the House approves this proposal for a regulation which—I repeat—concerns only the procedures for applying an agreement reached by the Community under GATT, which requires procedures for allocation of the quota and for its administration; the aim, however, is to make this allocation different from what it has been in the past—in other words, it should be of a truly Community nature.

(Applause)

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

11. *Regulation on a system of premiums for beef and veal production*

President. — The next item on the agenda is discussion of the report drawn up on behalf of the Committee on Agriculture by Mr Vetrone on the amended proposal from the Commission of the European Communities to the Council (Doc. 183/72) for a regulation introducing a system of premiums as an incentive for increasing beef and veal production and premiums for switching over dairy herds to beef production (Doc. 244/72).

I call Mr Vetrone to present his report.

Mr Vetrone, rapporteur. — (I) Mr President, a long list of speakers was to be expected, for I believe that the main item at the moment is not so much the problem of surpluses (though that has required a debate of three hours), but precisely that which forms the subject of this report. I feel sorry for the Commissioner, Mr Lardinois, for if you want to attach importance to this problem as I believe you do he will have to reckon with a longer speech than that which kept him occupied with the problem of the butter surplus.

Mr President, Ladies and Gentlemen, it is known that the present scarcity of beef within the Community must now be considered as having a structural character. In 1970 and 1971 the shortfall within the Community remained at some 520,000 tons, whereas on the basis of the estimates that have been made for 1972 this shortfall shows an increase from 550,000 to 650,000 tons, with a further negative effect on the Community's rate of self-sufficiency, which in 1971 came out at 89.4 per cent.

The entry of the three countries now joining does not substantially alter the situation. Meanwhile, the levels of consumption show a steady increase, and moreover it should be pointed out that these levels of consumption are rising not only as regards quantity but as regards quality too. Quantitatively, as a result of the increase of 1,720,000 units in the population of the Community from 1969 to 1970. Qualitatively, on the other hand, as a result of the rapid increase in monetary incomes, which aggravates the situation to a considerable degree. The fact is

¹ OJ No C4 of 14 February 1973.

Vetrone

that these higher incomes give rise to a strong demand for veal, and are pushing up the price of veal to levels that are having a discouraging effect on any positive attempts at further fattening for the production of beef, since the latter does not ensure levels of monetary return equal to those which are obtainable from veal.

Furthermore, as we learn from reading the facts contained in a financial analysis of agriculture in the EEC recently published by the Commission—and I am gratified by the publication of a document of this nature for the first time—the production of beef-cattle gives an average return on labour equal to 1,900 units of account for each unit of labour, that is to say only 5 units of account per day. This return takes last place in the scale of values, as compared with the returns on all other production; that is to say, according to the accounting data compiled, after the returns offered by sown crops, by pig or poultry rearing, and by permanent cultivation.

The same order of things emerges in respect of the gross receipts. The highly significant negative effects of such an unsatisfactory state of affairs, which has come about in spite of the policy of incentives pursued by the Community confirmed by the indications given in the Commission's most recent publication—the report for 1972 on the agricultural situation. We learn from this that the cattle population of the Community has been falling steadily since 1968, to the point that the figures show a total contraction of 3.5% in the Community's cattle herds from 1968 to 1971.

The prices, as could be foreseen, have meanwhile been pushed upwards particularly sharply during the first half of 1972, the increases reaching 13.8% for fullgrown beef cattle and 9.9% for calves, compared with 1968 to 1971. Faced with this disquieting tendency, characterized by a continual fall in supplies and a continual growth in demand, with resulting increases in prices, accompanied moreover by a process of inflation that now seems irreversible in all the Community countries, recourse has been had to imports, of both beef and veal, and accompanied by exceptional measures that have at times nullified the rates of the customs tariffs. That has occurred, for example, in the case of veal imports, and it is not impossible that measures of this type may be extended in view of this serious situation.

The truth is that we do not know whether these steps will prove to be a complete overall corrective, as only experience will tell us this. But the beef crisis is not a phenomenon which only affects the Community. Unfortunately, this shortage is a factor which also concerns almost all

other countries throughout the world. I do not know of any countries which do not have this problem, and perhaps Mr Lardinois can tell you this. It may be that Australia is an exception, but I believe that all the others are obliged at this moment to face the same facts, namely that the recourse to imports which we are putting into effect by taking exceptional steps, does not seem calculated to solve the basic problem. The scarcity of beef and the high price levels constitute a problem for North America and for the Latin American countries; the same applies to the state-trading countries of the Eastern bloc, who are major suppliers of the Community but who have also almost all become importers of frozen meat. This all contributes to enhanced prices for this product, the price of which has doubled on the Latin American market within a period of only 18 months. Imports are therefore particularly costly, and have already shown price increases of 34.1 per cent for fullgrown cattle, and 32.1 per cent for calves over the period 1968-1972.

What have been the first results of the facilities accorded to the entry of imports? We do not know, since the Commission has not until now made the repercussions known, and perhaps is not yet in a position to do this. From the evidence provided by the press on several occasions regarding the situation which has established itself following the application of such measures, it should be presumed that no contraction in the prices within the Community—at least during the initial period—has been found to have taken place. Only at a later stage, and then only in the case of the Dutch market, does there seem to have been any appreciable price reduction recorded. But in any event these measures are not suitable ones for solving our problem. They could even be a danger in themselves, as seems to be what is already occurring, in view of the fact that France has insistently requested—and this Parliament has expressed its support—continuous support which should only have a psychological effect in that country.

What is now emerging is in fact the reaction coming from the breeders, who when facing these assisted imports do not feel themselves encouraged to take any new steps (and this too is a psychological factor), but more discouraged than otherwise.

Mr President, Ladies and Gentlemen, the principal evidence recorded, which the Commission itself has given us as a justification for its new proposal regarding a system of premiums for the promotion of beef production, makes us suddenly reflect how our Committee on Agriculture has brought about the situation that the policy of giving incentives to this sector which has been in

Vetrone

operation till now, has not achieved the expected results. On the contrary, the quantities of beef available have recently fallen.

Now without wishing to indulge in tendentious polemics—believe me, Mr Lardinois—but inspired solely by a proper sense of responsibility and cooperation in facing so serious a situation, we ask ourselves and we ask the Commission if it is possible to be convinced of the soundness of Regulation 1972 of 1969, which fixed a system of non-marketing subsidies for milk and dairy products and which had in view—as is stated in the Commission's official document—the double objective of getting rid of the milk surpluses accumulated at that time, and also more particularly switching over dairy herds to beef production. We ask if it is possible to be convinced that this regulation has effectively fulfilled such objectives.

In the judgment of the Commission, expressed on 22 July 1971, the first of these objectives is said to have been achieved, whereas the second—says the Commission—appeared to have been only partially achieved. Well now, if no one can deny that there has been a reduction in the substantial surpluses of milk products, it nevertheless remains doubtful to what extent this reduction has taken place as a consequence of this non-marketing subsidy, since it could instead be the result of the big financial effort which the Community has had to make in selling off these surpluses at a loss.

The doubts are further strengthened by the statement which you have made, Mr Lardinois. You have told us that today these surpluses, at least as regards their volume, are the same as they were yesterday (300,000 tons). But if the same Committee, in order to explain how it has not been possible even partially to attain the second objective—that is to say the switching-over of dairy herds to beef production—informs us that the recipients of these premiums have given up in the face of the financial difficulties created by moving over from dairy farming to intensive beef production, well then, Mr Lardinois, we can conclude that in effect no progress has been made, even partial, towards reaching this second objective. It would, however, be interesting to consider what the effect would have been of suspending this non-marketing subsidy for milk. Why in fact should this subsidy not be considered as a valid factor in the formation of the surplus? You have said that new surpluses of butter have suddenly come into being. But it is also true that the Parliament has not been officially apprised of these, and at a certain point the Commission has suspended the non-marketing subsidy for milk.

President. — Mr Vetrone, I must point out to you that your speaking time is up.

Mr Vetrone — (I) I have said that it was my intention to curtail the first reports in order to allow myself more time for this subject. But if you impose a time-limit on me, I will respect this by coming rapidly to my conclusions.

There is no doubt that the objective would have been reached if the problem of beef production had been looked at not only as one conflicting with the production of milk (as has been the case till now), but also from a more general, global point of view, which would have related beef production to all the other production sectors. And today we can reach this objective by means of the guidelines which have been evolved following the application of a common structural policy. You are convinced of this, Mr Lardinois, because when speaking of the surpluses you wanted to emphasize that these are also a structural problem. The question which naturally arises is this: whether it is necessary today to continue to operate with this old policy, or whether instead there may not be a case for paying greater attention to beef rather than to the problems of milk. I believe it was in fact you who said that today beef is a factor of greater importance than the production of milk, and I welcome this because I consider that this is the real position.

The Committee on Agriculture has now debated this complex subject at length. The basis has been the proposals made by the Commission regarding premiums payable for the slaughter of heifers after their first calf, premiums payable for calves born alive or dead (without any distinction), which result from crossing with a bull able to ensure meat-producing progeny, and finally a higher subsidy for the non-marketing of milk, the factor which represents the heaviest financial charge on the resources of the European Agricultural Guidance and Guarantee Fund. Nevertheless, though it has completed this task, the Committee on Agriculture has not been able to go equally far in its views on the proposals, in the sense that it has not felt able to express a favourable opinion; it has wished merely to emphasize its determination to find a solution to these problems, but has not shown enthusiasm for the proposals as such. Taken as a whole, these do not contain the indispensable ingredients for the type of policy required by the present serious situation; namely, a global policy which relates this sector to others and which is coherent; one, that is to say, which does not disregard the issue of assisted imports, or factors related to these imports or to prices.

Vetrone

Only in this way can a solution to this problem be reached.

As we Italians have again been obliged to point out today, we are witnessing the emergence of a surplus of milk and butter at a time when there is a shortage of these in one of the countries of the Community. Furthermore, beef supplies are a source of equal anxiety in all the countries of the Community. So when there is talk of the necessity to renew and encourage these supplies by increasing the actual incentives, like the non-marketing subsidy for milk, a citizen of the Community asks himself how it is possible, if it is true that the overall shortage of beef in the Community stems from Italy because the largest consumption of it is in Italy, to invite the Italians to withhold their milk from the market at a time when there is a shortage of dairy products in Italy.

It is in fact absolutely out of the question that this procedure be put into effect.

Italy, moreover, is the country which has the greatest need for beef. It is a country of hills and mountains. How is it therefore possible to be so ignorant of the problems of beef production as not to think of the idea of regionalization? Is it possible, for example, to accept the fact that even what is in itself a most effective measure, namely Article 10 of the directive, according to the proposals is only applicable over a maximum of 100 hectares? One hundred hectares will do well enough for the plains, but what is that in hilly or mountainous country?

The Commission must put this question to itself, and similar arguments have in fact been put forward in the meetings of the Committee on Agriculture. I wish to associate myself with those colleagues who have put forward amendments intended to ensure that the proposed resolution comes nearer to expressing their thoughts on this point. Basically, the Committee on Agriculture has not confined itself to expressing some perplexity, but has also put forward some new conceptions and ideas; nevertheless, we are not experts, and for this reason we ask that it should be the experts who study the matter in full detail.

Among other things, the problem of the guide price has come up, following a remark by Mr Richarts, who asked if there was not a case for relating this to the costs of production. Mr Liogier has observed that this is not the moment for establishing a link between the production of beef and production of cereals. Mr Beylot and all our other French colleagues have likewise asked whether the situation does not call for the provision of assisted loans, in view of the fact

that the returns derived from beef production have fallen so low as to take the bottom place in the scale of the returns earned within the Community, and whether there is not a case for thinking of giving an incentive for the development of zootechnics. Consideration can be given to the possibility of applying the provisions of Article 10 over a wider field than that which its terms prescribe; that is to say, without a development plan being a requisite. Article 10, on a basis of the directives given, applies fundamentally to development plans: but today, colleagues, if I may use the phrase, the house is on fire, and if this is an effective procedure we can use exceptional means to apply it, at this time, over and above the cases which it was designed to cover.

Mr President, colleagues, I would have liked to report to you more fully and under less pressure, but the time at my disposal is only 15 minutes, even if the problem of meat, which yesterday was costing 2,000 lire a kilo, today costs 4,000, and within a year will perhaps cost 7,000 or 8,000 lire a kilo, would have merited more detailed examination. Our rules, however, impose a time-limit of 15 minutes in all circumstances. I am glad that the Committee on Agriculture, whose proposed resolution expresses doubt about the efficacy of the proposals put forward, may have contributed to avoiding a postponement of the structural solution to the problem. Mr Lardinois has declared his readiness to collaborate, and has provided some suggestions which are incorporated in the proposed resolution, and in the report which I have had the honour of drawing up.

We hope that the Commission and the Council of Ministers will be able to take a decision, even if they have not until now succeeded in reaching agreement, as agreement has not yet been reached by the experts.

This shows the complexity of the problem. We are aware of this, and we therefore hope that the new executive will be receptive to the views of the Parliament's Committee on Agriculture; receptive, and disposed to study this problem in detail, in a spirit of full cooperation. I would like to say that it would perhaps be preferable—to use an expression already employed—“to fall with our noses in the butter”, rather than to find ourselves facing a problem as serious as that of beef production. The butter problem could be solved with a financial effort, whereas the problem of beef has many different facets, including psychological ones. And when these enter into the picture, the involvement is a major one.

I trust that in the future the new Commission will feel able to give favourable consideration

Vetrone

to these ideas and suggestions formulated by the Committee on Agriculture at the outset of a task which it is to be hoped will have genuinely fruitful results for agriculture within the Community. And this is our greeting to the new Commission, to which we intend to give our full cooperation. It is above all to you that we turn, Mr Lardinois, who among other things have been a stalwart pillar for agriculture in your own country, and also, in your capacity as Minister of the Netherlands in the Council of Ministers of the Community, a stalwart champion of agriculture in the Community.

(Applause)

IN THE CHAIR: MR BEHRENDT

President

President. — I call Mr Aigner who is deputizing for Mr Reischl, the draftsman for the opinion of the Committee for Finance and Budgets.

Mr Aigner, deputy draftsman for the opinion. — *(D)* Mr President, Ladies and Gentlemen, I am deputizing for the draftsman for the opinion Mr Reischl. He has asked me to present the views of the Committee for Finance and Budgets, since he had to return to Bonn for reasons of which you are aware.

Mr President, the committee has examined the regulation with particular reference to its responsibility for finance and budgets. This examination could not ignore the important question of the probable effectiveness of the regulation, or rather of the relationship between expenditure and income. The regulation represents a common measure in the sense of Article 6, (1) of EEC Regulation No 729 of the Council of 21 April 1970. According to the Commission's estimates, expenditure for the period up to 31 March 1974 amounts to 165 million units of account, that is 50 per cent of total expenditure. Any extension to 31 March 1975 would require further provision of the same amount.

Mr President, allow me to interpose a comment here. If a proposal for a regulation involving an expenditure of 1,000 million DM were discussed in the capitals of our Member States, the discussion would certainly continue for months in the responsible quarters—the Bundestag, the Italian Chamber, the French National Assembly. Here, however, the matter is disposed of in a few minutes according to the formula "Eat this, or die", and not even the public is aware that in making one regulation the Commission is demanding one thousand million.

Allow me, therefore, to make a few critical comments on the proposal from a financial point of view. Mr Lardinois, the target is plain; milk production is too high and beef production too low. Thousands of millions are put into the wrong production. On the other hand, thousands of millions have to be spent in order to market this surplus production. In principle, therefore, it is right to provide an incentive to production in places where a bottle-neck exists, and to seek to erect barriers where there is over-production. Already at this point the first criticism must be made, a note which was also sounded in the remarks of Mr Vetrone. In my opinion the Commission always reacts only when the failure or mis-development of a certain production has become apparent. Then the reaction is mostly too late, and often too hesitant. A long-term influence on production calls for a clear conception. For years we have been demanding a better price relationship between beef and milk and between other farming products. Changes in milk and meat production demand, in the first place, the support of breeding measures. A long-term programme is therefore needed, a demand frequently made in this House. To be able to work at all towards a definite target the production structure must be clearly visible, and there must be a minimum knowledge of other methods of production. In our judgment the Commission lacks even one most elementary item of information—a self-recording system of European statistics, with the necessary criteria of judgment to facilitate intervention in so many different processes and such a variety of regions.

The inevitable result is uncertainly and consequently inadequate proposals in most cases.

The Committee for Finance and Budgets shares the view of the Committee on Agriculture that the financial incentives in the draft regulation are too weak for changes in the production, and too dear for the existing beef production. We therefore share the scepticism of the experts and regard the estimated costs as rather too indefinite. In my opinion it is certain to be a dearly bought experience, similar to that of the slaughtering subsidy. Despite these doubts the Committee for Finance and Budgets approves the regulation, in the expectation that the Commission will shortly submit an overall plan for beef production. In addition to the statistical side, measures affecting price, structure, trade policy and breeding must be developed and coordinated. Only in this way can, in the long run, a balance be established between market and production in this important field of agriculture. Only in this way, Mr Lardinois, are funds of this magnitude justified.

Aigner

We ask, therefore, for approval of this motion. To you, Mr Lardinois, I wish every success in your task. You have inherited no sinecure, having regard to the lack of action in recent years.

President. — I call Mr Richarts, to speak for the Christian Democratic group.

Mr Richarts — (D) Mr President, on behalf of my Group I should like first to thank our rapporteur, who has presented his report with a certain amount of passion. It is a difficult report, prepared with much diligence but without great enthusiasm.

A survey of the supply position in the Community, even the enlarged Community, discloses more surpluses than deficits. In certain fields we have reached, and even exceeded, the stage of self-sufficiency. In some sectional areas there is a definite under-supply. It must sometimes rejoice the heart even of a farmer politician to find that this sort of thing still exists. As politicians we know only too well about the connection between exports and imports, between purchasing power and prices for our farm products. We are certainly not seeking self-sufficiency, but on the other hand we are politically committed to both the producers of farm products based on the Treaty of Rome and to the consumers.

Here we have a product which is virtually a text-book example of this: beef. 40 per cent of all producers in the Community provide it, and at the same time very often also a product whose development sometimes fills us with a certain alarm—milk. It happens to be a characteristic of the cow to provide milk, but without cows there are no calves, irrespective of the particular ideology, and without calves there is no meat. You have to know this!

Well then, —40% of the farmers in the Community produce meat and milk, one being more addicted to the former, and another to the latter. For climatic reasons many are condemned to produce milk and meat, or meat and milk, irrespective of the market situation, because the direction of production is determined by nature. This applies particularly to the newly joined member countries. The northerly regions are forced to produce milk and meat, just as the southerly areas cannot escape producing fruit, vegetables and wine. I do not think there is any danger of a switch of production from north to south, or vice versa.

What about the structural aspect of the situation. In the meat sector, the production structure is, quite candidly, pathetic: too many farms produce too little. Turning for a moment to the analysis, —you, Mr Aigner, have just given us the statistics—and reading the abundance of docu-

ments—my new friends will be surprised at the volume that reaches their desks; I hope they are adept at sorting papers; we have learned to be in the many years we have been here—it will be found that the statistics are in fact more complete than one would expect.

So far Parliament has omitted to discuss the report on the agricultural situation. The report contains some extremely interesting information.

Last year's report shows, and this year's confirms, that in the old Community alone 5.3 million cows are in the sheds of farms which are without a successor. They have, of course, an heir; there is no difficulty about giving away a fortune. What it means is that one day production will be these 5.3 millions cows short.

Mr President, the question is this: Are we to reintroduce the slaughtering subsidy, which I do not condemn, or should we perhaps in this case adopt a different method in a field which is more social than agricultural? Would it not be better to give those with such farms a subsidy for not supplying milk?

Mr Lardinois, You said just now that the disposal of 75,000 tons of butter had cost between 1 and 1.5 units of account per kilo. Would it not be simpler and perhaps cheaper to place oneself, not at the end of, or on top of, the mountain of butter, but at the milking-tap and turn off the tap at this juncture? I intend no criticism. I have every confidence in our friend, Mr Lardinois—I use the term "friend" not rhetorically, but from honest conviction—I know that you are assuming no easy task. But this is a suggestion. Would it not be possible to consider whether part of the milk production could not be dispensed with by adopting social measures, without prejudice to meat production?

We owe it to the consumer to ensure that the Community is adequately supplied with meat.

I also concur with the criticism of those who believe that the measures—I will not go into them in detail now—are inadequate. But I cannot leave it to the experts to decide whether such measures are right or wrong. In the last resort they are political decisions—political decisions for the man in agriculture and not political decisions against one another. May I remind you that in the big debate on the Mansholt Report, and in the resolution, we used the formula that all agrarian considerations must centre round man and his destiny. That is the immediate problem. And I know, Mr Lardinois, that you are committed and will remain committed to these people.

Ladies and Gentlemen, if we are to stimulate meat production, the measures we adopt must be

Richarts

credible. Tariff reductions on the one hand and price incentives on the other happen to be two measures which share no common denominator. If you want to raise meat production, you must place the farms in a position to do so, and guarantee them, by way of a guide price, a price which enables them to repay the necessary investment and at the same time—as is their perfect right—to make some profit.

I will not go into the details of the measures. In principle I support them. I favour any measure which can give an active incentive to beef production, in particular if at the same time it corrects the milk/meat balance in favour of meat. At the same time the basis of the farms must be borne in mind.

I mentioned just now a figure of 5.3 million cows. Mr Lardinois, the same Commission report shows that in the old Community 14.3 hectares of land are owned by farms which are being phased out. These 5.3 million cows and 14 million hectares would, in my opinion, represent an operational asset or a useful area in process of being phased out which is larger than the total cultivated area of the Federal Republic. I feel that, in deciding its policy, the Commission did not brief itself sufficiently well on these two points.

Concerning the meat sector, may I add that beef is usually produced on larger-scale farms. This necessitates a fairly large surface area. The majority of farms are too small; we must enable them financially to take up and stock part of those 14 million hectares. The logic of the situation, however, is that keeping cattle also means having a shed. Hitherto sheds have been too small; therefore, producers need capital, at a low interest rate, to enlarge the sheds. On the other hand, they need a guide price as well, in order to have the certainty that the capital investment is sound.

None of us is able to recommend a patent recipe when introducing a measure. That is impossible. In my opinion you need measures which allow for regional differences, aimed mainly at the upland and pasture-land areas of the Community. With the courage to differentiate we know that difficulties arise in the marginal areas. Our task as politicians is to overcome such difficulties. You will no doubt take up this question anew in the discussion on farm prices. If the solution had been easy, I should have thought that even the Council of Ministers, to whom you, Mr Lardinois, have listened long enough, was capable of solving the problem itself. I would ask only one thing: Do not listen only to the technical experts, listen to the politicians as well, who have the political will to solve it. My impression is that

this political will exists more strongly in the enlarged Community. If the political will to solve exists, a way will be found.

In the past agricultural policy has been the dynamo of the Community. The farmers of the Community can never be accused—we should have to reject the suggestion with passion—of putting on the brakes. Where else has such a process of integration been achieved, as we have achieved it, even at the expense of the farmers? The farmers have accepted sacrifices for the sake of the greater good.

Mr Lardinois, my dear friends, who will continue to sit in this House, please ensure that this spirit persists, to the end that our farm policy, hitherto the dynamo, does not become the dynamite of the Community. I have this confidence in you, my dear friends and Mr Lardinois, allow me to use this term once again. You come perhaps from the farmyard, you may have studied agriculture, you were perhaps an embassy attaché in Great Britain, or a delegate in your national Parliament, or a member of the Committee on Agriculture, and you were a good friend and a comrade. We did not always agree on methods, but certainly on the goal. You come now, equipped with experience as a minister and experience in the Council of Ministers, and ascend the agricultural bridge of the enlarged Community. On this bridge I wish you lasting good health, steady nerves and a firm hand as steersmen of the European farm policy, for the benefit of farmers in the enlarged Community and the benefit of the consumers.
(Applause)

President. — I call Lord St. Oswald to speak for the Conservative Group.

Lord St. Oswald. — (E) My first and valued opportunity of addressing this Parliament is provided by these relatively technical and apparently narrow proposals so comprehensively reported on in Parliament by Mr Vetrone. Their purpose and application are wide and enter into every home and on to every table in the Community. Even if this were not so, I would find it, myself, impossible on this first occasion to utter no personal word of what I feel as to the whole significance of these days, and the welcome which we three new member States were given on Tuesday morning and in the days that have followed. Now, as definitive Europeans, we new arrivals must be aware, together with those whom we join, that this is no more than a long and splendid stride along the main highway of European unity. We cannot stand around congratulating each other. Mr Ortoli himself, at the

Lord St. Oswald

highest level, in his closing words spoke of his passionate belief in the future of this Community.

Hoping you will have forgiven these somewhat diversionary remarks, I shall move closer to the subject.

In the field of agriculture, within which my long-standing and close friend, Mr Scott-Hopkins, and I have now become close colleagues of Mr Vetrone and other members of the Committee on Agriculture, Britain is happily endowed by nature, and the people of our islands have, broadly speaking, put that endowment to wise and productive account. A high proportion of our land consists of strong moisture-retaining soil for growing arable crops, including grass and animal feeding stuffs which play their part in the production of beef. We have a climate which is, some say, rather more comfortable for crops than for human beings. Our farm structure is not perfect but it compares favourably in economic terms with the structure in most of Western Europe. We are technologically advanced, and a great deal of capital has been invested in industry, almost all of it wisely.

Added up, this means that we cannot come to this Parliament with any general hard luck story as to our agricultural lot. As a consequence of this, at home in the British Isles we have come to expect a great deal of our farming industry, to demand high standards and low prices. I should say that I speak also as a farmer and so am fairly poignantly aware of this factor.

All those present will be aware of the cheap food policies which successive British Governments have maintained and which are being largely, understandably, forfeited as part of our undertakings in joining the Common Market. I suppose I could be told, gently or even sharply, that public relations is a matter for ourselves in our own area. I do not think that riposte will be made, because all of us, from whatever area, are acutely conscious of the high demands made on them by their countrymen, in one field or another where national interests are repeatedly and inevitably affected.

What we have to do, and I am sure that those with longer experience will tell us so, is to weigh and measure and categorise these demands as they come to us according to the importance or occasional selfishness which underlies them.

The President of the Commission in a truly historic address quoted Montesquieu to this effect.

My words contain no poetry but they are uttered in the knowledge that some of the demands made upon us will be reasonable and some exorbitant.

Some will be misconceived, and many will be made with a lack of imagination or understanding of what is wise or feasible within the Community, of what is consonant with the greatest good, the greatest good now including the British Islanders? The President of the Council of Ministers spoke of an enlightened but firm defence of vital national interests as being totally respectable. We must fix our criteria of enlightenment.

For what we see as this common good, and with an eye on national interest, we in the Conservative Group, so early in our initiation, have gone to the extent of presenting an amendment. It falls to me not to describe the amendment at this stage but to outline what we see as a failure on the part of the Community so far: a lack of action to avoid the crisis in beef which these measures now seek partly to assuage, late in the day, after the crisis point has been reached, affecting one area of Europe most painfully and disturbingly.

The first aspect of failure, in which the then Community's British neighbours bear a degree of parallel blame, has been the lack of foresight in measuring and meeting the coming dramatic scarcity of beef in the world as a whole, a scarcity which could have been counterbalanced to some extent by a vigorous increase in domestic production. Two and a half years ago the magnificent Dr. Mansholt, whom I for one consider a giant among men and among Europeans, came to a seminar in London of which I was the proud organiser. During eight unbroken hours he dominated that gathering of the leaders of the British food industries. I shall repeat only one observation from all the wisdom he provided as Commissioner for Agriculture at that time. He said: "There is room for an increase in beef production. I see that at this moment we are up to 88 or 89 per cent consumption of our production, and we are already sure we are coming to 99 or 100 per cent consumption". We know today that the 100 per cent figure has been passed and the crisis is with us. The passion with which the supposedly phlegmatic British are now attacking their Government in this matter has to be heard to be believed.

The crisis has been blamed, of course, in some quarters, upon our joining the Common Market, upon the impatience, if you please, by the authorities to reach the Community price levels as quickly as possible, without waiting for the transitional period to elapse. It has been blamed on the greed of the farmers, the greed of the butchers, even on the freeze. The effective cause, well known to all of us here, is outside all this: it is a world shortage of beef, due to potent world factors. I will not now catalogue those factors, in order to save time.

Lord St. Oswald

None of these could have been prevented by European action but they could have been at least partly offset. The British farmers, slowly and tardily enough—and I am one of them—began producing more beef cattle three years ago, and this increased steeply a year ago. The agricultural census in June revealed this. Compared with June of 1971, the total cattle breeding herd was up by 121,00—that is, 6 per cent—the beef herd itself growing by 46,000, or 6.6 per cent. The number of heifers-in-calf rose by 73,000, or 12 per cent, but within this, beef heifers accounted for 52 per cent—that is, 47,000—and that is all in the right direction.

In the meantime—this could appear to be a somewhat insular view—the common crisis has fallen more severely on Britain, or so we believe, than upon others, for two reasons which have to be taken into vivid account by British politicians. The first was the action of the Community of the Six suddenly to cut by half the beef tariff to third countries. This meant that the customers in the Community became a dramatically more attractive market than Britain. Accustomed as citizens of the Six were to paying high prices for food, once the tariff was cut, supplies for Britain were diverted to the Continent with a suddenness for which we were not prepared.

I accept that this interpretation, put so baldly, may sound naive, and we have learned that it is unrealistic to speak either of “traditional markets” or “traditional suppliers”. Suppliers, whether traditional or not, are liable to sell to the highest bidder. That is business.

Nor could I sit down in private any more than I can stand up in this Assembly and claim that my compatriots and I have some God-given right to buy all the beef we need from world producers at the price we consider appropriate and, only when we have been served, leave the other customers to pay what they think fit for what remains. Trade does not, and should not, work like that.

The complaint of the British Government at that time to its neighbour, the Community, was that the action in cutting the tariff had been unneighbourly, with a sudden harmful distortion of the market. The effect has been a rise in prices more startling in Britain than on the Continent.

I must ask members of this Parliament even to take into account the emotive effect of depriving the British of their beef. It may seem to others to be no more than a foible, but it has caused a palpable national trauma. Mr. Vetrone mentioned psychology, and I thought I knew

what he meant. It could be less kindly classed as a fetish, though sensible enough as fetishes go, tied as it is to a nation's habits of diet and the protein content of beef on which its people go to work.

Now we are no longer neighbours but partners and from now on we face together the opportunities and problems. Paying needlessly high prices for beef is against the interests of us all. The solution now is not to complain about marches stolen in the past but to expand our own production of this commodity within the Community. Dr Mansholt, in my hearing, is on record as saying that Britain has a large part to play in this, and I believe that is so. That is why the present proposals are of interest to us.

The background is that no one has achieved striking successes in producing wanted beef without at the same time producing large quantities of unwanted milk. Our system and some of our techniques have, we believe, been more successful than most.

The proposals tabled here from the Commission are numbered 1 to 5, and for convenience of describing the attitude of my political Group I will take them in reverse order, the last four very briefly. The fifth title affects the importation of calves, and it can only serve to ease the situation that I have been describing. We are in favour. The fourth title, providing grants for modernisation, we consider useful, although we think that the rates could well be lower and still provide an adequate incentive to farmers likely to take advantage of them. With title 3, offering a premium to dairy producers to turn over to beef, we are in agreement. It has self-evident virtues. We would not wish to see the threshold of 20 cows reduced.

We are less sanguine about the benefits of the premium flowing from the second title. It does not seem to us that this would necessarily produce more fully-grown beef animals without adding inordinately to the milk surplus. We support this, but it is right to announce now that we shall be urging strongly that the Friesians should be included among the eligible breeds. We have had great success in producing beef cattle from straight Friesians and particularly from the Charollis-Friesian cross.

It is with the contents of the first title that we find ourselves at issue. The amendment will be dealt with in detail by my colleague, and I will only say that this idea seems to us wasteful in ratio to the results that might be obtained. It is not clear how long the heifer could be kept after calving, and if it were an extended period, perhaps a whole lactation, milk

Lord St. Oswald

would be added during the whole period to the existing surplus. Immediately afterwards the heifer would be slaughtered before having another calf. We see more positive virtue in keeping her in the breeding herd for the rest of her reproductive life. Experiments in Britain have lately been increasingly successful in producing twin calves from a single calving. This could be taken into account.

I am sorry to end on this note of even mild controversy but I thought it best to do it in this way, to lay the ground for the amendment which is to be moved.

I hope that I have made it plain that my Group welcomes the measures in general as being designed to alleviate what is a distressing crisis for us all. We in our Group wish to express our gratitude to the Commission for the efforts which are contained in these proposals.

(Applause)

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

Mr Briot. — *(F)* Mr President, Mr Minister, Ladies and Gentlemen, first of all let me greet Mr Lardinois, who for years was my neighbour in this Parliament, and who has become the new Vice-President of the Commission of the European Communities. Indeed, having sat for some sixteen years in this House, I have been able to appreciate his qualities.

How many times have we not discussed agricultural problems together? We continue to do so, and I dare say we have been lacking in skill, since today we have to re-examine everything we have built up till now! It is a heavy burden, Mr President, that you inherit by entering the Commission just now.

I beg to point out that the problem of butter, which was under discussion this morning, and that of meat are interdependent. A few years ago, we were complaining about the existence of a surplus of butter. We did our best to clear it. Today we are confronted by a second surplus of butter. So the first mistake was not enough for us.

What in fact has been done in the meantime? On several occasions I have requested the granting of a premium for calf-rearing. You listened to my words but paid no heed to them. On the other hand, a premium was given for the export of skimmed milk powder, which encouraged milk-collecting. Consequently, butter production was increased. This accumulation gave birth to the butter surplus. We must state the facts!

And to increase the beauty of this policy, the slaughter of cows was encouraged—another mistake against which I protested at the time. The fact that calves come from cows had been lost sight of, amongst other things!

On account of all these mistakes, we are today in a situation which, unfortunately is not confined to the Community, but is world-wide. This was referred to a few minutes ago, but I should like to recall some examples.

Consumption is increasing everywhere, but it is not followed by production. In France it has fallen by 8 per cent in one year. According to my British colleague just now, Great Britain is beating all records, since, despite the price freeze, the price of beef has increased there by 37 per cent and the price of lamb by 50 per cent. Do you realize the extent of the shortage revealed by these figures? As for the Soviet Union, it gives the kolkhozes medals as a reward for stockrearing, for that country is also going to be short of meat. In Japan, demand is ten times higher than supply.

In other words, the problem is world-wide. What is the reason for this problem? The stock farmers, whatever their production methods may have been, have turned to other things. It is a sign of civilisation. Indeed, it is easier to produce cereals than meat. The former activity is much less exacting than the latter. If, over the years, it has been possible to modernise the equipment used for cereal production, this progress is more difficult with livestock.

There was a wish to maintain the small farms. Mr Vetrone, the rapporteur, was right just now in his words about the mountain regions. But with regard to other regions, we must avoid people being compelled to look after livestock for over-long hours every day. It is no longer necessary for people to raise livestock individually. These people must join forces. That is one change. Because you will observe with me that in all sorts of areas we have entered an industrial civilisation, whereas agriculture has marked time. Farmers must reach the same standard of living as other people, and you will achieve this only insofar as you liberate them as the others are liberated.

What is involved? On the one hand, a new theory in agricultural matters and, on the other, finding the means to put it into practice. For we have reached the following situation: at the present time we are confronted by a surplus of butter which we do not know what to do with, but which is going to use up the funds of the whole Community, whether those of the States or those of the EEC are concerned and which, at the same

Briot

time, is going to use up the funds of the housewives who buy meat, because we are faced with a rise in the price of meat. Is not this a magnificent system, seeing that we have lost on both counts? You have to be really clever to achieve that!

Faced with such a situation, we must, as I said just now, get out of the rut, and stop financing butter production, since we do not know what to do with it.

Then again, you propose, in the text submitted to us—and this does not concern you, but your predecessors—'a premium for every beef heifer slaughtered shortly after the first calving'. That is a great mistake, and in this connection I have tabled an amendment.

'Premium for the switching over to meat production done before? We had to be faced with a surplus of butter before this measure was proposed. I should like you to retain it for the future.

'Premium for the switching over to meat production'. Why was this not proposed before?

Such a situation results in the necessity to find another system. The document states, on the one hand, that production methods must be changed; on the other hand, a modification which I proposed and which has been accepted asks for stock-breeders to be granted the financial means for production. For in short, when someone is both a crop-farmer and a stock-breeder, one compares the returns from the two sectors, the levels of investments and profitability. For the production of cereals, one year's investment is sufficient. For meat production how many years' investment is needed? Sometimes four years. And when there is a slight difference in income, it is absorbed by tax. The rise in the price of meat will bring the farmers no gain, since for them it will be as good as a tax tied, not to the meat's value, but to inflation. The rise in meat is not going to improve their funds, for if they sell meat dearer they will also have to pay dearer for the calf. So an added burden on the housewife's budget yields the producer nothing. It is inflation operating. This must be admitted.

Gentlemen, if you want meat tomorrow, you will have to pay dearer for it. Farmers must be allowed to enjoy the same living conditions as the other social classes and in particular the industrial workers. You are well aware of the gulf which exists between them.

Today when we are short of agricultural products, we realise the importance of agriculture. It was too easy to find fault with it, to heap on it all the sins of Israel!

We have to make provision not only to limit butter production, which is too high for our needs, but to increase meat production, which is what all the starving people on this earth need.

Suppose for a moment, Gentlemen, that tomorrow the leaders of China, that country of 800 million inhabitants, decide to intervene on the meat market? What would become of it? It would be utter anarchy.

A solution is open to us. But unfortunately it is not valid in all spheres. We pay some jobs better than others. Why is it that, in most of our countries, we cannot find the labour to carry out certain work and we are obliged to go looking for labour abroad? Just because people no longer want to do it. Well, you will come across exactly the same situation in agriculture as in industry, but a little later, because its development is slower.

That, Gentlemen, is the direction in which we are heading. This is why, Mr Minister, I ask you to be very attentive to what we are asking you for: an improvement in farmers' working conditions. Above all we ask you to act and not to maintain systems which have more to do with folklore than with reality.

We have taken great pains to give industrial workers a technical training, but we have made less effort to give agricultural workers equivalent technical training. Producing meat is much more difficult than producing cereals. It is very exacting and difficult to carry out. It is a considerable responsibility.

As regards the financial means, to obtain a quality ox four years' investment is necessary. Have you thought of what this represents in volume of credits and of the necessity for suitable rates?

Finally we must take into account the specific conditions obtaining in the different countries. Mr Vetrone has recalled that his country is very mountainous. Some mountain regions favour the obtaining of quality meat, whether cattle or sheep are concerned, because there are quality aromatic plants at a high altitude.

There is a meat industry which is still just beginning: the production of bully beef. It entails less capital. There should therefore be a hierarchy in prices as there is in quality. We shall have begun to solve the problem when such a policy is applied.

What good have six years of discussion done?

You should have listened to those with first hand experience, and I am one of them. I tell you

Briot

we must apply these solutions. Down with routine, down with bad habits, you will see the sun tomorrow only if you follow this road!

(Applause)

IN THE CHAIR: MR SCHUIJT

Vice-President

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — *(E)* Mr President, it is a great honour and pleasure for me to have the opportunity of addressing this Assembly for the first time. I had always hoped over the years that I would one day be doing this. Now my dreams have been fulfilled. What is more important from my point of view is that I am talking on a subject which is very near to my own heart, namely, agriculture, and, in particular, the ways of trying to stimulate beef production.

I share the views expressed by my colleague, Lord St. Oswald, about the five proposals under discussion put forward by the Commission for discussion today. In my view, the report so ably presented by Mr. Vetrone covered in large part the background to the problems currently experienced in beef production.

In my country we have lived with this for a long time. We produce just over 76 per cent. of our total consumption within our own island, but, unhappily, are nowhere near the figure of 85 to 90 per cent. mentioned by Mr Mansholt for the total European production. We have never attained this level over the past years. We have, therefore, always been faced with the problem of importing sufficient stock to be able to meet the demands of our consumers.

As has already been said, in the last few months we have seen a most astonishing situation with inflation and increases in the prices of beef until today beef is an extremely rare commodity. Anything that can be done to increase beef production should be done.

As my country has for so many years had this gap between demand and production, it will be understood that we have tried all the means available to increase beef production. Some have been successful, some not so successful. I hope the European Parliament and the Commissioner will benefit from our experience over the past decades in trying to achieve precisely what is happening in Europe.

We, too, have over-stimulated so that we have had a surplus of milk. The result today is that

we have the intolerable situation of a shortage of beef and the necessity to pour milk down into drains and various old quarries. This has happened within the last 12 years. We have had to buy milk from the producers to keep their prices up and then pour it away because there was no prospect of manufacturing and selling it in the manufactured milk market. Something is very wrong with such a practice.

I am concerned that some of the Commission's proposals appear to suggest that we should stimulate milk production whilst achieving a minimal return in the form of more beef or veal. In the debate this afternoon we have heard about the enormous stocks of butter amounting to 300,000 tons or 470,000 tons, to say nothing of cheese and dried milk, and this within our new Community of Nine. Can we really afford now to take action which in my country certainly in the past has had exactly the opposite effect of what I believe to be the objective of the Commission, namely, an increase in the quantity of cheese and less manufacturing or liquid milk going on the market? This is exactly what Mr. Lardinois has asked us to do, and I suggest it is contrary to the intention of Parliament and, indeed, that of the Commission itself. Mr. Lardinois, I believe, does not in fact want that himself.

I refer here to the mention made by Lord St. Oswald to the Commission's first proposal. This concerns the situation where a heifer can have one calf and then, before the next calf, must be slaughtered. That heifer, of course, will stay in production for the whole of that lactation, with the result that all that lactation goes on to the milk market.

Nor am I very happy about the idea of suggesting that that same heifer must be put into the breeding herd because, after all, she will continue to produce cross beef calves; she will also be producing milk between the calfings. Even if a recognised type of beef-breed bull crosses on to her, the increase in milk will remain the same. In my view, this is the most objectionable of the Commission's proposals. Later I shall be moving an amendment to the effect that this could lead to doubts. I wish first, however, to cover more extensively my reasons for wanting to do this.

I, like Lord St. Oswald, welcome the other proposals. However, one must bear in mind what the rapporteur, Mr. Vetrone, said when talking about the mountains, the hills and so on. In my country we have battled with this problem for some time. I do not wish to be entirely negative. What is important, in my view, is to find some method of stimulating beef from areas not producing it at present. It is well known

Scott-Hopkins

throughout the Community that there are various hill areas and areas of marginal land which would not be very productive for cereals or any root crops but could be brought back into use. This use might well be stimulated by a form of subsidy or grant for the production solely of beef-type cattle. In my country we call this method the hill cow subsidy, the conditions for which are very strictly drawn. I am sure that Mr. Lardinois already knows the details of these measures ; so I will not weary the Assembly by going through them now. If the conditions as to the type of animal that can be raised on such land are strictly drawn, this can be a worthwhile and positive contribution to solving the shortage of beef production. It cannot be done overnight. It would indeed deal with the point raised by Mr Vetrone, that those areas of his country, which are at the moment not as productive as they could be, could in this way be stimulated to produce that which we need.

One of the Commission's proposals concerns the type of beef bull. That was briefly mentioned by Lord St. Oswald. If this is brought in, the type and kind of bull must include the Friesian. I do not want to go any further than that. There are Friesian-type beef bulls. They are excellent. When they are crossed in at the bottom of a milking herd, or crossed into a straight beef breeding herd, they produce an excellent type of calf which later rears to excellent beef in a short period of time.

I hope the Commission will study very carefully what is done in my country. We want to move towards subsidies, production grants, inducements which are aimed specifically at the beef cow or beef bull, retaining in the herd those animals which will produce good beef, encouraging the sires, the best of beef-type bulls, bearing in mind all the time that the minimal encouragement will be needed to cross in the bottom of a dairy herd a good type of beef bull so that from the bottom of that dairy herd one will get a reasonable amount of beef. If one overstimulates that part of the market one will overstimulate the milk production, which will be self-defeating in the long term.

I welcome all of the Commission's recommendations with the exception of that contained in the first Article, and I hope they will help us in a small way to meet the shortage of beef and to improve the beef herds and the incomes of beef farmers throughout Europe.

(Applause)

President. — I call Mr Brewis.

Mr Brewis. — *(E)* Coming as I do after speeches from two of my colleagues in the Conservative

Group, I shall be very brief in the observations I shall make on Mr Vetrone's interesting report.

I agree with what Mr Briot said about the long time it takes to create a first-class beef animal. I believe one can construct a battleship, or at least a guided missile cruiser, in less time than one needs to build a beef beast. Therefore, I should like to see more interest shown in the Community in lamb and mutton, which in my country are considered very adequate and tasty substitutes for beef, and, of course, they can be produced much more quickly.

It is a cause for concern in Britain that the Commission has not turned its attention to regulations for the exchange of sheepmeat within Europe up until now.

I should like to draw attention again to a potential source of beef touched on in a speech by Mr Scott-Hopkins, namely, the potential of the hill and upland areas for the production of both beef and mutton. There are many such areas to be found in the British Isles, notably in Wales and Scotland.

At present agricultural production in these areas is encouraged by production grants for drainage and fertilizers, by subsidies for cows of recognised beef breeds and subsidies for their calves. But we are not clear whether a payment such as this, based on headage, is in accordance with the fair competition rules of the Treaty of Rome. In view of a shortage of beef in the Community, which is estimated to have been about 600,000 tons last year, we feel that any action which discouraged beef production in these marginal areas would, indeed, be a retrograde step.

Recently in our national Parliament I have been the Chairman of a Select Committee studying the question of land use. The amount of money spent in hill areas is a large percentage of the income of a hill farmer, but in relation to the amount spent on supporting agriculture it is, naturally, a very small sum indeed. We heard evidence from such witnesses as the hill farming research organisation that for an expenditure of about £ 14 million we could improve up to 350,000 acres of marginal land and the return of these improvements in increased beef and mutton production could be of the order of 17 per cent per annum.

I would, therefore, be very glad to hear from Mr. Lardinois of the priority the Commission intends to give to beef production in such hill and upland areas as I have been describing.

(Applause)

12. *Change in the agenda*

President. — I have a request from Mr Lücker, Chairman of the Christian Democratic Group, that the debate should be continued now. The effect of this is that the Groups will not be able to meet at the close of the sitting.

Mr Lücker intends to hold a meeting of his Group tomorrow morning between 9 a.m. and 10 a.m. This would defer the beginning of the sitting from 9.30 a.m. to 10 a.m.

I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, I wish to point out that if the programme is altered I shall not be in a position to be present in the House as rapporteur. I had in fact intended to request that two other items on the agenda for tomorrow's sitting could be examined without debate. If this discussion is concluded this evening I shall have the pleasure of being present at the conclusion of the debate, whereas if it is adjourned until tomorrow I shall be in difficulty.

President. — Mr Vetrone agrees with this motion.

I have therefore to consult the House on this change in the agenda.

Is there any objection?

It is so agreed.

Tomorrow's sitting will begin at 10 a.m.

13. *Regulation on a system of premiums for beef and veal production (continued)*

President. — The next item on the agenda is continuation of the discussion of the report drawn up for the Committee on Agriculture by Mr Vetrone (Doc. 244/72).

I call Mr Lardinois.

Mr Lardinois, member of the Commission of the European Communities. — (N) Mr President, I would first of all like to thank the rapporteur, Mr Vetrone, for the quality of his exposition, in which he dealt with what is anything but a simple subject. I would like to say the same about all the speeches made here today. Members have shown that not only are they deeply involved in the matter but that they can also speak about it.

The question has been asked from various sides here, the Community, the European Commission,

Parliament and the Commission have not, in the past devoted so much attention to the promotion of beef production.

As Minister for Agriculture, I have had experience similar to my former colleague Mr Héger. There were many debates on this matter in 1969 and 1970. The Council, as well as the committees of the European Parliament have devoted much attention to it in the last four years. The points of view of the various national delegations differed very greatly, at the level of officials as well as that of ministers. The incidence in regard to this subject varies often greatly in the several countries, just because natural and social circumstances differ, sometimes appreciably from country to country. For this reason, a particular measure which one country would like to see put into effect is blocked by another country where such a measure would turn out badly. The latter country often wants another measure which is then blocked by the former. This gradually culminates in some seven or eight proposals being before the Council. These are partly discussed by the Parliament. Opinions nevertheless differ.

In spite of this sombre introduction, I must say that just because of the lengthy discussions taking place everywhere as well as because of the urgency of the matter, I expect a great number of measures. In my view, the question will be decided in our Community before 1 April next. I believe that it will then be possible to adopt measures within the framework of a global, coherent policy, in accordance with the wishes of the rapporteur. Naturally we are now only dealing with a part of the problem.

Mr Vetrone's report, as well as three or four of the speeches focussed attention on the difficulties and possibilities of the hill and upland areas. I am able to inform you that Parliament will probably have before it a proposal which aims, *inter alia*, at stimulating beef production in the hill and upland areas. My predecessor, Mr Scarascia Mugnozza has prepared this draft and I have found it in a form that is pretty well complete. I imagine that this proposal can be put before Parliament some time in February. There will then also be a number of proposals in regard to premiums as such. At the same time there will in February be a whole batch of price measures. Properly speaking, these must form a coherent whole together with those for the hill and upland areas, the direct stimulation of beef production and those in the field of price development, as a result of which we must in one way or another seek to slow down milk production and increase beef production. Within this framework we will, I believe, have the opportunity of elaborating a coherent policy

Lardinois

in that most important field. I propose to put them in one body of proposals before Parliament and the Council.

I hope that we will be able, with help of more data, to show the extent of the problem, at least in the fairly long term.

Mr President, I have noted with interest a number of remarks about individual measures which have been proposed here. There has, in particular, been criticism of the premium given for each heifer slaughtered shortly after calving for the first time. It has also been criticised in the Council and I must say that, from the point of view of control, it seems to me to be one of the most difficult to put into effect. In this connection, I gladly await the opinion of Parliament. I readily promise the latter that I will convey its point of view to the Commission as well as to the Council.

Mr Aigner was somewhat severely critical when he said that the Commission is too late in making proposals in order to correct situations which threaten to go wrong. I would like to point out that the Commission has in the past made proposals for a situation such as this. The aim was not to correct a situation in the short term, but the Commission concentrated above all on modifying the structure of the agricultural industries. This was very time-consuming and discussion on short-term adjustments in productions has more or less suffered as a result. What I really mean to say is that blame for this must not be laid exclusively at the door of the Commission but that Parliament and the Council must also take their share of the blame.

Mr Aigner has stressed the necessity for a modification in the milk-meat relationship. I will willingly promise him to devote a separate paragraph to this point in the price proposals. I will also give the reasons for the proposals we will be making. The transparency of the structure of production, particularly in this sector is not without its significance; on the contrary, I will gladly stress it. Mr Aigner told me that I have assumed a task that is anything but easy. I am entirely conscious of the fact.

I nevertheless trust that it will be possible to evolve a policy, in harmonious collaboration with our colleagues in the Commission, with Parliament and with the Council which, it is hoped, will enable us in the future better to come to grips with the problems relating to surpluses and production. In point of fact we have too few weapons in our policy for this purpose. The whole common agricultural policy has been built on the concept that it is possible to regulate production by means of price fixing.

In practice this weapon has proved to be a blunt one.

The European Parliament and the Council have in the past dismissed proposals made by the Commission of the European Communities aimed, for example, at reducing a certain price because of the existence of a surplus, as being a weapon not politically easy to handle. Hence that this original concept of regulating the market exclusively with the price weapon is an inadequate one. In addition to the price weapon which, by its very nature, still has a part to play, we must find other means with which we can better grasp the scope of production in the various sectors.

Mr Richarts made a very strong and compelling speech. He is of the opinion that we must use the premium to switch quickly from livestock geared to milk production to one geared to beef production. In this connection I believe that we can quickly come to a solution on this matter with the Council. Generally speaking, everybody is very keen about this.

To the rapporteur, Mr Vetrone, I can say that, on that point, the experience of the previous period has not been favourable in every respect, but I will add that the method we used in 1969 has to some extent been modified and that we can therefore expect more benefits in regard to the scope of beef production as we could through the system proposed by the Commission.

I agree with Mr Richarts—I have already told Mr Vetrone so—that the hill and upland areas will be able to give more help in regard to beef production in the seventies and eighties than has hitherto been the case.

In this respect Mr Richarts has made a plea for measures which would be more differentiated from a regional point of view. I would like to consult the Committee on Agriculture about this.

Up to the present, the Commission of the European Communities—and the Council has followed the Commission in this—has been most reluctant to propose measures which would vary from region to region in Europe.

From the point of view of the market as well as that of giving a stimulus to certain kinds of production, to take Holland for example, the same measures had to be taken in all areas, be it the case, for instance of Friesland, Sicily or Schleswig-Holstein.

Indeed, it seems to me that, given the present phase of our Community agricultural policy, given also the fact that the Community has reached a certain maturity—even if the strip-

Lardinols

ling is not handsome in every respect—we must carefully examine together the possibility of an eventual differentiation in the regional application of certain measures, and we must not say in advance that this can never be done.

I am particularly touched by the personal note in the words my former colleague Mr Richarts addressed to me. For my part I deeply regret that Mr Richarts will, alas, shortly be leaving the European Parliament, and will perhaps have to relinquish the particularly stimulating part he played in the development of the agricultural policy in the Committee on Agriculture and in this Parliament.

Lord Oswald made a very interesting speech about these proposals. His comments were in places very much to the point. He came out in particular against the first proposal for a premium. I have already commented on this. In this connection, I await the judgment on the amendment introduced by Mr Scott-Hopkins.

Mr Briot has criticised a number of mistakes made in this connection. Without being now able to say that I agree with everything he has said, I can do so on one point alone. By their very nature, the drafts for the Community agricultural policy at the EEC level, did not come into being without mistakes. It is better to be able to say that there are faults in the common agricultural policy than that there should be no agricultural policy at all, that is to say one that cannot be criticised.

Mr Scott-Hopkins has drawn attention to the possibility of using marginal areas, for instance in the hills and uplands, and the possibility of using subsidies to stimulate beef production. I have already said that proposals on this point can be expected shortly. I hope they will reach this Parliament in about one month's time.

Mr Brewis has in particular drawn attention to the production of mutton and lamb. He has pointed out that this meat can be an excellent substitute for beef. Personally I agree with him on this, but unfortunately many of my fellow countrymen do not share my view. Even in the small area of Western Europe, customs vary widely.

For the rest, Mr Brewis has sharply criticised the fact that we still do not have a Community market regulation for beef and mutton. He said that this has aroused some astonishment and some concern in Great Britain. In excusing the old Community of the Six, I must point out that the Council of Ministers of Agriculture and the Commission had already two years ago decided to draft these regulations in a short period of time. However, the negotiations in regard to the accession of Great Britain, Ireland and

Denmark interfered with this. When it was heard that we intended to make such 'accursed' regulations in regard to mutton and lamb, just before regulations could be agreed with New Zealand, we were forcefully given to understand that the entry would founder on this point alone. The Council then decided not to arrange market regulations before Great Britain, Denmark and Ireland could discuss the contents of such market regulations on an equal basis with us. I trust that the problem is hereby solved. The fact that there is not market regulation on this point is in reality due to a concession to the wishes of Great Britain, to enhance her chances of joining the then existing Community.

I believe that I have here answered all the questions.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, I will be very brief. I will confine myself to a proposal, and to going on record with my vote in case my proposal is not accepted.

Having listened to what has been said by all our colleagues and by Mr Lardinols, the Commissioner, I believe that Parliament would perhaps be wise—and moreover there was also talk of this within the Committee on Agriculture—not to vote this evening on these measures, even if only for the reason that the Commissioner has told us that within a month we shall be presented with new proposals.

So this most useful debate which I like all of us have listened to with close attention, will have served to give the Commission the true views of Parliament much more effectively than the contents of formal declarations which in such cases are always compromises. At the time of the Commission's new proposals and the discussions on prices, we will therefore be able to examine the problem in depth and take decisions.

If this proposal is not accepted, I must declare that I shall vote against any resolution tabled here on this subject; not because I do not appreciate all that our colleague Mr Vetrone and our other colleagues have put before us, or because, Mr Commissioner, I do not for example approve Mr Briot's amendment to one of the resolutions, but because I consider that measures of this type—and this I explained fully in the Committee on Agriculture—do not solve the problem, as indeed many colleagues have said. At the roots of this current shortage of meat in the Community—and I believe this is worldwide—lies the overall trend that has been given to the price structure within the Community, a price structure which has led not

Cipolla

only to the butter surpluses of which we spoke earlier, but also to surpluses of cereals, and to discouraging farmers from producing meat while encouraging other types of production.

For this basic reason and for others that I excuse myself from enumerating, I could do nothing other than vote against these resolutions, but I believe that this evening's vote, after what the Commissioner has told us, would be of little importance, since it would not in any event preclude the fuller discussion that will take place when the Commission, having heard the views of Parliament, will make new and let us hope more effective and trenchant proposals, within the general framework of a modification of the protectionist policy which has until now been adopted by the Community.

President. — I have received a procedural motion from Mr Cipolla that the vote on the motion for a resolution be deferred.

What is the opinion of the rapporteur?

Mr Vetrone, rapporteur. — (I) Mr President, I am opposed to Mr Cipolla's proposal, above all because I believe that Parliament has had the feeling that Mr Lardinois himself is awaiting this expression of opinion; therefore if this is the situation it seems to me that giving approval to our views this evening will not preclude tomorrow's discussion, as tomorrow we will have the opportunity to continue it while examining the Commission's proposals on prices. During the February part-session, on the other hand, Mr Lardinois (whom I thank for his first official statement) will bring up again the subject of the premiums to be granted to hill and mountainous areas for the production of beef.

Mr Cipolla knows that I, as rapporteur on this problem of beef, believe I have the right to say a word by way of conclusion; but contrary to what the directives say, though I have always been the rapporteur on this matter, I have never been given the opportunity to utter two words of conclusion on the subject. For this reason, I oppose the proposal of Mr Cipolla.

Mr President: Does any one else wish to speak?
I call Mr Héger.

Mr Héger. — (F) Mr President I would be glad to support Mr Cipolla's proposal, if we were not faced with the need to take a decision which does not merely aim to instruct the Commission as a whole, although today's debate is confined to the Commission's proposals.

Indeed, for me, the meat problem goes very far beyond these proposals, so that, while I know

that the resolution to which we are going to subscribe, without too much enthusiasm perhaps, will be of assistance to the Commission, I wish to make it clear now that if my vote is affirmative it is not because I regard the proposal submitted to us as a solution to the problem. Other factors must be added to it, and Mr Lardinois is very well aware that this debate must be extended to result, as he has repeatedly said, in a coherent agricultural policy, for only then will the problem have attained its genuine dimension.

For the moment, my feelings are that we should accept the proposals made by our rapporteur and subscribe to the conclusions he has just drawn.

President. — Does anyone else wish to speak?
I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I take the floor to say that I do not approve the proposal of Mr Cipolla. Not indeed because I am completely convinced by what we are about to vote on, but because I consider that a start must be made by providing suggestions. And I would like to stress my full agreement with a passage in Mr Lardinois's speech, which recalled that at a certain period in the life of our Community it was better to have a common agricultural policy, even if it were open to criticism or mistaken in many respects, rather than not to have one at all.

I want to add, by way of explanation, that the history of these years will demonstrate that it is untrue that the dangers of a certain agricultural policy have not been seen; but as a result of the way in which relationships were imposed by force, and given the political situation in the European Community, it was necessary to pay the price of certain errors, and even the price of having a common policy, and to proceed by way of the economic field towards the political unity which is in truth our great historical objective.

Now, fortunately, in the Europe of the Nine this theme is being taken up anew and given a forward impulse: we keep in mind, however, that our history is of significance and that this experience of ours can be useful to us in order to avoid the errors of tomorrow.

For such reasons, I oppose, as does the rapporteur, the request for postponement made by Mr Cipolla.

President. — Mr Cipolla, do you insist on your proposal for postponement?

Mr Cipolla. — (I) No, Mr President, since our colleagues are not in agreement. But the declaration of a contrary vote that I made at the outset, in anticipation of the reply which has been given, remains valid.

President. — The procedural motion is withdrawn.

We come now to the motion.

There are no speakers listed on the Preamble and no amendments have been tabled.

Does anyone wish to speak?

I put the Preamble to the vote.

The Preamble is agreed to.

Two amendments to paragraph 1 have been tabled and can be discussed together.

Amendment 1, tabled by Mr Scott-Hopkins reads:

Insert a new clause at the end of this paragraph as follows:

“but doubts if the proposal contained in Title I of the Commission’s proposal will make a significant contribution to increasing beef supplies and feels that there is a considerable risk of aggravating the Community’s surplus milk problem;”

Amendment 2/rev tabled by Mr Briot on behalf of the European Democratic Union Group reads: Insert a paragraph 1 (a) as follows:

“1 a. Considers that the granting of premiums for all heifers slaughtered shortly after first calving runs counter to a rational policy for beef and veal production;”

I call Mr Scott-Hopkins to speak to his amendment.

I would ask him to be brief because he spoke to it in his general intervention.

Mr Scott-Hopkins. — (E) I take your point, Mr Chairman, and will be brief.

There is nothing I need to add to what I said when I was talking a little earlier. The proposal to which this refers, whereby the calf will be kept and the heifer can be kept for one lactation afterwards but must be slaughtered before the next calf is born, will not increase beef production more than marginally and runs the greatest risk of increasing milk production, which will aggravate the surplus problem that we have in the Community.

This is something of which the Commission should take note and beware. I would not favour such a move. I confess that if I had seen Mr. Briot’s amendment before I drafted my own, I would not have tabled mine. I think that his is a darned sight better than mine.

I am quite prepared to accept Mr Briot’s amendment and to withdraw my own.

President. — I call Mr Briot to speak to his amendment.

Mr Briot. — (F) Mr President, I do not need to repeat my amendment, which, my dear colleagues, you have no doubt all examined.

I will confine myself to stating that granting this premium is intended to reduce milk production. But this heifer we intend to slaughter, if kept for reproduction could, after twelve months, have a second calf. Slaughtering her would therefore be a mistake, for four years will be needed for another heifer to reach the same age and be able to calve in her turn.

An odd method, to kill an animal just as it is ready to reproduce!

For all these reasons, I do not understand the motives of the author of this amended text, which will be revealed as not only inoperative, but harmful. I therefore ask the House to be so kind as to approve my amendment.

President. — Mr Scott-Hopkins, do you uphold your amendment?

Mr Scott-Hopkins. — I am quite prepared to accept Mr Briot’s amendment and to withdraw my own.

President. — Amendment 1 is withdrawn.

I call the rapporteur.

Mr Vetrone, rapporteur. — (I) Mr President, especially now that Mr Scott-Hopkins has withdrawn his amendment in order to support the one proposed by Mr Briot, who has followed the work of the Committee on Agriculture with assiduity, I must point out to Mr Briot that by accepting this amendment—even if, broadly speaking, I agree with it—we will in effect be distorting the meaning of the considerable efforts that we have put forth. We have expressed a favourable opinion, and have said in general that the control proposals—and not only this proposal—are unsatisfactory. By accepting this amendment, we indicate that we

Vetrone

are also accepting the related proposal as well as the other proposals which have not been the subject of amendments.

For these reasons I would like to ask Mr Briot to withdraw his amendment, since we have not in fact made any reference to the individual proposals, but have instead considered them as a whole. Accepting the amendment would therefore mean upsetting the balance of this proposed resolution, which with the exception of the dissenting vote of Mr Cipolla has been unanimously approved by the Committee on Agriculture.

Mr President. — We have just heard the rapporteur's position. He has just made a request to Mr Briot. I call Mr Briot.

Mr Briot. — (*F*) Mr President, my position is very clear. We read, in Mr Vetrone's motion, that Parliament "expresses its perplexity..." I was among the perplexed members of the Committee on Agriculture. Indeed, while containing positive points, which I could not reject, the texts were not what we wanted!

My dear Mr Vetrone, it does not matter if it takes a long time, so long as one eventually comes to the right conclusions. So I would be astonished if you did not accept my proposal, for, if it is not drafted in the wording you might have chosen if you had been acquainted with it, it is no less within the spirit of the discussion.

President. — I call the rapporteur.

Mr Vetrone, rapporteur. — (*I*) I felt obliged to call Mr Briot's attention to the task completed together in the Committee, but it appears to me that Mr Briot does not wish to accept my invitation to withdraw the amendment.

I leave to the House, and especially to my colleagues on the Committee on Agriculture the step of taking a decision on this matter, since in my capacity as rapporteur I must remain detached; personally, therefore, I shall abstain.

President. — I call Mr Richarts.

Mr Richarts. — (*D*) Mr President, one brief comment. The very valuable comments of Mr Lardinois and Mr Scott-Hopkins on their own experiences with these measures would also have been accepted by the Committee on Agriculture. If these two gentlemen had taken part in the discussion in the Committee on Agriculture, we should, I believe, have agreed

to the motion tabled by Mr Briot. Because of this, and because one may always bow to superior knowledge, I ask that Mr Briot's motion for amendment be agreed to.

President. — I put paragraph 1 to the vote.

Paragraph 1 is agreed to.

I put amendment 2/rev to the vote.

Amendment 2/rev is agreed to.

There are no speakers listed on paragraphs 2 - 5 and no amendments have been tabled.

Does anyone wish to speak?

I put them to the vote.

Paragraphs 2 - 5 are agreed to.

I call Mr Houdet.

Mr Houdet. — (*F*) Mr President, as the Assembly has adopted Mr Briot's amendment, it seems to me that we ought to modify paragraph 1 of the proposed resolution.

Indeed, this paragraph expresses Parliament's general adherence to the initiatives taken, but by this amendment the House has just rejected the initiative of Title I.

To remedy this contradiction, which would make it difficult for us to adopt the resolution as a whole, a modification in drafting seems necessary to me.

President. — I must remind you that the vote on this paragraph has already taken place.

What is the opinion of the rapporteur?

Mr Vetrone, rapporteur. — (*I*) I regret not being able to agree with the Chairman of my Committee. I believe that paragraph 1 should not be altered following the approval of Mr Briot's amendment, since the matter is in fact one of giving support in principle to certain courses of action. But which ones? I would like to say that our Committee has found a very ingenious formula in speaking of: "steps taken by the Commission of the European Community to seek out the measures calculated to encourage..." The ingenuity of this consists precisely in the omission of a reference to the proposals made. This is why I asked Mr Briot not to insist on his amendment, since we have given support in principle not to all the proposals but to steps directed to the formulation of proposals. This is the basic difference.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — (E) I was wondering whether, as suggested by the Chairman of the Committee on Agriculture, paragraph 1 was now out of step following the excellent amendment of Mr Briot now accepted by the Parliament; and whether it might not be worth while accepting my wording indicating that doubt will exist concerning the subject and to include that wording at the end of the first paragraph. That perhaps would meet all the objections.

President. — I note that there is a disagreement between experts.

I would remind you that when a change in the wording is necessary this is dealt with.

I therefore put the motion as a whole to the vote, subject to changes in the wording.

The resolution is agreed to.¹

14. Directive on cocoa and chocolate products

President. — The next item on the agenda is discussion of the report drawn up for the Committee on Social Affairs and Health Protection by Mr Vandewiele 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 the Member States on cocoa and chocolate products intended for human consumption (Doc. 216/72).

I call Mr Vandewiele to present his report.

Mr Vandewiele, rapporteur. — (N) Mr President, I want, first of all, to make a few short introductory observations to this report regarding some proposals on the common application of the legal provisions of the Member States on cocoa and chocolate products for human consumption.

In March 1972, the Community forwarded its proposals for amendments to the draft directive of the Council to the Members of the European Parliament.

These amendments do not, in point of fact, stem from the proposal discussed at that time in the Hahn report, which was approved in 1964 by the European Parliament. They originate in a new document of the Council. To my great regret, this document was not sent to Parliament.

In this connection, a discussion has indeed arisen between the President of the Parliament and the Council.

The document diverges on important points from the original proposals, in the main as a result of the discussions in the Council previously mentioned, but also following on the accession of the three new Member States, which had to be taken into account.

The Committee on Social Affairs and Health Protection asked if the European Parliament could acquiesce in the fact that certain amending proposals are given 'for information' only. Or must it call for fresh consultations?

The President of the European Parliament put this question to the Council, and on 13th June he received a reply to the effect that the draft directive of 1963 had remained unaltered in its broad lines. In other words, that no fresh consultation was necessary.

On 2nd October 1972, the President pressed for a fresh consultation. Once again, he received a negative reply, but at the request of its Chairman, the Committee on Social Affairs and Health Protection was then empowered to put a supplementary report before the Parliament.

Mr President, Ladies and Gentlemen, the Committee on Social Affairs and Health Protection devoted three sittings to this supplementary report.

In discussing this, we must in the nature of things take three important basic texts:

1. the proposal of the Commission of 1963 dealt with in the Hahn report and approved by Parliament in June 1964;
2. the document of the Council, dated 22nd July 1971, which differs appreciably from the proposal of 1963;
3. the proposal of the Commission dated 2nd March 1972 which also contains new amendments.

A closer study revealed that the new proposals of the Commission only partly took into account the wishes of Parliament formulated in 1964.

I will not go into this in greater detail. I refer to the comprehensive report which I regret has not, for a variety of reasons, been made available in the languages of the Community.

I would only draw attention to the point raised in the draft resolution on which Parliament will presently have to pronounce.

We, in the committee, were forced to come to the conclusion that Article 5 proposed fundamental modifications. Thus, it was laid down that the Council, on the proposal of the Commission, would by a unanimous vote, draw up the list of solvents used for the extraction of

¹ OJ No C4 of 14 February 1973.

Vandewiele

cocoa butter as well as determine the purity requirements for cocoa butter, for the solvents used and for the ancillary materials. A time-limit was fixed for this purpose.

The earlier proposal of the Commission only referred to the drawing up of another regulation by the Council, in accordance with the procedure laid down in Article 100 of the Treaty, for which a time-limit of four years was set.

The new regulation in Article 5 led to a comprehensive discussion in the Committee.

It is difficult to see why the Council, which is already overwhelmed with countless commitments, should wish to take up these problems which are, by their very nature, highly technical,

The Committee on Social Affairs and Health Protection came to the conclusion that it was far more the task of the Commission to assume responsibility for the provision of certain measures of application. Hence the comprehensive passage in paragraph 4 of the draft resolution.

We also changed our views on a number of special measures taken in regard to the new Member States. These are mentioned in Appendix II of the Commission's proposals.

During the discussion in the Committee on Social Affairs and Health Protection, the Commissioner explained, that a transitional period of five years was envisaged in view of the requirements of the three acceding countries, for the adaptation of the production industries.

This question is dealt with in detail in Appendix II of the Council document.

The committee is of the opinion that, in view of the fact that Community institutions have for years striven for the harmonisation of the law on foodstuffs, the special wishes of the new Member States can only be taken into account if they are of vital importance to the peoples concerned.

The committee would like to modify article 7. For the arguments, I refer to paragraph 6 of the motion, which states that the Parliament still supports the principle that important information put on packing should be in a language which is understood by the user, and therefore requests the Commission and the Council to make article 7, paragraph 3 of the directive binding.

We think it unjust to lay down that the language of the consumer *can* be used. In our view, it is urgent to state that the most important information on the labels *must* be in the language of the peoples concerned.

I would also like to draw attention to Articles 11 and 12 of the Council's draft directive. Article 11 of the Council document lays down that the methods of analysis for the checking of cocoa and chocolate products must be determined in accordance with the procedure stated in Article 12.

What is new is that the methods of analysis used in the supervision of purity requirements and sampling methods must also be determined. According to the original proposal the Commission would have to settle this by a directive after consultation by the Member States, whereas, in the Council documents, this is done in accordance with the procedure of the Standing Committee on Foodstuffs established by a decision of the Council of 13th November 1969.

The new article 12 of the Council documents lays down the procedure of the 'Standing Committee on Foodstuffs'. This procedure should be modified in the usual manner approved by Parliament, to avoid the powers of the Commission being further eroded.

Article 13 is likewise completely new. It states that the procedure of the Standing Committee on Foodstuffs is applicable for eighteen months from the date when the Committee intervenes either on its own initiative or at the request of a representative of a Member State.

The committee, following in this the point of view of Parliament in similar cases, is opposed to a limited period of validity of the procedure of the Standing Committee on Foodstuffs.

We therefore propose that Article 13 of the Council document be deleted.

Mr President, I have tried to explain, as concisely as possible some of our most important amending proposals. The matter is, by its very nature, highly technical. I would again like to refer to the report that is comparatively detailed, and, at the same time to certain points in the draft resolution. I hope that the report will shortly be given to all Members. The committee has unanimously approved the draft resolution as well as the supplementary report, after three long and difficult sessions and after thorough deliberation with the experts of the Commission, in whom we have had the fullest confidence. I express the hope that Parliament will wish to support us in this today and accept the motion as well as the amending proposals.

(Applause)

President. — I call Miss Lulling.

Miss Lulling. — (F) Mr President, after pasta and beer, we are again faced with the old issue of the methods of making chocolate. The enlargement of the Community is responsible for reviving this issue which had been settled in 1964, in this House, after epic debates, in particular with our old friend, Mr Kapteyn.

In 1964, this Parliament's Committee on Social Affairs and Health Protection had expressed serious general reservations against the extraction of cocoa-butter by means of solvents. It reported that cocoa-butter obtained naturally, that is by pressure, was far superior in quality, but nevertheless it did not go so far as to say that chocolate made with cocoa-butter extracted by means of petroleum spirit was detrimental to health.

The 1964 compromise consisted in allowing only a single solvent for the extraction of cocoa-butter, namely the petroleum spirit called spirit B.

Today the Commission of the Communities proposes that we should be much more liberal, that is by compelling the Member States to permit as solvents for the extraction of cocoa-butter at least spirit B. In other words, all the Member States will have to permit this manufacturing process, and those who wish to may even go further and allow other solvents, pending the famous list which is to be drawn up.

Despite some reservations, the Committee on Social Affairs and Health Protection has resigned itself to sacrificing on the altar of the enlarged Community its 1964 position in the matter of solvents.

Nevertheless, as there has been reference to technical and political subjects in this House in the last few days, I would like to take the opportunity of cautioning those who describe as technical the debates on approximating Member States' legislation with regard to the production of foodstuffs. Whether it is a question of chocolate, beer or pasta, the proposed directives may jeopardize the survival of some industries in some regions of our Community. Employment and working conditions might feel the effects of inadequately balanced decisions in the matter of harmonising legislation, and the debates on these apparently technical questions consequently have political aspects which, in our opinion, deserve to be taken into consideration.

Subject to these remarks the Socialist Group supports the amendments proposed by the Committee on Social Affairs and Health Protection. Above all it urges that, making haste at last, the Council of Ministers should give a decision on the directives.

But it should refrain from wishing to lay down all the technical methods of production in the field of foodstuffs. In our opinion, these fall within the province of the Commission of the Communities.

Our Group will therefore vote in favour of the motion. We thank Mr Vandewiele for his excellent work.

(Applause)

President. — I call Mr John Hill.

Mr John Hill. — (E) At this very late hour I apologise for making my first remarks in this Parliament and would have been satisfied not to do so had I not found myself a member of the Committee on Social Affairs and Health Protection.

I read this document only this morning. I am bound to say that it raises in me certain anxieties arising not just from the document but from my inability to comprehend all these matters in a very short space of time. This is perhaps a characteristic difficulty at this present juncture when the new Members are, as it were, trying to board a moving train. However, when I read the resolution, although I personally have a constituency interest in the chocolate and cocoa industry, I could see that between the lines there was very much more to it than that as soon as I saw paragraph (3), mentioning that the special wishes of the acceding States can only be taken into account if the vital interests of their people are involved.

That seemed a very fundamental statement for a committee to feel it necessary to quote in a resolution dealing with what would appear to be comparatively minor matters such as cocoa and chocolate legislation. Therefore, I can see, making such inquiries as I could during the course of the day, that there were, intertwined with a very technical and difficult industrial subject, overtones of considerable constitutional significance regarding the relations of three institutions of the Community — the Commission, the Council and the European Parliament itself.

I am seeking guidance out of ignorance. I did not wish to participate in any decision concerning chocolate on this very first day, but it happens to be a subject some of my constituents asked me to watch for. I started at some disadvantage, which I put on the record not by way of protest but in explanation.

On Document 216, containing the resolution which was published on Tuesday, 16 January, I have had no opportunity of adequate consultation or guidance either from my Government or from anyone else because it was too soon. I have not been able to consult my constituents at all. I

Hill

could not, in fact, get an English text — I apologise for being no linguist — of the Commission's latest proposals, which the committee's resolutions commented upon; and the key documents for newcomers referred to in the footnotes on page 5 are obtainable at the moment, I understand, only in Brussels, Luxembourg and from a photocopying machine. These will arrive shortly. Meanwhile, I apologise for being ignorant about the matters on which the Committee on Social Affairs and Health Protection have spent a very great many years. Mr Vandewiele, I know, has been concerned with this for years, and, therefore, quite clearly he wants to draw it to the conclusion he has been waiting hours for today. Miss Lulling also has been waiting. The last thing they want is for a newcomer to urge postponement of it, and, therefore, I do not urge postponement. I would like to feel that the newcomers could consider this among themselves and that the new proposals put forward by a Commission of Nine would be referred, in accordance with what I would suggest is precedent, to a Parliament of Nine for advice. It seems that the proposals by a Commission of Six originally were discussed substantially by a Committee on Social Affairs of Six and not of Nine.

However, I leave that because I think the political criticisms here are fundamental, so fundamental that I would have preferred to see them disentangled from the body of the resolution and made perhaps the subject of discussions by other committees involved, for example, the Political Affairs Committee, so that if necessary a substantive motion, if it is to be a matter of argument and criticisms about the relations of the institutions, could be tabled separately.

May I therefore confine my remaining remarks to asking for some assurances, because there is a sharp difference between the industrial practices in the making of chocolate and cocoa products for human consumption between the Six and the Nine. The newcomers have considerable chocolate production. I believe the British and the Germans vie to be the biggest chocolate eaters and producers in the world. I understand British production is of the order of £250 million a year, so it is not a small industry and it exports all over the world.

Of these sharp differences of practice, I quote just one example. The British technology — and own consumers — likes a kind of chocolate which is manufactured by the addition of not more than 5 per cent of edible vegetable fats. That, in our view, produces a chocolate which melts in the mouth but not in the hand. I am a great chocolate eater and I often thought that there was a difference between British chocolate

and European chocolate. One knows that on holidays, after eating European chocolate, I have more often had to lick my fingers. It does not mean I do not like the two chocolates, and I cannot see why in principle, provided the different means of manufacture are not a danger to health, we the consumers could not have as wide a range of choice as we might. I am a little afraid of harmonisation for harmonisation's sake. Harmonise the law but let us be careful about harmonising taste in case it becomes a matter of uniformity. Otherwise we shall be in danger, under the influence of British travellers, of having pommes frites with everything. I am concerned that, whatever the result of this resolution is, insofar as it has an effect on the proposals affecting the cocoa and chocolate industry, it should not, as it were, adversely affect the British position and the position of the other newcomers. Ideally we would like to have had a chance of discussing it *de novo*, but I see the objection of Mr. Vandewiele, and I do not want to be unpopular with his committee before I have attended a single meeting. May I, therefore, just ask for an assurance, which could come from the Commission, that the existing British practices, which are long-established and clearly, by the volume of British exports, are not a danger to health, will be allowed to continue and that the goods being made at the moment will, therefore, be in free circulation within the Community? If as I understand, but do not know for certain, there has been agreed some provisional arrangement in what may be a four-year period during which these matters can be looked at again, then it should be without prejudice to any existing practices. I am asking for an assurance from the Commission that existing British manufacturing practices will be allowed to continue.

I am sorry to have had to make this kind of speech at a late hour, revealing my ignorance. This, I hope, will be remedied with the assistance of the translators when we have caught up with the technical backlog and when I know more about your procedures. Perhaps I could have that assurance. I would not then wish to oppose the resolution.

(Applause)

President. — Ladies and Gentlemen, the Chair has been informed by the Commission of the European Communities that it has been unable to produce English and Danish translations of the document under discussion.

This being the case I wonder whether we can ask our colleagues to vote on a text they have not in their own language.

I therefore ask the rapporteur to tell us if deferring the vote until the February part-

President

session would raise any unduly serious problems.

I call Mr Vandewiele.

Mr Vandewiele, rapporteur. — (N) Mr President, although your question is pertinent, it cannot be answered quickly.

As rapporteur, it seems to me desirable that the Commissioner should reply to the questions contained in my introductory speech.

Moreover, I would very much like to know what the Commission thinks of your proposals. Personally, I am inclined to agree with you, Mr President, because it is continually becoming more difficult to conduct a debate over the case at issue before us. A first difficulty stems from the fact that only some of the documents are in the possession of the rapporteur, and then only in the form of photocopies. This is a consequence of the difference of opinion which has arisen between the Council and Parliament.

The Council says that Parliament should not concern itself with this matter and that it has not sought our view. We are, at present, giving an opinion which nobody has asked for.

The Commission can reply that it takes note of this opinion but that the European Parliament is not being consulted.

A second difficulty is connected with the translation. I specifically request that a copy of the amending proposals of the Committee be handed to all Members of Parliament. These are contained in the paper of 2 March 1972 where all the divergent stipulations are given in their entirety, and on which a decision was reached after lengthy negotiations with the three new Member States.

This can already reassure the honourable Member who has just remarked that it was only with difficulty that he could follow the debate.

That does not surprise me. The discussions have already lasted eight years. I myself have participated in the debate for one year and can console him by telling him that an innocent man, by name Vandewiele, was selected to bring out a report on this extremely intricate problem. Many Members before me had declined this honour.

I am, therefore, the rapporteur in connection with a subject which has been on the agenda of the Member States for eight years.

Mr John Hill's objections are well-founded. The difficulties arising from the accession of the new

Member States are still only being partially dealt with.

It is for this reason that I wish to refer to the Commission's reply in Appendix B, where it is clearly stated up to what date a number of measures will not yet apply to the new acceding countries. The three new Member States are for the moment only partially engaged in the debate.

In anticipation of the explanations of the Commissioner, I am inclined, Mr President, to support your suggestion to postpone the vote to the February part-session.

President. — I call Miss Lulling.

Miss Lulling. — (F) Mr President, in the absence of the Chairman of the Committee on Social Affairs and Health Protection, I should like, in my capacity of Vice-Chairman of this Committee, to reassure our new British colleague.

If the Committee on Social Affairs and Health Protection has insisted on this exploratory report being placed on the agenda for this sitting, it is not in order to steal a march on our new colleagues in a matter which concerns them, but because, as Mr Vandewiele has said, it is an exploratory report. Indeed, progress is being made in the work of the Council of Ministers, which has refused to consult Parliament again on the amendments made by the Commission of the Communities to its first directive, and if we do not hurry, we will not be able to put forward the European Parliament's point of view on the problems under discussion.

I can also assure our new British colleague that as regards the modifications proposed by the Commission of the Communities, the interests of these industries are safeguarded.

I know that he is concerned with one problem, but the Commission has not yet presented proposals for amendments to its first directive as regards extraneous fats. If the Commission proposes such an amendment and if, again, the Council refuses to consult us, we will be able, once more, to tackle this problem.

I wish merely to inform our British colleague of the position of the Committee on Social Affairs, to tell him that it wished to make haste so as to make this position known to the Council of Ministers where discussions are in progress.

This is why the Committee on Social Affairs and Health Protection would like to see this text adopted today, but this in no way prejudices other proposals for modification, on other points which, I know, is of concern to the new Members.

President. — I call Mr Lardinois to inform the House of the position of the Commission of the European Communities.

Mr Lardinois, member of the Commission of the European Communities — (N) Mr President, I do not know whether the light I can throw will be sufficient to clarify all the obscure points. The speech just made by Miss Lulling reminded me of the discussion which took place here in 1964 on the same subject. At that time there was great indignation among some of the national delegates. Perhaps you too will remember this, Mr President. The Dutch delegation in particular entertained the suspicion that other delegations were bent on catching them out.

This does not at all appear to have been the case, but I can well understand the British delegation in particular being somewhat reluctant simply to agree with a matter which will later to some extent be binding upon Great Britain. It is because I know how extremely hard and difficult it can be, I support your suggestion, Mr President, on the speech of the rapporteur.

It is perhaps well that the Committee on Social Affairs and Health Protection should hold another meeting, to which I gladly promise all cooperation in regard to the provision of experts.

I will also try to point out what measure of agreement the Council has in the meantime reached. It will then perhaps be possible to find one or other solutions to this very old subject, in regard to which suggestions were made already eight years ago, so that we should not, in 1980, have to face a conflict between Parliament, the Commission and the Council.

The Commission can provide Parliament with documents. However, those papers which are available are those of Parliament itself, namely of the Committee for Social Affairs.

It is for this reason that I agree with your suggestion, Mr President, I also hope that the rapporteur too will agree to all new Members of the European Parliament having the opportunity to get their bearings. I willingly promise every assistance that the committee may require to throw light on all the obscure points of this difficult problem.

President. — Do you think, Mr Lardinois, that the Commission will be able to finalize the Danish and English translations of the directive between now and the February part-session?

Mr Lardinois. — (N) I think so, Mr President.

President. — I am therefore consulting the House on the motion to defer until the February part-session the vote on the motion on the report by Mr Vetrone.

Is there any objection?

It is so agreed.

15. Reference to Committee

President. — At the request of the Committee on External Trade Relations, the report by Mr Giraudon involving Parliament in the conclusion of commercial agreements between the Community and non-Member States (Doc. 226/72), referred to the Political Affairs Committee at the sitting of 17 January 1973, is referred to that committee.

16. Agenda for the next sitting

President. — As agreed a short while ago, the next sitting will be tomorrow, Friday, 19 January 1973 at 10 a.m., and not 9.30 a.m., with the following agenda:

- Report by Mr Beylot on a regulation dealing with the general rules for financing assistance from the EAGGF (Guarantee Section);
- Report by Mr Koch on a third directive concerning turnover tax and excise duties on passenger travel;
- Report by Mr Kriedemann on regulations concerning wines originating in Spain;
- Report by Mr Kriedemann on a Community tariff quota for certain eels and on the autonomous duty on small halibut;
- Report by Mr Kriedemann on a regulation on definition of the Community customs territory;

I would point out that the Committee on External Trade Relations has asked that the three reports by Mr Kriedemann be voted on without debate.

- Report by Mr Durand on a decision on action to protect Community livestock against foot-and-mouth disease;
- Report by Mr Vredeling on the Community quota for dried figs and raisins originating in Spain.

I would point out that the Committee on Agriculture has asked for this report to be voted on without debate.

President

- Report by Mr Baas on two regulations on citrus fruits;
- Report by Mr Vetrone on a regulation on imports of citrus fruits from Egypt;
- Report by Mr Vetrone on a regulation on rice imports from Egypt;
- Report by Mr Kriedemann on certain fishery products.

I would point out that the Committee on Agriculture has asked that the report by Mr Kriedemann be voted on without debate.

— Report by Mr Héger on measures to be taken in agriculture to reflect the monetary situation.

I call Mr Vetrone.

Vetrone. — Mr President, I would like to request you to put this proposal of mine to the Assembly; since, however, tomorrow I shall be the rapporteur on these two problems relating to the import of rice and citrus fruits from Egypt, and since it is only a question of formalities for the application of an agreement made between the EEC and Egypt, I would like to request you to provide for its adoption without debate.

President. — The rapporteur of the Committee on Agriculture Mr Vetrone has asked that his two reports be voted on without debate.

Are there any further comments on the agenda ?

The sitting is closed.

(The sitting was closed at 7.50 p.m.)

SITTING OF FRIDAY, 19 JANUARY 1973

Contents

- | | |
|---|---|
| <p>1. Approval of the minutes 157</p> <p>2. Tabling of a motion and reference to committee; Mr Cipolla, Mr Lücker, Mr Cipolla, Mr Lücker 157</p> <p>3. Tabling of a motion and decision on urgent procedure 158</p> <p>4. Regulation on financing assistance from the EAGGF (Guarantee Section). Discussion of report drawn up for the Committee for Finance and Budgets by Mr Beylot.</p> <p style="padding-left: 2em;">Mr Beylot, rapporteur, Mr Lardinois, Member of the Commission, Mr Scott-Hopkins, Mr Lardinois.</p> <p style="padding-left: 2em;">Resolution agreed to 158</p> <p>5. Third directive on turnover taxes and excise duties in passenger travel. Discussion of report drawn up for the Committee for Finance and Budgets by Mr Koch.</p> <p style="padding-left: 2em;">Mr Koch, rapporteur, Mr Duval, draftsman for opinion, Mr Artzinger for the Christian Democratic Group, Mr Vermeulen, Mr Lardinois, Commissioner, Mr Koch, Mr Artzinger, Mr Lardinois.</p> <p style="padding-left: 2em;">Discussion of the proposal for a directive:</p> <p style="padding-left: 4em;">Amendment No 1. Mr Duval, Mr Koch.</p> <p style="padding-left: 4em;">Amendment agreed to.</p> <p style="padding-left: 4em;">Discussion of motion.</p> <p style="padding-left: 4em;">Preamble agreed to.</p> <p style="padding-left: 4em;">Amendment No 2 to paragraphs 1-3. Mr Duval.</p> <p style="padding-left: 4em;">Amendment agreed to.</p> <p style="padding-left: 2em;">Motion agreed to 163</p> | <p>6. Regulations on wines originating in Spain. Resolution in report drawn up for Committee on External Trade Relations by Mr Kriedemann agreed to without debate 172</p> <p>7. Regulation on Community tariff quota for certain eels and suspending the duty on small halibut.</p> <p style="padding-left: 2em;">Resolution in the report drawn up for the Committee on External Trade Relations by Mr Kriedemann agreed to without debate 172</p> <p>8. Regulation on definition of the customs territory of the Community. Resolution in the report drawn up for the Committee on External Trade Relations by Mr Kriedemann agreed to without debate 172</p> <p>9. Decision on action to protect Community livestock against foot-and-mouth disease. Discussion of report drawn up for the Committee on Social Affairs and Health Protection by Mr Durand.</p> <p style="padding-left: 2em;">Mr Scott-Hopkins, for the Conservative Group, Mr Lardinois, Commissioner, Mr Scott-Hopkins, Mr Lardinois.</p> <p style="padding-left: 2em;">Resolution agreed to 172</p> <p>10. Regulations on dried figs and raisins originating in Spain; Resolution in report drawn up for the Committee on Agriculture by Mr Vredeling agreed to without debate 175</p> <p>11. Regulation on production and marketing of citrus fruits; Regulation on processing certain varieties of orange.</p> <p style="padding-left: 2em;">Resolution in report drawn up for the Committee on Agriculture by Mr Baas agreed to without debate 175</p> |
|---|---|

- | | |
|---|--|
| <p>12. <i>Regulation on citrus fruit imports from the Arab Republic of Egypt.</i>
<i>Resolution in report drawn up for the Committee on Agriculture by Mr Vetrone agreed to without debate ..</i> 175</p> <p>13. <i>Regulation on imports of rice from the Arab Republic of Egypt.</i>
<i>Resolution in report drawn up for the Committee on Agriculture by Mr Vetrone agreed to without debate ..</i> 175</p> <p>14. <i>Regulation on certain fishery products.</i>
<i>Resolution on a resolution in report drawn up for the Committee on Agriculture by Mr Kriedemann agreed to without debate ..</i> 175</p> | <p>15. <i>Regulation on measures to be taken in agriculture to reflect the monetary situation. Discussion of a report drawn up for the Committee on Agriculture by Mr Héger.</i>

<i>Mr Héger, rapporteur, Mr Scott-Hopkins for the Conservative Group, Sir Brandon Rhys-Williams, Mr Lardinois, Member of the Commission.</i>

<i>Resolution agreed to</i> 175</p> <p>16. <i>Dates for the next part-session</i> 180</p> <p>17. <i>Approval of the minutes</i> 180</p> <p>18. <i>Adjournment of the session</i> 180</p> |
|---|--|

IN THE CHAIR: MR BEHRENDT

President

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

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes are approved.

2. *Tabling of a motion and reference to committee*

President. — I have received a motion for a resolution on Vietnam from Mr Berkhouwer, Mr Kirk, Mr Lücker, Mr Triboulet and Mr Vals, Chairmen of the Political Groups.

This document has been printed and distributed with the number 272/72.

I propose to refer the motion for a resolution to the Political Affairs Committee as the committee responsible and to the Committee on External Trade Relations for its opinion.

I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, Ladies and Gentlemen, I take the liberty of commenting briefly on the statements made by the President.

I take note, also on behalf of the members of my group, of the presentation of this document and of its reference to the Political Affairs Committee.

As far as the presentation of the document itself is concerned, we believe that we have had a positive influence on the debate which has taken place during the last few days in the House, and that we have especially influenced the speeches of Mr Vals and Mrs Iotti. I nevertheless consider that this fact does not fill the political vacuum alluded to by those colleagues; a political vacuum recorded in this Parliament, which on this occasion has not been capable of expressing at the right time the feelings common to all the peoples of Europe, and not only held by that great party which has always fought at the side of a Vietnam engaged in the struggle for liberation and against imperialism (in my country the entire Press—except for the Fascist newspapers—has expressed its condemnation of the latest atrocious bombardments).

We trust that the Political Affairs Committee will wish to make radical changes in this document, introducing not only the principle of granting the aid for reconstruction which is their due, to the Vietnamese people martyred by the long war fought for their own independence, but also expressing a negative political judgment in respect of the bombardments and the American aggression, and political solidarity with the Vietnamese people who are engaged, today still with arms, and tomorrow after the cessation of the foreign aggression with more pacific means, in a tense struggle for unity and national independence and liberty . . .

President. — Mr Cipolla, I am not quite sure I understand the intention of your intervention.

I call Mr Lücker.

Mr Lücker. — (D) Mr President, I find myself in the same dilemma. What I have heard so far from Mr Cipolla had no reference whatever to a motion for amendment of the procedure proposed by the five Political Groups.

I should like to say to Mr Cipolla that we heard from some speakers in the debate on Tuesday and Wednesday that they had gone into this problem. Nevertheless, I would point out that the initiative for this resolution had already been discussed between the Political Groups on Monday long before the commencement of the debates in this House, and that the initiatives had been prepared in the previous week. The five Chairmen of the Political Groups discussed between them very thoroughly at what time and with what procedure they should bring the matter before the House. We had very good reasons, and these reasons still apply, to select the procedure which we propose, and we ask that this procedure be adhered to.

For the sponsors of the motion I may repeat that we want the motion to be referred to the Political Affairs Committee, which, if necessary, can bring the Committee on External Trade Relations into the discussion, so that a report may be submitted which can provide a basis for a really full debate in the House on this problem.

Mr President, I move that this procedure be adopted.

President. — Mr Cipolla, I interrupted you just now only to ascertain whether you were opposed to the proposed procedure. From what you said it was not clear to me if you were opposed to it.

You have the floor.

Mr Cipolla. — (I) Mr President, you must understand the particular situation in which we of the left find ourselves in this House.

We have not been consulted, as have the other Groups, in the drafting of this document. Therefore whenever the officially constituted Groups put forward a proposal and thus express their real opinion we, like the other Groups, have the same need to register our opinion. I have already briefly expressed our thoughts on this proposal (which are also to be found in the statements made here by Mrs Iotti), and I do not insist on putting the matter to a vote,

which moreover would find us isolated here. I do however consider that it is necessary to emphasise both the limited scope and the time-lag in the reply which, through this document, we are said to be giving to the feeling common to the peoples of Europe; the feeling of solidarity with the Vietnamese people and of condemnation of the atrocious bombardments, which on this occasion goes beyond the by no means negligible forces which have traditionally given their support in Europe to the battle of Vietnam, Laos and Cambodia for freedom from the imperialism of the United States.

I trust that this debate, which has not been held in this part-session, will not be postponed indefinitely, and that the presentation of this document will allow the European Parliament to express itself adequately at the first suitable part-session, and thus during the coming month of February.

President. — Mr Cipolla, it is not a matter for the Chair whether the position of the Groups has been agreed with you or not.

The Rules of Procedure require me to take note of requests tabled and to submit them to the House in the manner laid down.

It is not a question, for me, of preventing you from expressing your opinion. Our Rules of Procedure allow you to do so in committee and during the debate to be held in February.

The opinion of the minority is never disregarded.

You can be sure that as President I shall always see to it that non-attached Members are able to make their opinions known.

I call Mr Lücker.

Mr Lücker. — (D) Mr President, after what you have said I need not record my wish to speak. I desire merely to explain that the five Political Groups in this House who have tabled this motion wish to abstain from a debate on this subject even today. Mr Cipolla has already made certain remarks which we should have to reject most emphatically if they were made in the course of a debate.

My second point is this: Mr Cipolla, your group is represented in the Political Affairs Committee; you will have an opportunity there to express your views in the same way as the representatives of the other Groups, and when the report of the Political Affairs Committee is debated here, possibly in February, you can then express your opinion in public in the same way as ourselves.

Lücker

At the moment it is purely a question of the Rules of Procedure. Once again, Mr President, on behalf of the sponsors I would ask for the procedure to be adopted for which we have asked.

President. — I am therefore consulting the House on the reference motion.

Is there any objection ?

It is so agreed.

3. *Tabling of a motion and decision on urgent procedure*

President. — I have received from Mr Schuijt, Mr Lücker, Mr Aigner, Mr Bos, Mr Broecksz, Mr Faller, Mr Houdet, Mr Briot, Lord St. Oswald and Mr Scott-Hopkins a motion for a resolution on the implementation of a Community scholarship programme for young Americans (Doc. 271/72).

A proposal has been made, in accordance with Rule 14 of the Rules of Procedure, that the motion be treated as urgent without reference to committee.

Is there any objection to the request the debate be treated as urgent?

It is so agreed.

I propose to proceed at once to the motion.

Is there any objection ?

It is so agreed.

Does any one wish to speak on the motion ?

The resolution is agreed to.¹

4. *Regulation on financing assistance from the EAGGF (Guarantee Section)*

President. — The next item on the agenda is discussion of the report drawn up for the Committee for Finance and Budgets by Mr Beylot on the proposal from the Commission of the European Communities to the Council for a regulation on the general rules for financing assistance from the EAGGF (Guarantee Section) (Doc. 229/72).

I call Mr Beylot to present his report.

Mr Beylot, rapporteur. — (F) Mr President, Ladies and Gentlemen. In the matter of the application of Regulation No 729/70 which

refers to the reimbursement of support on agricultural markets by the Guarantee Section of the EAGGF, we plead both not guilty and guilty.

Not guilty, because the Commission has requested postponements on two occasions, not being in a position to propose a suitable regulation to the Council.

Guilty, because the Commission submitted a draft regulation to us last September, but unfortunately work on the budget and the strike by the European Parliament staff prevented us from making a report at the appropriate time.

The Council has therefore been obliged to enact a regulation which I admit is only intended as a legal stopgap. The Council and the Commission have been obliged to adopt this procedure because of the urgency of the matter, but Parliament has not given its opinion and we should not wish to set a precedent. I am fully aware that the Council has been able to defend its position on the basis of the provisions of Article 3, (2), of Regulation No 729/70 which do indeed provide that the opinion of Parliament is not indispensable under such circumstances.

However, may I refer to Article 43 of the Treaty, which provides that the opinion of Parliament is necessary for such matters.

I do not think that it is possible to hold the view that a regulation takes precedence over Article 43 of the Treaty and we hope that this procedure will not set a precedent.

I shall now turn to the main issue.

We shall examine the proposed regulation in the light of three questions. How does it fit into the framework of regulations on the EAGGF? What are the objectives, advantages and disadvantages of the proposed regulation? What modifications have been introduced into the initial text at the committee stage?

As regards the compatibility of the new regulation, since 1 January 1971, the Community has operated under the 'own resources' system of financing, based, on one hand, on levies and, on the other, on customs duties.

It was to be expected that this system, which is based on an entirely different philosophy, would make it necessary to modify the operational procedures of the EAGGF which, at the time, accounted for 85 per cent of Community expenditure.

Thus it was that Regulation No 729/70 came into force; under its provisions, the transitional "lump-sum refund" system was replaced by a new system for the settlement of EAGGF expenditure with effect from 1 January 1971.

¹ OJ No C4 of 14 February 1973.

Beylot

Unfortunately, on 1 January 1971, the Commission was not in a position to propose a definitive regulation to the Council, and was in fact obliged on two occasions to apply for a postponement of the effective date of Regulation No 729/70; a first postponement was granted until 30 June 1972 and then a second until 31 December 1972.

During the periods of these postponements, Regulation No 17/64 remained applicable. It was, it is true, a transitional regulation. We now find ourselves in a paradoxical situation in which the financing of the Community has been governed by the—I repeat—definitive “own resources” system since 1 January 1971, whereas the bulk of the expenditure, in the event, the expenditure of the EAGGF Guarantee Section, remains subject to a transitional regulation because the definitive regulations have not been proposed or enacted, although a time-limit had been set.

The object of the proposed regulation before us is to put an end to this anomaly by proposing definitive arrangements for the settlement of EAGGF Guarantee Section expenditure.

I am aware that it was necessary for the Council to enact a regulation in order to bridge a gap in the legislation. However we are unaware of the content of this regulation since it has not yet been published in the *Official Journal*. I therefore call upon the Commission to provide us with the fullest details. Nevertheless, I have it unofficially that this regulation does not prejudice the opinion which is given today on ‘second category intervention’ operations.

This said, however, I repeat my request to the Commission. We should like to receive thoroughly official details of the regulation recently enacted by the Council today.

I now turn to the second aspect of this issue: the object of the new regulation, and its advantages and disadvantages.

The purpose of the Guarantee Section of the EAGGF, which accounts for 60 to 70 per cent of Community expenditure, is to support the prices of agricultural foodstuffs and maintain them within the limits laid down by the Community. However, it is the States which are initially responsible for intervening on markets and the Community reimburses expenditure by the States at a later stage.

The object of the proposed regulation is to replace the method of reimbursement, which had previously been on a flat-rate basis, by a method of reimbursing the Member States for the actual cost of the intervention operation.

The operations in question are what are known as ‘second category’ interventions, namely purchase and resale, storage and where appropriate processing and subsequent marketing of products.

The proposed solution presents both disadvantages and advantages.

Let us begin by considering the disadvantages. It must be admitted that the lump-sum system is simple. It is also economical in certain cases. The cost of storage operations, for example, varies fairly considerably from one Member State to another.

Nevertheless, the system of reimbursing actual costs offers a number of advantages. A first consideration is that it is consistent with the principle of a community. Once one has established a common agricultural policy, a single market with uniform prices which are no longer determined by the States but by the Community, it is to be expected that the Community itself should assume responsibility for supporting markets.

For obvious reasons of simplification, the Community authorities have preferred to leave intervention and storage operations in the hands of the States. It is also less costly for the Community which, instead of making advance payments, merely settles balances with the States, although it does so on the basis of the actual cost of operations.

Reimbursement on the basis of actual costs also offers advantages of economy since, as I have already mentioned, in certain cases, the costs of operations vary from one country to another; where they are below the fixed price, the country concerned enjoys a premium, an unwarranted benefit, and such a situation can create distortions between the various States. This is prejudicial to the proper functioning of the agricultural common market.

Finally, it should be noted that in order to obviate excessive expenditure arising out of reimbursement on the basis of actual costs, the proposed regulation provides a series of three types of controls and measures designed to align intervention costs in the various Member States; what we in France would call “des garde-fous”.

These measures are as follows:

- 1) The drawing-up of a list of the phases of reimbursable operations; the terms “intervention” and “reimbursable intervention” are defined;
- 2) The need for the Member States to disclose their administrative practises;

Beylot

3) The option for the Commission to refuse payment of part of an item of expenditure, if the amount appears unduly inconsistent with good management, particularly if it is substantially higher than amounts obtaining in other Member States.

Consequently, taking into account these measures which are of great importance to the alignment of costs, the Committee for Finance and Budgets and the Committee on Agriculture have decided, after due consideration, to deliver a favourable opinion on the Commission's proposed regulation, although proposing a number of modifications which do not alter it in substance. These proposed modifications are slightly affected by the decisions adopted by the Council of Ministers which, I believe, puts back provisions scheduled to take effect on 1 January 1973 to 1 January 1974.

These proposed modifications are contained in the report. They are as follows :

First, Article 5. We propose that the date on which the Member States are to be required to inform the Commission of the Communities of the financing conditions of intervention operations and the resultant costs should be two months after the publication of this regulation in the *Official Journal* instead of 1 January 1973.

The date stipulated in the proposed regulation was 1 January 1973. This date has now been passed; it would therefore be appropriate to allow some additional time to avoid further applications for successive postponements being put before Parliament as in the past.

Secondly, in Article 6, the Committee for Finance and Budgets has asked that paragraph 4 be deleted and reinstated in an expanded form as Article 7b.

Thirdly, after Article 7, we would insert an Article 7b based on the opinion delivered by Mr Vredeling for the Committee on Agriculture, which seeks to limit the term of validity of the proposed regulation to 31 December 1974, since as from 1 January 1975, the Community will have achieved total financial autonomy.

Finally, the Chairman of our Committee for Finance and Budgets, Mr Spénale, has pointed out that it would be appropriate if, once this regulation has come into force, the Commission of the Communities were to report on the functioning of the Guarantee Section of the EAGGF, particularly as regards refunds to the Member States.

The rapporteur therefore proposes, on behalf of the Committee for Finance and Budgets, a

modification to the effect that an Article 7b providing for the simultaneous submission of this report to the Council and Parliament be included.

In conclusion, I propose an oral amendment to Article 6, paragraph 3, replacing the date of 1 March 1973 by 1 March 1974 in order to take into account the Council's decision to put back the introduction of this regulation by one year.

Subject to these comments, the Committee for Finance and Budgets recommends that the proposed regulation should be adopted.

(Applause).

President. — Does any one else wish to speak in the general debate?

The general debate is closed.

I call Mr Lardinois to inform the House of the position of the Commission on the amendments to the proposal for a regulation put forward by the parliamentary committee.

Mr Lardinois. — (N) Member of the Commission of the European Communities.

Mr President, I thank the rapporteur, Mr Beylot, very much indeed for his report on behalf of the Committee for Finance and Budgets on this draft.

I feel that I should first answer some questions about the procedure followed by the Commission in regard to this draft. The rapporteur has been somewhat critical of the fact that decisions have been taken in the meantime on an item in our proposal. I will first mention the legal grounds for this.

According to Article 3 of Regulation No 729, consultation with the European Parliament on such matters is optional. It is true to say that the financing regulation is based upon Article 43 but, at the suggestion of the European Parliament, the Council has delegated to itself the authority to lay down the general arrangements for financing interventions by a somewhat simplified procedure, that is to say without consulting the European Parliament. From a purely legal point of view, therefore, the Council was justified in laying down the Regulation—which had to be introduced by the end of December—because the Regulation was of a temporary nature.

With regard to the query implied in the rapporteur's explanation, I would say that I feel we should apply this simplified procedure as rarely as possible. We must use it only in emergencies. I feel that such an emergency clearly

Lardinois

occurred in December last as a result of the personnel strike. For my part, I readily assure the Committee for Finance and Budgets and its rapporteur that I shall do all I can to ensure that this simplified procedure will very rarely have to be used.

The rapporteur has asked what was finally decided officially in Council procedure. We have, in fact, only two Articles which, in view of the time-limit, required urgent introduction. Firstly there is Article 1, with annexes, of our proposal on the recording of interventions.

Secondly there is Article 2 insofar as paragraph 1 is concerned. This deals with the simple interventions. These two parts of the Commission's proposal have therefore been formally decided upon. I feel that this represents a step on the path to the ultimate goal. Parliament, too, has now given a positive opinion on this. The rest has not been laid down. We propose to do this before 1 August 1973. I readily undertake to take into account as much as possible the opinion of the European Parliament in this matter, and to try and avoid any conflict on this point.

I should like to make a few remarks on the other questions. The system of flat-rate costs is not too satisfactory. Some Member States have money to spare and others are short of it. The system has significant drawbacks. Moreover, this system does not lead to the reduction of costs. Nor is the system too logical within the framework of Regulation No 729, for that covers financial policy as a whole.

The rapporteur has asked whether we can submit a report by 1 January 1974. We intend to amend a number of Articles. We are advised not to introduce these amendments until 1 August. In this connection I should like to ask whether the Committee can agree to the report being prepared not by 1 January 1974, but by 1 January 1975. I feel that this date would be preferable for practical and administrative reasons. We would have more experience by then. I should like to give positive consideration to a request to that effect from the parliamentary committee.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — (E) As a new Member of the European Parliament, may I ask for some information from the Commissioner concerning the regulations? I refer to storage costs.

What would be the position, from the Commissioner's point of view, if the storage costs were extremely high in one country? This matter was

mentioned by the rapporteur when making his introduction to this complicated matter. Would this mean that the other Member States would have to subsidise the costs?

As it is, under the new arrangements the actual cost of the product storage operation will be paid. It may be very high. In one country costs may be 15 or 20 per cent higher than the average. Would the Commission then pay that price, regardless, after it had taken due account of the actual costs in any country, particularly in one where the costs are very low? If so, it would be in the position of subsidising the higher costs obtaining in the remaining eight countries of the Community.

I am sure the Commission has worked out some method whereby that difficulty can be avoided. One does not want to see extra costs added to something which, because of inflationary pressures or deflationary measures in one country, has added unnecessarily to the cost of commodity storage.

I ask for information. One finds the regulations very complicated. It would help a great deal if this matter could be explained more fully.

President. — I call Mr Lardinois.

Mr Lardinois. — (N) Member of the Commission of the European Communities.

Mr President, I will try to clarify this matter for Mr Scott-Hopkins. The aim of this proposal is to provide for differing payments wherever differing storage costs are evident and justified. We can thus avoid the situation where, for instance, storage costs are 20 per cent greater in one region of the Community than in another. That was not so hitherto. There was a mean, a sort of flat-rate accounting which meant that in one region where due to various circumstances—for instance a surplus of cold stores giving rise in turn to much fiercer competition—the national Government would have a surplus of money over that paid by the Community, whilst in another region—for instance through a shortage of cold storage—amounts allocated were in fact insufficient.

I wish to emphasize that in this case there is no question of one country paying for another. The countries need not pay anything in this matter: it is paid for out of the Community budget. Our experience on this point and the fact that it concerns only the intervention costs for which we are responsible, lead me to believe that this proposal for modification of the present system meets an urgent need.

President. — Does any one else wish to speak?

Before proceeding to the vote, I would point out that the rapporteur has asked that in Article 6 (3) of the proposed regulation the words 'before 1 March 1973' be amended to read 'before 1 March 1974.'

I put the amended motion to the vote as a whole.

The resolution is agreed to.¹

5. Third directive on turnover taxes and excise duties in passenger travel

President. — The next item on the agenda is discussion of the report drawn up for the Committee for Finance and Budgets by Mr Koch on the proposal from the Commission of the European Communities to the Council for a third directive on the approximation of provisions laid down by law, regulation or administrative action on turnover taxes and excise duties in passenger transport (Doc. 228/72).

I call Mr Koch to present his report.

Mr Koch, Rapporteur. — (D) Mr President, Ladies and Gentlemen, I should like to present the report of the Committee for Finance and Budgets on the proposal of the Council for a third directive to coordinate the legal and administrative regulations on turnover tax and excise duties on passenger travel. I understand that the views of the Legal Affairs Committee, which participated jointly in the discussion, will be submitted by our colleague Mr Duval. As the rapporteur of the Committee for Finance and Budgets, I have the following comments to make:

The Committee for Finance and Budgets has not made its task an easy one. It has examined the situation in detail in the course of numerous meetings. It is, unfortunately, true that the text of the Commission's proposed directive is anything but easy to follow. It is no simple matter to discover the real meaning, but I feel that the Committee has in fact done so in its very careful deliberations. It has reached the following conclusions:

It is the Commission's intention, modelling itself on the rules which apply to travel by land, to prohibit all duty-free travel concessions for travel by land and air within the EEC, and to limit exemption from duty in future to consumption in flight.

Of the voluminous Commission document only Article 4, c, (6) and (7) of the proposal for a

directive are really important. On closer practical examination of the proposal and of its practical results one must conclude, with regret, that the proposal is impracticable, and that the authors have not sufficiently enquired into the practical consequences of their measure. Otherwise, they would undoubtedly have realized certain weaknesses in the proposal.

One weakness is bound up with the fact that we have to observe international air traffic agreements. The Commission in fact does this, but I will not argue whether it adheres strictly to the latest version of the Chicago Convention; that is of minor importance. The issue, then, is the Chicago Convention, to which we are co-signatories and under which articles supplied on board aircraft, which are imported for the purpose of initiating the operation of an international air service by an airline of a contracting state into the territory of another contracting state, are to be exempted from duties, taxes and other impositions. Accordingly, Member States, including ourselves, the whole of the EEC, are required to permit the duty-free consumption of such articles in the individual Member States of the Community. In that respect we have to observe the Chicago Convention on Air Traffic, and it is apparent that the very fair objection that the Commission, by its directive, sought to ensure that air travellers were treated exactly the same as a rail or road traveller—it always being said that these poor creatures were deprived of this possibility—is without validity, since international conventions have to be observed.

What further action will the Commission now take? We have, on the one hand, articles of in-flight consumption, which must be available, free of value-added tax, free of excise duties, for in-flight catering, for immediate consumption on board.

In addition, of course, articles on which turnover tax and excise duties have been paid are taken on board.

We have had an argument with the Commission as to whether, as the Commission somewhat doubtfully suggests, this implies a prohibition on selling. When, however, it was pointed out to the Commission that a prohibition on selling, perhaps under the German Basic Law, would not be reasonable, they said: No prohibition on selling. In other words, two categories of articles may now be sold on board aircraft—and for convenience we may treat ships similarly; on the one hand, articles of in-flight catering for immediate consumption; on the other hand, articles which have paid VAT or excise duties. It follows, according to the Commission's argu-

¹ OJ No C4 of 14 February 1973.

Koch

ment—this is not in doubt, there can be no argument—that a distinction must be made, in selling on ships and on aircraft, between articles intended for immediate consumption and other articles. The former are exempt from VAT or excise duties, provided they are subject to them; the latter have paid VAT and/or excise. According to Adam Riese, it is clear that there must be two prices on board—prices for articles of in-flight catering, and prices for other articles, since special prices must be fixed for other articles which have paid excise duty.

The following example may be useful. In the enlarged Community a passenger boards an aircraft in Copenhagen and flies to Rome. He has always heard that Copenhagen chocolate is very good. In Italy it may perhaps not be quite so good, and in any case he is very hungry. He says to himself; 'I will buy some on board, airline articles, and get them cheaply, because they are free of turnover tax.' And as he is very hungry, he consumes three slabs of the chocolate he has purchased cheaply on board. He happens to be an Italian, flies to Rome and reflects that Italian chocolate is perhaps not quite as good as Danish (purely an assumption, as I do not wish to give offence to my Italian friends).

Thinking he will take something home for his wife and family, he takes a dozen slabs of chocolate with him to Rome. He buys the chocolate, on which turnover tax has been paid, on board. The airline must of course fix another price for this, as turnover tax has been paid on it, and along comes the tax authority, thorough and stolid as always—it cannot just be pushed aside, much as many of us would like to—and says: 'This is where we have some settling up to do.' An in-flight account has to be made out showing the amount of VAT paid, which has to be reported to Ministry of Finance.

Imagine the situation: A transaction takes place in mid-flight; two prices have to be established; a special list has to be kept. The same applies to sales on ships. You will agree, fellow Members, that it is not altogether easy, when an aircraft is hurtling along at that speed, tens of thousands of feet above the ground, for the steward who is doing the selling to turn his mind to the finance people and to in-flight accounting. And when actual finance officials to whom I have spoken tell me that the evidential value of accounts made up in such rather strenuous circumstances is in order, I take leave to doubt it.

But the matter does not end there: further administrative difficulties arise if, in the course of sea or air travel, not only EEC countries but more remote third countries are involved; for

instance, on a journey from Frankfurt, via London, to New York. In this case a pre-tax deduction has to be excluded for articles taken on board in Frankfurt, if such articles are sold on the Frankfurt-London leg in larger quantities than for immediate consumption.

Once again it has to be worked out on board what tax applies between Frankfurt and London and beyond, and how much tax is left. Still more prices. To my mind, from a tax point of view this is capable of neither proof nor disproof. I do not think I overstate the position when I say that this solution proposed by the Commission must be described as impractical.

Moreover, it would involve a distortion of competition in terms of intra-Community aircraft and ship equipment, since articles of equipment may as a rule be acquired tax-free in non-Member States.

But the matter does not end even there. Think of charter aircraft. Charter flights are very popular. Fortunately, we have reached the stage socially where all levels of the population can use charter flights. Take a case where, in the enlarged Community, a charter plane is despatched from Copenhagen to Sardinia. All charter aircraft carry duty-free shop goods. But wait a moment. This is where the third directive of the Commission now being debated in Strasbourg comes in. The matter is not as simple as that, Flight-Captain. Duty-free shop goods are out. You are cleared for a direct flight within the EEC, and you will no longer get these goods, or at most for immediate consumption.

This leads to distortion of competition. If this aircraft is cleared for a flight to Spain or North Africa or other countries, then under the Commission's proposal all goods are free. We have no limitations to cope with. In other words, charter traffic may expect all sorts of difficulties from this direction. If I am correctly informed, our Italian friends are for this reason somewhat sceptical as to this ruling by the Commission, owing to possible distortion of competition in their air traffic, which would also affect Southern France and Corsica.

The question goes even further. Japanese aircraft fly to London via Frankfurt, and are therefore subject to EEC rules. But if the Japanese plane calls at a non-Member State, i.e., if it makes an intermediate stop, not at Zurich, but at Frankfurt, it regains complete freedom, since the EEC has no power to determine what EEC articles may be taken aboard at Zurich. Hence, it would seem that this directive by the Commission tends to be rather impractical.

Koch

It is not, however, the case that we, the Committee for Finance and Budgets, have not concerned ourselves with this special problem of duty-free goods. If a proposal for an amendment cites item 10 of the Parliament resolution of 28 February 1972, which states that Parliament regards an early solution of the freeing from tax of deliveries to duty-free shops at airports and sales on board aircraft and ships as desirable, one cannot just pick one item out of this resolution; the resolution must be seen as a whole. And the resolution does in fact contain this passage, and the Commission knows that its hands are tied:

'...therefore considers it indispensable that rates of VAT and excise duties in force in Member States be assimilated as soon as possible.'

Members of the Commission, you know that it is not in your power to make any rapid progress in this matter. But we have to make allowances for this. If we had got as far as having a uniform market, i.e. if the rates of VAT were co-ordinated, all problems would be solved. But we have not reached that stage yet.

I would suggest, therefore, that our proposal be as follows: in my judgment, or in the judgment of the committee, the end sought by the Commission can be more readily achieved by a solution regarding imports. Duty-free goods would be supplied to aircraft and ships free of all tax or duty, and sold on them free of tax or duty. This means that only duty-free goods are taken on board, i.e. exempted from VAT and excise duties. This would do away with the need for two prices, and no in-flight accounting with the finance authorities is necessary. We should have only one uniform price for sales on aircraft and ships.

This assumes of course that the passenger must be checked on leaving the aircraft or ship. On arrival at his destination the traveller must pay tax on goods purchased and not consumed on board. Is such an idea altogether far-fetched? Not at all. We have perused the Commission's draft and find that Articles 1 and 2 of the directive contain such proposals. We shall apply these universally. Under them the traveller will enjoy the wide immunity from duty if, on leaving the aircraft, he affords proof that he has acquired the goods on the general terms of the domestic market. This will probably mean certain difficulties at the check-point, since without this proof he should, strictly speaking, enjoy no tax exemption. On behalf of the Committee for Finance and Budgets we thus propose, in order to lessen resistance to this revised rule, granting, for a specified time, the limited im-

munity referred to in the first line of the directive to those travellers who disembark from aircraft and ships. This goes a long way towards meeting the Commission's views. The Commission would like to abolish everything; we say, be merciful and grant the limited exemption, that is 25 units of account, plus specified quantities of the goods subject to excise duties, e.g. 200 cigarettes.

In my opinion the resultant possibility of un-taxed consumption of up to 25 u.a should be accepted provisionally. Under Articles 1 and 2 of the Commission's proposals it already exists in the case of intermediate stops in a non-Member State. Should the passenger leave the aircraft in London and be asked by the Customs officer what he has purchased on board, and he invokes the limited exemption, the officer will let him go free, following the slightly amended biblical injunction: "Go thy ways, the Committee on Finance and Budgets and the European Parliament in Strasbourg hath holpen thee."

That is the purpose of our proposal. In my view our proposal of a transition period is perfectly reasonable. This transition period, which we of the Committee for Finance and Budgets should like to see established for 5 years—others may perhaps wish to limit it to 3 years—should be recognized.

The Committee does, however, make one appeal to the economic interests concerned: Please, Gentlemen, do a little thinking during this period and be open to ideas for possible amendments, since we do not wish to abandon the matter completely. Let no-one come along after the transition period and say that everything should remain as it was. That is not the intention of our proposal. Its purpose is that, given the enormous economic importance of this third directive, the economic interests concerned should merely be given the opportunity to change their methods: we concede that such a change must occur.

I will not refer to the many ramifications of such a measure, if it were introduced. I would say only that the proposal of the Committee for Finance and Budgets very largely accepts the Commission's case, but that we maintain the limited exemption from duty. I believe that the Chairman of the Committee for Finance and Budgets once very aptly described the position, in response to an observation by the Commission, when he said: 'In view of the millions of turnover of the cigarette industry, is the Commission really saying that, by granting the limited exemption, say for 200 cigarettes which enter the EEC duty-free, the European cigarette

Koch

market would be disorganized, or that, given the countless litres of whisky exported from Great Britain which are drunk everywhere, not a single litre may be imported duty-free for a transition period?’

I believe that what I propose is fair to the aims of the Commission, but preserves a certain humanity and affords an opportunity, during the transition period—we propose five years—to think things out, to develop new ideas. I would ask you once again to proceed on these lines. We have proposed a very brief formula and propose to add only a paragraph 4 to Article 2 of the present directive. This would meet the wishes of the Committee for Finance and Budgets. I would ask you to agree to the proposal of the Committee for Finance and Budgets which I have presented to you.

(Applause)

IN THE CHAIR : MR SCHUYT

Vice-President

President. — I call Mr Duval, draftsman for the opinion.

Mr Duval, draftsman for the opinion. — (F) Mr President, my dear colleagues, I shall be very brief. Indeed, the amendment which I have the honour to submit for your consideration is self-justifying and needs no further explanation, since you all have to hand the report which I submitted on this matter to the Legal Affairs Committee, which approved it.

My purpose is to attempt, in cooperation with the Commission of the Communities, to achieve the harmonization of regulations which, when applied to the full, are creating an anarchical situation for the ever-increasing number of people travelling as tourists in the countries of the Community, or even outside the territories of these countries.

I have no desire to dramatise, and I therefore believe that the lucidity of your judgment will lead you to concur with me in acknowledging that, in our progress towards this harmonization, we can find nothing in the measures contained in this proposed third directive from the Commission of the Communities which represents an obstacle to harmonization.

I have no wish to suggest that this text is perfect. Nothing is perfect in this world, and in this third proposal, reference is made to the first two proposals submitted by the Commission, and this clearly implies that progress is

being made towards an ideal solution which we have not yet achieved.

It is desirable that we should take a step towards harmonization through the measure which we shall be approving in this part-session, unless the Commission of the Communities reaches the conclusion that we have not yet achieved our objective and submits a fourth proposal for a directive.

If, as it has been put to us, we reject the conclusions of the third proposal outright, I believe that we will have failed to make our contribution towards finding a universally satisfactory formula.

I listened with the greatest interest to the extremely pertinent explanations given by our colleague, Mr Koch. You will appreciate that, as a new arrival in this House, I do not propose to seek to invalidate the proposal made by our colleague. His incisive arguments have undoubtedly had their effect on the feelings and attitudes of our colleagues. I myself came close to being convinced by the forcefulness of his arguments.

But I cannot disregard the dictates of good sense and reason which prompt us, not to reject the proposed directive from the Commission of the Communities outright, but to try to make good what we have been able to look upon as a few minor shortcomings and introduce a few amendments of form rather than substance to the provisions which it contains. I am convinced that, in so doing, we shall have accelerated rather than delayed the progress which we all wish to achieve.

It is for this reason that we have seen fit to table these amendments which we ask the Commission to include in its proposal in order to achieve our objectives.

(Applause)

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

Mr Artzinger. — (D) Mr President, Ladies and Gentlemen. My first task is to thank the rapporteur, Mr Koch, very cordially for his report. I think you will all have noticed that he had quite a tricky subject to deal with, which it was not altogether easy to penetrate and is even more difficult to present intelligibly. I am specially grateful to Mr Koch for having discovered a human note, which will certainly make a discussion of this subject easier.

On behalf of my Group I wish to say that we agree with the proposal of the Committee for

Artzinger

Finance and Budgets as submitted by the rapporteur.

Mr President, as you know, this House has always sought to alleviate the difficulties caused to passenger travel by turnover tax and excise duties. We are therefore very pleased to have reached a stage where an exemption of 125 u.a. exists within the Community, which enables the ordinary traveller to pass through without customs clearance.

In our relations with non-Member States we have an exemption of 25 u.a. which certainly does not satisfy everybody; that is an impossibility, but in the meantime it does afford an opportunity to take a thing or two with you.

The Commission's proposal is intended to close a gap of which we too are very conscious. I would, therefore, concur entirely with the Commission's request, which this third directive seeks to implement. It certainly is not satisfactory that there should be loopholes in the system which enable some travellers to remain relatively immune from the incidence of turnover tax and excise duties; I will not refer to sea travel. It is unfair to other travellers, even though I am not prepared to man any barricades in their defence. Still, this leak must be plugged, although both we and the rapporteur and the Committee feel that the method by which the Commission wishes, with its proposal, to plug this hole is not appropriate. Some better ideas are needed.

I fully agree with Mr Koch when he says that it is not practicable to fix different prices in aircraft and ships to meet the tax regulations, and to have to keep double or treble bookkeeping showing which articles are duty-free and which are taxable. That certainly is a burden which people cannot be expected to accept. I admit that the problem is a difficult one. Our intention in framing the resolution was, therefore, to ensure that we get a practicable solution for a transitional period with the limited exemption of 25 u.a., but that within a period of five years all concerned are to consider the problem, and the Commission is to make a suitable proposal to plug this gap more effectively. I believe this to be a feasible method and the best way open to us at present, and it is possible to discuss the 5 year period. We would not shrink from reducing this period to 3 years in accordance with the Legal Committee's motion. That should be a possibility.

The difficulty of the position may be judged by the fact that, according to a report in the German press, which the Commissioner can perhaps either confirm or deny, the representatives of the Nine EEC States have agreed in

Brussels to take more time to deal with duty-free shops. If, as is apparently the case, the representatives of these States have already come to an agreement, I fear that the Commission has little chance of succeeding with its proposal for a third directive.

It is admitted that important economic interests are involved in regard to duty-free shops. To mention only one figure, receipts at Frankfurt airport from duty-free transactions (duty-free shops) represent about 20 per cent of the total turnover. With a total turnover of 232 million DM in 1971, this would mean some 40 to 50 million DM. You will understand that the lobby representing these interests will oppose the directive.

We have certainly no wish to play the game of these representatives, but we believe that practical solutions must be found, and the Commission will have to devote further thought to the subject. At any rate, this proposal does not meet the requirements we have to consider, the needs of an airline crew or of the crew of a ship.

On behalf of the Christian Democratic Group we support the proposal made by the Committee for Finance and Budgets and discussed by the rapporteur, as we consider this the most balanced proposal that can be put forward at the moment.

President. — I call Mr Vermeulen.

Mr Vermeulen. — (N) Mr President, I wish to make a short statement in support of Mr Duval. I consider his proposal really very moderate. I shall, perhaps, express myself somewhat differently than he did when he addressed the rapporteur, Mr Koch. I must confess that the rapporteur has not convinced me. One accepts that the present situation is indeed unreasonable. However, for practical reasons it is considered impossible at present to accept what the Commission has proposed. Whether it concerns rail, air or sea travel, the practical difficulties are, in my opinion, the same. Non-Member States are said to be involved. This applies also to rail travel. If there are difficulties in particular countries it is very easy to close storage places wherever they should be closed. I quote a very simple example. On the railways in Belgium all alcohol is locked away in store; as soon as the border has been crossed, the store is opened again. That is extremely simple. The trouble is, that it is argued that it would be an unpleasant move on the part of our Parliament to ask for this. It would bring a reaction. But to me, it seems pleasant enough. For the simple traveller it is not unpleasant. Only a minimum has been exempted. It is unpleasant, however, for the

Vermeulen

great commercial enterprises. The figures quoted indicate only too clearly the urgent need for intervention. I believe the Commission when it speaks of thousands of millions. I support Mr Duval's amendment. I repeat that, as far as I am concerned, it is the minimum. I would have been much tougher and would have accepted the Commission's proposal.

President. — I call Mr Lardinois to inform the House of the position of the Commission of the European Communities.

Mr Lardinois, Member of the Commission of the European Communities. — (N) Mr President, I must excuse my colleague, Mr Simonet, for whom I deputize on behalf of the Commission. I wish first to reply to Mr Koch, then to the members who have spoken.

I am extremely pleased that this matter has obviously been thoroughly studied by two of Parliament's committees. I consider this to be valuable and right in view of the fact that this subject provokes public opinion. It has received a great deal of publicity and no doubt there is more to follow. During these last days it has been mentioned from various sides that in our European work we should give due consideration to subjects which affect the individual citizen. It is therefore appropriate that ample time is taken in this Parliament to study the matter. I am therefore pleased at the way in which Parliament has felt that it can, may and must deal with this matter.

I am, however, disappointed in the point of view taken by the Committee for Finance and Budgets and in particular that expounded by the rapporteur this morning, and for two reasons.

I recall very clearly from the period 1963-1967 that this Parliament has always held the view that, of course, it is all very well to argue that all sorts of arrangements must be made for trade, so that commercial traffic at the borders will be interrupted as little as possible during movement between Member States. Parliament has always seen it as its central task, however, to ensure that the Community as such would catch the imagination of the citizen. It follows that Community measures should be taken to release the ordinary traveller in our Community from the feeling that at the borders his baggage and person are under suspicion.

In other words, we should arrive, as speedily and smoothly as possible, at greater freedom in passenger travel. I believe that during the past few months significant progress has been made in this respect especially in view of the extension of the range of exempted goods which

individual passengers may carry. The result is that we can deal with very large streams of passengers at our borders with a measure of control which is in fact minimal and which is no longer directed at the individual.

I am disappointed at the proposal for amendment by the Committee for Finance and Budgets which in fact seeks to incorporate into our system a considerably greater control especially over air and sea passengers. If we do adopt the parliamentary commission's proposal it will have a negative effect of great importance.

I believe that I can prove this. What, in fact, is it that we are doing? We are trying to follow a certain path in our enlarged European Community by adopting what has already been achieved in those countries of our Community which are most integrated. The system proposed by the European Commission has already been substantially followed in the Benelux countries for years. It has proved satisfactory. It may be said that the Community need not necessarily take over the Benelux system and that is indeed so.

But there is, in fact, a similar arrangement between Great Britain and Ireland. Economically speaking these two countries are very much integrated and they have taken measures on passenger travel at their borders which make for a very smooth movement to the extent that there is practically no customs control with regard to the passengers themselves. Should we wish to meet the dearest wish of Parliament and the citizens in the Community and aim at minimal control and greatest possible freedom, then I feel we ought to take some risks. We must dare then to take measures which, technically speaking, could perhaps be somewhat more perfect if we were a little further ahead in other aspects of the harmonisation of our regulations. I am thinking, for instance, of VAT. Mr Koch has said: if only we had given VAT full uniformity.

Mr President, if the Community always had to wait until the Ministers of Finance had solved their problems, then I can assure you that we would have had no agricultural policy whatsoever. If there had been no agricultural policy, then we would not have progressed as far with Customs Union as we have. In my opinion there would in that case have been no earthly reason for Great Britain, Ireland and Denmark to join this Community which would then, in fact, not have been a Community in the present sense of the word.

The system proposed by the Commission will also, of course, have its difficulties. Mr Koch has illustrated this with the example of the chocolate which I understand one can buy on

Lardinois

an aeroplane from Denmark to Sicily either to eat or to take home as a present for one's children. I do not wish to be unkind, but I too could quote—not to say invent—such examples. When I fly from Brussels to Rome I am given so many refreshments on the aircraft that I would not dream of eating three bars of chocolate as well. It appears to me that we must not try and look for arguments here which cannot be called very realistic. If one does want to do this, however, I may say that we know of something similar on the trains also. On the train from Brussels to Strasbourg one can buy goods on which there are different values of VAT, according to which country one is in. This is, of course, not the ideal situation, but buying goods is not prohibited. A way has been found and we must try to improve the situation gradually. I do not feel, however, that it will be sufficient if we say that things should remain unchanged.

Mr President, one of the reasons why the Commission dealt with this proposal so quickly is as follows. Please try to visualize the discrepancies which can arise between travellers on the continent and those to the island areas of our Community. These island areas are extremely important—over 60 million people live there—passenger transport from the Continent to the islands and vice versa can give rise to great problems.

And what fiscal consequences this can have in a Community which will be characterized by an enormous expansion in passenger travel.

It is, therefore, vital that the problem be tackled and a reasonable solution found.

Once again, Mr President, I can only say that I was very disappointed in the proposal of the Committee for Finance and Budgets and that I would dissuade the European Parliament in every respect from supporting it. I will address this in particular to Mr Artzinger, who declared that he felt that Mr Koch's proposal should be supported by his Group. 'Of course', he said, 'we realize that great commercial interests are involved and we, as Parliament, must certainly not create the impression that we act as a sort of lobby for these great commercial interests, but the Commission's proposal remains insufficiently balanced. In any case more time is needed to achieve these things.'

The Legal Affairs Committee, on the other hand, has taken a different point of view and has shown more understanding for the Commission's proposals. But it has made an important comment against the Commission's proposal; namely that more time is needed to bring this into practice. In fact, this came out also in what Mr Artzinger said. He, too, mentioned that the

five years were not decisively important to his Group. They could also accept the term of three years proposed by the Legal Affairs Committee.

Mr President, the Commission of the European Communities attaches much importance to this proposal and it also gives great value to the understanding of Parliament's side. It has therefore nothing against the amendment proposed by Mr Duval on behalf of the Legal Affairs Committee and is prepared to adopt the term of three years in its further proposals.

I would add, however, that we should interpret the three years as being years in which a sort of degression can be applied. If we were not able to agree on this we would first have to increase the quantities appreciably in order to reduce them again later.

If the proposer of the amendment were to adapt his text in this sense, if Parliament could agree with this thought and if we could therefore interpret the amendment in this sense, the Commission can in this respect be in complete agreement with the proposals, the interpretations and the wishes of the Legal Affairs Committee. I must repeat, however, that it objects strongly to the proposal of Mr Koch and that of the Committee for Finance and Budgets.

(Applause)

President. — I call the rapporteur.

Mr Koch, rapporteur. — (D) If I may make a comment on the Commissioner's remarks, I should like to say that he mentioned a certain degressive element. That in fact is our aim. We want to switch over from the wide to the limited exemption. We are not deaf to possible suggestions here, but we say that at this stage you must not pour out the baby with the bathwater. In our opinion, with an exemption from excise duty of 25 u.a.—about 90 DM—and reduced duty-free quantities, passenger traffic will receive its due.

What is it that prompts me to make my proposal? I am not connected with any economic interests, I am an independent Member of Parliament, a fact which I again take the opportunity to stress.

May I further emphasize that, for this reason, I regret what was said in the October number of the Commission's German-language edition of "The European Community" about this proposal. The article contained some expressions to which I most sharply objected. Unfortunately, this was not published, and it has not even been thought necessary to debate the case with me, at any rate not so far.

Koch

These remarks by the spokesmen's Group of the Commission in October, when I as a rapporteur received the first draft, may be summarized somewhat as follows: 'You in Parliament can do as you wish, by the end of the year it will have been adopted.' This draft and this letter were not so very gratifying. If, for instance, there were in the Bundestag a draft, and the House organ of the Ministry of Finance were to say: 'What you are doing is not all that important; by the end of the year the Federal Government will have accepted it,' that would not be very nice either.

I am not concerned with such economic considerations. From my point of view they are marginal. For me what counts is the question of practicability, and it is our belief that we in no way handicap passenger travel by admitting this limited exemption for air and sea travel for a transitional period. This would meet the situation. There would be a degressiveness between the existing conditions and a future situation in 3 or 5 years time.

I must therefore adhere to the proposal of the Committee for Finance and Budgets, because it best meets the present situation and it already signifies a positive gesture towards the Commission. We are far from stubborn and have no wish to make a clean sweep of everything. We are making a transition from the wide exemption of 125 u.a. to the limited exemption of 25 u.a. That surely is a positive gesture. We reduce the free allowances on which excise duties are based, e.g. from 300 to 200 cigarettes. The readiness to compromise shown in the Committee's proposal surely merits appreciation. I therefore feel that I must say to the Commission's observations that I consider the Committee's proposal reasonable and the most practical solution in the circumstances, and for that reason wish to support it.

President. — I call Mr Artzinger.

Mr Artzinger. — (D) Mr President, I regret that I too must make a short comment. Mr Lardinois said he was disappointed at the statements made, particularly those of the rapporteur, because Parliament had also been concerned to free passenger travel within the Community from unnecessary formalities, but now, when the Commission made such a proposal, Parliament opposed it. With respect, such is not the case. The Commission is proposing—I will quote the text:

In order to claim the benefit of the wide exemption the traveller must show proof that the goods contained in his luggage

were purchased on the basis of the general tax conditions in the domestic market of one of the Member States.

This means that he must carry with him an invoice or bill. Do you regard that as an easing of passenger travel? If he does not do so, he may claim only the limited exemption.

In any case the proposal of the Committee for Finance and Budgets provides only for the limited exemption and no more. No more! Even if he produces the proof, he cannot claim any more. Is that an easing of passenger travel? I feel therefore that the Commission should consider whether it cannot keep within the limits of the practicable.

In addition, I should be grateful for an answer to my question: Is it really a fact that the representatives of the Nine EEC States have agreed in Brussels to do nothing for the present, but to allow themselves more time to harmonize this traffic which we are now considering?

President. — I will now call on Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (N) Mr President, the regulation about which Mr Artzinger has spoken does not apply to transport within the Community. It applies only to through traffic where part of the movement is within the Community.

I am pleased that Mr Koch favours a certain degression. In the proposed amendment and in the motion for a resolution, however, no term whatsoever has been mentioned. By definition, therefore, degression is almost excluded.

If Parliament accepts the amendment proposed by the Legal Affairs Committee, the Commission is prepared to undertake that in the next three years the small franchise of goods to the value of 25 u.a. with a maximum of 200 cigarettes, and the small franchise for excise goods will be maintained. I believe that the degression which I have promised can have real significance in the next three years within the framework of the Legal Affairs Commission's amendment. After that we can continue to build on the original proposals of the Commission.

President. — Does any one else wish to speak?

The general discussion is closed.

We come now to the proposal for a directive, discussion of the motion for a resolution itself coming immediately afterwards.

On the proposal for a directive no. 1 amendment no. 1 has been tabled by Mr Duval and reads:

President

Adopt the text proposed by the Commission of the European Communities with the following amendments:

I. Preamble

Insert at the end of the first recital "and 100".

II. Article 4

Paragraph (c) 7 of this article to read as follows:

"concerning aircraft operating on direct routes between airports located in different Member States, Member States have the option of permitting loading for sales purposes" (rest of paragraph unchanged).

III. Article 5

The words between brackets in paragraph I of this article to read as follows:

"(three years after the date of adoption by the Council)".

I call Mr Duval to speak to his amendment.

Mr Duval. — (F) Mr President, the Commissioner wishes to raise the question of whether the Legal Affairs Committee would accept the principle of phased reduction inherent in the application of the measures to which he refers. I am entirely in favour of this formula, which I do not unfortunately find in the proposal from the Committee for Finance and Budgets. There is a clear difference between the levels of exemption, but I am reluctantly obliged to note that this is not so much a matter of the phased reduction to which the Commissioner referred, but rather a specific reduction.

It is my view that the duty-free allowance can be reduced gradually from 125 u.a. to 25 u.a. However, this cannot be done at a single stroke, but year by year until we reach the level recommended.

With your permission, Mr President, I repeat that, given the present circumstances, I consider that the provisions contained in the third proposal from the Commission represent an advance, and I cannot accept the conclusions of the Legal Affairs Committee which invite us to turn them down.

I believe that the adoption of my amendment will lead to an improvement of the situation and open the way to further improvement until we find a formula which is entirely satisfactory to all those who will benefit.

President. — What is the opinion of the rapporteur?

Mr Koch, rapporteur. — (D) Motion for amendment No 1, in its present form, supports practically everything that the Commission proposes. I therefore propose that Motion for amendment No 1 be rejected.

President. — Does any one else wish to speak?

I put amendment No 1 to the vote.

Amendment No 1 is agreed to.

We come now to discussion of the proposal for a directive itself.

There are no Members down to speak on the Preamble and no amendments to it have been tabled.

Does any one wish to speak?

Shall I put it to the vote?

The Preamble is agreed to.

On paragraphs 1 - 3 an amendment, No 2, has been tabled by Mr Duval and this reads:

Paragraphs 1 to 3 of the motion for a resolution are replaced by the following new paragraphs:

- "1. Welcomes the submission of this proposal which embodies the suggestion made on the matter in paragraph 10 of the European Parliament's resolution of 7 February 1972;
2. Invites the Commission to check and, if need be, render more precise the terms employed in respect of air and sea transport;
3. Invites the Commission to endorse the following amendments, pursuant to Article 149(2) of the EEC Treaty;"

I call Mr Duval to speak to his amendment.

Mr Duval. — (F) Mr President, my dear colleagues, amendment No 2 is a logical extension of amendment No 1.

Amendment No 1 would not be worthwhile unless amendment No 2, which is complementary to it, is agreed to by the House. I therefore ask for your approval.

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

Amendment No 2 is agreed to.

No Members are down to speak on paragraph 4 and no amendments have been tabled.

Does any one wish to speak?

Paragraph 4 is agreed to.

President

I put to the vote the motion as amended by the amendments that have been agreed to.

The resolution as a whole is agreed to.¹

6. *Regulations on wines originating in Spain*

President. — The next item on the agenda is vote without debate on the motion in the report drawn up for the Committee on External Trade Relations by Mr Kriedemann on the proposal from the Commission of the European Communities to the Council on:

- I. a regulation on the opening, allocation and administration of Community tariff quotas for sherry wines coming under sub-heading ex 22.05 of the common customs tariff and originating in Spain;
- II. a regulation on the opening, allocation and administration of a Community tariff quota for Malaga wines coming under sub-heading ex 22.05 of the common customs tariff and originating in Spain;
- III. a regulation on the opening, allocation and administration of a Community tariff quota for Jumilla, Priorato, Rioja and Valdepenas wines coming under sub-heading ex 22.05 of the common customs tariff and originating in Spain.

(Doc. 246/72)

No one is down to speak.

Does any one wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

7. *Regulation on Community tariff quota for certain eels and suspending the duty on small halibut*

President. — The next item is vote without debate on the motion in the report drawn up for the Committee on External Trade Relations by Mr Kriedemann on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation on the opening and allocation of and arrangements for managing the Community tariff quota for certain types of eels in sub-heading ex 03.01 A II of the common customs tariff;

- II. a regulation on the temporary suspension of the autonomous duty of the common customs tariff on small halibut (*Hippoglossus reinhardtius*) in sub-heading ex 03.01 B 1 g).

(Doc. 243/72).

There is no one down to speak.

Does any one wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

8. *Regulation on definition of the customs territory of the Community*

President. — The next item is vote without debate on the motion in the report drawn up for the Committee on External Trade Relations by Mr Kriedemann on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) 1496/68 of 27 September 1968 on the definition of the customs territory of the Community (Doc. 245/72).

There is no one listed to speak.

Does any one wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

9. *Decision on action to protect Community livestock against foot-and-mouth disease*

President. — The next item is discussion of the report drawn up for the Committee on Social Affairs and Health Protection by Mr Durand on the proposal from the Commission of the European Communities to the Council for a decision on action to protect Community livestock against foot-and-mouth disease (Doc. 258/72).

Unfortunately the rapporteur is unable to be present.

I call Mr Scott-Hopkins to speak for the Conservative Group.

Mr Scott-Hopkins. — It makes it a little awkward for me in that the rapporteur has not been able to give what would have been I am sure, a lucid explanation of this report.

¹ OJ No C4 of 14 February 1973.

¹ OJ No C4 of 14 February 1973.

Scott-Hopkins

The regulations and conditions in force in the United Kingdom dealing with foot-and-mouth disease are different from those within the Community. The Community has a policy of vaccination of animals to prevent and to try to keep down the level of infection. The disease is endemic in Europe. In my country there is a policy of slaughter. As soon as foot-and-mouth disease is found on any farm or establishment all affected animals and animals which have been in contact with them are immediately slaughtered.

In the Treaty of Accession of my country there was a derogation dealing with this subject in the veterinary regulations. We shall be allowed to continue with our policy of slaughter as long as it is efficacious.

In 1970 an important committee, the North-umberland Committee, reported in my country. It extensively examined the best methods of protection against this dreadful disease. Its recommendations to my Government were that we should continue with the slaughtering policy. I hope it will be accepted that there is an important difference in our approach to this problem, and that nothing will happen within the Community to affect our policy in the United Kingdom until there has been the fullest possible investigation. Luckily for us, we do not have to deal with this disease very frequently.

I turn now to paragraph 2 (c), dealing with swine fever, tuberculosis and brucellosis. There are no problems about the first two diseases, and I trust that the Commission's proposals for dealing with them will follow the well-accepted veterinary lines established recently which have resulted, certainly in my own country, in the virtual eradication of tuberculosis in bovine animals.

In my country we are in the second phase of an eradication scheme for brucellosis. There are various problems with which I will not weary the House now, such as those of compensation, of isolation and of screening by S19 vaccine. All of these problems have to be taken into account in implementing an eradication policy.

I am not as *au fait* as I should be with the policy being pursued in the Communities at present. When he replies, perhaps the Commissioner could outline in brief how this policy for the eradication of brucellosis in the Communities will be put into effect.

Subsection (d) notes with satisfaction the proposed measures that are to be implemented in a Community framework and financed out of Community resources. This concerns the building up of exotic vaccines and also the tuberculosis and brucellosis scheme. As I have already said, my

country has no vaccine policy. If the dread disease of foot-and-mouth breaks out in Great Britain and the slaughter policy is implemented, will the Community funds be called upon to help in the compensation which must, of course, be given when animals are slaughtered because of the infection or because they have been in contact with infected animals? I would welcome guidance from the Commissioner as to whether or not this proposal will apply for compensatory payments.

In paragraph 5 the recommendation from this House to the Council states that we shall work firmly towards an overall policy aimed at dealing effectively with animal and plant diseases. I hope that this will be so and that we shall work together as a Community of Nine towards this aim, but with the exception always, in my view, that in an island slaughter policy is obviously an acceptable means of keeping the disease at its lowest possible level.

With that one exception, I hope the Parliament, the Commission and the Council of Ministers will take every possible step to accelerate whatever measures are available to help in the eradication of brucellosis, tuberculosis, swine fever and, indeed, the new swine disease which has just appeared in my country. I hope we can work together on this matter so that, with the one exception I have mentioned, there will be the maximum interchange of animals and also so that the fear of infection from one country to another can be eliminated or kept down to the lowest possible degree.

I hope the Commission will accept the report's proposals to speed matters up in this respect as in my view, and that of my colleagues, this is an extremely important question.

President. — I call Mr Lardinois to inform the House of the position of the Commission of the European Communities.

Mr Lardinois, Member of the Commission of the European Communities. — (N) Mr President, I should like to clarify the Commission's point of view on the report by the Committee on Social Affairs and Health Protection. I object to the Committee's standpoint only with regard to the procedural amendment. This is a very old problem. Because of earlier agreements, the Commission regrets that it is unable to accommodate Parliament on this point.

I should now like to make a few remarks in connection with Mr Scott-Hopkins' intervention. I wish to remark that this proposal concerns only an exotic form of foot-and-mouth disease which has never appeared in the Community

Lardinois

of the Six, or in the three Member States which have joined. It is therefore a measure which relates to the possibility that in future this exotic form of foot-and-mouth disease may appear somewhere in the Community—Denmark, Bavaria, Sicily—no matter where. If this should occur, it is in the interest of the Community to contain this form of foot-and-mouth disease—which never before has appeared in the Community—as rapidly as possible. This will no doubt be done not by vaccination in a particular district alone, but in combination with the so-called ‘stamping-out’ method, which was also applied in the old Community.

This, then, is a combination of the two methods previously most commonly used in the Community of the Six. Great Britain has not yet employed this combined system of ‘stamping-out’ and vaccination against foot-and-mouth disease. It is of course not obliged to do so, but it could in future adopt such a combined method. This is possible under British Law.

As to payment of the costs of normal measures against animal disease, this system is not yet applied in the Community in relation to the fight against foot-and-mouth disease or brucellosis. As present the situation in the attack on brucellosis varies from State to State within the Community. In the Community of the Six there was no brucellosis among cattle in three countries, namely Germany, the Netherlands and Luxembourg. In Belgium the problem was solved in 90 per cent of the territory. In the other two Member States—as in the three new Member States—the problem remains unsolved.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, with the greatest respect, I am absolutely astonished to have heard from the Commissioner that no attack has been made on brucellosis. I am sure the Commissioner will be aware that in my country for the last 18 months now we have been making the most vigorous attack upon brucellosis. The large amount of £25 million is being paid out in compensation. All manner of other methods are also being used to attack this nasty disease.

I am delighted to hear how extremely well this disease has been contained in the old Community of the Six and to know there is so little of it. I wish to assure the Commissioner that when we got down to this in my country and the screening of the S19 vaccine was removed, a great deal more brucellosis occurred in our herds than we had first supposed. We are now working towards the situation where by 1976, but not until then, the majority of our herds

will be brucellosis-free. In terms of veterinary manpower and time, this is an extremely expensive and difficult disease to combat. However, it is very important to do so because the human disease contracted from contact with brucellosis animals is undulant fever, which is extremely dangerous to human beings.

I therefore hope the Commissioner will look very seriously at what is happening in my country and examine the aid that I am sure will be necessary from the Commission not only to my country but to the other applicant countries and, maybe, to some of the other countries of the Six which I suspect may have more brucellosis than the Commissioner seems to think.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (F) Mr President, what I have said has apparently led to some misunderstanding. I must blame myself for this in the first instance.

I certainly do not think that solving the brucellosis problem is an easy matter. In this connection I have merely said the following: In three Member States of the present Community there is no longer brucellosis among cattle. One of my officials has just told me that this is also the case in a fourth country. Those four Member States are: Germany, Denmark the Netherlands and Luxembourg. This has required enormous effort on the part of these countries and has also cost a great deal of money. In the other Member States of the Community the fight against brucellosis is still going strong. One country is further advanced in this than another. I have quoted the example of Belgium. That country is free of brucellosis in almost 90 per cent of its territory. In France very great efforts are being made.

I am very pleased to hear that it is estimated that Great Britain will be free of this disease in 1976. This will cost a great deal of money. I will have enquiries made into what the Community can do in order to coordinate efforts, especially for those countries which are not yet completely free of brucellosis. At any event, I am extremely pleased that Great Britain wishes to learn what has happened hitherto in the other countries of the Community.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

¹ OJ No C4 of 14 February 1973.

10. *Regulations on dried figs and raisins
originating in Spain*

President. — The next item is vote without debate on the motion in the report drawn up for the Committee on Agriculture by Mr Vredeling on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation on the opening, allocation and administration of a Community tariff quota for pre-packed dried figs originating in Spain, with a net weight of 15 kg or less, under heading ex 08.03 B of the common customs tariff
- II. a regulation on the opening, allocation and administration of a Community tariff quota for pre-packed raisins, originating in Spain, with a net weight of 15 kg or less, under heading 08.04 B I of the common customs tariff

(Doc. 250/72)

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

11. *Regulation on production and marketing of citrus fruits—regulation on processing certain varieties of orange*

President. — The next item is report drawn up for the Committee on Agriculture by Mr Baas on the proposal from the Commission of the European Communities to the Council for :

- I. a regulation amending (EEC) Regulation No 2511/69 laying down special measures for improving production and marketing in the Community citrus fruit sector.
- II. a regulation amending (EEC) Regulation No 2601/69 laying down special measures to encourage the processing of certain varieties of orange

(Doc. 249/72)

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

12. *Regulation on citrus fruit imports from the Arab Republic of Egypt*

President. — The next item is vote without debate on the motion in the report drawn up for the Committee on Agriculture by Mr Vetrone on the proposal from the Commission of the European Communities to the Council on imports of citrus fruits from the Arab Republic of Egypt (Doc. 263/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is agreed to.²

13. *Regulation on imports of rice from the Arab Republic of Egypt*

President. — The next item is vote without debate on the motion in the report drawn up for the Committee on Agriculture by Mr Vetrone on the proposal from the Commission of the European Communities to the Council on imports of rice from the Arab Republic of Egypt (Doc. 264/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is agreed to.²

14. *Regulation on certain fishery products*

President. — The next item is vote without debate on the motion in the report drawn up for the Committee on Agriculture by Mr Kriedemann on the proposal from the Commission of the European Communities to the Council for a regulation amending the common customs tariff for certain fishery products (Doc. 269/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is agreed to.²

15. *Regulation on the measures to be taken in agriculture to reflect the monetary situation*

President. — The next item on the agenda is discussion of the report drawn up for the Committee on Agriculture by Mr Héger on the pro-

¹ OJ No C4 of 14 February 1973.

² OJ No C4 of 14 February 1973.

President

posal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) 974/71 for the purposes of measures to be taken for the new Member States in agriculture to reflect their monetary situation (Doc. 270/72).

I call Mr Héger to present his report.

Mr Héger, Rapporteur. — (F) Mr President, I should like to thank my colleagues for their patience in waiting until this late hour and tell them that I shall try to set out the problem as briefly as possible: there is a time and a place for eloquence, but, with lunchtime approaching, this is certainly not one of them!

The problem before us is a fairly straightforward one, although it relates to an extremely complex overall situation.

The Community is confronted with a slightly unusual problem by the entry of our new friends: the floating of the pound sterling and the Irish pound; there is not the same problem with the Danish krone, which has a fixed parity.

We are not short of precedent in the matter of monetary upsets. With more time at my disposal, I would review them for you.

There was the devaluation of the French franc in 1969. It was of course necessary, on that occasion, to adopt compensatory measures to avoid distortions of competition: a number of export levies and import subsidies.

In the same year, 1969, there was also the revaluation of the Deutschmark. Here, in addition to the two types of compensation affecting exports and imports, a fixed amount of compensation was set for the years 1971, 1972 and 1973. Since agricultural prices are always valued in units of account, the revaluation of the Deutschmark meant a reduction of prices to farmers in the Federal Republic of Germany. The Community granted the Federal Government an amount of money for it to distribute according to its own judgment as compensation for this loss. As we know, although this method of compensation should, in theory, have been satisfactory to those concerned, in practice, this system caused a certain degree of bitterness.

Next the Deutschmark and the Dutch guilder was 'floated'—an inappropriate term, if ever there was one, but there has always been a number of barbarisms in the terminology favoured by our institutions, both the Commission and the Parliament. The Benelux countries were divided on this issue. But the Belgians, with their usual sympathy for their neighbours, soon accepted the floating, as did the Grand Duchy of Luxembourg.

The outcome of this was Regulation 974, which provides for the granting of compensation to counter the effects of fluctuation. However, rather optimistically—and far be it from me to criticize anyone for being optimistic—this rule only covered upward movements. There was therefore no provision for the situation which arose when the Chancellor of the Exchequer stated last December that the pound would continue to float after the entry of Great Britain into the Community; we already knew that the Treaty of Accession provides for trade in agricultural products from 1 February next at price levels different from those obtaining in the Community, but which must be brought into line within the next four years.

It was therefore necessary to amend Regulation 974 to allow for compensations in the case of downward movements.

This would enable the Commission to implement 'compensation of accession', that is compensation designed to cover the differences between the prices obtaining in the new Member States and in the former Community of the Six, and at the same time to introduce measures for monetary compensation. This problem is extremely complex and a detailed technical exchange of views on the subject, on which I do not propose to expand here, was held during the discussion by the Committee on Agriculture.

However, a second course was open to the Commission. Instead of using monetary compensation and 'compensation of accession' in parallel, it could combine the two types of measure. The second solution was the one favoured by the Commission.

This is a wide-ranging and complex problem, but it is also an urgent one. The Commission voted a week ago, last Friday evening. I was kindly notified, and the Committee on Agriculture met on Monday and approved the motion before you today.

I do not propose to go through it now, but merely stress that the Committee on Agriculture approved it unanimously.

In this resolution, we resign ourselves to accepting the proposal from the Commission, being of the opinion that the combination of monetary compensation and 'compensation of accession' will serve to simplify operations.

In this context, the Commission has taken as its basis a sort of artificial parity of the pound of 0.82 per cent which was arrived at on the basis of the actual exchange rate obtaining during the first two weeks of the month of January this year. There are those who will immediately say:

Héger

what will happen if the rate of exchange of the pound changes again during the coming weeks or months? Clearly, if there were to be substantial fluctuations, it would be necessary to review the decision taken, or at all events, adjust the levels of compensation accordingly.

It has been necessary to make these arrangements in some haste and with a degree of improvisation, and the same is true of my report.

I spoke a moment ago about our resigning ourselves, and should like to explain this very briefly. We have already had a great number of regulations arising out of monetary problems. As has been said in this House, agriculture has taken a lead over the economic, financial and social sectors in the EEC, but these monetary problems are harmful to the farmers in that they undermine the confidence which they have placed in the development of the Community.

All this has been caused by the failure of our efforts hitherto to achieve Monetary Union! I do not know whether the latest meetings of the Ministers of Finance are sufficiently encouraging to enable us to hope to see Monetary Union in the near future. I know that undertakings have been given. I hope that they will be fulfilled, and particularly that the timetable laid down is adhered to. However, if it becomes apparent before very long that the parity of the pound cannot be fixed, we shall be obliged to ask the Commission to review this regulation and allow us to examine it in detail, not to try to achieve the impossible, but with a view to simplifying the situation somewhat.

From time to time, we hear disturbing news of court cases concerning frauds. I refer to major frauds benefiting unscrupulous speculators from which the exchequers of all our countries and the Community suffer. However, only some of these frauds are detected, many are never discovered. Moreover, the more regulations there are and the more complicated they become, the further we fall into the error of acute 'perfectionitis', the more we lay ourselves open to fraud.

Let me say from long experience that this 'perfectionitis' is a serious ailment for our Community. It is sapping our strength.

Our resistance is at a low ebb, and we are in danger of being suffocated by paper. We are being submerged by an avalanche of paper and, soon, very few of the Members in this Parliament will be able to keep up with all the documents from the Commission, the Council and this House.

In a moment of flippancy recently, I said that if I had Mr Commissioner Scarascia Mugnozza

in front of me, I would say to him: 'since your responsibilities include the safeguarding of the environment, could you ask your staff to calculate how many hundreds of hectares of forest land are bled white to make the mountains of paper we use nowadays?'

To avoid prolonging the debate, I shall end on this note, with a unanimous recommendation from the Committee on Agriculture that this House agree to the resolution before it.

(Applause)

President. — I call Mr Scott-Hopkins to speak for the Conservative Group.

Mr Scott-Hopkins. — (E) May I first congratulate the rapporteur, Mr Héger, not only on the way he has presented the report but also on his great grasp of the complexities which exist in this field. I have now had the pleasure of hearing him speak twice on this matter. My appreciation and knowledge of the workings of the Community regulations have been greatly facilitated by the way in which he has presented the problem.

It is perhaps a little awkward that during the first session when one is here the difficulty of the floating of the £ should be one of the issues of importance and, indeed, urgency. When the United Kingdom joined the Community we accepted in full the working of the Common Agricultural Policy. Nobody is more aware than I am of the necessity, for the smooth working of the Common Agricultural Policy, for a fixed rate of exchange between the various currencies involved within the Community to facilitate import levies, compensatory payments and taxes. That is a fact which we have accepted.

Last year, for reasons which are not for me to go into now, my country had to float the £. This has presented us with problems. This is why I support so strongly the first paragraph of the Recommendation now before us, that we should work—and we hope we shall work—towards monetary union at the earliest moment.

The motion stresses the conviction that any delay is liable to endanger the future of the European Economic Community. I am reinforced in that view by the communiqué issued after the Paris Summit Conference held at the end of 1972.

Having said that, I fully appreciate the difficulty of the position today. The fact that the Community has in the past had the experience of dealing with upwards revaluations and the floating of the three currencies makes it easier

Scott-Hopkins

for them and for Members of this House to appreciate and understand how this problem can be dealt with.

A solution has been proposed to solve the problem presented by having two levels of monetary compensation and a third level called by the rapporteur the 'compensation of accession'. It means that cumbersome, tedious calculations will have to be done on spot rates day by day. The solution proposed is good and workable.

So far as the Conservative Group is concerned, I accept what has been proposed by the Commission, a rate of 2.3499 as the arithmetical figure which was arrived at by taking the mid-day figure of the first two weeks in January. This should be the figure used in the calculations of the compensatory payments for intra-Community trade between the United Kingdom, Ireland and the rest of the Community. Denmark has a fixed parity spot rate. That has eased matters so far as it is concerned.

There has been a great deal of anxiety, certainly in my country, among the agricultural community, concerning the compensatory payments on those products concerning which negotiations have already been concluded. There is continuing anxiety naturally until the outcome of the negotiations concerning the remaining items are known later this month or next month.

This is a vital point now. If the new rate of 2.3499 to the £ is going to be a realistic rate—and I accept that it is—this will make a difference to the farming community.

One thing we must ensure as a Parliament when we are talking about these compensatory amounts is that the income of our farming community is not adversely affected, and, clearly, this will not be the case in what is being proposed by the Commission now.

I will not deal with the other side of it, the consumer side, as it is not directly relevant to the motion and the resolution in front of us. Therefore, on behalf of the Conservative Group, I accept the Commission's proposals and the resolutions which have been put forward by the Committee on Agriculture. I believe it is, in the circumstances of today, the right course to take. However, I must emphasise that the freedom of action of the Chancellor of the Exchequer of my country is in no way prejudiced by this proposal from the Commission, which may or may not be accepted before February by the Council of Ministers. He, of course, can and will fix the future rate of sterling as he wishes, at what time he wishes.

Like the rest of the honourable Members of this House, I express the hope that there will

be a fixed parity in the near future, but the prerogative so to do is in no way prejudged by the acceptance of the Commission's proposal of 2.3499.

In conclusion, I accept the proposals which are being put forward by the Commission and by the rapporteur, and I hope this House will accept them.

President. — I call Sir Brandon Rhys-Williams.

Sir Brandon Rhys-Williams. — (E) I wish to support my colleague and also to congratulate the rapporteur on his masterly and very balanced introduction of the subject. I realise from conversations I have had in Strasbourg this week how much anxiety is caused to colleagues in this House by the continued uncertainty about the exchange rate of the £, and I would like to convey to colleagues here that in London it is very well understood that the need for stability is really paramount and particularly important for people who are planning ahead in agriculture.

The British Government are anxious to follow a good neighbour policy in regard to the £. We ran an embarrassingly large surplus in 1970 and 1971, and measures have been taken to bring our current account into better balance. There are many forecasters who say that we shall now have a serious deficit in 1973, but that deficit will by no means be outside the capacity of our reserves to meet. While there remains that uncertainty, the British Government must have a degree of flexibility in fixing the exchange rate.

It is only this week that the Prime Minister introduced a major package of measures to control inflation which are more stringent and more precise than have been tried, I believe, in any other country in the Community. However, this package is still before Parliament, and it is also too early to judge the reaction of the markets.

Sterling is particularly susceptible to sudden movements of short-term capital. We learned last summer that it is easy for sums of up to a thousand million pounds to be removed from London in the course of a single day. Pressures of that sort inevitably mean the authorities must have every weapon possible at their disposal if a reasonably stable market is to be maintained.

The Smithsonian settlement, which brought a degree of stability to exchange rates, was undoubtedly premature for the £, and it is true to say that that goes for some other currencies, too. We must also work together to draw up

Sir Brandon Rhys-Williams

fixed and comprehensible conventions about this important formula which has come from the Summit Conference, namely, that parities should be fixed but adjustable. Serious discussions must continue about the way in which this formula is to be applied.

I would like to say how strongly it is recognised in London that our partners in the Community are urgently waiting for the fixing of the £. It is one of the British Government's principal priorities. In the meantime, the transitional solution recommended by the Commission seems realistic because it is likely to provide a working basis, from day to day, week to week, possibly even month to month, which will give the simplest system of administration and a degree of stability to the agricultural community which is welcome to us all.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (E) Mr President, may I begin by thanking the rapporteur, my ex-colleague, Mr Héger, very much indeed and compliment him on the manner in which he has presented the matter. Through him, I wish also to thank the Committee on Agriculture, who have been found willing to tackle this problem in such a short time, so that the Council can avoid being faced with a *fait accompli*. It would otherwise have been impossible to reach a decision at Council level on Monday or Tuesday next. Now the regulation can come into effect on 1 February.

What is the case? The Commission is not a little surprised by this question. Just before Christmas the British Government let it be known that, in spite of certain undertakings, the floating of the £ would not be ended before 1st January. The British Government was of the opinion that therefore the agricultural regulations should be modified before 1 February.

Eleven days ago I took up my duties, or rather, that was when I began work with the services entrusted to me. That was a week ago on Monday. One of the first problems to come before me was this document. I needed 24 hours to be able to make up my mind which of the three proposed methods should be put to the Commission. The Commission was able to make a decision the same week. A day before the Commission took its decision we gave an explanation in the Committee on Agriculture. My ex-colleague, Mr Héger, was extremely kind and immersed himself in the material as early as last Friday. This Monday he was able to elabor-

ate a proposal for the Committee on Agriculture. We had to work quickly therefore. The various Groups had to take up their positions in short order. However, there was, unfortunately, no choice. The Commission did what it could. As I understand it the Committee on Agriculture has no criticism here. For my part, I have nothing but praise, especially for my ex-colleague Mr Héger, who, fortunately, is not unacquainted with this material and had been able to work on it.

With regard to what he has said concerning the perfectionism which sometimes finds expression in some regulations, I personally agree with him. In the coming years we ought to consider to what extent it may be possible to reduce the quantities of paper we use, or even to simplify our existing regulations.

Mr Héger himself knows from his own experience that the Commission's proposals, which are not of the simplest anyway, become even more complicated in the Council through all the specific requirements which individual members feel obliged to state. If this already complicated mechanism becomes even more so, because in fact the unit of account fails, then at a certain moment we are in great danger. I agree completely with Mr Héger on this point. I fervently hope, therefore, that it may be granted to us that the Ministers of Finance and Budgets and of Economic Affairs make progress with Monetary Union; otherwise the agricultural system will become inoperable with all that this would entail for the Community.

Mr President, I appreciated Mr Scott-Hopkins' introduction very much indeed. I would say to him explicitly that the British Government's freedom of action to fix the level of the £ will indeed be unaffected by the proposal. We have even anticipated that the floating of the £, which is at present at nearly 10 per cent, will settle in a month or so at a higher or lower percentage. It could, for instance, be 12% or 8%. To this end we have an automatic adjustment in our regulations provided it is a matter of a difference of 1% with the present percentage. Taking it that this percentage rests at the moment at 10, it means that the compensating amounts will not change as long as the £ floats between 9% and 11%. If it goes above 11% or below 9%, the Commission and its services have at their disposal a system with which they can regulate the matter. I hope, however, together with the British Members, that the £ will not remain floating for too long. I cannot give a date for this, but I believe that we agree that this term should be as short as possible. I do hope that the British Government will succeed in this.

Lardinois

I will not mention names or dates because this would possibly not have the desired effect.

I am grateful to Sir Brandon Rhys-Williams for his further explanation on the present British economic situation. I have nothing to add to that.

Mr President, I thank Parliament in particular for the manner in which it has been willing to deal with this difficult problem and for the approval which it has expressed for the Commission's proposals.

President. — Does any one wish to speak?

I put the motion to the vote.

The resolution is agreed to.¹

16. *Dates for the next part-session*

President. — The enlarged Bureau proposes that the next part-session be held in Luxembourg in the week from 12 to 16 February 1973.

Is there any objection?

It is so agreed.

17. *Approval of the minutes*

President. — In accordance with Rule 17(2) of the Rules of Procedure, I have to submit to Parliament, for its approval, the minutes of this sitting which have been kept in the course of the discussions.

Is there any objection?

The minutes are approved.

18. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 12.45 p.m.)

¹ OJ No C4 of 14 February 1973.