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NOTE TO READER

Appearing at the same time as the English edition are editions in the six other official languages of the Communities: Danish, German, Greek, 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: *(DA)* for Danish, *(DE)* for German, *(GR)* for Greek, *(FR)* for French, *(IT)* for Italian and *(NL)* for Dutch.

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

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IN THE CHAIR: MR PFLIMLIN

President

(The sitting opened at 9.30 a.m.)

1. Resumption of the session

President. — I declare resumed the session of the European Parliament suspended on 13 September 1984.¹

2. Order of business

President. — At its meeting of 27 September 1984, the enlarged Bureau drew up a draft agenda, which has since been distributed.

Meeting yesterday afternoon, the chairmen of the political groups authorized me to propose to the House the following amendments.

(The President read out the amendments proposed to Tuesday's agenda)²

With regard to Wednesday's agenda, following the decisions reached by the Council, the joint debate on budgetary matters — Items 230 to 233 in the Bulletin — could be organized as follows, subject to any changes to be made as a result of the meeting of the Committee on Budgets to be held this morning.

Joint debate:

- presentation by the Council of draft supplementary budget No 1 for 1984 and the draft general budget for 1985;
- possibly, motion for a resolution by Mrs Scrivener, on behalf of the Committee on Budgets, on measures to cover budgetary requirements in 1984 and 1985, which was sent back to committee;
- possibly, report by Mrs Scrivener on draft supplementary budget No 1 for 1984;
- possibly, report by Mrs Scrivener on transfer of appropriations No 28/84; and
- oral question, with debate, to the Commission, on the implementation of the Community budget for 1984 ('Notenboom procedure').

The report by Mr Pfennig, on behalf of the Committee on Budgets, on the Communities' own resources (Item 233), will be dealt with in a separate debate if it is adopted this morning by the Committee on Budgets.

Mr Pitt (S). — Mr President, I am slightly concerned at your remark that Wednesday's debates are contingent on the decisions of the Committee on Budgets. I would like your assurance, Mr President, that the communication to you, dated 3 October — the reference number is 12608 — from Commissioner Tugendhat requesting releases from Chapter 100 will definitely be taken on Wednesday of this part-session irrespective of any decision taken by the Committee on Budgets today.

I am a member of the Committee on Budgets. This item is not yet on the agenda of today's meeting of that committee, and the communication was addressed not to the Committee on Budgets but to you personally in your capacity as President of this Parliament. As such it is a request to the Parliament, not a request to the Committee on Budgets. Although I, of course, hope that the Committee on Budgets will insist that this item is taken on Wednesday, I feel the responsibility lies with you as President of this Parliament to

¹ For items concerning approval of Minutes, membership of political groups, petitions, reference to committees, documents received, texts of treaties forwarded by the Council, and membership of committees, see the Minutes of Proceedings of this sitting.

² See the Minutes.

Pitt

ensure that the item is on the agenda for us to vote on on Wednesday.

President. — The request to which you refer was not accompanied by a request for urgent procedure and was therefore, in conformity with the rules, sent to the Committee on Budgets. You tell me that the matter is not yet on the agenda of the Committee on Budgets, but I have no doubt that, as a member of that committee, you will ask for its inclusion in the committee's agenda.

Mr Cot (S), Chairman of the Committee on Budgets. — (FR) Mr President, I should like to assure Mr Pitt that the Committee on Budgets, meeting this morning, will of course consider this problem of transferring the British refund. At all events, it intends to do so in full observance of our Rules of Procedure, and therefore has to take its decisions. Mr Pitt may rest assured that I, for my part, want to see the matter settled in the best possible way and with all possible care.

Mr von der Vring (S). — (DE) Mr President, if and when the committee gives its approval for this release, will the Bureau inform the House of the fact in accordance with what you said in July? If then no group expresses a wish to have this item placed on the agenda of this part-session, can we assume that the same procedure can be followed as in the past — that is to say, that a decision on the release of funds held in reserve is taken by the committee?

President. — Mr von der Vring, you already have your answer. I announced a moment ago that this question would possibly be included in the agenda if the Committee on Budgets presented a report. You have heard the statement made by the chairman of the Committee on Budgets, and so it is clear that the inclusion of this item in the agenda is already provided for. I said 'possibly' because this is subject to the presentation of the report by the Committee on Budgets, which we now know is going to examine the problem this very morning. There are therefore no difficulties on this point.

Mr Tomlinson (S). — Mr President, I still think there is the possibility of some residual confusion on the question that has just been discussed by the chairman of the Committee on Budgets.

As you told the House, you have had an assurance from the chairman of the Committee on Budgets that this matter will be discussed by that committee this morning. Now, the Committee on Budgets may decide, as it decided at the July part-session, that the request from the Commission is something that has to be dealt with by the whole House because it is a matter of serious political import. If, as a result of its dis-

cussion, the Committee on Budgets feels that the matter should be put before the entire House in plenary sitting, then we need an assurance from you that that request of the Committee on Budgets will be acceded to, so that we have the maximum opportunity for the most speedy dispatch of this long outstanding problem.

President. — Mr Tomlinson, I assure you once more that this item will be included in the agenda of the House in plenary sitting — provided, of course, that Parliament adopts these proposals in a few minutes' time. The inclusion of this item is therefore assured, it being understood that the debate in plenary sitting will be based on the report of the Committee on Budgets.

(After the amendments proposed to Thursday's agenda had been read out,¹ Parliament adopted the order of business thus modified)²

3. Conference at San José de Costa Rica

President. — The next item is the Council statement on the results of the San José de Costa Rica Conference.

Mr O'Keeffe, President-in-Office of the Council. — Mr President, ladies and gentlemen. I have been asked to make a statement about the Conference of Foreign Ministers which was held in the city of San José, Costa Rica, on 28-29 September 1984 between the European Community and its Member States, Portugal and Spain, the States of Central America and the Contadora States. The initiative for this Conference was taken by my colleague, Hans-Dietrich Genscher, and the president of the Republic of Costa Rica, Luis Alberto Monge, and I should like to pay tribute to them for giving us the necessary political impetus to commence the preparations for the conference.

The object of this conference was to inaugurate a new structure of political and economic dialogue between the Ten and Central America. The President-in-Office of the Council said in his opening address to the conference:

The present moment is a particularly opportune time for a new effort to foster and intensify that relationship, not only because of the forthcoming enlargement of the European Community to include two countries whose intimate links with Latin America need no elaboration, but also because the grave political and social crisis

¹ See Minutes.

² For items concerning time-limits for tabling amendments, speaking-time and the announcement of motions for resolutions for the topical and urgent debate, see Minutes.

O'Keefe

through which Central America is now passing calls for a special effort of support and cooperation from its European friends.

One objective of the conference, as we saw it, was to provide political support for the efforts of the countries of Central America themselves to bring peace and stability to the region as a whole. We firmly believe that the Contadora process represents the best opportunity to achieve a solution to the crisis in Central America. The aims set out in the statement of objectives, which was approved by all the governments of the region on 9 September 1983, must be achieved if a durable and just peace is to be attained.

Ministers participating in the conference recognized that progress has been made within the Contadora process since September 1983, and in this regard noted in particular the publication of the revised draft Contadora Act for peace and cooperation in Central America.

Finally — and I can do no better than quote the joint communiqué issued by all the participants — they

call on the States concerned to continue to make every effort to bring the Contadora process rapidly to final fruition through the signature of a comprehensive agreement which would bring peace to the region.

They were

agreed on the necessity for a practical commitment to the implementation of any such agreement by all the States in the region and all other countries which have interests there and on the necessity for the verification and control of that implementation

Political developments everywhere are influenced to an important degree by economic conditions. In the particular circumstances of Central America there is a clear causal link between inequitable and inadequate social and economic structures and political tension.

Another objective of the dialogue between Central America and Europe therefore is to support and underpin the political pacification process by placing interregional economic cooperation on a more highly organized, perhaps sounder foundation than at present, and thus to set the stage for an intensification of that cooperation.

A number of specific areas where cooperation could be strengthened were mentioned. These include agricultural and rural projects with a regional basis, regional integration, trade promotion and generalized preferences. New fields of cooperation were agreed with priority going to regionally oriented projects and to those of a social nature such as health programmes and those designed to give assistance to refugees.

In the sphere of economic cooperation, it was agreed to examine the promotion of business contacts between the two regional groupings, cooperation between public and private national financing instruments in the two regions as well as scientific, technical and basic training especially in research fields. Ministers also recognized the importance of promoting and protecting European investments and stressed the need for an improved climate for investments.

On the question of aid, I should like to report to you that a great many speakers from Europe attached importance to the possibility of increasing Community and bilateral aid to the region so as to give practical effect to the desire expressed by all to develop and strengthen cooperation.

Finally, we know that the Community formally announced its intention to start discussions as soon as possible with a view to negotiating an interregional framework agreement. The joint communiqué stated:

Both sides considered that the conclusion of an agreement of this type would confirm the political will of both regions to extend and develop their relations and that it would also help to reinforce relations between the Community and Latin America as a whole

I believe that the conference will have contributed to a better understanding on the part of the Community and its Member States of the nature of the problems confronting the countries of the region, of their aspirations for greater political stability and their determination to find a genuinely regional solution to the crisis which they are facing. I also believe that the meeting provided the Central American countries themselves with an opportunity to foster their own efforts at regional integration and to attain a better mutual understanding of each other's concerns. The joint communiqué bears ample witness to this and constitutes an important statement of the desire of all the countries of the region to promote social justice, economic development and respect for human rights and democratic liberties.

The participation of the European Community and its Member States at an unprecedentedly high level in the San José conference is a clear indication of our desire to see peace, stability and democratic procedures established in all the countries of Central America. We have undertaken within our capabilities to make a contribution, both political and economic, to that process. We have also agreed that further regular meetings should take place at ministerial or official level in the future.

I am confident that the years to come will see this dialogue deepened and extended, to the benefit both of Europe and of Central America.

President. — Ladies and gentlemen, pursuant to Rule 40(2), Members have 30 minutes in which to put brief and concise questions to the Council.

Mrs Castle (S). — Could the representative of the Council confirm reports which have been extensively published to the effect that the European Ministers at the San José conference received pressure from the United States not to give Nicaragua any economic aid?

Mr Hänsch (S). — (DE) Mr President, ladies and gentlemen, may I preface my very brief questions with two introductory remarks which are of importance for all of us. It was this Parliament's repeatedly expressed wish that this conference should take place and that the Ten should take up a united stand in San José, and this wish has been fulfilled. We can but welcome the fact that the Ten resisted the so-called suggestions of the American Secretary of State: peace and security in this region can only be brought about with Nicaragua's cooperation, not its opposition.

Now for my questions. Mr O'Keeffe, there is nothing new in the statement that the Ten have given the Contadora initiative their support: that they have been doing for more than a year. My question to you is whether the Ten will then continue to support the Contadora initiative if it is now modified, as appears to be happening under American pressure. Are the Ten adhering strictly to this initiative in its present form, or are they, indirectly, giving way to American pressure?

Not only the Commission but you yourself and the German Foreign Minister speak of increasing financial aid to Central America from 40 to 60 million ECU. What is the basis for this increase? Where are the guidelines for the cooperation agreement of which you have spoken? Are you prepared to lay these guidelines before the European Parliament once they have been elaborated and, if necessary, to include an appropriate sum covering this increase in the budget for 1985? Will you keep to your promises of aid to Nicaragua after the elections of 4 November?

Finally, you spoke of an increase in the financial aid provided by the Community and also of bilateral aids, but we repeatedly find in practice that there is a discrepancy between Community aid and bilateral national aids: Community aid expressly includes Nicaragua, while certain Member States of the Community are reducing their aid to this country. Mr President-in-Office, would it not be better if the whole of development aid for Central America were to pass through the hands of the Community so that Europe could provide assistance worthy of the name and produce a policy worthy of the name, a policy which was taken seriously not only by the States of Central America but also by the United States of America?

Mrs Lenz (PPE). — (DE) Mr President, the lofty aims now adopted by the Foreign Ministers' Conference — aims which we all, surely, support and which have always, as the last speaker said, been supported by the Contadora Conference — need some political boosting if the countries of the region are to be subjected to the pressure that is necessary for these aims to be turned into practice. In May 1983, the Sixth EEC Latin America Interparliamentary Conference in Brussels put out an extensive shopping-list in the form of a resolution containing a number of guidelines which have already been, in part, the subject of discussion.

I would therefore put to you the question whether the Foreign Ministers' Conference has considered these conclusions reached by the Sixth Interparliamentary Conference. In particular, I am thinking of cooperation in the achievement of a stable peace, acceptance of a pluralistic democracy — a subject of burning importance in Central America — and financial, economic, technological and industrial cooperation.

Have you brought forward these *desiderata* in your discussions with our Latin American partners? Without political influence on the parliaments, of course, such a conference can have no effect.

Mrs Veil (L). — (FR) Mr President-in-Office, first of all I should like to know whether the problem of elections in Nicaragua was raised, whether the Ministers meeting in Costa Rica felt any concern about the conditions in which these elections would take place and whether the rules of democracy would be observed.

My second question is of a more general nature and, like those just put by my colleagues, relates to the Community's general policy *vis-à-vis* Central America.

I should like to know whether, in view of the increased aid to be offered to this part of the world, the Community intends from now on to follow a consistent and organized policy. In particular, will the Commission be called upon to have a whole series of actions supported by this finance from this source? Incidentally as Mr Hänsch has pointed out, it is none too clear what line in the budget will be found for it or how it can be fitted into a policy which, as well as promoting observance of the rules of democracy in this part of the world, is supposed to be an economic policy and a social policy, nor is it clear whether any conditions have been laid down for increasing this aid. Finally, is the continuity of this policy, designed to help these countries regain democracy and improve their economic and social position, to be ensured by some permanent structure and system of relations?

Mr Verbeek (ARC). — (NL) Mr President, that the Foreign Ministers of all the Community countries, Spain and Portugal should have gone to San José

Verbeek

seems to me to have some historical significance, particularly in view of the fact that the United States have made it clear that the Community, Europe, takes a different view of Central American developments from that taken by Washington.

Almost at the same time as the meeting in San José, Minister Ortega of Nicaragua expressed before the General Assembly of the United Nations his deep concern at indications of further US attacks on Nicaragua, both concentrations of mercenaries on the frontiers with Costa Rica and Honduras and preparations under way at bases on US territory. I had confirmation of this myself from Ernesto Cardenal on 5 October in Brussels during the Russell inquiry into US attacks on Nicaragua. Moreover, I would point out what Octavio Paz said at Frankfurt on Sunday, when receiving the German Peace Prize, about the infiltrations that are still going on in Nicaragua.

My questions to the Minister are as follows:

First, does the Council of Ministers share Mr Ortega's concern and does it have any indications that further attacks from the United States are threatening in Nicaragua?

Secondly, does the Council consider it would be a good thing if the European Parliament sent not a small but a broadly-based delegation after the Nicaraguan elections of 4 November, now that the President-in-Office and all his ministerial colleagues from the ten countries have been to San José?

Mrs Lentz-Cornette (PPE). — (FR) Mr President, my question is very brief. I should like to know whether there were any consultations before this meeting between the Foreign Ministers of Europe and the United States?

Mr de Camaret (DR). — (FR) I wish to point out that the Group of the European Right has tabled a resolution on Nicaragua. The purpose of this motion, as you are aware, is to obtain information concerning the conditions under which the Nicaraguan elections are to take place, and in the light of what the previous speaker has just said, I should like the chairman of the parliamentary committee that was there to tell us something more about the way the elections that are to take place in a few weeks' time in Nicaragua were dealt with.

I asked this because we have seen from the press that Mr Ortega was quite recently in California and that his trip, to put it mildly, had attracted some attention.

Mr President, I should be very much obliged if you could obtain some further information on this meeting at San José.

Mr Langes (PPE). — (DE) Mr President-in-Office, two questions. Developing further the observations made by Mrs Veil, I should like to point out that the ten Foreign Ministers have promised Central America an increased amount of economic and development aid, the budget for 1985 has been presented, and funds for aid to Central America and similar regions have been reduced by the Council of Ministers. How does the Council intend to keep its promise to increase development aid to Central America, for example? Is it planning to ask for additional funds between the first and second readings in this House or to provide for such funds in the supplementary budget for 1985?

My second question also concerns financial matters. So far, both Council and Commission have made Community funds available only to certain countries of Central America. Was there any mention in San José of the fact that the European Community must make development aid available to El Salvador in exactly the same way as to other countries, or is there here some principle of exclusion of which the Parliament is unaware?

Mr Alavanos (COM). — (GR) Mr President, the San José conference might have achieved a great deal of good if — and I think previous speakers have touched on this — the European Community had taken a stand against United States policy in Central America. Many specific questions arise out of this, the most pertinent one in my view being that put by a colleague concerning the position the European Community and the Foreign Ministers are taking on the specific charges. The charges made by a leader before the United Nations General Assembly regarding the threat of an invasion by the United States are particularly significant for the following reasons:

Firstly, things have happened and been said which point to such an invasion taking place.

Secondly, there has been no denial. It really is unique for a country not to refute a charge that it is planning to invade another member state of the United Nations.

Thirdly, there is the episode of Grenada, during which, regrettably, a member country of the European Community, the United Kingdom, collaborated in a way with the United States or, at least, covered up for the US action in the aftermath. I would therefore like a statement about this grave matter, and with a view to bolstering the positive aspects of the San José conference I should like to know how the Foreign Ministers stand as regards the charges made by Daniel Ortega and what action they plan to take in the matter.

Mr O'Keefe, President-in-Office of the Council. — Mr President, I am glad to see that there is considerable interest in Parliament in this area and I understand that there will be a major debate in the House in the

O'Keeffe

near future which, of course, will provide a better opportunity for a discussion on the policies relative to the entire region. My principal function in coming here was to report on the conference in San José, but at the same time I will try and pick up the points which have been raised by Members.

Mrs Castle raised the question of the pressure from the United States. It is correct that a letter was received from the United States in connection with the conference. The answer I have to give to Mrs Castle is that of course the European Community will make its own policy. On the question of the Contadora Group, it is not for me to say what will happen in relation to it in the future. I can, however, assure Parliament that the Ten will remain in close contact with Contadora in the months and years ahead.

On the question of aid, the position, as I see it, is that the Commission will propose a negotiating directive in accordance with Article 113 and the other articles of the Treaty.

There were various references to the elections in Nicaragua, and you will have noted from my report on the conference that the conference stressed the value of democratic institutions.

On the question of aid to the region and the policy for such aid, the answer is, yes, I believe that there will be an aid provision in the cooperation agreement, but this is a matter that has not yet been negotiated. There has been an agreement in principle, but it will obviously be some time before any such agreement is concluded.

I was asked what Mr Ortega said in relation to the possibility of attacks on Nicaragua. It is not really for the Council to comment on what Mr Ortega said. There was also a question concerning the possibility of the European Parliament sending a delegation to the Nicaraguan elections. Again, it seems to me that that is very much a matter for decision by the European Parliament and hardly a matter on which it is proper for Council to comment.

Mr Langes asked whether aid can be given in 1985. As I see it, the Council will propose appropriate provisions, for example, budgetary commitment appropriations, in the light of further discussions. On the question of discrimination, I can assure Parliament there is no policy of discrimination among Central American countries.

Finally, may I say that in examining the report on this conference I think it is important to recall what the objectives were. These were threefold: inauguration of a new structure of political and economic dialogue between the Community and Central America; formal announcement of the intention to start discussions with a view to negotiating the inter-regional cooperation framework agreement; and finally, to support the efforts of the countries of Central America themselves

and the pacification measures being developed in the Contadora process to bring peace and stability to the region as a whole.

I think it is fair to say that when the conference is viewed in the light to those three objectives, it was a major success and a significant breakthrough.

Mr Hänsch (S). — (DE) Mr President, Rule 40 of our Rules of Procedure requires Members to put brief and concise questions. Would it not be reasonable to expect the President of the Council to give brief and concise answers too? I have not yet heard any answer to our questions.

(Applause)

President. — It is for the Minister to judge what answers are appropriate.

Mr Langes (PPE). — (DE) Mr President, you know as well as I do that the Committee on Budgets is to meet today at 11 a.m., and therefore the Minister's answer cannot satisfy those among us who are now concerned with the budget of the European Communities.

My question was quite clear. The funds proposed by the Council for development aid have been reduced; in Costa Rica, the Foreign Ministers say they want to offer more. So I have to ask these very same Ministers how this contradiction is to be resolved. I have to tell my colleagues in the Committee on Budgets today whether this is to be done through the supplementary budget or between the first and second readings . . .

Something must be done: otherwise people will not take us seriously.

President. — I have to point out, ladies and gentlemen, that according to the Rules of Procedure one may put questions which the Council representative answers. One cannot then put the same questions again.

Mr O'Keeffe, President-in-Office of the Council. — On the question of aid, I think it is fair to say that it is too early to state how this can be fitted in to the aid chapter of the Community's budget. I cannot be any more specific than that at this stage.

President. — We quite understand and share your uncertainty, Mr President. Thank you.

(Laughter)

The debate is closed.

4. *International monetary situation*

President. — The next item is the joint debate on three oral questions with debate:

- by Mr Bonaccini and others, to the Commission (Doc. 2-611/84) and the Council (Doc. 2-612/84), on the international monetary situation:

In view of the fact that the rise in the value of the dollar is creating a climate of general uncertainty in the world and having serious economic consequences which could be a barrier to potential investment and to the activities of the international financial market, and bearing in mind the various resolutions on this subject already adopted by the European Parliament,

1. What urgent measures will the Commission/Council take to deal with this situation?
2. In particular, does the Commission/Council agree that there should be no further delay in introducing the necessary measures to strengthen the rôle of the ECU within the EEC and in relations with third countries?

- by Mrs Veil and others, on behalf of the Liberal and Democratic Group, to the Commission, on the readjustment and utilization of the ECU (Doc. 2-614/84):

Considering that the Finance Ministers, meeting within the Council, have carried out a readjustment and incorporated the drachma into the ECU, did the Commission put forward proposals to the Council on revising the ECU basket, as provided for in the EMS regulations, and if so, why was the European Parliament not consulted beforehand?

On what data did the Commission base such proposals?

In view of the significant extension of private use of the ECU well beyond the Community framework, does the Commission intend to take corresponding action to improve utilization of the ECU, particularly by giving it currency status?

Does the Commission not agree that wider use of the ECU in trade dealings would enable it, like a genuine currency, to have a stabilizing and balancing effect on the dollar?

- by Mrs Van Hemeldonck and others, to the Commission, on drastic fluctuations on exchange markets (Doc. 2-615/84):

Whilst the world economic crisis continues unemployment is on the increase in many countries, particularly in Europe, and the international financial system is under constant threat from the level of indebtedness of many countries, the soar-

ing dollar-rate and floating exchange-rates are utterly destabilizing international money markets and could well plunge our economies into further difficulties. This situation is unacceptable.

1. What is the Commission's reaction to the extreme instability of international exchange markets in recent weeks?
2. Is the Commission considering making representations to the American monetary authorities to ensure that steps are taken to check dollar fluctuations for the time being?
3. Is it not a matter of urgency to give the ECU a new rôle in EEC trade?
4. What does the Commission intend to do in order to resolve international monetary problems once and for all and bring about exchange-rate stability comparable to that existing in the EMS?
5. What does the Commission intend to do to alleviate the debt burden of the Third World?

Mr Bonaccini (COM). — *(IT)* Mr President, the most recent and violent fluctuations of the dollar rates have caused havoc throughout the world. They have resulted in the dollar being heavily over-valued, and this has led to greater uncertainty in an economic climate which is already all too full of uncertainty and insecurity. 'The dollar effect', as we know, pushes up the Phillips curve, i.e., increases the potential rate of unemployment. An overpriced dollar also distorts exports markets disturbed by excess money and more responsive to increased US interest-rates than to a more general economic recovery. Even though some consequences of this may be advantageous to our countries, it is nevertheless clear that this is bound to slow down the effort of restructuring and readjustment just when our countries most need to make it in order to increase the competitiveness of their economies.

It results in cost distortions for countries such as my own which are obliged to import the greater part of their raw materials and energy resources. It leads to high interest-rates, which in turn cause distortions in the allocation and use of financial resources. Behind the dollar's spectacular rise we can see the power, and especially the great economic potential, of the United States, its rapid race towards new technologies and the development of services, but above all there is behind it the special position of the dollar in the world currency markets, to which reference has often been made in debates in this House, a position which is not directly or closely linked to the balance-of-payments position.

Observers who ignore this fact and simply talk of market forces have got it wrong. We are dealing with market conditions without precedent in modern times. I

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should like, with your permission, to talk of monopolies — of the virtual monopoly deriving from the economic and political position of the United States. I use the term in a neutral sense, merely to describe a particular situation. But precisely in view of this we have the right to ask the partner who enjoys such power and such privilege to make moderate and thoughtful use of them in line with the common interest and not merely national interest and to agree with Europe arrangements for an improved international monetary system.

All the Member States are agreed on this — have, indeed, been in agreement ever since, six years ago, they worked out the principles of the European Monetary System and its relationship with the international system. We have debated the matter on many occasions, and in the end we were able in this House to lay down rational and useful practical proposals which, however, until this day have not resulted in the implementing decisions for which the Council has been asked. This is why we address our questions to both Institutions, but more particularly to the second. Only a fool would wish for a violent fall of the dollar exchange or its total collapse; it is an eventuality we deplore; but some signs of such an eventuality exist, and it is an eventuality that must be averted. In recent weeks some sinister creaking could be heard in some respected financial institutions, a number of debtor countries have in effect suspended repayments, some have stopped imports, some have threatened or implemented protectionist measures. . . An optimistic gloss has been painted over the most recent meeting of the International Monetary Fund, where developing countries made no bones about their intolerable situation, there were complaints from other countries which are not developing, and the great industrial countries cautiously distanced themselves from the fray. I should like to quote here the Italian Minister of Finance, who spoke of the need for 'intelligent optimism'. What that means is that we need an objective and realistic view of the situation and must beware of viewing the economic world as a fairy-land.

By all accounts, at that meeting the stunts of showmanship met with a polite reception at best. But, let me say again, we who are gathered here neither wish for any dreaded collapse nor do we want to continue in a situation which is dangerous and costly to our economies and full of menace for so many other parts of the world. What we want is that our nations and our economies, and the other economies throughout the world, should once again be able to use money as the essential instrument of stability in which individual choices can be effected, that money should once again perform its proper function of store and medium of transmission — through time and space — of the value of human labour.

We cannot therefore confine ourselves to pointing a finger at the irresponsibility of others but should also face our own responsibilities. What happened to the

rightly ambitious plans of the promoters of the EMS? Where are the detailed proposals worked out by the Commission and the Parliament which dealt with both the monetary and the more specifically financial aspects? Is it now 'every man for himself'? I would not criticize the measure introduced in the last few days by the German and the French Governments concerning the taxation of non-residents' income from Treasury bonds. They seem to me an appropriate response to analogous measures introduced on the other side of the Atlantic. But is this all we are going to do? Are we to confine ourselves to a measure that only serves to underline the inadequacy, the absence or the undesirability of a Community response? Is this the best we can do to prepare for the continuation of the debate in international fora on the present and the future of the international monetary system, on the necessary reforms, on international trade and its opening-up which we demand? We say in no uncertain terms that such continued inaction on the part of the European Economic Community would be intolerable, and not only to the EEC and its Member States. We therefore trust that the measures which have already been set out for Europe's economic recovery and for combating the ever-growing unemployment will be put into effect without delay. And for this we need a more secure monetary and financial climate.

We say, therefore, that we must have coordinated measures on exchange-rates and interest-rates, that we must have implementation of the measures which have already been discussed for extending and strengthening the rôle of the ECU within the Community in dealings with third countries and that its use in trade should be encouraged, most particularly in purchases of raw materials and of energy resources, that the ECU's financial rôle should be developed until it gains recognition as a currency.

I should be really happy to hear from Mr Ortoli and the President of the Council assurances on all these matters which we regard as essential.

Mr Wolff (L). — (FR) We are pleased to note that the revision of the composition of the ECU has been carried out according to the procedures laid down in the EMS rules, which called for this to be done after five years, as it has been in the event.

It is a positive development on this occasion that the Greek drachma has been incorporated into the ECU basket. This in itself makes the ECU a little more *communautaire*, a little more European in a way, and this is all to the good.

Allow me, however, to express disappointment that the Commission should not have seen fit to inform the newly elected Parliament of its decision beforehand. Was confidentiality of such overriding importance that it was not thought necessary to consult the Parliament, and if so why?

Wolff

It should not be forgotten that it is in this very Parliament that the most reliable and most stalwart support has been given when future developments of the ECU's role have been under consideration. Nor should it be forgotten that the excellent report by Mr Herman has already discussed these problems, whose importance should be stressed at all appropriate opportunities. For Europe's future, it is essential that a solution providing a reliable monetary structure be found, and the sooner the better.

It could admittedly be argued that this revision of the ECU basket is no more than a technical aspect, so that there was no urgent requirement for a debate. However, that would be overlooking the fact that the ECU is a currency and the monetary situation, in common with unemployment, is one of the most pressing problems confronting us today.

The uncertainties and disorderly manoeuvring centred on the dollar that we saw on 21 September, shortly after the revision of the ECU's composition, although this was pure coincidence, must surely spur us on in our efforts to establish a Community monetary order, a monetary union which will ensure security, stability and coherence in dealings among the Ten which will strengthen and boost our investment and, thereby, our industrial performance.

Moreover, five years is a notable anniversary for the ECU. Who would have thought five years ago that this rather sophisticated, rather abstract construct, this basket of currencies which has no tangible reality was going to succeed in making such an impression on the public awareness?

Hardly a day goes by without news of some further development in the private use of the ECU.

The ECU is now quoted on the exchanges in Rome, Milan, Paris and Brussels; a clearing system has been set up among banks holding ECUs.

More and more bonds are being issued in ECUs: in volume terms, the ECU was the third most important currency used, exceeded only by the dollar and the mark, in 1983.

It is also noteworthy that ECU bonds are being issued outside the Community as well as within. Only recently a 75 million ECU bond was issued by the Foreign Trade Bank of the USSR, through a pool of banks headed by *Crédit Lyonnais*.

We also heard recently that the ECSC itself was planning to issue debentures to the value of 50 million ECU.

In the space of two years the volume of deposits in ECUs has increased sixfold, and this development is not confined to interbank transactions, since various banking facilities for which the ECU is used as the

denomination are available to European consumers: accounts, credit cards and travellers' cheques.

This trend towards wider private use of the ECU is associated to some extent with the volatility of the foreign exchange markets and interest rates, in view of which the ECU is seen to offer greater reliability than some Community currencies; at the same time, the private ECU is becoming an essential part of a system in which the volume of intra-Community trade is substantial and our national economies are becoming increasingly aligned and intermeshed with one another.

For all this encouraging development of the ECU, we must not mistake it for more than it is — a quasi-currency lacking the characteristics of a full currency.

Consequently, it is our intention that the ECU should one day become the currency of the Community and that there should be an ECU area just as there is a dollar area and a yen area, and more must therefore be done to promote the ECU. In my view, various forms of practical action are required to this end.

First of all, all the Member States should attribute exactly the same status to the ECU, since otherwise it would be pointless to entertain hopes of a common currency. And it is to be hoped that the United Kingdom will soon overcome its doubts about bringing sterling into the EMS exchange rate machinery. It is also to be hoped that the Federal Republic of Germany will soon recognize the ECU as a currency.

Secondly, encouragement should be given to the systematic use of the ECU in transactions, in commercial contracts within the Community.

In addition, it is desirable that all citizens of the Community should have freer access to transactions denominated in ECUs. This would greatly facilitate payments in the course of trade, travel and other routine activities.

Finally, if ECU coins or notes were issued — an idea which has been discussed before in this Chamber — our peoples would have the opportunity to associate with a visible, tangible European currency, and this would boost the image of the Community itself through the influence of one of the most powerful of all symbols — legal tender, currency — and at the same time develop confidence in the ECU.

In a word, what is required, is a relaxation of the wide range of constraints on the use of the ECU which are still setting it apart from other currencies. This would turn the ECU into a real means of payment which could eventually remove the need for monetary compensatory amounts, among other benefits.

To date, the Commission has played the role of a discreet guardian watching over the ECU's progress. Per-

Wolff

haps it is open to the criticism of having been too discreet and it should now adopt a more positive approach, so that the ECU may emerge from its present rather vague status.

Finally, let us cast our minds back to the scepticism prevailing at the time when the ECU was first introduced. What a long way we have come since then! We hope that, when answering the oral question that has been put to it, the Commission will give the Parliament a clear idea of the future developments that can be envisaged.

In conclusion, we wish to announce that we have tabled a motion for a resolution on the readjustment and utilization of the ECU on behalf of the Liberal and Democratic Group.

(Applause from the right)

IN THE CHAIR: MRS PERY

Vice-President

Mrs Van Hemeldonck (S). — *(NL)* Madam President, ladies and gentlemen, September was full of bad tidings, for Europe's working classes at least. At this Parliament's September part-session, we listened with dismay to Commissioner Richard's comments on the prospects for employment. He said that not only had unemployment in Europe doubled since 1980, but that four million people in the Community have been unemployed for more than a year, that two million have been unemployed for more than two years, that 50% of the unemployed are under 25 and that the prospects for the immediate future are gloomy.

On the other hand, at the annual meeting of the International Monetary Fund and the World Bank we heard genuine cries of distress about the threat the debt burden poses for the international financial system. We heard the same cries of distress at the meeting of the Joint ACP — EEC Committee held in Luxembourg in September, where the resolution of 21 September 1984 was but a reiteration in stronger terms of the resolution of 26 September 1980. In 1980, it was already being emphasized that the Third World used 13.6% of its export earnings to pay its debts. By 1982, the figure had risen to 20.7%, and a quarter of export earnings is now used to pay off debts. The pit is becoming deeper and deeper.

This debt burden is not only a threat to the Third World. The Reagan administration is constantly increasing the American government's deficit, if only to cover its colossal military spending. The deficit now amounts to some US\$ 200 000 m and has become so dangerously high that even American banks are begin-

ning to totter, not only because of short-term loans recklessly granted to the Third World, but also because of domestic loans. The sharp rise in the value of the dollar, the outcome of a cowboy monetarist policy, is simply making certain rich people even richer and reducing the weakest members of society to poverty, misery, hunger and unemployment, beginning with the poor and unemployed in the United States and then in the Third World and ultimately causing economic decline and unemployment in the European Community.

The Community is adversely affected at two levels. The monetary situation in Europe has become completely unpredictable. For a year now, the dollar has fluctuated by more than 40% against the ECU. This means more than 40% uncertainty about the price of imported energy and more than 40% uncertainty about the price of most raw materials and many high-tech products. Eventually this will totally paralyse the sorely-needed recovery of Europe's economy and its employment policy. It will also mean a million more people out of work, and we are now fast approaching 14 million unemployed in Europe.

The European capital market is literally being plundered by the United States, which is financing half of its budget deficit with investments from Europe and Latin America. Eighty million dollars has been attracted by a Eurodollar on which the real rate of interest is 6%. Everything, including the national money markets, is being sold out to the dollar. In fact, the central banks and the national financial authorities have no control whatsoever over the Eurodollar, because Europe's private banks enjoy a kind of extra-territorial privilege in Eurodollar dealings.

A genuine Community monetary authority could, of course, control this phenomenon, but the lack of European spirit is preventing it from being established. As a result, a number of Member States have felt obliged to take unilateral defensive action, and this has taken us a step further away from a common European policy. An example of this is the action taken by France and also the Federal Republic of Germany to abolish the advance levy on interest paid to non-residents. Such measures are naturally at variance with a policy in which the ECU would play the central rôle.

The exchange-rate for the US dollar is out of all proportion to the value of the American economy and contrasts violently with budgetary control. The Commission *must* make representations to the American monetary authorities if a catastrophe is to be avoided in the Community.

What can be done at European level? We can, of course, strengthen the ECU, our own currency. We do, in fact, see some slow progress compared with the past. The drachma is now part of the ECU system, and the ECU is being quoted on a growing number of European exchanges, Belgium's having recently joined

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the list. Unfortunately, the Stuttgart summit conference merely referred to a symbolic gesture, the striking of a visible, tangible coin. But it is essential for the ECU to play a more important rôle in the private market in the very near future. Various legal and practical conditions must, of course, be satisfied if we want the ECU to have the status of a recognized currency in all the Member States and to be given priority in capital transfers in Europe.

The European citizen must be able to open a private savings account in ECU in all the Community countries, the use of traveller's cheques in ECUs would also be a step forward, and European businessmen must be able to settle their accounts in ECU. All this naturally presupposes the establishment of a system of clearing-banks for the ECU. Third countries, particularly in Europe but also the Third World countries that have close relations with the Community, must become part of an ECU zone. We expect the Commission, the Council and others to take initiatives in this respect.

The ECU might also play a major role in the diversification of currency reserves and so break the dollar's monopoly in financial dealings. Europe must become an area that attracts investment from the rest of the world, and it must itself have reserves in ECU. The European Monetary System will only inspire confidence if a great effort is made to revive the economy and improve the employment situation in Europe.

On this subject we have a question to ask the Council and the Commission. As long ago as 6 July 1978, it was proposed at the European Council meeting in Bremen that a European Monetary Fund should be set up to act as a kind of European central bank. It was thought at the time that it should have 25 000m ECU of capital, and it was to begin operations on 1 January 1981. What progress has been made with this project? Has it been entirely abandoned, or is work still going ahead?

A European Monetary Fund nationally presupposes the transfer of some of the Member States' reserves and some of their national sovereignty. But did we not want a European Economic *Community*? I stress, *Community*. A European Monetary fund could create genuine ECU, ECU which would be internationalized and might reduce dependence on the dollar, not only of the Member States of the European Community but of other countries too.

To summarize, Madam President, the Socialist Group repeats that it gives the highest priority at national, European and international level to any action which reduces unemployment by encouraging economic recovery. We Socialists reject monetarist views which use youth unemployment to combat inflation. In contrast, we advocate action to combat the causes of inflation, action to stabilize the international monetary system, to get rid of monopolies and to achieve a better distribution of work and incomes. Without converg-

ence of economic policies and a degree of transparency and stability in international monetary relations there can be no economic recovery in the industrialized countries or, of course, in the developing countries.

The European Monetary System has an essential rôle to play in the achievement of this stability and must therefore be strengthened internally and externally. There must be a European Monetary Fund with special drawing-rights for the Third-World countries. Finally, it must be possible for the European unit of account to play a monetary rôle both within the Community and outside so that there may be a new international monetary order, without which a new international economic order will be impossible. These are our thoughts and our proposals regarding the fight against the unemployment in the Community. They are the expression of our solidarity with the poor and the unemployed, both in the United States and in the Third World.

(Applause)

Mr O'Keefe, President-in-Office of the Council. — Madam President, ladies and gentlemen, the Council shares the concern of the honourable Members about the rise in value of the US dollar. At the recent annual meeting of the IMF, the Community clearly stated its position on the main barriers to orderly movements on the foreign-exchange market and pointed out that the rise in interest rates was still a serious threat to a lasting recovery of our economies.

The view sometimes expressed at the beginning of this year that US interest rates would soon begin to fall has proved to be unduly optimistic. Quite the reverse: we have recently witnessed further upward pressures on US interest rates which, coupled with the strength of the dollar, have pushed up interest rates in other countries. For this reason, the most urgent objective is to create the requisite conditions for interest rates to fall. Such a fall will depend upon our capacity to contain inflationary speculation, and this will call, in most cases, for further progress in limiting public spending and in reducing structural budget deficits.

It is, however, obvious that the United States has special responsibilities in this regard. The first steps taken by the United States to reduce its budgetary deficit will have to be followed up by the extra measures needed to reassure the markets and convince them that interest rates can and must fall.

Turning to the ECU, I should like to remind you that the European Council reaffirmed at its meetings in Brussels and Fontainebleau that 'the ECU is the central element and pillar of the EMS'. The European Council was pleased with the spontaneous growth in the private use of the ECU and noted that the Council of Ministers was continuing its discussions with a view

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to developing the European Monetary System by making specific adjustments.

The technical feasibility of strengthening the European Monetary System, and more specifically the rôle of the ECU, are currently being studied by the Monetary Committee and the Committee of the Governors of the Central Banks. The Council hopes to have the findings of both these committees in the near future.

Mr Ortoli, Vice-President of the Commission. — (FR) Madam President, I can only agree with the analysis that has been made of the current monetary situation and the problems presented by the trend on the international plane, and when one considers the situation regarding the dollar, which has been central to the questions put by several of the speakers, we cannot escape the fact that we are confronted with a problem. However, the situation calls for a number of comments which will, I hope, put the debate into clearer perspective.

The first point is that the dollar's strength in the recent period has been very largely a reflection of factors whose explanation is to be found in the domestic situation in the United States. We have seen a period of very strong growth in the American economy, which commands international confidence, especially since, at this stage, this very strong growth — stronger than had been anticipated — is being accompanied by a very substantial reduction in unemployment and at the same time a very moderate rate of inflation. Various factors stemming from the American economy have therefore pushed the American dollar upwards. But there is, of course, a further factor to which you have all referred: the combination of a budgetary policy which could be described as very open with a rather restrictive monetary policy, accounting for the rise in interest rates which has had little impact in the United States during this 'boom' but has affected our own financial markets in the ways described earlier. Another reason for the rise in the dollar is to be found in our own policy, or rather in the fact — which is perhaps not fully appreciated — that the European countries have endeavoured to pursue a common policy. How has this policy worked out in practice? It has been based on what has become known as the 'uncoupling' of interest rates, a systematic effort at European level to apply real interest rates lower than American interest rates. This is something that has been made possible by our concerted action and the existence of the EMS, but it is also one of the reasons why we, with our lower interest rates, are seeing the dollar's exchange rate rise. The connection between the two developments is entirely logical.

What, then, are the consequences of this situation and the problems that it is presenting? The first consequence — not to be overlooked — is that the very high level of the dollar has been advantageous, as has been pointed out, for our exports to the United States and

the dollar area. This has of course been reflected in the United States trade deficit, which is running at more than 100 billion dollars, as mentioned just now, but more generally this high level of the dollar, this stimulation of exports to the United States, coupled with the growth in the American economy, has been the cause of what for us is a very positive development, the return to an upward trend in international trade, with the growth in world trade during 1984 estimated variously at about 9.4%. Now I would point out that for the European economy, which is very strongly export-oriented, there is a fundamental relationship between the growth in world trade and its own ability to return to an expansionary course.

Finally, the explanation for the indebtedness, with the very severe pressures referred to by Mrs Van Hemeldonck but no major crisis, despite all, is partly to be found in the fact that the developing countries themselves have benefited from this expansion in international trade. Of course, as we all know and you have reminded us, as well as this positive feature there is a negative aspect which is seen primarily in the transfers of funds to the United States and the higher costs of our imports for which we have to pay in dollars (although that is partly offset by the favourable trend in raw materials prices) and, for the developing countries, the heavier cost of debt-servicing. A percentage point on the interest rate represents 3 billion dollars of debt for the developing countries. Since this debt is very largely denominated in dollars, there has been no diversification or not enough diversification of debt liabilities, and the dollar's rise in turn means an increase in the cost of repayments.

Taking one thing with another, therefore, it may be said that the current situation has made for a certain recovery in the international economy but presents major disadvantages, to which you have referred, notably the level of interest rates. However, there is a second risk: the risk of a possible fall in the value of the dollar. We must hope that it reverts to a more reasonable level, but also that it does not do so too abruptly.

One of the main lessons to be learned from the experience of recent years is that our economies, and especially the European economy which is very dependent on trade with the rest of the world, are ill-equipped to cope with abrupt changes, whatever direction they take. If the dollar were to fall too far too fast, that would bring new problems, including the undermining of financial confidence, sudden reversals of trading positions, and the possibility of tensions within the EMS, something that we do not wish to see.

That said, the main question put to us is whether we are able to cope with such a situation, and how. We have already discussed this on various occasions, and we are aware of the limitations to what can be done in a situation which you, Mr Bonaccini, described as being marked by a dominant economy and an imperial

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currency. In my view, however, it would be mistaken to abandon analysis at this point and say that, since we are in such a situation, it is better to wait and hope for the best.

A topic which has been the subject of much discussion in the past is intervention on the foreign-exchange market. Short of reaching agreement on massive intervention, in which, it should be added, all concerned would have to join, intervention on the foreign exchange market is not the right way to combat underlying trends, since these trends derive from factors extending far beyond the range of mere financial transfers. Nevertheless, it can be effective when the aim is to determine the course of certain movements and as long as it is closely coordinated, and this raises the problem of concerted action in this field by the United States, Europe and Japan.

One of the difficulties with which we have to contend is that, whereas everyone recognizes in principle that intervention ought to be possible, the scope for using this option — which our American friends believe should be resorted to only when the market is in disarray — is limited by the fact that only in few cases has concerted action been achieved.

A second response, which is probably one of the two courses of action, is to agree at international level that each country will adjust its policy to the common needs of the international community. This basic idea is difficult to put into practice because it takes us into the area of sovereign prerogatives, but clearly this is the right course for us to pursue. We have been trying for some time to set up a dialogue — as evidenced by the activities of the various groupings, such as the Group of Ten, now the Group of Eleven, or the industrialized countries meeting at summit conferences, or even the Group of Five — a dialogue which would lead to a general agreement that each of us, when preparing to take major economic policy decisions, will submit them to examination by the others, so as to achieve an 'international optimum'. The progress that has been made in the development of this type of project has not as yet been matched by such tangible progress on the level of policies, but I believe that we must continue to emphasize the need for a strengthening of these procedures and increasing opportunities to engage in such dialogue. I shall return to this point shortly, when dealing with a question concerning developments in the international monetary system.

The third response, the prudent course of putting one's own house in order, is to coordinate our own methods of protecting ourselves against the impact of external events. We have been doing this and we are endeavouring to do so increasingly, through the machinery that we have set up for operating the EMS. The first and not inconsiderable evidence of this has been the 'uncoupling' of European interest rates from American interest rates, which has been carried out and is now a reality. The second has been our attempt

to develop convergence of policies with a view to underpinning the European economy.

In fact, I find that the three main lines of action available to us are clear-cut. We must strengthen our joint action and we must make a reality of this European continental entity of which we talk endlessly. Strength is derived from what one is, not from what one says. Consequently, our first task must be to make use of our ability to establish a large, dynamic market; as a continent, we have the means with which to do this. The second requirement, to my mind, is to set ourselves a common course.

Even today, I believe, we lack the necessary cohesion when discussing major issues. Granted, although we are not speaking with the same voice, we are beginning to talk the same language. But I do not find this enough. I feel that we should be pressing on decisively and coming to terms — as soon as possible, before it is too late — with the idea that the major international monetary issues are not just issues of common interest but problems calling for joint, unified action.

Finally, we must have a clear idea of our expectations in relation to the international monetary system. It is known that I have often advocated our adoption of a position in which we recognized that intervention is no universal panacea but were concerned to achieve better coordination of action with our partners and therefore called for certain major variations affecting interest rates or exchange rates to be discussed jointly in much greater detail and for a form of alarm system, such as we ourselves have with the convergence indicator, to be set up for the purpose of outlining action to be taken.

This is a controversial matter, but — and here I turn to Mrs Van Hemeldonck — we are currently working in the Community but especially within the Group of Ten — or I should say the Group of Eleven now, with the inclusion of Switzerland — on future developments in the international monetary system, examining ways and means of achieving a return to greater monetary stability and more orderly conduct of monetary affairs.

A number of lines of action have been envisaged.

The main idea that has been discussed is the one that I have just mentioned — not in the same form, but the same general principle. This is the idea of closer international monitoring of national policies, organized according to stricter procedures and with the International Monetary Fund playing a key rôle. We are taking part in these proceedings as observers. Once again, I repeat, this is a field in which I should like the Community to be both clearer and more united in its thinking and, as I have said to the Finance Ministers, I am anxious that we should not only be arguing our case but also bringing forward proposals, playing an active part in these efforts to establish a monetary order from

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which we stand to benefit most, as industrialized countries which do not have the dominant currency.

The second element is greater stability within the Community through the EMS, since it is clear that, by developing the EMS, we are helping to take some of the pressure off the international monetary system. As I have said on a previous occasion in this Chamber, in a world where there are monetary volcanoes, it will greatly benefit both ourselves and others if we can establish an extensive area where the volcanoes are extinct. I would add, moreover, that our achievements to date in this field are not insubstantial. It is too often forgotten that, despite all the difficulties and the too frequent parity adjustments, the EMS has made a contribution of incomparable value: it has enabled us, on the whole, to keep our currencies in realistic relationships to one another. We are the only multiple, complex entity in the world whose currencies stand in more or less normal relations to one another, in line with the underlying economic situation, in contrast to what we were saying just now in connection with the dollar. This is, of course, of prime importance to the Community when half of its international trade is between Member States and it is working towards the goal of establishing a common market. We are laying sound economic foundations here.

The third feature is the effort that we have made together to align our approaches to economic policy, an effort of what could be described as 'intellectual discipline' and indeed action, for instance through the 'uncoupling' of interest rates which has without a shadow of doubt helped and should continue to help to promote a resumption of growth in our Community. This is clearly not enough, however. While acknowledging the Commission's efforts, Mr Wolff has called upon it to be a little less timid or a little more positive in its action. I would suggest to him that there are others whom he should be urging to adopt a more positive approach.

We for our part, with the Parliament's support, have made the clearest possible proposals for four courses of action in connection with the EMS.

We have asked that a more decisive step forward be taken on public ECUs: at present we have a system in which acceptance of the ECU between our central banks is limited, which raises problems over returns on ECUs, a closed system in that it serves the Europe of Ten only. We have called for greater use of the ECU between central banks for intervention within the margins of fluctuation in particular, which means less use of the dollar and therefore a greater contribution to monetary stability. We have called for returns on the ECU to be improved, to encourage central banks to use it. We are keen to see Europe begin to break out of its shell and accept that other countries should be able to have accounts in ECUs and in particular that there should be scope for what I believe was referred to just now as 'diversification of reserves in ECUs' for

countries other than Member States of the Community. This is what we have proposed.

Mr O'Keeffe has reported that these matters are currently under discussion, not only by the Monetary Committee and the Committee of Governors but also at ministerial level, since we spoke about them at length during the recent informal meeting in Ireland. For my own part, this is something to which I attach the highest importance, both for practical reasons — it will consolidate the machinery and make important technical improvements — and also for the purposes of giving a public demonstration of our confidence in the system that we have set up and our resolve to make progress.

I should simply like to state in this connection, on the subject of the figure of 25 billion mentioned earlier, that we have a European Monetary Cooperation Fund which has had resources of two types at its disposal for the past five years. First, we have set up the credit systems for which provision was in fact made in 1970. As of now, taking short-term and medium-term support resources together, a total of about 25 billion is indeed available. Secondly, there are the ECUs. You cannot see them or hear them or weigh them, but these ECUs are derived from deposits of 20% of gold and foreign currency reserves with the European Monetary Cooperation Fund. These now bring the total to rather more than 25 billion. Taking the accounts of the central banks and the European Monetary Cooperation Fund together, therefore, the total is appreciably in excess of 30 billion ECUs.

We had hoped — or rather, we and the last Parliament — that results would have been achieved more quickly in this field. I am nevertheless optimistic that we shall soon be seeing progress.

The second sector is that in which the ECU is used privately. We have taken a very active hand in promoting the private use of the ECU. This is borne out by the fact that it has been very much under the auspices of the Commission, working very closely with the European Investment Bank, that ECU issues have been launched on the international markets. We are their biggest user and we have proceeded according to a policy which I have described in this House, a policy in which we have tried to be both bold and reasonable: bold because we have been responsible for a very large number of ECU issues and in fact propose to expand this activity; reasonable because a currency cannot be created by fiat.

People will not go along with the use of the ECU just because we say that they have to. It is for this reason that I have been concerned from the outset to ensure that the development of the ECU is based on a process of acclimatization, so that we can grow gradually, at a slightly faster rate, I would say, than the markets are ready for, but not too quickly, so as to avoid the danger of overreaching ourselves. As with all financial

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instruments, it is necessary to create a secondary market, which means that there must be a response from the people in the market-place, since it is not enough for the banks to agree to take our paper and keep it. We have encouraged the clearing that the banks are currently setting up and we have proposed that the ECU should have currency status and be quoted on the exchanges in all our countries — and this we are now seeing, since decisions to this effect were taken only a few days ago in Denmark, and not very long ago in France, Italy and Belgium — but it must also become capable of being used in the same way as any other currency, and this target we have not yet achieved.

In this connection, I would refer you to our proposals, made in writing, to all the European Councils. We have called for steps to be taken to resolve the problems involved. We are confronted with difficulties which are primarily of a legal nature in the Federal Republic of Germany, where the problem is that only currencies proper can be recognized and it is in doubt whether the ECU qualifies as a currency. This does not mean that the ECU cannot be used in Germany, since the pricing of a transaction between residents in a currency other than the Deutschmark is held to be a form of indexation, but German residents can enter into transactions in ECUs abroad. There are various other possibilities, on which I shall not dwell now, but, in a word, they fail to settle the problem of general acceptance of the ECU as a currency which can be used on the German market. I believe that we must carry on with our action in this field. It is partly a process of persuasion and, basically, helping developments along. This is an opportunity for us to help the banking system and the economy to develop their involvement. I can tell you in all honesty that there has scarcely been a single stage in the spontaneous development of use of the ECU on which we have not been consulted by the people involved, to see what could be done.

Can ECU travellers' cheques be issued? Is further progress in the development of deposits possible? Are we going to be able to begin issuing ECU bonds other than fixed-interest bonds? All this is of course in a way part of our job; there is nothing clandestine about it, but it is a natural part of our work behind the scenes. But, as you know, this has always been the Commission's consistent approach.

I believe that the European Parliament should support us in this action. In other words, I for my part very much hope that you will debate the monetary situation again and that, having made the most comprehensive analysis possible, you will support the idea that it is time that the ECU realized its full potential.

The third topic is financial integration. As you know, we took a simple idea as our starting-point: this economy needs to grow because it will not solve its employment problems without growth. It therefore

needs to invest, in modernization, in restructuring, and in more besides. It needs to invest in production, it needs to invest in new services, it needs to invest in new products. It accordingly needs the financial resources for this investment and, more specifically, a financial market which is dynamic and sufficiently active in the generation of venture capital. And I am personally convinced that one of the major objectives for the year ahead is the establishment of such a European financial market. I am not talking of a market to shut others out, or a European market of protectionism, but a European market that will be of sufficient size and will offer the range of new financial services and resources for venture capital that we need. The level of savings in our countries is high, lower than in Japan but higher than in the United States. Mobilization of our savings to finance our own growth is a fundamental objective for Europe, but various legal and other conditions have to be met. There must be mobility of financial instruments, and exchanges must be interconnected. Another legal condition is the easing of restrictions on movements of capital. This is one of the reasons why, in dealing with the subject of financial integration, we have proposed a whole series of measures which of course lead back to the ECU, since many instruments would have to be denominated in ECUs. There must be European common investment funds, it must be made possible to overcome the legal barriers in the way of financial investments, and we must progressively, but actively and speedily, dismantle the exchange controls still in force in our countries. This cannot be done in a day, but significant stage-by-stage progress must be made. This is the third aspect on which we have achieved progress.

I now come to two more specific matters.

The first is the revision of the ECU.

We had to take a decision on whether or not to carry out a revision of the ECU at the end of the five-year period, and we decided to go ahead. We did so because the ECU had gradually drifted away from the basis on which we had set it up, and it would have been unhealthy for this new monetary unit to remain out of line with the economic realities characterizing Europe, such as gross domestic product, intra-Community trade, a series of factors on which an assessment can be made of each country's position in terms of economic realities.

The example of special drawing rights shows that it is a mistake to allow a 'basket' to become too far out of line with reality. We therefore proposed a revision of the ECU. I must make clear that we do not feel that we have let down the Parliament in this connection. This gives me an opportunity to answer the question from Mr Wolff. Parliament itself, very wisely in my view, indicated in 1980 that it wished to be consulted on any modification of the *definition* of the ECU, but not of its *composition*.

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My meaning here is that there are certain operations, natural operations, which have to be carried out very quickly and under adequate conditions of confidentiality, so that it is logical for us, once we have made a thorough examination, to lose no time in referring the matter to the Council of Ministers for a decision.

Of course, if we were moving towards something much more fundamental, such as a change in the very concept of the ECU, then we would certainly be duty bound to enter into a dialogue with Parliament. But I refer you to Parliament's resolution. I believe that we have observed both the letter and the spirit.

To end on this topic, I would add that the markets responded well to the operation that we carried out and there has been no adverse reaction to the change that we have made.

I now come to the final point, the question of indebtedness.

I share the general concern that has been expressed on this subject of indebtedness. Indeed, I believe that concern for the developing countries must be a fundamental concern for us. It is fundamental because, as the Community, we have a special commitment to these countries, a commitment corresponding to our concept of relations worldwide. It is also important because we must want these countries to be active contributors, in a simpler, more direct way, to the vitality of the world economy.

We as the Commission have accordingly been involved in all the positions taken up by the Community on this issue.

I must immediately say that we have no direct role to play in this field. We are not a central bank and we do not have the powers of a finance minister. We are not even a member of the International Monetary Fund. But we the Community, and within the Community the Commission, have worked to promote the various mechanisms that have progressively been set up for the purposes of providing as satisfactory a response as possible to the difficulties of the developing countries. This has led to what has been called the 'case-by-case strategy', which is true to its name as far as dealing with financial dossiers is concerned, but in fact needs to be an overall strategy. Case by case, since the right balance needs to be found between the requirements for readjustment, the feasibility of rescheduling and the scope for these countries to continue their development. This is one of the absolutely central problems that have to be confronted when discussing the financial policy to be pursued in the case of a given country.

We believe, however, that various other forms of action should be put in hand: development of the World Bank's activities on as large a scale as possible, and the establishment of a closer relationship between what is

done by the World Bank, which concerns itself with structural problems and aims to help these countries to establish conditions under which they can resume their expansion, and what is done by the IMF, which is concerned with improving the situation on the macro-economic level. We believe that we must find means of increasing direct investment in these countries and, as you know, we wanted to see substantially higher figures than those decided upon for aid, for the IDA, for the assistance that goes to the poorest countries.

I do not, however, believe that we should admit defeat.

This is why we have been involving ourselves in all the international actions, this is why we have been intensifying our own efforts, through Lomé, which you will be discussing when the time comes.

But there is also the much wider problem which has already been referred to, the problem of the overall balance of the world economy, which underlies all the issues that have been raised. Only if the world economy is satisfactorily balanced overall can there be growth. It is by developing international trade that we can best solve the problems. Adjustment is a necessity but, as Mr Bonaccini, I think, was saying just now, adjustment is easier when we are achieving growth than in a context of stagnation. This is one of the reasons why we must work together within the Community to evolve the range of means, combining rigour with innovation, development and investment, which will enable us to break new ground and play a fuller part, with our partners in the rest of the world, in the promotion of international progress and, at home, to deal more effectively with our employment problems.

I shall conclude with a word about an idea about which I have already spoken in the past: we spend a lot of our time looking towards the United States. We have to work with the Americans, we have to talk with them and try to persuade them that a somewhat different budgetary policy is essential for all of us, to bring the problem of interest rates under control.

But as long as Europe fails to make up its mind that it is going to show, with more conviction and more persuasiveness, that it believes in itself, in its capacity for development, in its monetary system and in the weight that it carries in the world, I would say that it is in a sense weakening itself, it is failing to adopt the right posture for the dialogue that it is demanding.

We are all calling for dialogue. But, in a dialogue, one must be strong.

(Applause)

Mr Besse (S). — *(FR)* Madam President, the increasing budget deficit in the United States has been a

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major factor pushing up interest rates since 1982. The federal deficit rose from 27 billion dollars in 1977 to 110 billion in 1982 and 195 billion in 1983, under the combined effect of tax reductions and higher and higher defence spending. The persistence of this deficit represents a real obstacle to a reduction in interest rates. A restrictive monetary policy, juxtaposed with a very expansive budgetary policy, is creating a fundamental contradiction. Moreover, this rise in American rates has led to a strikingly parallel rise in European rates. In the cases of Europe and Japan, unlike the United States, this rise in interest rates has had recessionary effects by raising the cost of credit.

The consequences of this policy of high interest rates and the level reached by the dollar are serious for Europe and, in a sense, tragic for the Third World. How can the world economy be expected to function smoothly and trade to develop when the three main reserve currencies, the dollar, the yen and the mark, are fluctuating so wildly?

The reason for what has been happening for the past ten years and more is the lack of an international monetary system. Many people think that the one set up at Breton Woods is going through a deep crisis. They are wrong. The system is not going through a crisis. It no longer exists. All that remains is a set of practices imposed by Mr Reagan's policy.

For years now, because of this lack of any system, a perverse and dangerous process of debt accumulation has been allowed to continue. Its consequences are tragic for the Third World, which is merely surviving from one moratorium to the next, bearing in mind that, as was confirmed just now by Mr Commissioner Ortoli, an additional point on the interest rate means an increase of between 3 and 4 billion dollars on the annual cost of debt-servicing. Taken overall, the foreign capital drained away by the United States or towards the United States on account of the high interest rates there represents practically half the amount of American net savings. The rise in the Euro-dollar interest rate seen during 1984 has already cancelled out the benefits that Mexico, Brazil and Peru have derived from the austerity programmes that the IMF has constrained them to apply. These problems are confronting not only Argentina but also Brazil, which is now being asked to repay certain debts contracted during the dictatorships. As well as the political and social risks, this situation is exposing certain American banks to danger, as the recent example of the First National Bank of Chicago demonstrates.

The consequences are serious for Europe since, when the situation is volatile enough to produce fluctuations of 40 % either way, it becomes difficult to deal effectively with such problems as energy supply.

The OECD's recent statistics point to the increase in the number of unemployed, many of them young people, to be expected over the coming years. Although it

is not the only cause, the increase in interest rates is having a depressive influence on European economies, since capital is being taken out of our countries to be invested in the United States, whereas we urgently need substantial amounts of venture capital and medium- and long-term investment on a massive scale.

Enormous quantities of capital are therefore literally being swept away to finance a deficit of almost 200 billion dollars. In short, what we are seeing is a new variant of the Marshall Plan, a Marshall Plan in reverse, the opposite of what we should be looking for from both the economic and humanitarian points of view, and therefore from the political point of view also.

Instead of investing at home and combating the recession and unemployment, the countries other than the United States are seeing their national savings being used to finance an American budget deficit of a size without precedent in history. The judgment of the former German Chancellor, Helmut Schmidt, is clear: in contrast to a conventional Keynesian policy, they are not so much printing more money as using the attraction of a high real interest rate to borrow from abroad. I am disturbed, he has said, that it is being forgotten in the United States that the rest of the world is being deprived of enormous sums which could be channelled into investment.

As we can now see, the 'locomotive effect' of the United States is insufficient. This has been confirmed by a recent GATT report.

The locomotive is powerful, the recovery is vigorous, but the tractive force is not what it was. The most striking feature of the current recovery is the weakness of the world economy's reaction to the buoyant situation in the United States, according to the next GATT annual report on world trade. This is illustrated by some comparative figures: in 1975 industrial output expanded by 8.8% in Europe and by 13.2% in Japan; the corresponding figures for 1984 are 4.3% in Europe and 9.6% in Japan. This cannot be put down to 'Eurosclerosis', or otherwise what could be said of Japan's arteries?

The Community must find ways of discouraging the flow of capital to the United States. This is the most urgent priority. The recent Franco-German decision to abolish deduction at source on bonds held in France by non-residents is a move in this direction. We could also be thinking in terms of what the United States itself did in 1963, when it had the same problem: it introduced the interest equalizing tax; this is a tax levied on the residents of a country who invest abroad more profitably than they can at home.

The rise in the dollar would not be of such significance to Europe if its effects were confined to our trade with the United States. There may be immediate benefits, such as the increase in exports, the sale of Airbus,

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but this trade accounts for only 7% of total exports from European countries, whereas trade among the Member States of the Community generates 52%, and this figure rises to 66% when the other countries of Western Europe are included. When services, tourism and financial relations are taken into account as well as trade, the attraction of the Community could be even stronger. That the dollar should play the role of 'third currency' in intra-EEC trade and trade between the EEC and neighbouring regions, the fact that it is still a 'parallel currency', has become something of an anachronism. As the 1930s demonstrated, reorganization of the system, when it becomes necessary, can lead to some surprising changes. We must therefore make our preparations. In 1963/1964, when changes in the international monetary system were under discussion, it was acceptable to talk about changing any of the rules except two: fixed exchange rates and the fixed price of gold at 35 dollars. In the event, these are the only two to have changed.

We have to ask what substantive action the EEC should take if the crisis remains on a course of chronic instability. There can be no prospect of getting relief from the pressure exerted by the dollar, of escaping from the dollar, unless the problem of European cooperation is tackled. Stabilizing foreign exchange markets in the absence of American cooperation cannot control the dollar's exchange rate but it can prevent erratic fluctuations in the dollar's value from seriously disrupting exchange rates between the other main convertible currencies. To do that, we must have a concerted attitude. We must adopt the pragmatic view that it would be more logical to use the ECU than the dollar in many of our commercial dealings, even if the ECU does not replace the national currencies, although it could replace 'Eurocurrencies', for instance.

The Socialist Group has supported the gradual increase in the use of the ECU in the EEC and wider recourse to it on the financial markets, both for loans and for bond issues. It has also declared itself in favour of use of the ECU in central bank intervention under the EMS. European monetary cooperation is necessary in order to moderate the preponderant influence of the dollar on our financial markets, an influence which accentuates the speculative function of finance. We must try to restore stability so that finance can revert to its primary function, which is to facilitate investment.

The Socialist Group has always supported efforts along these lines, as long as common industrial, energy and social policies are set up in parallel with them. If the Community must therefore assert its monetary identity more clearly and consolidate cooperation, it will not do so by adopting policies converging on deflation and recession but by seeking to evolve a policy of investment and concerted expansion. Europe, our countries, cannot settle for the status quo. Measures aimed at exchange-rate stability are essential to

an investment policy, an area where we are falling behind increasingly, especially in manufacturing industry. At the same time, the Community is spending only 1.6% of its gross domestic product on capital spending in the field of energy, whereas Japan and the United States are planning such investment at the rate of between 3% and 4% through the 1980s.

The prospect of a European recovery through concerted reduction of interest rates, increased investment, for small and medium-sized businesses as well as large, joint programmes to assist troubled sectors and development of advanced industries should provide the necessary backcloth for the development of an economic policy strategy. Such are the difficulties besetting Europe that a forward-looking perspective is more necessary now than in the past. Hence the need to overhaul and intensify medium-term planning.

No, it is not a Marshall Plan in reverse that Europe needs, but a plan to promote dynamic cooperation and to enable Europe to withstand or counteract the effects of Mr Reagan's rather disdainful monetary policy. This involved an effort, Madam President, which no-one else will undertake on our behalf.

(Applause from the Left)

Mr von Wogau (PPE). — *(DE)* Madam President, ladies and gentlemen, the debates on the European Monetary System are always of particular interest when tensions arise within the international monetary system. The European Monetary System was created — and we should bear this in mind today — at a time when the dollar was causing tensions, though of a different kind than today. At that time the dollar fell rapidly and was in danger of hitting rockbottom or even lower. It was then that the European Central Banks — the European governments — came together and introduced the first stage of the European Monetary System.

As soon as the dollar had stabilized once again, there was no further talk of the second stage. Today the dollar is on the way up. I think that it would be wrong if we were always to introduce a whining note into our debates on these matters. I often get the impression that this is what we are doing. I believe that the time has come when it is essential that we take joint action. I also believe that the time has come when we should give serious consideration to launching the second stage of the European Monetary System.

Our monetary system has done considerably better than many of its critics predicted. As a loan currency the ECU today takes third place behind the dollar and the German mark. Some countries have in the meantime allowed it to be included in a fixing system, thus bringing it one step closer to complete autonomy. The monetary system has made a significant contribution to stabilizing exchange-rates between the Member

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States that take part in the exchange-rate mechanism. I believe also that we should spell this out very clearly for our British friends. We should not forget that the Monetary System has made a very substantial contribution to improving monetary discipline, in the sense that it has been possible to halve inflation-rates in the European Community in the past few years.

At the same time, there are realities on the European scene of which no one would have dared to dream as recently as three years ago. Today we have ECU travellers' cheques, savings-books are issued in ECUs and the day-to-day necessities of life may be acquired with ECU-based credit cards. These are all important steps on the road towards a citizen's Europe. The ECU can be a vital tool in forging this citizen's Europe.

I feel that we have now reached a point where what has been achieved so far must be consolidated in a sober and sensible manner, in order to ensure that in the ECU we have a stable means of payment that really lives up to its name. For a start, this will require some practical measures. I believe that the United Kingdom should now take its courage in its hands and join the exchange-rate mechanism. The United Kingdom has dithered for a long time like a shy virgin. At one time the dollar was too low, at another too high. I feel that the time has now come when the United Kingdom ought to take this step.

Secondly, I believe that France and Italy should do away with their exchange controls, which form a considerable obstacle to the free movement of capital within the European Community.

Thirdly, we must urge the *Bundesbank* to allow private individuals to open ECU accounts, as is the case in the nine other Member States. The *Bundesbank* continues to argue that the ECU is not a real currency and that this is therefore not possible. In taking this line it quotes from the contractual law textbooks of, for example, Professor Karl Larenz, for whom I have an extraordinarily high regard. The question of whether the ECU is or is not a currency cannot be decided on the basis of legal dogmas. It has already been settled by the people who have opened accounts or savings accounts in ECUs, bought ECU travellers' cheques and carry out their commercial transactions in ECUs. This is something that has evolved and that has by now become irreversible.

What is important today, I repeat, is that this development be stabilized along sensible lines. For this we need an autonomous European central bank system equipped with the means of controlling the money supply and dedicated to the sole objective of maintaining stability.

To wind up this debate, my group will be tabling an amendment along these lines urging the Commission

to put before us as soon as possible practical proposals towards this end.

(Applause from the centre)

Mr P. Beazley (ED). — Madam President, my group strongly supports the sense of the oral questions put forward for this debate and the recommendations made by Mr Herman in his report, Doc. 1-1251/83, which was approved by this House. We have little doubt that the creation of a real European common market must be based, alongside other policies, on the development of the ECU as a European and as an international monetary instrument. It must also be based on strengthening the exchange-rate stability and the individual European currencies until such time as the convergence of our economies has reached a point where the ECU can finally be used in the widest possible sense, not just as a financial unit, but also as a medium of exchange across national and international frontiers and eventually as a European currency.

Of course, there is a certain chicken- and egg-problem about the use of the ECU and the EMS to help to create stability between European currencies where the economies of the individual Member States still show wide divergences. However, whatever the shortcomings of the ECU and the EMS in achieving all their objectives in the short term, there can be little doubt that their achievements have already been very considerable and more than sufficient to inspire us to proceed with confidence in pursuit of the ends for which they were created. Of course we must take additional steps to create convergence in the European common market and in our own national markets as well. The benefits of monetary discipline have been widely proved with the reduction of inflation and the control of other destabilizing elements, both within most of our national markets and within the common market as a whole. There, is nevertheless, still a long way to go.

However, the concern of the authors of these oral questions has been mainly directed to the effects on Europe of the strong US dollar, whose strength is possibly over-valued. Of course, whilst high interest rates in the USA and the unprecedented US deficit are bound to give rise to the particular problems which we have suffered in Europe, we should not blind ourselves to the wide differences in the strength of the US economy and that of Europe. Exchange rates and currency parities, despite any lags in timing, always reflect the confidence in the underlying strength of the economies which these currencies represent. So this debate, insofar as it relates to Europe, is concerned with the strength of our own economy and the strength of the individual economies which constitute the common market.

Surely it must be clear to all Member States' governments that we have in no way done enough to take

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advantage of the common market available to us and the opportunities for creative dialogue between Member States to develop economic convergence and convergence of living standards and to relaunch our European economies. In these circumstances, we must expect that the US dollar will continue to dominate world finance and the world's economy. We must also expect that the US economy will continue to grow in relation to the Balkanized European economies we at present support.

But, let us look as well at Japan. Japan has shown very much greater growth than even the USA since 1960 and by constantly reducing its costs and increasing investment, especially in modern technology, has been able to dominate certain sections of world trade. Whilst the Japanese yen has not yet challenged the US dollar in world finance, there are enough examples in the Japanese economy for Europeans to study it with benefit.

Finally, I must speak to the question of the United Kingdom's continued failure to join the exchange rate and intervention machinery of the EMS. We have had certain special reasons in the past. When we were a reserve currency and when we feared the volatility inherent in being a currency dependent, to a certain extent, on our oil production, it was said that the time was not suitable. I personally and my group believe that it is in the interests of our country to complete our support of the EMS by joining the exchange rate and intervention machinery of that system, and that as soon as possible. This, I believe, is not only in our own interests and to our own benefit, but it is essential to the strengthening of the European exchange rate stability against the dollar and the further convergence of the European economy. Britain stands to gain as much as any Member State, if not more so than some, from a strong European economy. This is not to call for the creation of an inflexible European financial system which does not reflect the changes in the strengths and weaknesses of our individual economies, but it will, I believe, strengthen our position against the dominance of the US dollar and the growing strength of Japan in international trade.

Likewise, I call on West Germany to take a new attitude to the ECU so that it may be more widely employed without the unnecessary additional restrictions and costs which the attitude of the German Government and Bundesbank at present impose on it.

Mrs De March (COM). — (FR) Madam President, the scenario that is being played out for us in the United States could become tiresome if it were not so tragic for Europe, as for the rest of the world.

With each successive bout of fever on the foreign-exchange markets, where the dollar reigns supreme, the central banks begin to make a move and then catch cold, saying that this time the dollar is going to stop

rising and will perhaps even start to fall. Is this going to be yet another occasion when we settle for merely hoping, as the President-in-Office of the Council said, or for wishing that the dollar would come down to a more reasonable level, as the Commission also said, without making up our minds to take some decisions?

The experts estimate that the dollar is overvalued by 30%. Not content with keeping their interest rates artificially high, the American authorities have abolished the tax on foreign investments in bonds, which has helped to accelerate the flood of money onto the American market-place and to finance the fantastic American budget deficit. No-one in this House can be oblivious of what is nothing short of the kidnapping of the wealth of other people, amounting to 140 billion dollars in seven months during 1984. But the developing countries are really being plundered, with debts of 810 billion dollars. In this very Chamber, a few minutes ago, Mr Commissioner Ortoli confirmed the severe effects of the dollar's rise in terms of higher debt-servicing costs for the developing countries. I agree with your analysis, Mr Commissioner, this must be a matter of fundamental concern to us.

Can we really do no more than wait and see, while the prospects for renewed investment in Europe dwindle by the day? This is the question that we have to face, since although France and the Federal Republic of Germany have also abolished taxation on foreign investments, that certainly cannot be counted as a victory. And yet it is some months now since a number of leading figures, including Mr Papandreou, proposed that exports of capital to the United States should be taxed, in order to cope with a situation which presents a very severe threat to our economies. This proposal was rejected at the time, but I did not hear it echoed this morning either by the Council or by the Commission. But has it not become necessary to consider some means of discouraging this outflow of capital and encouraging the maximum employment of financial resources for productive investment in Europe and promotion of economic recovery?

We for our part consider that there should be no reluctance to use new methods. Why not put all the issues on which we are at odds with the United States together and negotiate a package? There are certainly many matters which need to be discussed: steel, agriculture, electronics, data processing. Our question is therefore this: what actions need to be taken in the short term to deal with the present emergency? We hope that the Commission and the Council will make up their minds to take the measure of the problem.

Meanwhile, if we are to be really in a position to present an alternative solution in the Community, for its dealings with countries in the rest of the world, it is essential that we promote our monetary instrument, the ECU. The respectability that the ECU has gradually acquired by reason of its stability must serve as our foundation, and here I agree with a number of the

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things that Mr Commissioner Ortoli has said this morning. It can and must enable us to offer a valid alternative to the American currency and its erratic movements but, if it is to do so, there must be no further delay in adopting measures aimed at strengthening the role of the ECU within the Community and in relation to non-member countries, so that it is more widely used in transactions, in borrowing and lending, as the medium for reserves and deposits.

In this connection, if it is considered desirable to give currency status to the ECU, we consider that it could be attributed privileged status in regard to convertibility. This positive effect must not be cancelled out by granting the same facilities to non-Community currencies, notably the dollar. There is no case whatsoever, in our view, for weakening national laws on exchange controls, which are currently providing a real bulwark against monetary and financial imbalances.

When all is said and done, the basic question is this: how can we operate this monetary policy and develop the ECU so as to promote investment in Europe? Let us be absolutely clear about this. Europe will not become an alternative monetary area unless its economic development is assured, unless jobs are created, unless we give top priority to our industrial development. Only if we succeed in these things will today's mirage, the blind belief in investment in the United States, be consigned to oblivion. We have a number of proposals to make in this connection. We are calling for the financial resources available in the Community to be used to finance productive employment, the development of new products and industrial cooperation in the Community.

Our approach consists in linking economic development with improvement of our monetary instruments, so that we are suggesting new ways in which the ECU could be used.

Could the Commission look into the advantages and disadvantages of using the ECU for all intra-Community agricultural transactions? If it were to prove advantageous, under what conditions could it be done and what would be the effects? It would offer the benefit of linking European activities covered by the CAP to developments of the EMS.

Madam President, ladies and gentlemen, we are getting used to hearing certain people proclaim, 'Vive la crise!' and forecast Europe's decline, not with a view to fighting against it, but on the contrary in an effort to convince us that it is inevitable, that nothing can be done about it; we should accept the situation, reconcile ourselves to the inevitability of monetary and industrial domination by the United States; we should also accept the development of unemployment in our own countries and the plundering of the developing countries. We believe that it can and must be otherwise. Europe offers formidable potential, with her agricultural resources, her industrial tradition, her

capacity for invention and the scientific and technical revolution that she is capable of bringing about. More than at any time in her history, the Europe of her peoples needs to develop real skills among her young people, her workers, her citizens. That is the true humanist approach as we understand it. However, if we are to pursue this course, we must acquire the means of maintaining financial autonomy. To this end, as we can see, immediate decisions are necessary. There must therefore be a clear political will. This is the point of the questions put to the Commission by the Communist Members.

Mr De Vries (L). — (NL) Madam President, a dollar is a dollar, a yen is a yen, but a German mark is not a lira. While the United States and Japan each have a free market and one currency, the European market is still fragmented and our currencies still change in value one against the other. For reasons of competition, these fluctuations in exchange rates must be minimized. The more stable exchange rates are, the better our internal market can function and the sooner investment and employment can increase.

The satisfactory operation of the EMS is therefore vital to the Community. So far the EMS has functioned as expected. Fluctuations in EMS exchange rates have been far less significant than, for example, the dollar and yen exchange rates. The procedures requiring mutual agreement or the adjustment of exchange-rates have prevented the devaluation race we once had. Unlike the 'snake' arrangement, the system still includes the French franc. The EMS has thus undeniably had a restraining effect on the Member States' financial and economic policies. And yet there is still not enough economic convergence. The stability of the EMS does, after all, partly depend on the relationship between the DM and the dollar, which sometimes act, as we have seen in the past, like two barrels linked by a pipe: a weak dollar results in flight into the DM and *vice versa*. The greater the convergence, the stronger the stabilizing force of the EMS and the less likelihood there is of the DM exceeding the intervention limits. This is the Achilles heel of the system.

How can the operation of the EMS be improved? Firstly, all the Member States should join the system. At the moment, the United Kingdom participates in the credit mechanism but not in the exchange rate arrangement. It is time Britain abandoned this monetary parochialism. Those who say they want an internal market, as London does, cannot pass the EMS by with a shrug of the shoulders. London must pay more than a penny if it wants to sit in the front row.

Secondly, there should be a central institution in which banks can settle their accounts receivable and payable in ECU. Can the Commission tell us what progress has been made in the consultations it has had with the banks on this clearing-house?

De Vries

Thirdly, when buying and selling between the central banks, the creditor may accept no more than 50 % in ECU from the debtor. When does the Commission think this restriction on the use of ECU can be removed?

Lastly, and I consider this extremely important, the private use of the ECU must be encouraged. It should therefore have the status of a fully-fledged foreign currency in all the Member States. At present, the Federal Republic still regards trade in ECU as an index-linked transaction, and such transactions are forbidden by law. As a result, Germans cannot do business with other Germans in ECU, although they may buy foreign ECU bonds. The spectre of inflation which the *Bundesbank* associates with the ECU is largely imaginary, as experience in other Member States has shown. Fortunately, the recent issue of an ECU bond by the Deutsche Bank seems to indicate that the tide is now turning in Germany.

I should just like to say a few words about the 'private ECU'. The ECU has many advantages over national currencies. Anyone in a country with a weak currency who invests in ECU protects himself against exchange-rate losses. Anyone living in a country with a strong currency and investing in ECU is sure of a higher interest-rate. For trading partners in different Community countries who are apprehensive about possible fluctuations in the exchange-rate, the ECU is equally attractive. The ECU enables small and medium-sized firms to limit the exchange-rate risks they run when investing, importing and exporting. The consumer also has an interest in the ECU. Next year four French Banks will be issuing traveller's cheques in ECU, which will give the consumer better protection against exchange-rate risks than dollar cheques. When wider private use is made of the ECU, there will also be advantages for frontier workers, people who live in one country and work in another, and members of the liberal professions who work outside their own countries for limited periods. When Ludwig the Pious introduced his gold *écu* in the thirteenth century, he could not have dreamt that it would be so enormously successful. The private ECU market now comprises some 10 000 m ECU and is growing at a spectacular rate.

Finally, Madam President, I should like to take this opportunity to urge the Commission to lose no time in encouraging the use of the ECU for private purposes. Does the Commission plan to propose a directive to the Council concerning the issue of ECU coins and/or banknotes? What is the minimum number that would have to be struck or printed to ensure that they do not fall into the hands of collectors and so disappear? How does the Commission intend to encourage the issue of postage stamps with values expressed in ECU so that tourists can send letters and postcards anywhere in Europe without first having to buy national stamps? Is the Commission already paying for its com-

mercial and administrative transactions with third parties in ECU?

We shall undoubtedly be discussing the operation of the EMS at greater length later this year when proposals for reforms are submitted to us. Today, in my maiden speech in this Parliament, I have concentrated on the rôle the ECU can play for the 270 million citizens of the Community. They want us to give them a tangible sign of the existence of this Community. We have ways of doing this. Let us make use of them!

Mr Roux (RDE). — (FR) An examination of the main economic indicators leads to the unavoidable conclusion that Europe is in the throes of a crisis from which it is proving incapable of escaping. Back in 1982 it did seem that the Community was leaving the crisis behind it, with a growth rate of 2.7%, but now we see it falling back to about 2% in 1985. As for France, she has been recording the lowest rate in the EEC, with the exception of Luxembourg. For the third time, it is going against the tide. Where the Community has been most successful is in the fight against inflation. Rates are generally comparable with those prevailing before 1973 and bear comparison with the United States. Whereas Ireland is coming into line with the other countries, France has failed to achieve her objectives and the differential between her inflation rate and Germany's is once again raising the prospect of a monetary readjustment within the EMS, with the difficulties that this habitually involves for the common agricultural policy, the creation of monetary compensatory amounts, the fixing of annual prices etc.

On the unemployment front, Europe has been fighting a losing battle. At the end of July 1984, 10.6% of the Community's labour force, or 12 305 000 people, were unemployed, and all the forecasts indicate that the rate will rise above 11% during 1985. Meanwhile, however, the opposite trend has been observed in the United States, where the unemployment rate has been brought down from 10% to 7%. In Japan, it has never been above 2.7%. In its dealings with the rest of the world, Europe is making a poor showing against competition from the United States and Japan. Although the Community's current-account balance of payments will show large surpluses for 1984 and 1985, there are wide variations between countries which are not shown up by this overall position. The surpluses for 1983 and 1984 will be provided by the Federal Republic of Germany, the United Kingdom and the Netherlands. All the others are running deficits, and the highest of all is France's for 1984.

The EEC's trade balance is improving, particularly with the United States. But Europe is still very heavily in deficit — 19 billion ECUs in 1983 — and especially in agri-foodstuffs — between 8 and 9 billion ECUs a year — and energy.

The growth rate from 1983 to 1985 will have been too weak to curb the rise in unemployment, and it is in

Roux

manufacturing industry that Europe is most obviously lagging behind its competitors.

This is why it is vitally important to the Community that it should succeed in carrying through its third industrial revolution, in the electronics sector. Europe needs to be reawakened by rapid growth founded on productive investment on a massive scale in the industries of the future. This policy cannot succeed without the creation of a real internal market, which must be gradually freed from the constraints of tariff barriers and sustained by an ever-closer economic and monetary union and strengthening of the EMS.

On the subject of the EMS, relative stability in exchange rates between European currencies has been maintained. However, the system will not hold out for long against unilateral national adjustments, the concomitant of divergent economic policies which are depriving it of all meaning.

Consequently, if the original twofold objective of the EMS — to maintain, within the EEC, an area of relative exchange rate stability by means of the concerted floating of currencies while the European monetary authorities conducted positive action in relation to the dollar — is to be achieved, it is more necessary than ever that certain conditions be met.

The first of these is a gradual convergence between the Member States' economic policies, so as to reduce the existing disparities between our economies, whether in terms of inflation or growth rate.

Secondly, there must be a real, sustained resolve to meet the challenge presented by the dollar.

Finally, there must not be excessive variations in the dollar's exchange rate and US interest rates.

If these conditions are fulfilled, the EMS should be able to play a really influential role in the world, through its emphasis on the need for coordination of European policies in relation to the dollar.

Moreover, as events have clearly demonstrated, the combination of the dollar's rise and escalating interest rates compromises the chances of a rapid recovery by the European economy. Coordination between the European area and the dollar area would therefore offer some prospect of an agreement to bring the interest rate and exchange rate war to an end. It appears necessary to go beyond exchange rate policy as such and adopt a comprehensive monetary policy to control the creation of international liquidity and movements of Eurocurrencies.

Finally, recognition should be given to the way in which the EMS has acted as a safety harness, as a beneficial constraint.

Europe must make a return to growth by establishing a genuine internal market and rejecting socialist econ-

omics. Growth is the only effective weapon against unemployment.

The Europe of the future is the Europe of growth and determination, the Europe of full employment. The Europe of growth is also the Europe of effort and solidarity. But the effort must first be made by each Member State and its value enhanced by the European dimension.

IN THE CHAIR: MRS CASSANMAGNAGO
CERRETTI

Vice-President

Mr Christensen (ARC). — (DA) Madam President, I am speaking on behalf of the Danish People's Movement against membership of the European Community. Unlike the previous speakers in this debate, we believe that the right to national self-determination also includes a country's right to determine monetary policy in line with its real economic situation and its own interests.

Where Denmark is concerned, its links with the EMS up until the end of the 1970s and thereafter have significantly reduced its competitiveness and have contributed to the high level of unemployment in my country. Consequently, we are against the further extension of the EMS, which, it is admitted, is intended as a step towards establishing an economic and monetary union with a common currency and a common economic policy. A common currency requires a common economic policy. This leads directly to full economic and political integration, i.e., to the super-state, to Danish membership of which the movement to which I belong is opposed. But that does not mean that we are not prepared to recognize the need for international cooperation. On the contrary. It must, however, be based on free cooperation between autonomous states on matters of common interest, i.e., on the right to national self-determination and not on union.

We too are in favour of cooperation on monetary matters, but Denmark's links with the EMS have prevented it from participating in Nordic cooperation. This is something we regret. We are in favour of cooperation on the basis which I have just referred to — on a wider European and international level within the framework of the International Monetary Fund. Therefore we cannot support the call from various quarters for stronger development of the EMS and for the establishment of economic and monetary union. On the other hand, there is an element of truth in what Mr Ortoli said on developing trade policy and thereby helping to solve the problems in question. We should pursue a more liberal trade policy and not have recourse to protectionist policies, which is what the

Christensen

European Community tends to do when faced with harsh realities.

Mr Petronio (DR). — (*IT*) Madam President, this debate on the international monetary situation and on the almighty dollar makes one reflect that this is perhaps the first time in history that a province of the empire — and a poor province at that — is financing of its own free will the empire and its rich capital.

In ancient times, in the Roman Empire, the consuls saw to the timely collection of taxes to ensure that Rome should become what it did become. We may also reflect that later, centuries later, another Rome arose, noted for its architectural beauty, which was paid for by the sale of indulgences, which ultimately led to a split in the greatest religion in the world . . .

But what is happening today? Today, monetary resources, be they large or small, from the outermost corners of the empire, from Third World countries afflicted by poverty and galloping inflation, where they should be invested locally, are instead flowing across the Atlantic to end up in the United States, where interest rates are high. But let us admit that it is not only the interest rates which are the attraction: it is also the soundness of the American economy, which has been able to bring down and almost eliminate inflation and has been extraordinarily successful in absorbing unemployment.

Other reasons, comparable, I would say to the old ecclesiastic indulgences, will become apparent soon when, about mid-October, an important American loan is offered to non-residents. The bonds will not be available to US citizens, only to foreigners, who will be able to profit from the high interest rate, but will also have the advantage over Americans of tax-free income from the bonds — and of anonymity. There is the essence of this indulgence that shines like a halo about this loan.

Well, faced with this, faced with the fact that Europe continues to depend — and increasingly, even if European exporters for their part are making modest inroads into the American market — in imports of raw materials, what are we to do? The answer, we say, is to stop playing this soccer match with eleven different balls, or more precisely ten — for that is the number of currencies of the Member States, which very shortly may become twelve. We have to 'Europeanize' our currencies, and start playing with a single ball, as in any self-respecting game. In other words, we've got to put our money on the ECU.

It's got a great future before it: not because it has so been decided at summit meetings, but because the idea has caught on at the grass roots: throughout Europe, there are banks which are now beginning to issue credit notes denominated in ECUs; there are also private individuals who effect their transactions in ECUs.

Quite recently, some large Italian and French enterprises have started billing in ECUs. Tourists, from the Roman Riviera to Normandy, are using ECU travellers' cheques. These are all good auguries for this currency of ours: it is beginning to circulate. In fact, it is the world's third most important currency, after the dollar and the German mark. Actually, many banks prefer to deal in ECUs rather than in marks, florins, lire or even sterling.

So, what have we to propose so that we may get away from generalities and get down to brass tacks?

Well, we, the European Right, propose that a European stock-exchange be set up. It was discussed in detail in the Economic and Monetary Committee and the Committee on Legal Affairs; it was the subject of a celebrated symposium in Brussels; Commissioner Tugendhat put a year's hard work into it; it was approved by the Assembly in plenary sitting. The plan provided that the bonds should be tax-free; that they should be able to circulate freely, without limits or safeguard clauses, such as exist in Italy, and possibly elsewhere; that there should be a large internal market and that there should be free movement of capital. That is the first step. Next, we ask for the removal of taxation of shares and of profits from shares, because it is obvious that no one will invest where he is going to be hit by taxes, but will go where he can draw more profit. Otherwise we shall not be able to keep here, in Europe — where our economic opportunities lie — the financial resources, which we have in plenty, but which will inevitably flow across the ocean so that Ronald Reagan, to get himself re-elected, as he probably will, can balance his budget deficit, not from national taxes but from the influx of foreign capital, which, in the event, will be our European capital.

These measures must be introduced, but not alone. We must also see to it that when we buy energy resources — coal, oil or methane — we pay for them in ECUs; we must ensure that the countries to which we accord general tariff preferences, countries to which we give important customs concessions, or those to which we give all sorts of aid, do not ask us for dollars with which to pay for the tungsten, cadmium or whatever it is that they get from us, but accept payments in ECUs. This is, *par excellence*, a Community measure, and we propose it to the Commission and offer it to its care. In particular, action must be taken in those sectors, such as transport or the important international contracts, where payments are continuous and where constant risks are impermissible. Incidentally, as regards payment in ECUs for energy resources, this may well prove to be very acceptable, because the risks are very high, both for the importers and the exporters, since a sudden fall in the dollar rate would be extremely damaging to the exporters. In contrast, the ECU has a fixed rate, it's solid: it is quoted in Milan and in Brussels, it is subject to fewer fluctuations than any European currency, certainly fewer than the dollar; it is regarded as a good exchange currency.

Petronio

That is what we want to see: let us make it a currency, that is what we ask. Otherwise, our national currencies will go the way of our languages. In his prophetic book about 1984, the year we are living in now, Orwell speaks of the creation of a strange new language. Well, newspeak has come to pass: what is spoken now throughout the world is neither Shakespeare's English nor the American slang. It is a language made up of acronyms. 'Laser', 'radar' now mean the opposite of the acronyms from which they arose: those chopped-off words crammed into sets of initials. There is a grave danger that our languages — Dante's Italian, Goethe's German, Shakespeare's English — will be reduced to impoverished dialects; and it is paralleled by the equally serious risk that, relative to the dollar, our European currencies will become no more than handfuls of small change, heavy enough to tear holes in our pockets but not good enough to keep in our wallets.

(Applause from the extreme right)

Mr Seeler (S). — *(DE)* Madam President, ladies and gentlemen, it is not enough simply to go around lamenting about the monetary situation and all the adverse consequences that flow from it. We must also try to get a clear picture of what has caused them and how we can get to grips with them. In our quest for ways and means of reforming the world monetary system that has got into such a tangle, we must first of all look towards the United States. Its enormous budgetary deficit, caused by huge defence expenditures, and its sharply increased trade deficit — both of which taken together amount to about 300 000 million dollars in this year — are only one of the basic reasons for the disorder prevalent on the world capital market. These enormous capital requirements on the part of the USA have, as has already been said, vastly exceeded the savings potential of the United States and have led to an enormous drain of capital from Europe, but above all from Japan. The lure to attract this capital was extremely high interest rates, with the result that the American currency is overvalued by comparison with European currencies.

Another reason that must be borne in mind is the indebtedness of the Third World. These debts are mainly in the form of American dollars. The rising exchange rate and the rising interest rates of this latter currency are leading to ever-increasing demand. The fact that the dollar is overvalued in this way is leading to an enormous increase in imports into the United States.

Mr Ortoli has said that this gave Third World countries a chance to earn dollars by exporting to the United States. He also said that the European Community owed part of its recovery to this factor of exports to the USA. In saying this, however, he overlooks the fact that this increase in exports was largely financed by the European capital market. In other

words, the capital that Europe needs for its own economic recovery was siphoned off to the USA, where it is used to buy imports that bring a relatively modest economic boost to the countries concerned.

I feel that the Third World is one of the keys to the solution of the problems involved. The Third World has become more and more dependent on its creditor countries and creditor banks. Rising interest rates have led to an ever greater need to transfer debts to other creditors, and this in turn has led to an ever-mounting debt burden. This means that the percentage of its export earnings that the Third World must use to service its debts has become ever greater, a further consequence of which is that these currency earnings are no longer at its disposal in order to finance necessary imports, including imports from the European Community.

Following up this line of thought, the next question we must ask ourselves is: What can we actually do? I do not believe that the tactic of trying to influence American budgetary policy will have much success. Neither do I think much of the idea of regulating the movement of capital from Europe to the USA. Experience shows that money will find a way around any obstacle, and the results achieved do not justify such boycott measures. On the other hand, it is essential to make investments in US dollars less attractive. Even already the risk factor in investments in the United States has grown enormously. One has only to reflect that this year America will have to spend 110 000 million dollars in interest on its national debt. A consequence of this is that the difference in interest rates between the USA and Europe has reached the giddy height of 6%. The capital investor is therefore becoming more and more aware of this risk factor involved in his investments.

The German mark, the French franc, the English pound, the gulden and certainly the Danish krone are, each on its own, however, not in a position to stand up to this pressure. That is why I would stress what has already been said, namely, that it is essential to strengthen the European Monetary System and to strengthen the ECU if Europe is to retain and further develop its economic independence. In this contest with the economic superpower which is the USA, Denmark, my dear Mr Christensen, would be sunk without a trace. What is needed is the development of a European Central Bank, a European currency and stability policy and the transfer of competences from the Member States to the Community. There is no other way it can be done!

However, it is also essential to adopt some daring new approach to solving the problem of Third World debts. Here also the ECU has a part to play in the longer term if it succeeds in taking the place of the US dollar, that is to say, if Third World debts can be valued not only in dollars but also in ECUs. That would lead to a fall in the demand for dollars and to a cut-

Seeler

back in interest rates. However, we cannot wait that long!

I regard the position of the Third World as much more serious than is generally supposed. I do not think either that any worthwhile results can be expected from the classical method of transferring debts, which does no more than increase the total amount of debt by piling up on it interest payments that cannot be met. For the Third World, the only result of these tactics is to widen the net of its obligations and eventually make it even more dependent on its creditors. They do not stimulate world trade and neither do they make any contribution to combating unemployment in Europe's industrialized countries.

There is one possibility which I think should be considered and which I should like to recommend to the Commission in this debate. It is essential that an individual upper limit be set to the indebtedness of every debtor country of the Third World, and I would see this upper limit as being at about 20% of the export earnings of the country in question. As far as I can see, it will generally be impossible in any case in the longer term to recover from most countries any obligations and claims that go beyond this figure. If these assets are written off, many banks will be put in a very dangerous situation. In order to avoid this, steps should be taken to enable these capital assets to be converted into investments in the Third World countries. That means that people holding these assets in Third World countries should be persuaded to use them in these countries in order to further their economic development and give them more economic muscle. A conversion process of this kind would also mean, of course, that profits could no longer be transferred, thus removing the possibility of adding further to the balance-of-payments deficit of these countries.

A revamping of this kind could lead to a better and quicker recovery on the part of Third World countries and thus also to their taking a more effective part in world trade than is presently the case. A revitalization of world trade would also help to reduce unemployment in our countries, because the demand for goods in these countries is enormous. This proposal would not entail any loss for the creditors, because after all they would keep their capital. It would only be changed, converted. Financial capital would become investment capital. Only through such an unconventional or, if you like, radical step can any solution be found to the ever-worsening indebtedness of the Third World, with all its adverse consequences for the world currency market and world trade. I think that it should also be possible to involve in this debt-restructuring the moneylenders — mainly the OPEC States — who, by releasing the flood of dollars in the seventies, helped to make the world capital market sufficiently fluid to make it possible to pursue a lending policy without any great risk.

I would propose therefore that, in order to work towards a solution of this kind, a world conference on

debt should be convoked, to be attended by all debtor and creditor countries and all creditor banks with the assistance and guidance of the International Monetary Fund and the World Bank. I do not believe that these problems can be solved in the foreseeable future by using the classical methods that have been used up to now. The only way to get to grips with the problem of Third World debts and thus with the problem of the dollar is to embark upon this unconventional transformation of the debt structure of the Third World.

(Applause from the left)

Mr Herman (PPE). — *(FR)* Madam President, ladies and gentlemen, in February 1984 Parliament made some quite concrete and detailed proposals to the Commission for further development of the EMS. At the time, while not approving all of these proposals, the Commission showed great caution — some people actually called it timidity — in approving the underlying principle and general direction of what we had put forward.

Seven months have elapsed since then and all the arguments in favour of developing the system have become stronger in the intervening period. To begin with, inflation has come down everywhere, as has the spread between inflation rates. As you yourself were recognizing just now, Mr Commissioner, there has also been an improvement in terms of convergence of economic policies. The spectacular explosion in the private use of the ECU is continuing apace, showing the way forward and demonstrating that this currency definitely meets a real need perceived as such by operators on the economic scene.

A further argument is that the total domination of financial markets by a volatile dollar has meant that the international monetary system — or, to be more accurate, non-system — is permeated by a mood of uncertainty which is not conducive to the expansion of trade and a worldwide recovery. In this connection, one cannot fail to be disturbed by the proliferation of protectionist measures in the country which holds itself out as the champion of free trade. There is nothing surprising about this. American exporters have seen a twofold increase in their prices to customers abroad for no logical reason and American importers have seen European prices halved for purely monetary reasons which have nothing to do with true parities. It was therefore only to be expected that such illogicality would attract a spontaneous reaction in the form of protectionist measures. It is simply not possible to set oneself up as the proponent of free trade and at the same time allow one's currency to follow a completely erratic and unjustified course.

In short, the Member States have every reason to turn the ECU into Europe's dollar, an international reserve currency and a means of payment recognized throughout the world.

Herman

Even the Japanese, the Austrians and the Hongkong Chinese recognize the ECU today. The Russians are raising loans in ECUs. Eventually, the Europeans will be the only people left who have no faith in the ECU. It really is incredible that some European central banks still do not believe in the ECU when it is being used on an ever increasing scale throughout the world!

History of course shows — and, alas, it is repeating itself — that major monetary changes have always been achieved in the face of opposition by governments. Governments opposed the general introduction of paper money, and later they opposed the general use of representative money. Today, some of them are opposed to the ECU. They will be defeated. Perhaps the only optimistic thing that can be said about all this is that markets, when they serve real needs, ultimately prevail over the views of governments. And the extraordinary achievements by the ECU that we are seeing currently are all grist to the mill.

In the teeth of all logic, certain national banks are continuing to oppose development of the EMS. The arguments or fears or objections that they have voiced have been shown by the facts to be without foundation. My question is this: what is the Commission waiting for before pressing ahead with European monetary integration? What more favourable circumstances have to prevail before it gets on with the job? Or do we have to get used to the idea that what is true of tobacco is also true of monetary nationalism? Everyone knows that smoking is harmful, but everyone is still addicted and goes on smoking!

(Applause from the Centre and Left)

Mr Welsh (ED). — Madam President, before I say what I meant to say I would like to offer a thought to my good friend, Mr Seeler. It is all very well for us to attack the Americans for increasing their deficit by spending on defence. I think we ought to bear in mind also that it is in some measure due to the generosity of the American taxpayer that we are enabled to enjoy the freedoms we do in Western Europe and to talk in this place in the way we do. I am not too sure that I want to see American defence-spending cut back by that much.

I would also say to him and to Mr Bonaccini, whose very trenchant remarks I listened to with great interest, that it is a little difficult for us, when we see the American economy growing at somewhere between 4% and 6% a year, creating jobs and sustaining growth, to say that they have got it all wrong. I think we should do a lot better to concentrate on what we can do to restore growth in Europe rather than sit back, wring our hands and expect the Americans to do it for us.

I listened also with great interest to the distinguished spokesman for the European People's Party, and his

remarks put me in mind of the duet *La ci darem la mano* at the beginning of Act II of Don Giovanni. It would take a very coldhearted or very shy virgin indeed to resist the blandishments of Mr von Wogau. If he has not yet been successful with the British Prime Minister, perhaps the Iron Maiden of the Bundesbank will soon be yielding to his charm!

In fact, I very much agree with everything he said. We have had the Herman report, the Rhys Williams report, the Hopper report and the second Herman report. All of those resolutions have expressed the view of Parliament — which everybody agrees with — that the quicker we can move to an integrated financial market in Europe the better it will be for everyone and the sooner we may be able to relaunch the Community's economic prosperity in the way we would all wish. Everybody wants it, everybody pays lip-service to it, so why have we not got it? Well, I do not know. I apologize to Mr O'Keeffe for not being here when he replied to the question. However, from what I was told he does not know either. Nobody knows why it is impossible for the Council and the Member States to proceed to economic and monetary union.

Now it is quite true that my own country, regrettably, has a far from faultless record in this respect. I should like to offer some humble advice to my own government, who I am sure will be listening as usual, and say that perhaps our problem is that our criticisms are all directed at the exchange-rate mechanism itself. We do not seem yet to have quite grasped the point that the exchange-rate mechanism was always intended to be the first stage of a much larger process. Although, intellectually, I would share many of the criticisms of the ERM, I do not think — and I do not think that anybody here would seriously suggest — that that is a reason for junking Economic and Monetary Union altogether. I also suspect that there may be those odd officials sitting in the central banks and in the treasuries of the Member States who have an atavistic belief that somehow or other means to Economic and Monetary Union might prejudice their ability to control their own national economies. I do not think anybody controls anybody's national economy at the moment, and I think that the idea that we do has been overtaken by events. If that is the reason why we cannot make progress, then it is high time the ministers responsible — the finance ministers — banged a few heads together.

What we need, as Mr von Wogau has said so eloquently, is a package. I very much support the elements in his, and I would add one more to them. I will repeat them because they are worth repeating.

Firstly, let us have the United Kingdom Government joining the exchange rate mechanism with a clear commitment to its partners to move speedily to the next stage of the EMS.

Secondly, let us have the Bundesbank accepting the convertibility of the ECU on the clear understanding

Welsh

that we would also then speedily move to an operational parallel currency in all the Member States.

Let the governments of France and Italy abolish their exchange controls on the clear understanding that the common currency will enable them to restore the stability and strength to their national currencies that would not be possible without it.

Finally, let all the Member States undertake to collaborate closely in the management of a common European monetary base so that the parallel currency, the ECU, can be assured of a stable and optimistic future.

I do not think that is such a big package to put before the Council, and I must say I regret that the Irish presidency has not in fact made this one of its priorities. Let us hope that the Italian presidency will show some political will and will put that package squarely on the table at the beginning of its period of office.

Then, to refer to my old friend Don Giovanni yet again, we can all sing the Champagne Aria and dance as we hold hands.

(Applause)

Mr Alavanos (COM). — *(GR)* Madam President, it really is sad to hear voices in the European Parliament which smack more of the Americans than the Americans themselves, because we must not forget that this policy of running a huge deficit and of massive military expenditure was censured only yesterday in the United States by Mr Mondale, a distinguished American who does not, of course, speak from a progressive and radical or Communist standpoint. And along comes the spokesman for the Commission and, unfortunately, a succession of colleagues, to speak up for and defend a policy which has been censured even in the United States. At a time when a host of countries — whether they be socialist countries, newly-independent countries like Nicaragua, or the countries of the Middle East — are standing up against the policy being followed by United States, irrespective of whether they have the means to do anything about it, it is sad to see the partners of the United States standing with bowed heads, perplexed and without an iota of dignity and independence in the face of this economic and monetary attack by the United States, just as they showed not one iota of dignity and independence in the face of the political and military attack with the deployment in Europe of medium-range missiles.

Everyone is agreed that the massive budgetary deficit of the United States, which as a proportion of the gross national product has grown from 1% in 1973 to 7% in 1983, has played a major part in the rise of interest rates and in the value of the dollar. Everyone knows that the state budget currently swallows up 60% of borrowings from credit houses in the US. But the fundamental thing, the thing we must make a point

of stressing, is that this whole change in American policy is an element in the shaping of the American economy purely for the benefit of the military-industrial lobby, no matter how much Mr Welsh believes that these developments will protect freedom in the member countries of the EEC, such as the freedom of the British miners to strike.

A second comment concerns what Mr Welsh and Mr Ortoli have said about our refraining from criticizing the United States on the grounds that these developments are concomitant with reduced unemployment and low inflation. We note here that while the United States is reducing its own unemployment it has become an exporter of recession and especially of unemployment and under-utilization of productive potential to other imperialist centres such as Western Europe and elsewhere. So instead of marvelling at this policy we ought to take even more stringent measures against these strategies of the United States.

A third comment has to do with the climb in the value of the dollar, the growth of interest rates and the use of a soaring budgetary deficit to finance massive arms-spending, phenomena which are not just economic in character but have specific political dimensions as well. Since there exists no will to resist and counter this attack by the United States, we can say that, as things currently stand, apart from the radical political forces, the only mass force actively fighting against the economic policy of the United States is the peace movement. In disputing the armaments policy of NATO and the United States, the deployment of Cruise and Pershing and the production of MX missiles, the peace movement is the only force engaged in unmasking the more profound reasons for this development and the economic attack being perpetrated by the United States.

The conclusions from what Mr Ortoli has said is that there is nothing the EEC can do to put pressure on the United States, and this has, in any case, become clear from the Williamsburg summit and from the fact that statements made by Western European leaders have come to nothing. What we want to stress, however, is that for our country developments such as strengthening the EMS or incorporating the drachma in the monetary system — to which I believe Mrs Veil referred — will be harmful. While all the EEC countries are faced with the problem of the flight of capital to the US, the main problem for Greece on top of that problem, because of its large foreign debt, is the rise in the value of the dollar along with the massive problem of the flight of capital to other countries of the EEC. And Mr Ortoli knows full well from the lawsuits the Commission has brought in connection with the protective policy which the government of our country implements, or was implementing up until now, that this is a problem, despite what Mr Welsh says.

Finally, I want to say that the possibility of Greece's joining the EMS is a development which gives rise to

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worry, and notwithstanding the Greek Government's totally unwarranted gleeful acceptance of the incorporation of the drachma in the value-fixing of the ECU, we hope that it will not proceed in this direction.

Mr MacSharry (RDE). — Madam President, already this morning much has been said on the overall economic situation. I in turn would like to deal briefly with a few of the more important aspects.

Firstly, there is the EMS. The rôle of the ECU has expanded considerably in 1984. It is quoted on several stock exchanges, and its private use has grown. The EMS has not been adjusted for a year and a half, which shows that it is possible to maintain an area of monetary stability in Europe for a relatively long period. Fifty percent of the EEC countries foreign trade benefits directly from this stability. The weakness of the EMS against the dollar has been a constant factor since it was set up in 1979. There has never been a coordinated float against the dollar, and sterling has remained outside the system. It is not therefore possible to sustain French franc and German mark parity for a long period, because it is regularly disrupted by the movement of the dollar.

The importance of the EMS for the CAP can never be sufficiently stressed. Without this relative stability of exchange rates in the EEC there would be daily adjustments of MCAs and all the effects of the disorder in the international monetary situation would be felt.

Lastly, the EMS is a political symbol and a safeguard ensuring sound economic management. It is a political symbol because, together with the CAP, the Lomé Convention, the 'own resources' system, etc., it gives tangible form to the determination of Europeans to act in concert and present a united front to the rest of the world. The fact that the United Kingdom does not participate in this system is also symbolic. It is a safeguard because it promotes convergence in economic policy and therefore obliges governments to bring themselves as closely as possible into line with those governments that are most effectual in managing their economies.

Madam President, the importance of the internal market as one of the means of economic recovery cannot be overstressed. To be able to pit themselves against their Japanese and American competitors, European undertakings ought to have available to them an internal market comparable to theirs. This they do not have. The Common Markets is still strewn with numerous obstacles to trade — standards, administrative barriers, national preference in respect of public contracts, the scattering of research subsidies, etc. — which significantly hamper small and medium-sized undertakings and increase the production costs of large undertakings. Yet the Community represents a

market of 275 million consumers, larger than those of the United States at 235 million and Japan at 120 million.

Geographical closeness and the impetus created by the Community have already made possible a significant expansion in intra-Community trade, which accounts on average for more than 50% of the Member States' total foreign trade, ranging from 41% in the United Kingdom to 72% in the Netherlands and from 49% in France to 70% in Ireland. This is a considerable achievement, which should be consolidated and developed still further by bringing about the internal market. It is well known that customs formalities cost more than 10 000 million ECU per year. There are undoubtedly savings to be made here and spending that could be transferred to more creative sectors or activities. It is also known that all the Member States could boost their growth-rates by one to two points if trade within the Community were free to expand unobstructed. At a time of low growth and unemployment this is one direct way of promoting recovery.

In the industrial field, it is in this area that Europe's slow-down compared with its competitors has been most marked. In 1983, industrial production in the EEC had not returned to its 1979 level. Not until 1984-1985 are we seeing a recovery, but it parallels the growth in GDP. That is to say that it is slight compared with those in Japan and the United States. In the same way, it is unevenly distributed between the EEC countries, with France having the lowest industrial growth-rate in the EEC in 1984 and Ireland the highest.

Europe is faced with a number of industrial problems. First, conversion of its traditional industries — steel, car-making, textiles, shipbuilding, machine tools, etc. — which are very costly for the State and use enormous amounts of capital that could be invested elsewhere. Second, the fragmentation of its internal market, which in particular, takes the form of rigid partitioning of national public contracts: Further, competition from the new industrial countries, particularly in South-East Asia, which enjoy much lower costs of production, and the geographical scattering of its research and development. Lastly, investment fell steadily in the EEC from the first oil-crisis until 1982, from 22% of GDP to 19%. In Japan, the investment rate is 30%. The recent upturn, though it is once again spread unevenly between the countries, is not sufficient to close the gap with competing countries, because it is too slight, insufficiently focused on the sunrise sectors and scattered by national borders.

The most difficult problem of the Community is unemployment. At the end of July 1984, there were 12 305 000 registered unemployed in the EEC, or 10.6% of the working population. All the forecasts suggest that this figure will increase still further in 1985. The opposite is true in the United States, where

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unemployment has fallen from 10% to 7%. In Japan, it has never been more than 2%.

All this indicates without doubt that much more needs to be done in the economic sector. However, I am obliged to be realistic and conclude on a pessimistic note. If we are to judge from the Council's 1985 draft budget, this will entail billions of ECU less expenditure in 1985 than in 1984. It should be clear to all that the problem is not simply economic. It is also political. There is no political will in the Council to tackle the problem seriously, and until such time as this will prevail, there will be no real recovery. There will be millions more men and women on the dole queues. We have an obligation to see that this does not happen.

Mr Ortoli, Vice-President of the Commission. — (FR) Madam President, I should like to reply to Mr Herman, Mr von Wogau and Mr Welsh so as to clarify the Commission's actions.

I happen to be convinced that the Commission has not been timid in this field, but on the contrary that it has been tenacious. When I say that it has not been timid, I believe that many of the ideas that have been aired in this Parliament have already been raised by us in various documents, including the absolutely formal proposals brought forward in 1982, which came close to being adopted. They dealt specifically with the problems of the public ECU and the private ECU, and I should like to make sure that there is not the slightest doubt about the positions that we have taken up.

First, to go back no further than last year, at the European Council held in Athens, when the intention was to sketch the broad outlines of what was expected of the Community, we proposed that sterling should join the EMS, that the machinery for public ECUs should be revised and strengthened, that a rôle outside the Community should be developed, that the ECU should be recognized as having currency status, that significant progress should be made in regard to exchange controls, and that new machinery should be set up to promote convergence.

When a number of ideas were taken up at Fontainebleau, we worked hard to get the text that emerged, although it fell very far short, I grant, of what we were hoping for. At Rambouillet, and then in Ireland, the debate continued. Admittedly, we are up against very strong opposition, but the debate is now on. We spent an entire morning, as Mr O'Keefe can testify, talking about the problems surrounding both the public ECU and the private ECU. I am confident that some progress can now be made on the side of the public ECU. Although not enough, this is a considerable achievement. There are two areas where progress can be made: improvement of the machinery for public ECUs, and the possibility of formulating new means of promoting convergence. Other major points have yet to be resolved, including the use of the private

ECU and the extension of the exchange rate machinery to the United Kingdom. You are asking the Commission to do more. It has stated its views, and put them in writing. On the private ECU, we have consistently been among those who have fostered its spontaneous adoption, which is perhaps not such an obvious trend as it appears.

The topic of clearing is something that we discussed in the Commission; it is not the banks' exclusive preserve. If you the Parliament want to move matters forward, it will now be necessary for you to select a limited number of points and state your views on them with absolute clarity, addressing yourselves to the Member States and the Council rather than to the Commission. The Commission has stated its position energetically, and the evidence is there for all to see on paper. Its proposals have not always been acted upon, but it is hopeful that at least some of those that it has made on exchange controls and public ECUs will very soon be followed up. Let us address ourselves to those who still exercise sovereign responsibility and let us work together to promote the idea of closer monetary integration in the Community.

President. — The debate will now be adjourned and resumed this afternoon after Question Time.

(The sitting was suspended at 12.55 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR GRIFFITHS

Vice-President

5. Welcome

President. — Ladies and gentlemen, I would like to welcome on your behalf a delegation from the Danish Parliament's Market Commission, led by its chairman, Mr Svend Heiselberg, who have taken their seats in the official gallery.

(Applause)

I hope that during their brief visit, which finishes in Strasbourg, our Danish friends will have succeeded in establishing all the desired contacts and that their talks with various bodies of the European Parliament have been productive. We are always pleased to welcome here the members of national parliaments, and I am delighted to welcome the members of the Danish parliament's Market Commission among us today.

(Applause)

6. *Question Time*

President. — The next item is the first part of Question Time (Doc. 2-625/84). We begin with questions to the Commission.

Question No 1, by Mr Wijnsenbeek (H-107/84):

Subject: Elderly persons' passport

Now that the European passport has been introduced, does the Commission not consider it time to introduce a European elderly persons' passport, which could be called the Berkhouwer passport after the former president of the European Parliament?

Mr Richard, Member of the Commission. — Mr President, may I, on behalf of the Commission, welcome you in the august seat that you are now sitting in?

I assume that the question by the honourable Member refers to the creation of a European card for the elderly which would enable elderly persons travelling in other Member States to benefit from certain advantages available to the residents of that State, such as reduced fares on public transport, reductions for museums, cinemas, etc.

I did in fact answer a question on this subject on 23 May, put to me by Sir Jack Stewart-Clark. As I said then, I regard it as an excellent and useful suggestion, but I did not hide on that occasion that putting it into effect would encounter a number of difficulties.

In the first place, it is necessary to collect all the relevant data on the benefits granted to the elderly in the individual Member States and to find out what the conditions are.

I am pleased to say that this first phase is now under way. The information thus obtained should give us an idea — although a fairly rough one perhaps — as to the advisability or otherwise of pursuing our activities in this field.

President. — Mr Wijnsenbeek now has the floor, but I do not see him

Mr Wijnsenbeek (L). — If you are looking for me, Mr President, I am at your right, where actually we shouldn't be.

(NL) Now that the Commissioner has answered this question so exhaustively, partly in an earlier reply to an oral question, does he not share my view that there is every reason for asking oneself why something like this cannot be immediately put into practice — a list of all the things that holders of such a card could be entitled to in the various countries? However that may be,

it should be left to the countries to decide whether they are prepared to allow such reductions.

We trust that the citizens' rights committee set up by the Council and Commission, also the man who has never failed to champion these rights, my predecessor in this Parliament, Mr Berkhouwer, will see to it that we now do something in the citizen's interests. Does not the Commissioner consider that the time has come to put technical matters aside and to do something without delay for our constituents?

Mr Richard. — I am quite prepared to put technical matters aside; what I am not prepared to do is to initiate a policy unless and until I am convinced that it is practicable and that it makes sense. In order to do that, it is necessary for us to gather some data. As I have said to the honourable gentleman — indeed, I had hoped my answer was reasonably forthcoming — we are in the process of gathering the data, after which I hope the Commission will be in a position to come to the Parliament with more specific proposals for the next step.

Mr Sherlock (ED). — Mr President, may I too extend my congratulations — it is nice to see you there. May I also congratulate Mr Wijnsenbeek on making his contribution from the very distinguished position on the right of this House which he currently occupies. Welcome thereto, Mr Wijnsenbeek!

I would thank our Commissioner once again for the encouraging response. As a new member of the International Rail Club, I have already saved myself a very considerable number of pounds sterling and French francs in one return journey between Brussels and Paris.

There are great benefits already. I think the worthy proposal of encouraging them is a good thing, and the small contribution that I have been able to make to that club of international loss-leaders . . .

(*The President urged the speaker to put his question*)

Can I have an assurance that eventually even that small contribution that I have made may disappear in future if Mr Richard's researches are successful?

Mr Richard. — By definition, if our researches are successful and we come to the conclusion that the honourable gentleman wants us to come to, then obviously his contribution will disappear.

President. — Question No 2, by Mr Hutton (H-112/84)

Subject: Staff transfers

President

How many Commission staff of A grades have been transferred from one DG to another as a result of the 'levy' in 1983 and to date in 1984?

Mr Andriessen, Member of the Commission. — (NL) In order to answer this question, I think it is clear that we have to distinguish between two aspects.

The first concerns the ability of officials, particularly A-grade officials within the Commission, to move from one directorate-general to another. I am in a position to say that in 1983, 123 officials were given new duties within their directorate-general and 109 were transferred from one directorate-general to another.

The second point I want to draw attention to is the use of a certain reserve created by the Commission after repeated experience of the budgetary authorities' refusal to accept requests for posts that the Commission had put into the budget. In 1983-84, a total of 27 posts were filled from this reserve — 13 in 1983 and 14 in 1984.

Mr Hutton (ED). — Mr President, I join my colleagues in welcoming you, and hope that you will maintain the high standard of discipline already set by Lady Elles in Question Time.

Would the Commissioner agree with me that the figures he has given the House sound comparatively small, and are difficult to interpret without knowing the total of the grade in the Commission? Could he give the House the percentage, either now or perhaps in writing, that these figures represent, and would he say whether he is satisfied that this is the right way of making sure that the staff of the Commission are deployed with the greatest effect?

Mr Andriessen. — (NL) May I first of all say that it is of great importance to the Commission that its staff should have adequate opportunities for transferring from one post to another within the Commission, and so far we have done our best to ensure that what is necessary is done. I regret to say that at the moment I cannot give the honourable Member any precise percentages. I trust he will accept the assurance that I will give the Parliament, and him in particular, written information with precise figures.

President. — Question No 3, by Mr Pitt (H-118/84):

Subject: Unemployment in the West Midlands

Will the Commission state what has been the trend in the level of long-term unemployment in the West Midlands Region, particularly in Birmingham, Dudley, Sandwell, Walsall and Wolverhampton, in each year since 1979, and what measures the Commission has taken, including finan-

cial assistance from Community funds, to alleviate unemployment and create jobs in the region during this period?

Mr Richard, Member of the Commission. — The Commission regrets that there is not as yet any Community-wide definition of long-term unemployment, although it is widely accepted for the purpose of employment policy that persons unemployed for more than a year are long-term unemployed. Nevertheless, the figures show — and the regional development programmes for these areas indicate — that long-term unemployment has become a major problem throughout the selected travel-to-work areas. In order to alleviate these problems, the Commission agreed in 1983 to consider the respective regional development programmes for the inner urban areas of the metropolitan districts of Birmingham, Dudley, Sandwell, Walsall and Wolverhampton as a basis for financing development projects under the European Regional Development Fund.

Since this Commission decision, some £ 13 million sterling of aid has been allocated to infrastructure projects in the West Midlands from the Fund. West Midlands is designated as a priority European Coal and Steel Community employment area. As such, it benefits from the ECSC subsidized loan scheme, which is particularly aimed at creating alternative employment for former coal-and-steel workers through the redevelopment of industry, especially small and medium-sized businesses.

The ECSC reconversion loans in the area, amounting to 171.72 million units of account, have been made during the period 1974-1982, designed to enable nearly 10 000 jobs to be created or to be maintained.

Finally, the European Social Fund offers Community support for schemes of vocational training and additional employment largely for the unemployed or those threatened with unemployment. In 1983, the West Midlands region became a youth unemployment priority region for the purposes of Social Fund aid. Under the new rules of the Fund, introduced with effect from 1984, the region retains its priority status for fund aid in general. Between 1981 and 1983, Social Fund assistance was granted to a total of 27 different schemes in the region, amounting to nearly £ 3.2 million in aid. Results for 1984 will be available shortly.

I should perhaps add — I apologize for the length of this answer, but it is a somewhat complicated issue — that the Commission has recently adopted a communication which has gone to the Council of Ministers on the problem of long-term unemployment. Parliament will, of course, be requested for its opinion on this document in due course. The communication presents the results of the Commission's work on this problem in the form of an analysis and *résumé* of actions undertaken and proposals for future policy actions. I hope

Richard

that the Council will take some action on that communication at the Council meeting in December.

Mr Pitt (S). — Mr President, before asking for some expansion of the reply I have been given, could I break slightly with your tradition and, in addition to adding my own welcome to the people you have welcomed to this chamber this afternoon, say that I personally shall be very sorry to see Commissioner Richard leave us at the end of the year. His honesty, integrity and drive on the structural funds has been much appreciated both in the United Kingdom and widely throughout Europe.

(Applause)

Having said that, I wonder if Commissioner Richard would like to clarify somewhat certain parts of his answer in the light of three brief considerations. The first concerns long-term unemployment, as he puts it. Of course, one year would be a perfectly acceptable definition for the purposes of debate, but in Britain we no longer have any mechanism for establishing that figure. We only have the figures for those who are unemployed and are able to claim social security benefits. Now that is a major departure which I believe makes economic analysis much more complicated for all of us and, I know, for the Commission too.

Secondly, could he specify or could he be a little more clear concerning his claims for the Social Fund expenditure in combating long-term unemployment, in the light of the fact that the British Government is now deducting any contribution from the EEC to urban programme projects so that there is no net benefit from . . .

(Interruptions from the European Democratic benches)

President. — Mr Pitt, could you hurry up, please, and put your question?

Mr Pitt (S). — I shall be brief. If those on the right of the House would allow me to complete the points!

Regional spending, again, is a major problem, because whilst one can see that cash is being transmitted from Brussels to the West Midlands, it is not arriving where it is *needed*.

Infrastructure is not our requirement and the funds are going into infrastructure, not into job creation.

Mr Richard. — Very briefly in answer to those three points, none of which, may I say, is exclusive to the West Midlands. As far as long-term unemployment is concerned, it is true that it is difficult to get accurately comparable statistics. This does not only apply to the

figures for longterm unemployment, it applies, for example, to the figures for youth unemployment as well.

What we are trying to do is, *via* labour-force surveys which we carry out, to get at least a Community-wide set of statistics which are directly comparable. It is unsatisfactory — if I can put it that way, neutrally — to have to rely upon national statistics, because they are not in fact arrived at on a directly comparable basis. So I accept the first point that has been made.

As far as the second point is concerned, the issue as to how national governments deal with the money that comes from Brussels is, I regret to tell the House — and it is nothing new for me to regret and nothing new for me to tell the House — is very much a matter for national governments. I would it were otherwise. It has always seemed to me that 'Brussels money', if I can use that phrase, should be fresh money, it should be new money and it should be seed money. The idea that what we are in business to do in the Commission is to help finance national exchequers is, frankly, a view that I find somewhat offensive, given the size of the Fund and the demands that are being made upon it.

As for the third point — where regional spending goes — this, am afraid, again, is very much a matter for national designation and for national priorities, as the honourable gentleman will know. The way in which the Regional Fund is administered is rather different from the way in which Social Fund money is administered. Therefore, it may be that in certain parts of the Community it is not going to the projects, areas or specific tasks to which individual parliamentarians think it should go to. I can only say that if that is so, then a large part of the responsibility for that — and indeed the place where minds have to be changed — is not with the Commission in Brussels, but with the national governments of the individual Member State.

Mr Simmonds (ED). — Would the Commission accept my assurance that one of the reasons why the West Midlands have not received more funds in the past is that some of the local authorities there have been advised and dominated by anti-Market Socialists, and have consequently ignored European funds until they were forced by active Conservative MEPs into changing their views? I am delighted to note, Mr President, that my successor, Mr Pitt, to whom my party has lent the seat of Midlands West for five years . . .

(Laughter)

has followed in my footsteps in pursuing the cause of seeking the European funds are sensibly spent in the West Midlands.

Mr Richard. — The honourable gentleman asks me whether I would accept his assurance that the reason

Richard

why the West Midlands has not had more money from Brussels is the perfidy of Labour-controlled councils in that area. He will not be surprised to know that I would not accept his position on that. It does seem to me and to the Commission that the biggest inhibition on the flow of funds into the West Midlands, certainly since I have been in the Commission, was the status accorded to that region as far as regional assistance was concerned by the British Government. Now that it has got assisted status — and I am delighted that it has — then the relationship between the Commission and the local authorities in the region will, I trust, become closer and more fruitful for all concerned.

President. — Question No 4, by Mr Marshall (H-140/84):

Subject: 7th Directive on VAT

Can the Commission indicate whether it will be submitting to this House any amendments to the draft VAT 7th Directive for Works of Art and Used Goods in the near future?

Mr Richard, Member of the Commission. — The Commission has already, in May 1979, amended its original proposal for the 7th VAT Directive following the opinion of the European Parliament. Subsequent discussions in the Council have made disappointingly slow progress. In the light of the Court of Justice's decision in the Gaston Schul case, there is an urgent requirement for agreement to be reached. At the present stage of negotiations, the Commission does not envisage making any new proposals.

Mr Marshall (ED). — Is the Commissioner aware that these proposals have led to a great deal of concern amongst fine-art auctioneers who earn substantial foreign currency for the Community, and that there is a fear that if these proposals go ahead, a number of very substantial fine-art auctions will take place outside the Community rather than inside at great cost in jobs and to the balance of payments?

In view of this, and the inability of the Council of Ministers to make a decision, could not this matter be referred back to this House so that we might be able to help the Commission and the Council in producing a workable directive?

Mr Richard. — The Commission would not accept that as the position. It is very much our view that the recent decision of the Court of Justice indeed makes a resolution of this matter all the more urgent rather than the less urgent. We would not in fact, therefore, be prepared to refer the matter back to the Parliament and, so to speak, start again.

President. — Question No 5, by Mr Roux (H-150/84):

Subject: Channel tunnel

What steps is the Commission going to take to put into effect the Community's commitment to the building of a Channel tunnel?

Mr Contogeorgis, Member of the Commission. — (GR) The Commission has informed Parliament repeatedly that it attaches great importance to the establishment of a permanent Channel link, and it has never ceased pointing out that since 1976 it itself has been proposing a financing mechanism which would be particularly suitable for the building of this link in which there is, of course, a clear Community interest. Up to the present, the Community has been able to share in the funding of a study into the economic potential of this project and the means of financing it. Furthermore, in the 1985 preliminary draft budget the Commission has proposed the insertion of a budgetary line which would provide for a Community guarantee to be made available on loans earmarked for major projects such as the Channel link. I would like to say that the sensitive point of the study I have referred to concerns the problem of the guarantees which are being sought from the governments of the countries concerned. This being the case, the Commission, whose rôle is certainly not that of a substitute for the governments in accepting responsibility for carrying through infrastructure projects, can only hope that the two governments concerned will ultimately be able to undertake a joint initiative which, if need be, the Community will support financially.

The Commission will make a further effort to sharpen the Council's interest in this matter in a communication to be presented by the end of the year. This communication will contain an indicative programme of major infrastructure projects of interest to the Community which would be carried out in the medium term to the Community's benefit.

Mr Roux (RDE). — (FR) I should like to receive, in writing or orally, some additional details on the following points. Has a definitive choice been made at technical level between a tunnel and a bridge? Have the French and the British Governments agreed on the type of financing — private or public — to be used? Finally, the third part of my question is whether the actual work will be carried out on a public or private basis? The answer to this question depends, of course, on the answer to the previous question.

Mr Contogeorgis. — (GR) Concerning the first question, I should like to say that the study has considered all the possible options, including a tunnel and a bridge. The studies tend to favour a tunnel. But of course one of the main things is that one of the alternatives must first be selected and a decision taken on the exact form of the project, on whether there should be a two-way or a single link, a railway or a road all

Contogeorgis

these possibilities exist, and of course the cost varies from one to the other.

As regards whether it will be funded by state or private capital, I have to say that when the report of the group of banks which the British and French Governments had appointed to make a study of the project was submitted last May, the two governments took differing positions. For its part the British Government said: 'Since the report indicates that the project would be profitable, let the private sector finance it.' The French Government took no specific position and did not itself undertake to provide funding for the project. This is therefore another substantive point which can only be settled by the governments directly involved.

As I have said, the Commission has proposed the inclusion in the 1985 budget of a heading which will enable the Community to give guarantees that projects will be carried through, because this is what all the contractors are looking for.

Mr Cryer (S). — Instead of embarking on guarantees and encouragement for a Channel Tunnel which is a massively expensive and rather fanciful project that has been considered for the past hundred years or more without any results, would it not be better for the Commission to encourage British Rail to embark on a programme of electrification of railways so that there is a creation of real long-term jobs in both railways and the steel industry? And would it not be better for the Commission to encourage British Rail to withdraw their current proposal for the closure of the Settle-Carlisle railway and seek to provide guarantees to British Rail for loans for developing the British railway network as a short-term immediate service to the people than to provide guarantees for the fanciful notion of a Channel tunnel? I am sure the Commission will realize that these jobs and this development which would be brought about by the electrification of British railways and which are being largely blocked by the current Conservative Government would be much appreciated and would provide many thousands of jobs.

Mr Contogeorgis. — (GR) I would point out to the honourable gentleman that it is not the Commission's job to tell British Rail which projects to embark on.

Following decisions which took effect in 1982, the Commission, the Council and the Community as a whole have the capacity, *via* the Community budget, to share in the funding of major infrastructure projects in the Community which serve the Community's interest. For 1982 and 1983 these credits were, as you know, limited. For 1984 we have a sizeable appropriation of 80 millions, and the 1985 appropriation will be decided this month. In any event the Commission has proposed 111 millions.

I said earlier that we shall be proposing an indicative medium-term programme of basic infrastructure projects of general benefit to the Community. The Channel tunnel will be among these because all the studies which have been carried out show it to be in the Community interest. I repeat that the Commission and the Community in general cannot, of course, take the place of governments in implementing these projects. They can play a part, however, when there exists a clear Community interest.

Mr Newton Dunn (ED). — I am very surprised that Mr Cryer does not understand that building a tunnel provides lots of jobs. It is exactly the sort of project that his party is always . . .

President. — Please put your question.

Mr Newton Dunn (ED). — The question is what exactly, in the Commissioner's view, is holding up the project now? What is the next step?

Mr Contogeorgis. — (GR) I think that what is required is not the next step but the first one. And the first step is for the governments concerned to decide to undertake the project. This decision has not yet been taken, and so nothing can be done.

Sir Peter Vanneck (ED). — A point of order, Mr President.

I am asking for a clarification on procedure. I had intended to ask a supplementary question, but I was told by you that one of my colleagues had already applied to you in writing for that right. I should like to know if it is standard procedure that in order to achieve a supplementary question with certainty, one has to apply to you in writing beforehand, and if that is so, do you take the person you consider appropriate or do you take the person who asks first and makes that request in writing to you? I think that only by the spontaneity of Question Time can we achieve answers from Commissioners resulting from their initial answers to us, and I should like guidance on this point.

President. — Sir Peter, the position is that a request was received from a member of your group to put a supplementary question before your request came in. Your name was given to me and I said that I would call you if there were not many other supplementary questions. Lady Elles has established this procedure for Question Time. I would have been prepared to call you if there had not been a number of other people who wanted to put supplementary questions. You do not need to make a request in writing, but if you do wish to get a supplementary question in, it is advisable to speak to one of the members of the services before Question Time starts.

Sir Peter Vanneck (ED). — I do not find this very satisfactory.

President. — Sir Peter, we cannot go any further with this question now. If you wish to take it any further, make a written request for this procedure to be studied by the Committee on the Rules of Procedure and Petitions.

Mr Anastassopoulos (PPE). — (GR) Does not the Commission think it is rather frivolous of us to be discussing medium-term and other infrastructure projects, including the Channel tunnel, when the Council of Ministers has yet to approve the regulation on the infrastructure projects for 1983 and that as a consequence the, in any case, paltry credits for that year are in danger of going by the board, and when, in the 1985 budget, the Council of Ministers has cut the 111 millions sought by the Commission for infrastructure projects to 31 millions?

Mr Contogeorgis. — (GR) Replying to Mr Anastassopoulos, I would like to say this. The Commission thinks that the plan for the medium term should have precedence and that writing credits into the budget each year for disbursement according to *ad hoc* criteria is not the proper way to do things. We have therefore put before the Council a basic regulation, which has not yet been approved, for determining the procedure whereby the credits included in the budget will be disbursed. In addition, we have put forward in the past, and are now finalizing, a medium-term programme of infrastructure projects in the Community for implementation within the framework of the credits written into the budget.

Of course, as you have very rightly said, the important thing now is for the Council to approve the regulation on the disbursement of the credits for 1983 and 1984. The Council took a decision on this on 10 May. Unfortunately, however, this decision was incorporated within a wider package of measures involving other decisions to do with the transport sector. I am hopeful of progress, Mr Anastassopoulos, because from contact with the presidency I have learned that there is to be a meeting of the Transport Council at the beginning of November when, in all likelihood, we shall be able to free this package of measures.

President. — Question No 6, by Mr MacSharry (H-151/84):

Subject: Integrated agricultural structures programme

Does the Commission agree that in order to stimulate the much-needed development of agriculture in Ireland a coherent integrated agricultural structures programme should be introduced?

Mr Dalsager, Member of the Commission. — (DA) Recognizing the difficulties being experienced by Irish agriculture, the Commission has proposed and the Council adopted a series of measures to help solve the most serious of these problems. In addition to the horizontal structural measures which apply to the whole Community and three drainage programmes, I might perhaps mention in particular Council Regulation No 1820 of 1980 to promote agricultural development in disadvantaged areas in the West of Ireland, which is to a certain extent an integrated agricultural measure. Moreover, Article 18 of the Commission's proposal for a new structural policy clearly stipulates that measures to deal with problems in disadvantaged regions should be more regionally oriented to ensure that the Community's resources are concentrated in the new regions. It is therefore my understanding that Ireland's requests are covered by the proposal which the Commission has presented, and that the Commission has already accepted that Ireland is a special case where agricultural policy is concerned.

Mr MacSharry (RDE). — I am afraid I have to disagree with the Commissioner. I think he said at the outset that he realized that there were tremendous difficulties. Would the Commissioner believe that an integrated programme is the solution? Could he say if any proposals to this effect have been presented by the Irish Government? Would he give positive consideration to such a request and assure us that action would be taken on such proposals?

Mr Dalsager. — (DA) The answer is, yes, and for the moment I can say to Mr MacSharry that one of the conditions is that the Council should meet to approve the Commission's new proposal on a structural policy for agriculture. This, we hope, will take place this autumn. The proposal has been on the table for a long time, and we greatly hope that this proposal on agricultural structural policy will make it possible to comply with Mr MacSharry's request.

Mr Roelants du Vivier (ARC). — (FR) As Mr MacSharry's question raises the problem of the environmentally sensitive rural areas, I should like to know whether the Commission is aware, and if so, what it thinks of, the recent proposals by the British Government for improving the working of agricultural structures, which are aimed, particularly within the framework of the common agricultural policy, at adopting specific measures in favour of rural zones which are particularly sensitive environmentally, through special aid for these zones.

Mr Dalsager. — (DA) The Commission needs first of all to see the plans referred to by the honourable Member. The structural policy for agriculture may entail environmental problems and the various policies counterbalance one another. When we, for example,

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submit important structural measures for West Ireland, we are criticized by the environmentalists, who say that we are acting detrimentally to the environment, fauna, wild birds, etc. All these considerations must be weighed. The Commission is prepared to do this, but we still have to see the nature of the proposals the honourable Member has in mind before we take a decision.

Mr Taylor (ED). — When we talk vaguely about coherent integrated agricultural structures, do we know what we are really talking about? Are there any specific proposals from the Irish Government? How much are they going to cost? Who is going to pay for them?

Mr Dalsager. — (DA) Where the integrated programme is concerned, we are talking not only about agriculture but also about a series of different proposals which form part of this integrated programme and which can affect agriculture, tourism, fisheries, infrastructures, etc. Therefore it is impossible to state during Question Time which programmes we should go ahead with and which need to be studied more closely. Any programme put forward by the Irish Government will be studied very carefully by the Commission and, depending on the budgetary resources available, the Commission will, as I said, be prepared to consider what can be done with a view to an integrated programme for the Republic of Ireland or for the island of Ireland as a whole. We have not finalized our position on that, but many of the programmes which have already been approved have been applicable to the Republic of Ireland and to that part of Ireland which belongs to the United Kingdom.

Mrs Piermont (ARC). — (DE) The question under discussion speaks of improving agricultural structures, and you have just enumerated measures that you want to take to achieve this aim. Is it your intention that in Ireland, as here, farms are to be driven deliberately into further growth by means of subsidies with the result that small and medium-sized farms have to give up, as 250 000 farmers in these categories are already having to do every year in the Community?

Mr Dalsager. — (DA) I would ask the honourable Member to read the Commission's new proposal for an agricultural structure programme. The honourable Member will see that the Commission has in fact proposed providing a much higher level of aid to small farms in the future structural programme without contributing to increased production in the case of products of which we already have an abundant supply in the Community. I believe that the honourable Member and, indeed the other Members of Parliament, will find it very useful to study the Commission's new proposals concerning the agricultural structure pro-

gramme, which takes into account precisely the problem which the honourable Member raised.

President. — Question No 7, by Mr Fitzgerald (H-152/84):

Subject: Continuation of artificial insemination and lime subsidies

Is the Commission aware that the termination of the artificial insemination and lime subsidies in Ireland has caused the loss of a considerable number of jobs, and furthermore does the Commission agree that these two schemes were only beginning to show positive results when they were terminated, thereby justifying their continuation?

Mr Dalsager, Member of the Commission. — (DA) The Commission is aware that the abolition of the insemination and lime subsidies in Ireland has led to the loss of a considerable number of jobs, and its services are currently looking into the possibility of reintroducing the programmes referred to by the honourable Member. I cannot, therefore, for the moment give a definitive answer, but I can say that the Commission is currently giving sympathetic consideration to reintroducing the programmes fully or in part.

Mr Fitzgerald (RDE). — In view of the possibility of further job-losses during the coming winter months, can we expect the reintroduction or the continuation of these measures from an early date, has application been made for their continuation, and, if so, when was that application made?

Mr Dalsager. — (DA) The programme which we introduced and terminated was, in fact, intended to help offset the drop in income of Irish farmers in this field and so enable them to improve their economic situation. Although the programme has now expired, we are considering renewing it for a further period. I have no date to give the honourable Member, but I can say that the Commission's services are looking into the problem and we shall shortly present our views and our ideas on the possible continuation of the programme.

Mr Clinton (PPE). — Just to help the Commissioner in his consideration of this problem, I would like to ask him if he is aware that in certain parts of Ireland the lime requirement to get a reasonable balance in the soil can be anything from about eight tonnes to fifteen tonnes per hectare and that the expense is very substantial. In the event of this subsidy being removed for all time, the prospects of getting the soil limed is very remote indeed. I am talking now about areas in Ireland where soil conditions are very poor.

Mr Dalsager. — (DA) Yes, I realize that. If the Irish Government asks for the introduction of such a programme we will consider the request sympathetically. Perhaps Mr Clinton could introduce the Irish Government's request for the continuation of the programme, but the Commission's action is contingent on receiving the necessary information on this problem from the Irish Government.

Mr Taylor (ED). — I would like the Commissioner to define more clearly what is the purpose of these subsidies. Is it to improve farmers' income, which we would welcome, or is it indeed to increase productivity where certain agricultural commodities are concerned? If it is the latter, could he tell us in the case of what commodities it is in the interests of the Community to increase agricultural productivity in the Republic of Ireland?

Mr Dalsager. — (DA) The more grass we grow, the less imported foodstuff we need to buy. That is a sufficient answer to the question that has been raised here.

President. — Question No 8, by Miss Quin (H-95/84):

Subject: EEC share of the future world shipbuilding market

It has been reported that in negotiations with South Korea, the European Commission has requested South Korea to follow a 'reasonable' policy in shipbuilding and has expressed concern about Korean shipbuilding expansion.

What does the Commission consider would be a 'reasonable' share for the Community in the world shipbuilding market?

Mr Andriessen, Member of the Commission. — (NL) On a number of occasions in the past, the Commission has been in touch with representatives of both political and business life in Korea, and on these occasions the problems of shipbuilding, among other things, have been discussed. Speaking in general terms, the Commission has urged upon the Korean authorities and upon the Korean business world the need, for them too, to be aware of one's international responsibilities in this sector, given the fact that Korea has shown itself capable of gradually acquiring a substantial share of the market in this sector.

The Commission has therefore attempted to persuade the Koreans to adjust their prices — that is, to raise them — or even to impose a temporary stop on the growth of their shipbuilding capacity. As regards this latter point, I can say that they have recently shown signs of a certain willingness to cooperate.

Naturally, this can only be a temporary phenomenon, because, in the Commission's view, the solution has to

be sought, not in any distribution of the market — that is nothing more than an attempt to combat the symptoms — but rather in a structural approach to the declining powers of competition of the Community's shipbuilding industry.

At the moment, Korea's share of the market is about 10%. In itself, that is considerable for a country like Korea, but it cannot be regarded as constituting a dominant position on the world market: compare, for example, the share of Japan, which, with 55%, is an entirely different matter.

In its communication to the Council, the Commission has given a target figure for the Community's share of the world market, but this part of the Commission's ideas has not been taken over by the Council. Although it is naturally very difficult to give definite figures for the share one aims at in a particular sector of the world market, I would say, in order to bear out this part of my answer, that if the Community wishes to retain the share of the market that it had between 1976 and 1982 — that is, roughly 17% to 18% — then it must produce a total compensated gross registered tonnage of about 2.4 million, on the basis of the highest figures for orders placed during the period 1976-1982.

Finally, the Commission has attempted to extend to countries like Korea the agreement concluded within the OECD aimed at a fair distribution of the effects of the present world crisis in shipbuilding and has urged that these countries, too, should sign a convention of this kind. Whether this has any chance of succeeding cannot at the moment be predicted.

Miss Quin (S). — I listened carefully to the figures that the Commission has just given us, but can the Commission confirm that the combined share of all the EEC countries is still considerably less than that of South Korea at the present time? Does the Commission feel that it is satisfactory for the Community share to be so low when Japan, as has been pointed out, dominates 55% of the market? Finally, in its own document, the Commission said that it was important, for the seaborne trade of the EEC, to maintain a viable and adequate shipbuilding industry. What is the definition of 'adequate' and 'viable' in that case?

Mr Andriessen. — (NL) The figures to hand indicate that the Community's share of new orders in 1983 was 10.3%. This is roughly the same figure as I have just quoted for Korea's share, although the latter is definitely on an upward course. I freely admit that such a low percentage figure, compared, for example, with Japan's share, which is about 45%, is far from satisfactory. In the light of the intense international competition therefore, there is every reason to examine the question of how Community shipbuilding can be made more competitive. I should like to point out that the

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Commission's opportunities to bring this about are obviously limited, since concrete industrial policy measures are as of now by and large the subject of independent decisions by the Member States.

Moreover, it is not possible to set down in plain figures what a reasonable and profitable share in world shipbuilding might be for the Community's shipbuilding industry. There are profitable and unprofitable shipyards in the Community. Much depends on the organization of these shipyards, the manner in which they diversify their production, how much they specialize in certain types of ship and so on. I do not think that one can say that a share of 15% or 20% or something like that would ensure the profitability of the Community's shipbuilding industry. Obviously a certain minimum turnover is essential. As I already said, I feel that it would be sensible and reasonable to aim at the average percentage figure achieved in the period 1976 to 1982, that is to say, a share of approximately 17 to 18%. That is considerably less than was achieved in the past. We must be under no illusions about the fact that as a Community we have presently let part of the world's shipbuilding slip away from us, namely, the building of large ships.

Mr Ulburghs (NI). — (NL) On the question of this reasonable shipbuilding policy, has the Commission considered that lower wages, poorer working conditions, meagre social welfare provisions and the absence of democratic institutions may make for unfair competition? That is true not only of South Korea but also of many other countries. It is true not only of the important shipbuilding sector but also of a number of other sectors.

In this connection I should like to put a few further questions: How is the unfair competition between the Community and South Korea to be done away with? What structural measures are planned to ensure the Community's competitiveness in this sector and what possibilities does the Commission envisage for sounding out the question of how far South Korea might be prepared to make compromises?

Mr Andriessen. — (NL) I would not necessarily regard the fact that different manufacturing countries operate with different production costs as a proof of unfair competition. There are significant differences between manufacturing countries in the matter of cost structures in many sectors, and I feel that countries that believe that they can afford to pay very high or relatively high wages must naturally try in some other way to remain competitive on the world market in spite of this fact.

Secondly, the Commission is obviously not entitled to interfere in the matter of production and working conditions in third countries. Even in the Community's Member States this is not always easy. What the Com-

mission can, of course, do and is in fact doing is to try to awaken international understanding of the fact that certain circumstances do have a distorting effect on competition and to attempt to do something about this. As I already mentioned, the Commission has asked Korea to raise its price levels by comparison with previous years, but the Commission obviously cannot force third countries to do anything. I should also like to point out that shipbuilding is a very mobile sector. One cannot oblige a shipowner to have his ship built in any particular yard or in any particular country. The owner has freedom of choice, and if he feels that he must give his order to Korea or to Japan or to any other country in the world, then that is a matter for himself. The Commission can do little or nothing about it. That means that our opportunities of exerting influence on third countries in this sector are extremely limited.

What can the Commission do within the Community? That was your last question. What it has always tried to do up to now was to set out clearly the conditions that must be complied with if the Community's shipbuilding industry is to become a more competitive economic sector. This question was discussed over and over again in this Parliament during its last term of office, and not only in Parliament but also in the committee responsible. We pointed to the advantages of stepping up productivity and of specializing in certain sectors. We have some reservations with regard to the demands for State support of the shipbuilding industry, because we believe that while such support may be necessary and indeed has been in existence for quite some time, in the last analysis it is the restructuring of the sector itself that must make the major contribution to solving the problems. The Commission has set out the lines of action to be followed, but it cannot adopt any provisions in this matter — indeed it does not even want to, as far as I can see. Instead it must endeavour, working hand in hand with the Member States and the undertakings concerned, to make that part of the shipbuilding industry that can remain competitive in Europe competitive also in the future or, should it be already competitive, to maintain its competitiveness.

Mr McMahon (S). — I have listened with interest to the Commissioner's description of problems in Korea and to his explanation that the Commission cannot do very much to influence the social conditions in another country. But my problem, or the problem of my constituents on the Clyde, concerns a matter where the Commission can act — namely, the fact that there are shipowners in the Community who are using the intervention fund, assembling ships and installing engines which have been purchased in the Far East and palming off the ships and the engines as Community ships and Community engines.

I have had a great deal of representation on this from the shop stewards of John G. Kincaids and a few of the other firms on the Clyde. What steps will the

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Commission take to make sure that British and other Community yards obey Community rules in relation to marine engines?

Mr Andriessen. — (NL) Since you have asked me for short answers, I will simply say that the Commission is not intent on promoting protectionism of whatever sort in the Community, but that where industries in the Community do not observe the Community's rules, the Commission will act in the same way that it has always acted in the past.

Mr Fitzgerald (RDE). — I will be brief, but I want to give the background to my question as somebody representing a constituency that this month loses a very big shipyard by my constituency's standards, though perhaps small by European standards.

Might I ask the Commissioner, in this terrible battle that has been taking place for so long between shipbuilding in the Community and shipbuilding outside — an industry of great strategic importance to the Community — what consideration has been given to protecting the terribly important skills that we are losing and have been losing so regularly and for so long? While he talks about not introducing protectionism, I see a dire and urgent need for protecting and preserving the . . .

President. — Your question, Mr Fitzgerald.

Mr Fitzgerald (RDE). — I have asked the question, Mr President.

Mr Andriessen. — (NL) The answer cannot be other than the answer I have already given. The Commission does not believe — I say this quite unequivocally — that protectionism in the long term can save industries which without protectionism cannot survive. That is the view of the Commission.

My second point is that the Commission has quite recently attempted, at least within the Community, where it has direct powers and responsibilities, to keep competition between the shipyards fair and honest. This may not have been entirely successful, but at any rate this is what we have attempted with our various directives in the field of subsidies.

Third, the Commission has made recommendations for specialization, modernization, diversification and reduction of surplus capacity. If this does not result in our maintaining our particular capabilities in the Community, this is a pity, but it is not something that the Community or the Commission can do anything about.

Mr Seeler (S). — (DE) Mr Commissioner, in your replies you have declared yourself in favour of the

maintenance of market forces and competitiveness in shipbuilding. However, I doubt whether there still are in this area such things as market forces and genuine competition. Hence my question: do you share my view that in the European Community a minimum capacity in shipbuilding — if I may so term it — should be maintained without reference to the market and competition so as to guarantee the European Community a certain independence in this sector?

Mr Andriessen. — (NL) I think it is extremely important that we should succeed in maintaining what I might call a minimum strategic capacity in the Community. I am in favour of this. The question is in what way it should be achieved. On this, views differ greatly in the Community. The various Member States differ somewhat in their positions.

Second, I do not think that in the longer term such a minimum capacity can be sustained in a purely artificial way. That is why I said we must work for the kind of structural framework in shipbuilding that will make this sector competitive in the world market. There *are* shipyards that are competitive. It is therefore not impossible for us to achieve competitiveness without full protection, without an artificial set-up.

What this means in concrete terms cannot, of course, be established in the framework of this debate, but that is the gist of what I wanted to say in answer to Mr Seeler's question.

Mr Taylor (ED). — In Belfast, we have always appreciated the Commissioner's concern for the future of the European shipbuilding industry, but since the undertone of questions this afternoon seems to have been somewhat negative, could he summarize what is the positive assistance being given by the Community to European shipowners to have their ships built in European shipyards?

Mr Andriessen. — (NL) I am, of course, grateful to the honourable Member for his appreciation of our efforts in the past to help shipbuilding in his constituency.

Setting aside the policy recommendations I have already discussed in detail, the Commission has always sought wherever it has seemed appropriate to lend positive cooperation in hoped-for projects, whilst maintaining a certain minimum capacity, without — and this I must stress — influencing in an unacceptable manner the terms of competition between the various Member States. This must be continued in the future.

There is at present before the Council of Ministers a Commission proposal to continue aid to shipbuilding in the years ahead. This will be discussed very shortly in the Council. I can only hope that in spite of differences of opinion which still exist within the Council, it

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will be possible for us to continue aid for shipbuilding in the Community for a few more years, and more effectively than in the past.

Mrs Banotti (PPE). — Mr President, I would also like to offer my congratulations to you. It is indeed a pleasure to hear the musical cadences of Wales ringing across the Chamber.

Whilst I accept that we cannot, in fact, prevent ship-owners from placing orders for ships in countries such as Korea, but at the same time have certain reservations about the labour policies in these countries, which do give them an unfair advantage, would the Commissioner agree that it is essential that the Commission, in cooperation with national governments, make provision for the urgent retraining of these workers made redundant in the shipbuilding industry?

I would, at this stage, make particular reference to the workers in the Verolne shipyards in Cork.

Mr Andriessen. — (NL) You will appreciate that in the presence of my Commission colleague in charge of training in the Community for those who unfortunately have become unemployed as a result of economic developments and recession, I must be extremely careful how I answer this question, but it was precisely this Commission which tried so hard to direct the allocations earmarked in the budget for training and retraining employees to those who have become unemployed in particular sectors as a result of structural developments and who to retrain for new jobs. I can therefore answer the question as a whole in the affirmative; I can only hope that in the years ahead sufficient funds in the Community budget will be allocated for this purpose.

President. — As the authors are not present, Questions Nos 9 and 10 will be answered in writing.¹

Mrs Nielsen (L). — (DA) On a point of order, Mr President. Can you not ensure that Members who wish to misuse the Parliament and ask questions to bring the Parliament into disrepute, thus undermining the serious work done here, should be prevented from putting that sort of question? I know full well that Mr Bøgh is in the building, and if he was really interested in hearing the Commission's answer, he could now be here. I think it is a great shame for a hard-working Parliament that it should be possible to use Question Time to promote one's own anti-democratic interests without so much as setting foot in the Chamber.

President. — Mrs Nielsen, I am sure that the other Members will read your remarks in the official record. They may want to comment upon them later.

Mr Morris (S). — I was in the House and trying to make a point in a debate. I think that this perhaps illustrates the degree to which this House denies democracy to some people. May I say to you in Welsh: *Llawgyfaichiadia ych cwwe!* For the benefit of the interpreters that means: Congratulations on taking the Chair of this House.

President. — Question No 11, by Mr Rogalla (H-120/84):

Subject: Illegal customs border areas

When is the Commission going to initiate legal proceedings under Article 169 of the EEC Treaty against those Member States whose national laws have established customs border areas along national frontiers between Member States, for contravention of the rules governing the customs union under Article 9 *et seq.* of the EEC Treaty?

Mr Andriessen, Member of the Commission. — (NL) As the Commission has previously stated in answer to a written question by the honourable Member, Mr Rogalla, namely Question No 212/84, the customs border and customs zone in question still have a role, albeit a limited one. Consequently, the introduction of a procedure on the basis of Article 169 of the EEC treaty is not possible.

A further question is whether the objective formulated at the European Council in Fontainebleau, gradually to do away with the trade-restricting character of customs posts at the Community's internal frontiers, does not make it desirable to review the situation.

The Commission agrees that such notions speak of formalities which over time have lost much of their significance and that the European citizen correctly notes a discrepancy between the actual nature of these customs functions and the importance that such designations still seem to have for the general public. For this reason the Commission plans to remove the *raison d'être*, as it were, of such anti-symbols of the Community in the framework of the *ad hoc* group set up by the European Council at Fontainebleau to prepare measures to project the identity and image of the Community among its citizens and indeed throughout the world. The Commission hopes and trusts that the working-party will commence its work at an early date. I can assure the honourable Member that the Commission has already urged the official concerned in writing to include this matter specifically in the work of the committee.

Mr Rogalla (S). — (DE) I naturally do not accept the legal position put forward here by the Commission and would ask you to apply Article 169 in all cases so that the European Court of Justice as competent authority may rule on this discrepancy and difference of opinion.

¹ See Annex of 10 October 1984.

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My question is this: does the Commission agree with me that all these efforts come 25 years late, since the legal bases have been in existence since 1 January 1958? Second, does it share my view or appreciate, with all the implications this has right down to the lowest level, that this Parliament has declared the creation of the internal market one of its most important concerns, and is it prepared to collaborate therein? Does the Commission deplore, as I do, that the use of firearms should still be possible today at the internal frontiers, and what does it intend to do about it after all this time?

Mr Andriessen. — (NL) Were the Commission to share the honourable Member's doubts about the legal situation, it would undoubtedly be prepared to ask for a ruling from the Court of Justice of the European Communities. But I must say that the Commission does not share those doubts and therefore sees no reason to pursue that course. I do share the honourable Member's opinion that with regard to the attainment of the internal market we are in many respects still a long way from where we ought to be, given not only the aims of the Treaty but also the economic necessity of achieving the internal market. Of that there is no doubt. It is for this reason that this Commission, and in particular my colleague Mr Narjes, have made every effort in past years to achieve progress in this area and it can be said that results have indeed been obtained, albeit not yet sufficient, I grant you.

As regards the last question, the Commission shares the concern expressed therein. I can well imagine that in the committee that is to make the Community a reality for the European citizen, so important a subject will be discussed. I shall be only too pleased to convey the honourable Member's wishes to my future colleague in that committee.

President. — Question No 12, by Mr Clinton (H-139/84):

Subject: Distortions to trade in riding-horses in Europe

Can the Commission please say whether the exclusion of horses from taking part in novice competitions in France, Germany and Italy on the grounds that the horses have not been bred in the aforementioned countries constitutes discrimination according to the provisions of Articles 85 to 90 on Competition in the Treaties establishing the European Economic Community; if the Commission considers this action to be discriminatory, can the Commission recommend the appropriate course of action to be taken in order to remove discrimination on the grounds of national origin and the resulting distortion of trade in riding-horses in Europe?

Mr Andriessen, Member of the Commission. — (NL) The question posed by the honourable Member is not so easy to answer in the abstract. The question whether Articles 85 to 90 of the EEC Treaty are applicable in a given situation, in this case in connection with riding-horses, depends on who is responsible for exclusion from participation in competitions. If exclusion is the result of agreements or mutually agreed action between undertakings or entrepreneurs, then Article 85 would indeed apply. If exclusion is the consequence of a dominant position on the market, then Article 86 may apply. If, however, exclusion arises from a national measure taken by the authorities, then those articles of the Treaty relating to the free movement of goods will be applicable: Articles 30 and 36, and not any longer the articles relating to competition. We therefore need more information if we are to answer the honourable Member's question in concrete terms. I do, however, promise that we shall do all we can to ensure that as much information as possible is obtained from the Member States concerned, particularly over the question whether in the event of exclusion national government measures are infringed. Should the honourable Member for his part be in possession of information of whatever sort, the Commission would of course be pleased to receive that information so as to consider what action may or must be taken, and what means are to be used.

Mr Clinton (PPE). — I thank the Commissioner for his reply, but it is not, unfortunately, helpful. What is happening is that first of all it takes about six or seven years to produce a novice horse . . .

President. — Mr Clinton, please be brief.

Mr Clinton (PPE). — I must explain . . .

President. — Mr Clinton, look at the time! Please be brief or you won't get an answer.

Mr Clinton (PPE). — These horses are excluded from all novice competitions in the three countries that I mentioned. Are the countries in question responsible or are the organizations that run these competitions responsible? That is the question I want to ask, because if enough organizations, societies or groups can get together and sidestep the competition rules in the Community, then there will be no such thing as fair competition in the Community.

Mr Andriessen. — (NL) It is perfectly clear — I have already said so, but I shall repeat it — that if such exclusions are the result of action by organizations or undertakings or entrepreneurs and if sufficient evidence is available, the Commission can act and will also act in similar situations! Insofar as any national

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measures are concerned, I have assured the honourable Member that we are prepared to take up with the Member States concerned the question whether and to what extent national measures are implicated. Well now, this information I hope to get, other information that becomes available we shall evaluate and we shall take action if we have sufficient evidence. That is the usual procedure, that is how it is with each industry — though not yet, alas, with aviation and shipping — though this is the procedure for horses if the proper evidence can be produced.

President. — Question No 13, by Mr Ducarme (H-170/84):

Subject: Acceptance of responsibility by the Italian Government for possible cost of milk production

The Italian Government apparently intends to finance the possible cost of the surcharge on milk produced in excess of quotas. Does the Commission approve of the Governments of Member States accepting such financial responsibility?

Mr Dalsager, Member of the Commission. — (DA) The Italian authorities have not expressed to the Commission an intention to provide aid in compensation for the super-levy to be paid where milk quotas are exceeded. Were the Italian Government to introduce such an arrangement, this would be seen as an infringement of the provisions governing the organization of the market in milk and milk products are therefore incompatible with the rules of the Common Market.

Mr Ducarme (L). — (FR) Thank you for your indulgence concerning Question No 13. I think the number thirteen will be a lucky number for the vice-president now in the Chair, who has so brilliantly exercised his duties during this Question Time.

I would say to the Commissioner that I fully appreciate the fact that the situation is at present very difficult for him and that the attitude adopted by the governments has not always been very positive. However, I would say to him very clearly that, nonetheless, I am surprised and astonished at the Commission's answer.

The regulation is clear, and any provision which conflicts with it contravenes Community law. This applies to all the Member States without exception.

I hope you will allow me to ask three additional questions so First, does the Commission not have the duty of checking and verifying the persistent rumours and questions in view of the fact that if they are confirmed, the situation would conflict with the spirit and the letter of the Treaties? It seems to me that this goes without saying, in view of the Commission's role as the guardian of the Treaties and European legislation.

Secondly, would it not be prudent for the Commission to point out to the Italian Government that, if granted, this aid would be a breach of Community provisions?

Thirdly, is the Commission prepared to initiate at once the procedure set out in Article 169 of the Treaty if it does not rapidly receive a satisfactory statement?

Mr Dalsager (DA). — I do not think that the Commission is obliged to check all rumours circulating in Europe. If that were the case, it would be a difficult duty to perform. But it does have the duty of insisting that Member States inform the Commission if they intend to introduce rules which might be contrary to Community regulations. If the Italian Government insists *vis-à-vis* the Commission on introducing an illegal subsidy, we shall of course point out that we shall use the powers given to the Commission under the Treaty *vis-à-vis* the Italian Government if this situation arises. — But not before we are certain that such a situation has actually arisen. The honourable Member can set his mind at rest. The Commission will not hesitate to act as the guardian of the Treaties in the event of the introduction of milk quotas in Italy.

Mr Nielsen (L). — (DA) How can the Commission in general supervise how the milk quotas are administered and applied in the various Member States? We have witnessed developments in the production statistics, and that is one of the areas where there has been a clear overrun in relation to the amounts produced earlier. If it is only looked into *post factum* it will already be too late; it is possible right now to ensure that the arrangements are operating and that the monitoring and reporting arrangements are introduced in the individual countries. Has the Commission a full over-all view of what is happening in the individual countries with regard to the rules for and the monitoring of the milk quota?

Mr Dalsager (DA). — Since we have introduced a new and very restrictive system for Community milk production, the Commission has a very good overall view of what is taking place in the various Member States. We have received full reports from almost all the Member States concerning the implementation of the new milk system, although there are still some gaps in the information we have received from other Member States. But as far as we can see the system is now in operation.

We have noted that, as a result of the new system, Community milk production has fallen for the first time in many years. We lack certain information, and in the case of a particular country we have no information whatsoever on which system it wishes to use. However, for the moment I can state that I am very optimistic and very satisfied with the introduction of the milk system, which by the end of the production year will reduce the Community's milk production. I

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am very confident that we shall reach the target we have set ourselves for milk production in 1984-85. Of course we are only half-way through the production year, so it would be difficult for it to be fully effective yet. I believe that when we come to the end of this production year, the outcome will be what the Council adopted on the basis of the Commission's proposal. That is in itself a greater achievement than we might have expected, since the procedure we have to complete is long and difficult. I believe we shall succeed.

President. — The first part of Question Time is closed.¹

7. *International monetary situation (contd)*

President. — The next item is the continuation of the joint debate on the monetary situation.

Mrs Heinrich (ARC). — (*DE*) Mr President, ladies and gentlemen, before the midday break the question was raised as to what emergency measures the Commission and Council should take to combat the unchecked rise of the dollar and its overvalued parity, with all the implications that has for the international monetary situation in Europe and the Third World. The first question to be asked is, what are the causes of the present monetary crisis? I am not telling anyone anything they did not already know when I point to the USA's balance-of-payments deficits and its heavy national debt. But how is this possible in a country which after all is industrially highly developed and economically strong, and has no shortage of raw materials? The US balance-of-payments deficits first appeared during the time of the Vietnam war, when the costs of intervention in the affairs of foreign countries and regions rose more steeply year by year than the balances from imports and exports of goods and services. A decade ago it was the Vietnam war; now it is the costs of intervention in Central America, the Middle East and elsewhere.

Nor am I saying anything new when I point to the link between the USA's national debt and the American Government's swelling defence budgets, which do not make the world any more peaceful. Rising arms expenditure creates an enormous demand for credit and thus increased interest rates, with all the devastating consequences that has for the economies of the rest of the world. European investment capital flows to the US to take advantage of the high interest rates there, but also of the reduced taxes and the policy of wage restraint, instead of being invested here in Europe, creating jobs and being spent on environmental improvement.

A soaring dollar and high US interest rates dramatically worsen the position of Third World debtor countries, who are indeed practically bankrupt. Because of the increased value of the dollar and higher interest rates, the Third World are required to make interest payments and loan repayments for which in part there is no real counter-value. The already poor nations are thereby drained even more to the benefit of the rich US and to help finance its arms spending. Were these debtor countries jointly to declare themselves insolvent, it would be the end of the international banking system.

Of most concern to us, however, is the fact that America's swelling defence budgets, with all the consequences I have already mentioned, expose Europe to the risk of becoming an atomic battlefield. And therefore we seek from the Commission and Council emergency measures to tackle the roots of the problem. We know that European institutions can surely prevail upon the US to restrict its arms programmes. But Europe can begin by disengaging from the arms-race. We also know that Europe cannot induce the US in the long term to stay out of Central America, and that Europe cannot get the US to act against its political interests and for the needs of the Third World. But Europe can steer in the opposite direction, and it can oppose this policy.

Finally, we doubt that the ECU can be used to heal the international monetary crisis, with all its political implications. At any rate, the ECU should not be seen from a purely monetary and financial point of view.

IN THE CHAIR: MR FANTI

Vice-President

Mr Visser (S). — (*NL*) Mr President, the value of the dollar has risen almost constantly since 1978, when a low point was reached in the currency markets. Increases that were once regarded as exceptional are now considered more or less normal. The high value of the dollar also has its economic advantages for us, since Western Europe's extensive exports mean that we, too, profit from economic recovery in the United States. But this trend is also causing us serious concern, because international economic and monetary relations have undoubtedly come under pressure and an unstable dollar does considerable damage to the world economy. Everyone will hold his breath if the now overvalued dollar falls, and this unfortunately seems likely to happen in the near future.

Why? The Americans are at present spending more than they produce, about 2% of their gross national product. The demand for capital in industry is rising at a faster rate than government demand is declining,

¹ See Annex of 10 October 1984.

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and the predicted growth of savings in the United States has failed to emerge. The money that is needed therefore has to come from other countries. The expansive budgetary policy the United States has pursued since 1981, combined with a restrictive monetary policy designed to reduce inflation, has resulted in high interest rates in the United States, and these have attracted foreign lenders. The growing deficit in the United States' balance of payments is unacceptable. It must be reduced.

In Europe, precisely the opposite policy has been pursued, a very restrictive policy designed to reduce government deficits and consumption. In this respect, the conservative governments in the European Community have also gone much too far. The structural government deficits in the Federal Republic and Britain have already been transformed into surpluses. These government deficits have been reduced too quickly, before economic recovery was able to stimulate investment. If steps are now taken to reduce the United States' balance-of-payments deficit, the situation will be reversed. Spending must then rise at a slower rate than production. The United States will have to increase its exports, which will cause the Community and others very serious problems. It has already been predicted that economic growth in the United States in 1985 will be only 3%, compared to 6.5% in 1984, and the growth in its imports is also expected to fall from the present 24% to 6%.

Whether Reagan or Mondale wins the forthcoming elections, each has said he will reduce the United States' budget deficit drastically. In itself this is a good thing, but Europe must then pursue a more expansive policy. This is important. It is also a question of social justice for the unemployed in Europe and for the debtor countries. Otherwise there will again be the danger of a very serious debt crisis.

Exchange rates might well become more stable if there were a greater degree of convergence in monetary and economic policies, and what we should be asking the United States to do above all else is to consider the external repercussions of its domestic economic policy.

But is there an acceptable alternative to the US dollar for international payments? Not really, because however highly we may regard the German mark, it cannot perform this function. But is there an alternative? Certainly. This Parliament has regularly recommended that the ECU be used for this purpose, at least if it became an accepted currency in the world's largest trading-bloc, which is, after all, what the European Community is. But it seems that there must again be a serious monetary crisis before we in Europe have faith and confidence in the role the ECU can play. A great many improvements can be made to the EMS and ECU.

Let me briefly list a number of things that have already been accepted in this Parliament. First, the ECU is

only an official means of payment for transactions between the central banks of the EMS countries in settlement of currency-market dealings. The present limit in such cases is 50%, and this should be increased substantially.

Secondly, the ECU might come a step nearer to becoming a fully-fledged currency. This would mean every Member State in the Community accepting the ECU as a currency in its own right. This is an extremely important step as regards the ECU's role outside the Community. A number of non-Community banks have already participated in Euroloans, and developing countries might also benefit in this way by having the risks attached to their debt burdens spread more evenly.

Another important point is, of course, Britain's accession to the European Monetary System. Another aspect is the need to increase the number of exchanges on which the ECU is officially quoted as a currency in its own right. At present, this is only the case in Brussels, Paris, Rome and Milan, and they must be joined by other exchanges. The ECU must also be used more extensively as a means of payment in private transactions. There must also be a change in the situation in, say, Germany, where the ECU may not be used for private transactions.

A very important point, however, is the liberalization of movements of capital as required by the Treaty of Rome. Further progress must be made here, because free movements of capital will make it more difficult to pursue a monetary and economic policy that departs from the norm. In short, the ECU must play a stronger role in official transactions and as a reserve currency and in unofficial, private transactions.

Mr President, in view of the instability of the mighty dollar and the need for a counterbalance, particularly in relations with third countries, rapid action is needed. But realism forces us to recognize that this will be a long-drawn-out affair. In the meantime, there are a quite a number of other possibilities I should like to recommend. There should be closer coordination of the Community countries' bank-rate policies to permit the continued development of the EMS. There should also be earlier consultations so that exchange-rate fluctuations can be countered with a tailor-made bank-rate policy.

Another point is the appeal made at the annual meeting of the International Monetary Fund and the World Bank in September 1984 for closer coordination of fiscal and monetary policies to restrict exchange-rate fluctuations. One possibility might be a system like the EMS, but with an international coordinating body, the IMF, for example.

Provided that the ECU becomes more stable and confidence in it grows, its development might be helped if the prices of raw materials and energy were quoted in

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ECU, since the more stable the ECU is, the more stable price movements will also be. As the US dollar certainly does not meet this requirement, this might eventually lead to its playing a less dominant role. Oil bills could also be paid in ECU rather than dollars.

To conclude, Mr President, I have a final suggestion, which is controversial, but which I, like the former French Finance Minister, Mr Delors, believe should be studied. It is this: as long as the budget deficit and interest rates in the United States remain so inordinately high and the United States itself remains unwilling to take action, the desirability of a certain degree of control over flows of European capital to the United States must be considered. Mr Delors has said that no less than 150 000 million dollars of European capital was invested in the United States in 1983, a considerable proportion of it no doubt at the expense of investment here, and that, if the present trend continues, this sum may rise to 300 000 million dollars by 1988.

Mr President, I believe that there is a sound alternative to the unstable United States dollar if the Community itself wants it and believes in it. We shall undoubtedly be discussing these matters again in the months to come. I very much look forward to hearing the views of both the Council and the Commission on this.

President. — I have received the following six motions for resolutions, with request for an early vote pursuant to Rule 42(5), to wind up the debate on the oral questions:

- by Mr Petronio and Mr Le Pen, on behalf of the Group of the European Right, on international monetary instability (Doc 2-692/84);
- by Mr Bonaccini and others, on the international monetary situation and the role of the ECU (Doc. 2-693/84);
- by Mr Wolff and Mr De Vries, on behalf of the Liberal and Democratic Group, on the readjustment and the utilization of the ECU (Doc. 2-694/84);
- by Mr Herman and others, on behalf of the Group of the European People's Party, on the international monetary situation and the utilization of the ECU (Doc. 2-695/84);
- by Mrs Van Hemeldonck and others, on monetary problems (Doc. 2-696/84); and
- by the Group of the European Democratic Alliance, on monetary problems (Doc. 2-697/84).

The vote on the request for an early vote will be taken at the end of the debate.

Mr Mühlen (PPE). — (FR) Mr President, the progress made in setting up the EMS is really not as

disappointing as some people might make out. At least it is fair to say that there have been no further adjustments in the central rates since 21 March 1983 and that the pursuit of monetary stability should no longer be regarded as being doomed to failure.

Nevertheless, no further progress has been made towards the final form of the EMS since 1 January 1981, when the first stage towards this goal was completed. In other words, the ultimate objectives and the commitments entered into at Bremen have been lost from sight. It must be remembered in this connection that, as the saying goes, 'those who are not going forward are going backwards'. If this is not to be true of the EMS, there needs to be a political act, now, to demonstrate that Europe is still resolved to make progress in the monetary sphere. The new initiatives to be taken should concentrate, to my mind, on five objectives in particular: re-examination and redefinition of the stages leading to Monetary Union; attribution of certain institutional powers to the EMS; affirmation of the status of the EMS outside the Community; removal of obstacles to the private use of the ECU; promotion of the ECU's role as an official currency; and, more particularly, the minting, on a symbolic basis at first, of a real European currency.

The time has come, in my opinion, when it is no longer possible to evade the issues where the institutional aspects in particular are concerned. Even if a European monetary fund with real powers cannot be set up in the immediate future, there must be an explicit undertaking to do so within a reasonable period. Then and only then will the proposal made by our colleague Mr Fernand Herman take on true meaning, the proposal made in his excellent report on completion of the EMS, in which he calls for a strengthening of the role performed by the European Monetary Cooperation Fund pending attainment of that objective.

At the same time, progress needs to be made towards external monetary stability, since in the absence of intervention organized and conducted jointly with the non-member countries which have strong currencies, neither external stability nor even the internal stability of our monetary system will be assured in the long term.

With regard to the private use of the ECU, which must necessarily precede the strengthening of its role as an official monetary unit, it is clearly not enough to demand that the Bundesbank recognize it as a currency; those countries which already recognize the ECU must also be prepared to remove the wide range of restrictions hampering the use of the ECU and other currencies. I shall not dwell on the various applications in which the ECU can be used privately, but simply draw attention to the contribution that has been made in this respect by Luxembourg's financial marketplace by setting up a large number of applications for the private use of the ECU.

Mühlen

One final point in conclusion. I should like to express the hope that Parliament will be fully involved in the Community's monetary initiatives. Mr Herman's report, presented on behalf of the Committee on Economic and Monetary Affairs, has demonstrated that this Parliament has clear views on this subject and the determination to see a successful outcome.

Lady Elles (ED). — Mr President, I think the importance of this debate cannot be stressed too much, particularly in regard to the relaunching of the European economy and, in particular, in relation to the creation of new jobs for those who at the moment combine to make such a large proportion of our labour force, the unemployed.

If we look at the strength of the United States and Japanese economies, we shall have seen over the last five years that they have created thousands, if not millions, of jobs, and undoubtedly one of the factors which has permitted this creation of jobs has been the fact that in their internal markets they each have only one common currency: in the United States the dollar and in Japan the yen. Although one is not the consequence of the other. I cannot but believe that this is an important factor in creating a stable economy and a position whereby the creation of wealth is enhanced.

I think, after all, we know that business confidence and investment depends on one very important factor, which is a stable currency. It also depends on an exchange-rate stability with major trading partners. This undoubtedly would be helped if the ECU were used very much more widely than it has been so far. If you examine the history of the ECU over the last ten years, you will see that it has shown stability both in relation to world currencies and within Member States' currencies, and, of course, there has been on the whole a comparatively low rate of interest on ECU loans in relation to other currency loans.

With regard to sterling, I would like to point out that the movement of sterling in relation to the ECU and the joint European currencies has not varied by very much more than 4% within the margins over the last five years. I, with other members of my group, would certainly welcome the United Kingdom's joining the exchange-rate mechanism of the European monetary system. The pound would acquire greater stability in the European common currency market, it would serve to strengthen the ECU as a whole against the dollar and the yen and would enhance expansion and use of the ECU throughout the European Community.

It would also, of course, lead to great savings across the exchanges within the Community and undoubtedly diminish the gambling that goes on on forward exchange-rates which small companies often have to protect themselves with because of fluctuating currencies.

I therefore think that the use of the ECU and the joining of the United Kingdom in the exchange-rate mechanism would be of benefit both to the United Kingdom and to Europe as a whole.

I would however, like to inform Members who sometimes think that Britain remains, as we say in English, the dog in the manger — I am not quite sure how this will be translated in Dutch and Danish but it does mean that we are rather backward in coming forward — that the use of the ECU by British banks is in fact very much wider than is generally known and certainly wider than in other Member States. We do have private deposit accounts in ECU, which I believe are not possible in Germany, we do have loans in ECU, the stability of the ECU and the interest rates have been attractive to investors both within the Community and outside the Community indeed. British banks have requests and have been implementing these requests for accounting in ECU across the Common Market in joint ventures and in trading and commercial relations between companies. And, I would add, not only from companies within the Community — also from the USSR and Japan British banks are now receiving requests to do accounting in ECU. It surely gives encouragement both to Britain and the Community as a whole that the ECU is now being regarded as an important international currency.

To come from more important matters to smaller but equally relevant matters, I have never seen any reason why, since we have travellers' cheques in dollars, we do not have travellers' cheques in ECU. The sooner we have these the better. If we are to make a people's Europe, surely we should have travellers' cheques in a currency which is known in Europe rather than in a currency from outside the Community. I hope that this message will go to the Committee on the people's Europe so that it takes into account a further use of the ECU by means of travellers' cheques. It would be of use to tourists and businessmen as well as to MEPs.

I understand, of course, that it will be necessary to create a clearing-house under the Bank of International Settlements in Basle, but I have been given to understand that this is likely to happen within the near future, possibly by the beginning of next year.

There is no doubt at all, we have evidence of the ECU being used in Lomé Convention negotiations and in international trade negotiations. So the use of the ECU is not only for internal purposes but also to develop the world trade importance of the Community, on which, of course, the economy of this part of the world so much depends, since we are not an inward-looking organization but one which depends on world trade for the economic revival and survival of this part of the world.

I therefore, with others, Mr President, join in requesting the Commission and the Council to look urgently into a greater use of the ECU, to take measures

Elles

through the financial institutions which will encourage the use of this currency and to ensure thereby that the economy of Europe is strengthened and that once more we can face the dollar and the yen on an equal footing by the use of the ECU.

Mr Falconer (S). — Unlike Lady Elles, Mr President, we will not speak against our party policy but stick very clearly to it. I would also like to comment on what Mr Welsh said earlier on regarding the security that comes from members of America's armed forces being stationed in my country. There are certain people in my country who reject that philosophy also. We feel that the interests of democracy are probably better served in Britain by the women of Greenham Common than the woman in 10 Downing Street.

To deal with the matter in hand, various colleagues have already expressed the views of the Socialist Group on the fluctuations in the dollar exchange rates and the high interest rates in the home markets. However, I would stress here and now that we in the British Labour Group will reject any proposals which could lead to the strengthening of the ECU. We see this as a means of strengthening the European Monetary System, to which we are opposed — not because it is European but because it is monetarist. We reject that policy, which has led to 15 million unemployed in Europe and 4 million unemployed in my country. It also reduces the democratic right of Member States to plan their own economies.

We see the fluctuation of the dollar as a result of the freedom of movement of capital, which, coupled with the control of the workers' bargaining power through unfair and unjust laws, has led to capital profits moving to exploit working people in the Third World in addition to creating unemployment amongst those workers who first created that wealth. At its centre is a declared intention to reduce the wages of our working people. It has accelerated the rate of unemployment, with all the financial and social implications that that involves. In order to maintain high profits for their friends, the Tories in my country continue to inflict cuts upon our people in the health service, the education services and their housing. They are also now commencing to attack our local democracies. Where are the Albert and Ball solutions to this problem of high unemployment?

We hear so much about the USA and how they have recovered and reduced unemployment. I would remind colleagues that the USA has now increased its percentage of employment by only 2.5% over what it was when Reagan came to power. However, when we look very closely at what this employment basis is, we find it is part-time employment. Part-time employment only keeps working people's purchasing-power slightly above that of state benefits and further drags down their standard of living. To this we must add the increase in the number of non-union companies in my

country, such as Texas Instruments, Motorola, National Semiconductors, General Instruments and Hughes Microelectronics. All of these companies are receiving EEC grants at the present time while operating non-union practices in my country. These forces linked together are a direct attack on our democracies and have resulted not only in the dollar fluctuation but also — as capital continues to move, with no regard for people, in pursuit of profit — in an unstable economy throughout Europe and the whole world. It is the philosophy of a fruit-machines system of economics which can only stem from poverty of thought such as we see coming from the troubled septuagenarian mind of President Reagan and from the Blessed Margaret Thatcher.

We would control capital, thus ensuring that the wealth produced by our people could be used to benefit all our people and not just the few it benefits at the present. We would have selective import controls and a dialogue with the Third World to establish how best we could assist it. We would expand our public-sector spending on housing, transport, health services and the creation of leisure centres for our people. All this could be achieved and linked up with the extension of democracy, so that our workers could become involved in the decisions which affect their lives. They would be able to make use of new technology, so that after they had built the houses and hospitals that our people need, they could reduce the working week without the loss of their purchasing-power and then take advantage of the leisure centres which they created in the first instance. Thus a stable economic society would be created.

Reagan has been quoting Tom Paine recently. It is an insult to the memory of Tom Paine that this President, who is constantly attacking the democratic movements in South America, who shackled trade unionists only for asserting the right to strike, should attempt to associate himself with possibly the greatest democrat who ever lived. At the previous part-session, Mr Langes suggested to my good comrade and friend, Barbara Castle, that new Members of the British Labour Group should receive some lessons on parliamentary procedures. I can assure Mr Langes that we require no lessons from his group or any other on the rights of this Assembly. We see it as a rabid supporter of a free market and, like our Danish colleagues and our Greek Communist colleagues, are very apprehensive about its continuation. The same is true of our people, who are learning every day and are flocking to the ranks of the Labour movement once more. This is exemplified by the tremendous support being given to the British mining fraternity, who, despite the attacks on them by the Conservative Government, have remained on strike on benefits as low as £12 per week for the past seven-and-a-half months. These same miners are engaged in a struggle to protect their jobs and their communities.

I would finish, Mr President, with a quotation from Tom Paine:

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Tyranny, like hell, is not easily conquered, but we have this consolation: the harder the conflict the more glorious the triumph. For that which we obtain so cheap we value so lightly.

Mr President, the only way to stop this fluctuation of currency is the full democratic involvement of the working people against the insane policies of Mrs Thatcher and the tyranny of Reaganism. That can only be achieved by the advancement of democratic Socialism.

Mr Beumer (PPE). — (NL) There is a slight upward economic trend in Europe, as is clear from world trade, of which Europe is taking its share, and from investment, which seems to have become rather more attractive recently. But this situation is overshadowed by an extraneous factor, the position of the American dollar and all that it entails. For example, the President of the Bank of the Netherlands has said that the dollar is clearly overvalued. This might mean that a sudden drop in its value would have a cumulative, unfavourable effect, even on our economy. It also underlines the most serious deficiency of the world monetary system at present — namely, the monopolistic position of one currency, the fact that at least 75% of the world's reserves are expressed in this one currency. For Europe too, the result is excessive dependence on the United States' economic policy.

As others have already said, it is therefore absolutely essential for our economic and monetary system to be strengthened. This would also help stabilize the world monetary system as such, giving it another pole, which is also very important, and it might further make the European economy fundamentally stronger and eventually have a positive effect on employment. Rather than beginning by criticizing the Americans — although there is certainly room for criticism — we would do better to draw up our own plans and to translate verbal encouragement into operational policy.

I recall very clearly what was constantly said when the call went out for the further development of the EMS: 'Yes, but inflation is too high, inflation rates vary too much, there has not been enough convergence, too many adjustments have been made.' Well, Mr President, inflation is now lower than it was when the EMS was first introduced, the differences in rates of inflation are smaller than they have ever been, there is now some convergence of policies, partly because of the EMS, no adjustments have been made in the last 18 months and, what is more, many countries now have reserves in German marks, which is a favourable side-effect of recent development. The conclusion to be drawn is that many of the objections that have prevented progress in the past no longer apply, they no longer hold water. But there is now another danger: the same relatively favourable situation that makes these steps feasible appears to be having the insidious

effect of not forcing us to take these steps. I say 'appears' because it may well be that this relatively favourable situation will no longer exist in the near future. For example, the average level of activity in industry in Europe is again close to the 1979 level, and continued economic growth may soon result in overheating, which might in turn have a destabilizing effect on the EMS. There is also the possibility of a sudden fall in the value of the dollar, as I was saying just now.

I agree with Mr Ortoli that timing is particularly important. The time has come for — as he put it — decisive action to be taken, and plenty of practical suggestions have been made in this respect. I do not need to repeat them. I will merely refer you to the resolution tabled by my group. I should just like to ask the Council in particular the following question: if nothing is done now, what does the situation have to be like to ensure that action is taken?

Mr Seligman (ED). — Mr President, I wish to use the Parliament as a platform to speak to my own government and, unlike Mr Falconer, I am not shackled by party policy in the UK. We are Europeans here. We can speak our minds freely.

I wish to speak about the British doctrine of unripe time. Britain is in the habit of saying that the time is not ripe to join the exchange-rate mechanism of the European Monetary System. When will the time be ripe? Soon it may be so ripe that it falls off the trees. So various excuses have been given for not joining the EMS.

The first excuse is that Britain is a petro-currency which overvalues the pound Sterling. Since the fall in oil-prices in the last eighteen months, this has settled down and is no longer an important factor in the situation. The second excuse is that Sterling is a world reserve and trading currency. If so, it should not be so volatile as it has proved to be lately. These days there are other currencies which are just as important as Sterling, and soon the ECU may be one of them. The third excuse is that Britain could not live within the fluctuation limits of the EMS. It has now been shown in the last four years that Sterling has not fluctuated more than 4% against the European basket of currencies. Indeed, over the last ten years a 4% limit would have been no problem to Britain. These are the three excuses that are given. If there are any other excuses, let the British Government state them and let them be discussed openly.

In the last few months, there has, however, been a trend towards a change of view in London. The banks and industry are beginning to see the advantages of a stable currency for industry and trade in Europe. And then there has been the Lloyds Bank report. They have seen that the EMS need not be a strait-jacket on the economy. If for economic reasons a Member State is forced to ask for a devaluation or a revaluation, this

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can take place provided there is prior consultation with the other members. Therefore, Sir, I think things will move fairly quickly now and all that is necessary is for the British Government to show the political will and the determination to be flexible and *communautaire* in the European Monetary System, as indeed they have shown themselves to be more *communautaire* recently in the budget negotiations. Europe is waiting for a symbol of Britain's dedication to the relaunching of the Community, and the time is rapidly approaching when Britain must provide this symbol by joining the EMS. This will also be greatly to the benefit of British industry and employment. In exchange for this, France and Italy should consider abandoning exchange control.

Mr Cassidy (ED). — Those who heard the speech from the British Member, Mr Falconer, will readily understand why he represents the British Labour Party, which is in the political wilderness and likely to remain there for several years if the standard of political ranting and raving that we have just heard is typical, as I regret it is likely to continue to be.

Listening to this debate, both in the Chamber and from my room, I have been struck by the ready complaining there has been from all speakers from all sides about the strength of the US dollar. No one appears to be prepared to look at the positive side of that: the fact that because the US dollar is strong compared with European currencies, the United States is increasing its imports from EEC countries to such an extent that American Congressmen are now urging import restrictions on products from the EEC ranging from steel products to wine. So it is not entirely the bad thing that all speakers have so far represented it to be.

Mr von Bismarck (PPE). — (DE) Mr President, ladies and gentlemen, as the previous speaker said, we need to do our homework where Europe is concerned. We owe the Commission a considerable debt of gratitude for all it has done. Perhaps all Members are not aware of all the efforts that have been made — although in the end it all comes to nothing in the Council — or that the steps decided on in Copenhagen were in fact taken.

Today we are in the fortunate position that we no longer have to exchange cattle or oxen for prizes or beautiful women, because the Romans changed *pecus* into *pecunia* and today we have money. However, money only benefits individuals and peoples when it retains its value and remains stable. Otherwise we become its hostages, since inflation — and this is something I want to say to my British colleagues on the left — is the most unsocial thing possible. It dispossesses the poorest. It deprives workers of a large part of their salaries and leaves them helpless to do anything about it. We in Europe, together with the Commission, have a serious responsibility — that in fact is what it

amounts to — to develop a currency in which people can have confidence and which has the stability which the word itself implies. Only then will the Commission be able to do what we are all asking it to do, namely, speak to the Americans as equals.

If we now wish to give the Commission fresh support in drawing up a graduated plan setting out a timetable for the various intermediate steps towards achieving the final goal, we must cooperate with it in defining the goal we wish to achieve in the end, a currency in line with our social responsibilities. Inflation, in fact, not only dispossesses the poor who keep their money in stockings, savings banks, etc.; it also deprives them of their jobs. It is the mother of unemployment. We must, therefore, develop a system which ensures autonomous control without leaving it to politicians who spend money irresponsibly without ever producing the corresponding goods. We must persuade all the governments to accept that this control must be exercised by an autonomous bank. This is something the bankers realize, although all our citizens do not realize it and there are many politicians who do not even want to know. In this respect, the most important goal for the next five years is cooperation with the Commission. We must all of us in each of our own countries — you in yours and I in mine — get them to take their foot off the brake and cooperate with the Commission in getting what we want. I believe that all Members, irrespective of political group, will agree with me that we need a currency which does not itself generate inflation through lack of adequate control. I support all who are trying to make the ECU better known, to ensure that everyone is aware of what it is and to promote its use in the private sector. However, we also need to stress that we must not end up with an autonomous ECU currency which breaks free from control by governments and central banks, as this would be the cause of fresh disappointment for our citizens.

I should like again to ask my British colleague, Mr Falconer, to reconsider what is good for both sides of industry. A worker is only secure to the extent that his job is profitable. The profitability of his job and of the undertaking are a matter of primary interest to him. There is no conflict of interests between employer and employee where the establishment of profitable conditions is concerned. The difficulty in Europe is that we are not as profitable as we could be because our currency does not cover and protect all areas of the European market. This is what we need to achieve. I believe that the most important condition for full or almost full employment is a unified currency, and I am convinced that if we cooperate with the Commission on the basis of Mr Herman's report we shall be able over the next five years to force the Council to take the steps necessary to approve and implement this.

Mr Franz (PPE). — (DE) Mr President, ladies and gentlemen, in their report on sustained European

Franz

economic recovery in the 1980s, Michel Alber and James Ball stated that Europe does not exist where monetary policy is concerned. I am sad to say that today's debate has served to confirm this. It is all the more regrettable in view of the fact that the European Community holds a third of the world's monetary reserves and half of its gold reserves. If we in the EEC could reach agreement on monetary policy, we should become a very potent force in the world.

However, there is nothing to be gained by throwing out the baby with the bathwater. As this debate has made clear, a lot has been achieved in recent years. The European Monetary System has been more successful than many people expected. It has undoubtedly made a significant contribution to stability in Europe and has produced important benefits. But the European Monetary System was, of course, only the first step in the right direction; we must step up our efforts.

I should like to give briefly four reasons why I believe we must introduce a European currency as rapidly as possible.

1. Several speakers, including Mr Besse and Mr Alavanos, complained about the success of the 'evil' Americans in using the high exchange-rate of the dollar to draw capital away from Europe. Think for a moment what would happen to the American economy if America, with its 220 million inhabitants, had ten different currencies; if we had side by side a Texas dollar, a Kentucky franc and a Florida krone! Do you really think it would have been possible to create 20 million jobs over the last ten years? Do you believe for a moment that America would have enjoyed the economic recovery which we in Europe envy so much? This demonstrates how a European market would benefit from a common currency like that of the USA or Japan. A European currency would remove the barriers to realizing this common market.

2. No one, I believe, contests the fact that, as Mr MacSharry pointed out this morning, a common European currency would stimulate growth without which we cannot compete with the Americans and the Japanese for any length of time.

3. In addition to stabilizing external trade, which is particularly important for Europe, a European currency would also help increase foreign trade and have an appreciable beneficial effect on our own economy.

4. A European currency would also lead to considerable savings. Today we are needlessly wasting money which we urgently need for research and investment to help us protect existing jobs and create new ones.

5. A European currency would undoubtedly be an important contribution to stabilizing the world monetary system.

We have dealt in depth with the European currency question over the last few years. Many valuable

reports, in particular the excellent report by Mr Herman, have been produced. Nonetheless, we need to redouble and triple our efforts to ensure that practical progress towards a European currency is achieved in the near future.

Of course, there are many good counter-arguments we shall have to deal with. It is an important task for all of us. But the debate will make it clear that the advantages vastly outweigh the disadvantages. We must therefore work to ensure that a European currency is created quickly and does not simply remain a dream.

Mr Brok (PPE). — (DE) Mr President, ladies and gentlemen, it seems to me that in this debate three main ideas have been enunciated that are calculated further to develop the European Monetary System in an effective, gradual manner: the removal of currency controls by Italy and France, UK accession to the European Monetary System and the request to the German Federal Bank and the German Federal Government to arrive at improvements in respect of the ECU and to permit private ECU accounts. These requirements are in my view necessary if the European internal market is to become a reality and we do not remain a mere customs union. I feel that with such advances as, for example, the further development of the ECU by the introduction of ECU travellers' cheques we can make it clear to our people that Europe really does mean something tangible.

Now we are often told that in these areas no progress can be made since the other conditions for an economic and monetary union have not yet been fulfilled, and just as further development of the ECU is held back by this line of reasoning, the reverse argument is used to prevent progress in the area of economic policy. It is my view, however, that we must be bold in going for measurable progress in specific sectors to produce the pressure needed to attain further expansion and a genuine economic and monetary union. For this to be possible it is vital, before the introduction of a fully-fledged European currency, to follow a common European conjunctural policy and to create an independent central monetary authority, as Mr von Bismarck has explained.

But what has surprised me in this debate, as in previous debates, is that it is precisely those who always complain the loudest about how our dependence on the dollar is preventing Europe's economic development are the most hostile to the notion of integration. I think we should make it clear that criticizing or railing against the Americans will not get us any further, but that we should utilize the potentialities we have as the world's largest trading-power to improve our position in the monetary domain. With a flexible parity *vis-à-vis* the dollar and a fixed-rate system within the Community provided by the ECU, the EEC would be an extremely powerful factor on the world currency

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scene. In my view, it is precisely because of the situation in the United States that we have a duty to make progress. When I see that because of the high US budgetary deficit the US Treasury really is obliged to look for purchasers of some 15 to 17 thousand million dollars' worth of State bonds and that precisely because of the faith of many in the economic development of the US there is a flight into dollars; when I see that the Americans want to liberalize their money markets by abolishing the US withholding-tax for foreigners and plan to encourage anonymity for purchasers of securities and thus the possibility of tax fraud; when I see that the centre of world finance is moving away from the traditional markets — whether London, Zurich or Frankfurt — towards New York, which is evident from the fact that US trade in foreign shares from 1979 to 1984 rose from 10 to 30 thousand million dollars and the share of US banks in international banking business from 1979 to 1983 went from 12.3% to 22.6%, while the European share declined from 69% to 44%; when I see that the Euro-Dollar market has developed into a billion-dollar business, i.e., in 1983 climbed to 1.8 billion dollars, I am bound to say that the European central banks are quite obviously no longer in a position to control these masses of money and this market, so that the door is wide open to currency speculators. I think then that the argument advanced, in my country for instance, that we cannot make any progress in the monetary sector because in so doing we would import inflation from a number of community Member States into the German Federal Republic does not stand up, because in spite of no doubt justified misgivings the dollar's influence on our economic development is much more serious than possibly negative inflationary trends. What we need to understand is that in the main we have to pay for our raw materials in dollars. This is brought home to the man-in-the-street in these days of high dollar-rates in the form of increased petrol prices, for instance. This is a reflection of the fact that we as Europeans have no role to play on the world currency market. If we want to strengthen our economic development, we need joint action in the monetary field.

Mr Wolff (L). — (FR) Ladies and Gentlemen, I feel that we have heard many speakers who have expressed themselves in their usual manner.

I find that many have spoken to us about the United States. It is true that what happens in the United States always has repercussions in the rest of the world. But those very same people who are making the most fuss about the dollar's rise now would undoubtedly also be those who would be most vociferous if it were to start coming down.

As far as we are concerned, I believe that we would be better employed talking more about Europe instead of speculating about the hypothetical or expected weakness of others. Let us take those who succeed as examples, not as enemies. Our enemies are elsewhere. Nothing is achieved without effort.

Mr Ortolini, this morning you gave us what was in my opinion an objective and realistic master class. And I very much appreciated the various information that you provided.

I made a comment to you about the Commission's discretion and the need for a rather more positive approach.

I would now say to you that this morning provided me with proof of this discretion; it would be most desirable if people outside this Parliament were told what has been done, given details of the operations that you described to us this morning.

In calling for a more positive approach, I should like to see fuller information about what has been done so far and also a concern to be more informative about what remains to be done, to clarify Europe's objectives and to make Europe the ideal for tomorrow.

I am convinced that, with goodwill on all sides and the results already achieved and yet to be achieved, Europe is on the right course. I simply wish that it would publicize its activities enough to ensure that the European Parliament is not seen by the public as a talking-shop where nothing very much gets done.

Mr Bonaccini (COM). — (IT) Mr President, Mr Beumer was saying just now: 'If this is not an emergency, what is?' It is from such considerations that we were moved to table these motions and to recognize the need for this debate, which, I think, has proved most interesting and useful. I think the result of this debate has not been so much to give a discharge to this or that Institution of the Community, as to reaffirm the tenor of our motion which is concerned with the Council's responsibility *vis-à-vis* other proposals, initiatives and demands which had already been amply discussed and brought to its attention. I do agree that the order of the day, given the urgency of the situation, must be, not declamatory statements, but a determined effort to get something done. And I do not believe that at the end of the debate we can feel we have done enough simply by condemning a particular state of affairs.

This is why, at the close of this debate, I want to draw your attention to a proposal, tabled by Mr Seeler, that a conference should be called on the question of international debts, linked with the debates in the International Monetary Fund and the World Bank which will be taking place next spring and in which the subjects we have been debating today will be looked at more closely. What I want to add to the proposal is that when the subject comes to be discussed, at a venue which I will specify in a moment, greater attention is paid to the monitoring of national policies, of which Mr Ortolini spoke. We must ensure that this monitoring is carried out in politically equitable fashion, taking in all aspects, and is not, as some might desire, concerned

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only with the debtor countries. It may be that, in order to obtain a more detailed view of the European Monetary System and of the role of the ECU, we may shortly have to organize closer discussions — I don't know whether to call them hearings — between this Parliament's Committee on Economic and Monetary Affairs and the Community's Monetary Committee — surely an institution with which we can hope to talk with the prospect of getting closer to practical results.

Mr President, may I remind the House that, as you have announced, there are six motions for resolutions. I very much hope that the House will be willing to try to unify them and to consider them all in the same spirit, thus demonstrating its unity of purpose. We hope, that is, that a very broad consensus will be reached, and we shall be expressing our own agreement with all those motions that are not in direct contradiction with the positions we have stated in the course of the debate.

Mr Ortoli, Vice-President of the Commission. — (FR) Mr President, I propose to deal very quickly with a number of specific points, and then two or three aspects which I did not cover in my earlier speeches.

The specific points first. One of these was raised by Mrs De March: the question of the application of the ECU to agriculture. As she is aware, agricultural prices are fixed in ECU's. But we also have a number of problems stemming from one of the main difficulties affecting the EMS, which is the fact that our various economies are not evolving according to a homogeneous pattern. Personally, I am totally convinced of the desirability of our reaching the stage when the ECU really does become the European monetary unit, for agriculture as for our other activities. This will depend very largely on the degree of alignment that we are able to achieve in the management of our economies. Progress has been made in this area; details have been given, so that there is no need for me to go over them again.

The second question with which I should like to deal was put by Mr Bonaccini. Or more exactly, he expressed his views on the subject, to the effect that, as well as everything that we have been saying about the EMS, there is also what has come to be called convergence. Convergence is not a one-way process. The work that we do together to monitor Member States' economies, to evaluate their management of their economies, is not confined to some of them only; it must cover all, so as to arrive at a judgment as to which is the best economic policy combination making for a European optimum. On this point, one with which I did not deal at length, I should like to express my agreement.

I should now like to move on to three or four questions, with which I shall again deal briefly.

One was put by Mr Visser, in the following terms: 'Basically, when we envisage the future international monetary system, would there not be a form of adumbration of an intermediate stage or perhaps of a completed form in a transposition of the European Monetary System onto the level of the international community?' In other words, we would have a certain degree of exchange-rate stability, plus a willingness to take very concrete action, involving all the countries concerned, to deal with economic divergencies. This line of thought deserves to be pursued, as does the multipolar system on the basis in which it has been envisaged, with the emergence at a given moment of a European reserve currency to take its place alongside the dollar as a component of the international monetary system.

I think that, in a way, everything that we were saying about the ECU opens up this possibility. I am not saying that this is what is going to happen. But I do believe that we should be examining the conditions that would be required for this to happen and for it to succeed. For I do not believe, personally, that the multipolar system would of itself provide a basis for creating a new international monetary system. It is possible that there would still be the same destabilizing factors.

I therefore believe, not that there is any multipolar miracle solution, but that a much better balanced system than the existing system would make a positive contribution. But only if one condition is fulfilled: built into the system there must be enlightened management — enlightened by the needs of others — on the part of each of the leading economic powers, there must be a degree of organization behind currency movements.

Lady Elles spoke of what can be done to advance the ECU's development, on which I do not propose to comment further. This subject has been discussed at very great length. Spontaneity is playing a considerable role. The removal of legal obstacles is probably a decisive factor in a number of countries. Much the same may be said of the continued efforts of the Community authorities to encourage spontaneity, showing their interest in the developments taking place currently and helping these developments to come to fruition.

But Lady Elles was not alone in raising another problem. In common with others, she spoke of sterling joining the EMS. I am absolutely convinced that the time has come for an objective analysis of the advantages that the United Kingdom itself would derive from this. Various considerations are involved, as we know. There is the reserve currency argument, but the mark is a reserve currency. There is the petrodollar argument, but it has lost much of its force with the passage of time. There is the actual management of the economy and the idea, which held sway for a certain time, that a given exchange rate was not an objective in itself; however, I believe that, as a number of reali-

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ties have taken shape, this idea has itself gradually fallen by the wayside so that clearly, in the management of all our economies, including the British economy, an exchange rate which lastingly corresponds more closely to the economic realities is itself also a factor making for progress and stability. In view of this, I believe that all of us in the Community should be thinking along the lines of sterling joining the EMS, to enable the United Kingdom not only to benefit internally from the European effect but also to strengthen the system and lend weight to the European influence in the rest of the world. I repeat what I said earlier: it seems to me that the time has come to consider the integration of sterling into the common market, and this we must do with calmness blended, I hope, with commitment, optimism and resolve.

Mr Falconer took the debate onto a rather broader plane, raising a whole range of problems to which we shall no doubt have an opportunity to return when more general economic issues are discussed. But I heard him express his reservations, not to say frank opposition, to the European Monetary System. I would simply say to him that, to my mind, one must reflect before adopting such a determined attitude. I am not sure that, for you any more than for me or for many of us in this Chamber, a European monetary dimension cannot be a very important factor in our efforts to bring the international monetary system back into balance and to start the process of setting up a more satisfactory international monetary order.

Be that as it may, I do believe that this is a matter deserving serious consideration. I am not in the mood for conversion and we are not here to try to convince one another instantly. But it was Malraux, I think who said that 'history is the succession of questions rather than of answers', and it seems to me that it is worth asking the following question: has not this European monetary dimension a useful role to play in such a troubled world in which so many of the things of which you yourself complain are taking place? I simply put the question; of course, I do not expect the answer.

I turn now to what has been said in more general terms on what is to be done next about all this. I think that we have reached a stage at which the preliminaries need to be cleared away. The stock of ideas laid on the table have been studied by us and rehearsed by you; there are the proposals from the Commission, there is the Herman report, there are the resolutions from the Council and Parliament — not just those which followed the Herman report, since I think there were two earlier ones for which Mr Bonaccini was rapporteur. It is time to finish with these preliminaries. I am inclined to think that public opinion is tired of projects and now expects results. A number of solutions, albeit limited, are on the table; the time has now come for decisions. This, then, is my first point; I refer, of course, to the problems relating to the public ECU, the private ECU, financial integration, and converg-

ence. But I agree with many of you that it will then immediately become necessary to outline a next stage. But this next stage must be very fully thought out. What does it entail? It in fact entails the creation, at a given moment, of a European monetary responsibility, the step of partially entrusting to Europe functions which are now performed by the States and the central banks. Partially, concurrently, not necessarily exclusively, but this central bank or embryonic central bank that we are talking about will be responsible for the emergence of a form of European monetary entity. This, it seems to me, must be studied very seriously because it is a very real problem, and here I agree with those who have drawn attention, in various ways, to an extremely important factor: the degree of interpenetration of policies, the real degree of interpenetration. More progress has to be made before we achieve what I would call unity, rather than just the appearance of unity. We are getting closer and, after all, I would be no European if I did not believe that we have strong potential for acceleration which we have not yet fully exploited.

Two other problems will arise in connection with this new action. What are they? In broad terms, they stem from the idea that Europe could involve itself in one way or another in the creation of liquidities. It therefore has to be accepted that ECUs will be created.

But one of the many speakers — I think it was Mr von Bismarck — referred to the control of liquidities. You wish to create a central bank or an embryonic central bank; you will therefore have certain of the functions of a central bank but you will also have the disciplines of a central bank. And, in addition, you will have to resolve a problem with which we are familiar, since it is a matter which may be said to divide our countries: what degree of autonomy, at European level, what degree of independence shall we give the central bank?

These are problems which do not have to be faced today, but it is not out of the question that they will arise in the near future. I say this because I believe that we underestimate — I would find it tragic if this new legislature and the new Commission were unable to generate a different mood from the one that we have experienced in recent years — I believe that we underestimate Europe's strength and I believe that we underestimate its capabilities and potential. I even believe that we underestimate how much we can do, by setting aside our squabbles for a while and working together a little more creatively, to give renewed hope to those who, as I was just saying, are tired of hearing about plans and want to see action.

I feel that during the period ahead, in a world which is crying out for stability to bring relief from the monetary uncertainties and the severe disruption caused by the prevailing lack of balance, we must give renewed priority to monetary action, monetary union, in Europe's programme. This is a factor capable of making for homogeneity, integration, unity and economic

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and political expression which, to my mind, is far from having realized its full potential. I hope that it is on this basis that your legislature and the incoming Commission will be able to work, but there is no time to be lost.

(Applause)

President. — The debate is closed.

(Parliament accepted the requests for an early vote on the motions for resolutions announced)

The vote on the motions themselves will take place on Thursday, 11 October 1984, at 3 p.m.¹

(The sitting closed at 6 p.m.)

¹ For the announcement of subjects proposed for the topical and urgent debate and the agenda for the next sitting, see the Minutes.

ANNEX

Joint declaration by the Council, the Commission and the Parliament during the conciliation proceedings on the reform of the ERDF

The Council, the Commission and the Parliament, noting the increased Community character of the new Regulation on the Regional Fund, consider that the appraisal and application of the principles enshrined in the new Regulation must be discussed at least once a year.

The Council, the Commission and the Parliament consider that the priority for Fund assistance must be the elimination of regional imbalances. They will take maximum account of the regional implications of other common policies when considering the latter.

Statistics on employment, particularly that of women and young people, are fundamental to the Fund's operations, as to other Community instruments.

The three institutions are agreed on the desirability of more efficient relations between the Commission of the European Communities and regional or, where appropriate, local authorities, having due regard to the national responsibilities of the Member States and the provisions of Community law. This will enable regional interests to be better taken into account when regional development programmes and assistance programmes are drawn up.

In general, ERDF assistance constitutes an additional overall source of funds for the development of beneficiary areas or regions.

The Parliament, the Council and the Commission agree that in any event, points which were the subject of amendments by the Parliament which the Council was unable to adopt will be subjected to detailed examination in the future and in any case at the time of any subsequent revision of the Fund Regulation.

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IN THE CHAIR: MR NORD

Vice-President

(The sitting was opened at 9.00 a.m.)¹

1. *Transfer of appropriations No 28/84*

President. — I have received the following letter from the Chairman of the Committee on Budgets:

At its meeting of 9 October the Committee on Budgets examined the proposal for transfer of appropriations No 28/84 to release appropriations totalling 1 202 million ECU to finance compensatory measures for the United Kingdom and the Federal Republic of Germany for the 1983 financial year.

I wish to inform you that the Committee on Budgets approved this transfer proposal.

I therefore inform Parliament accordingly.

Mrs Veil (L). — (FR) Mr President, I should like to propose a procedural motion. I am not challenging the substance of the decision taken by the Committee on Budgets, since Parliament had approved in principle the possibility of a transfer as soon as certain conditions were fulfilled. Parliament had, in particular, made the transfer subject not to the adoption by Parliament of the amending budget, but to the submission of that budget. That was the term chosen by Parlia-

ment and we should keep to it; I merely think, and this was implicit in Parliament's decision, that the amending budget will be adopted very quickly, even if it is not wholly satisfactory. Indeed, I will tell you now that we do not like it, but we need a supplementary or amending budget to settle the outstanding problems. However, the procedures must be respected, and I believe that the Committee on Budgets has not respected the procedure laid down in Parliament's own rules.

It is normally Parliament which has to decide on transfers of appropriations. I have looked up the decisions which allocated this task to the Committee on Budgets, and I refer first to a decision of 1973 which I feel I should read to Parliament. When giving their opinion, our colleagues in the Committee on Budgets certainly failed to take account of this document, perhaps because it stems from 1973. It is worded as follows: 'Acting on a proposal of the Bureau, Parliament shall decide' — so it is Parliament which is usually responsible — 'that, where the Committee on Budgets deems it unnecessary to draw up a report because it does not have any major objections to a transfer of appropriations or because the transfer is of a secondary nature' — can it be said in this case that the transfers are of a secondary nature? — 'it shall communicate its opinion to the President, who will inform the Council of it'. In 1978 the Enlarged Bureau commented on these transfers of appropriations — there had probably been some incident between the Committee on Budgets and the Enlarged Bureau — saying that it approved the Committee's plan to follow the procedure applied in the past and submit a report to Parliament whenever a request for a transfer of appropriations presented particularly interesting features.

This being the case, I think that to claim that this transfer of appropriations is not of particular interest is

¹ *Approval of minutes — Documents received: see Minutes.*

Veil

incorrect since in exercising its budgetary powers, Parliament may be called upon increasingly frequently to transfer appropriations in politically important areas instead of approving budgets, whereas in the past transfers of appropriations were essentially a technical matter. The situation now is by no means as it was formerly, when we had budgets within which simple transfers had to be made — what we have now is a real political decision taken last July by Parliament itself. That is why I believe that the Committee on Budgets should have submitted a report to Parliament for its opinion. My intention in proposing this procedural motion is to ensure that in future, in important cases like this, the Committee on Budgets will report to Parliament and that it will be the whole Parliament which gives its opinion.

(Applause from the right)

Mr Chambeiron (COM). — *(FR)* Ladies and gentlemen, if you will allow me . . .

(Interruption by Mr de la Malène)

Mr de la Malène, there's no need to get excited, I shall be very brief.

As a member of the Committee on Budgets I should first of all like to say that I am absolutely certain that the Committee acted well within its rights. The fact that Parliament delegated power to it authorizes it to transfer appropriations. But that is not the point. It seems to me that we are dealing here with a typical case and that we must observe a certain identity of form. In July we decided in plenary sitting to block the payments to the United Kingdom and the Federal Republic of Germany. I think we should use the same procedure for releasing the payments. That is why I should like you, Mr President, to put the question of releasing the payments to the vote in this Assembly — the vote could be taken quickly during the voting on Thursday. I think the problem is quite easy to resolve: we must simply maintain the identity of form.

Mr de la Malène (RDE). — *(FR)* Mr President, I too would like to say something about procedure.

This whole matter is obviously of vital importance to the Community, which has been trying to deal with it from one Council to the next for a number of years. It cannot be regarded as a routine item — it is a question of fundamental importance for the Community.

I should like to make three points, two of them legal and one political.

With reference to the legal side of the question, Mrs Veil has rightly pointed out the rules of Parliament from which the Committee on Budgets derives its authority in this affair. The Committee on Budgets has

clearly exceeded its authority and has failed to respect its own rules of operation which, as Mrs Veil reminded us, were proposed by the Committee itself and approved by the Enlarged Bureau.

It is unfortunate, Mr President, that the Presidency of Parliament did not remind the Committee on Budgets of the rules of operation which the Committee itself proposed and which, as I have said, the Bureau laid down. That is my first point.

The second point was mentioned by Mrs Veil and Mr Chambeiron. In law there is a clear principle known as the identity of form. In the present case Parliament has already given its opinion twice, in July and September. It was Parliament which took the decision on this fundamental question.

So, if we do not respect the rules on authority today, the decision will be taken by a body with infinitely less legal competence, and without the relative responsibilities being clearly defined. We must respect the rule of identity of form. It was Parliament which refused the transfer; if it is now to accept it — and I will not go into the substance of what it is to accept — it must define its position on its own and it must do so unequivocally. Everyone must make his views known.

And finally a political point, Mr President. In a case which is so vital for the life of the Community and for our farmers, how can we allow the decision to be taken behind closed doors, almost furtively as it were, without everyone here having an opportunity to give his views officially? For these three legal and political reasons, Mr President, we cannot support the procedure you are proposing. I demand a vote by roll call.

(Applause from the right)

Mr von der Vring (S). — *(DE)* Mr President, I cannot understand why the last speakers have got so excited. In my opinion both of the Group chairmen who spoke should reconsider their position. The Committee on Budgets does not have the right to determine the procedure used here. That must be the decision of the Presidency and Parliament. The Committee on Budgets has done its duty, it has passed on the results to the Presidency, it has given the Presidency and the group chairmen the opportunity to decide on how to proceed, and it has left the decision to Parliament unconditionally. Every single member of the Committee on Budgets has his own particular views, but in our opinion it is not up to the Committee to decide whether Parliament is allowed to voice an opinion.

But that was not even the point. If that is what is wanted all that has to be done is to table a motion, Parliament will vote on it and the appropriate procedure will be adopted. All this fuss is senseless. In my opinion it is not very helpful to hold the vote without a

von der Vring

detailed debate on the contents of the supplementary budget, and I think that this week is too early for that.

On the other hand Parliament will not exactly be covering itself in glory if all we do is say that we intend to vote but do not explain why, in other words if we merely say that we find the proposed supplementary budget rather poor but are still in favour of the British refund. For this reason, I would much rather have let the whole thing go by without a word. The legal question of how it is being handled, however, is a matter only for Parliament, and the Committee on Budgets does not need to be involved.

Mr Langes (PPE). — *(DE)* Mr President, I must confess that this morning's storm in a teacup is quite beyond me. Let me make that quite clear to Mrs Veil and Mr de la Malène. The Committee on Budgets has not exceeded its powers at all, and I cannot understand how your colleagues in the Committee could tell you anything of the sort. Quite on the contrary, the Committee on Budgets even said that it was such an important matter that it must be submitted to the Presidency; the Committee has absolutely no objection to this, indeed, we would even understand if it were to be voted on in plenary sitting. There should be no cover-up here, and the rights of the full assembly must in no way be restricted. Our chairman stated this quite clearly in a letter to the Presidency.

I should like to reaffirm my support for the comments made by Mr von der Vring, to prevent anyone from getting the impression that this terrible Committee has yet again usurped rights to which it is not entitled. We were perfectly aware of the political difficulties. And, my dear Mr de la Malène, we have no objections whatsoever. Why did the Presidency decide that Parliament should vote again on this matter? Because the elections had been held in the meantime. If you and Mrs Veil request a vote on Thursday no one in this Committee will oppose you. If you had not requested this we would have assumed that your colleague, Mr de la Malène, had voted with the majority in the Committee on budgets. There is no question of a political cover-up here — and I am only saying so to prevent further rumours from spreading.

Mr Arndt (S). — *(DE)* Mr President, speaking for the Socialist Group I can express my support for the Christian-Democrat Group's budget spokesman. His speech was also in line with the agreement between the Group chairmen, including Mrs Veil and Mr de la Malène. We specifically stated that a vote would be held if requested; this was agreed between the Group chairman and the President. However, I would draw your attention to one point to prevent any rumours. I should like to refer to what was said by the former chairman of the Committee on Budgets, Mr Lange, who has considerable standing in the House. In the past the Committee on Budgets made these decisions,

and then informed the Presidency. The President, Mr Dankert, said that with such important questions Parliament must check whether the Committee's decision was correct or not. This arrangement can continue to apply in future.

Once the Committee on Budgets announces that it has exercised its duty or its right, an appeal can of course be made to the full assembly in matters such as this. It regard it as a matter of course that this procedure is followed. But there is one thing that I don't quite understand: Parliament decided to release the money as and when the draft supplementary budget was submitted by the Council. In other words the decision on the political antecedents or the political principle involved was taken long ago. The House had already committed itself. So to claim that this is still a fundamental question naturally raises suspicions that none of the reasons for wanting to withhold the British refund is the real one but that the aim is to withhold the payment on principle.

So my Group is in favour of voting again on this question on Thursday, and we will vote in favour of releasing the payment as promised by the House on several occasions.

(Applause from the left)

Mr Price (ED). — Mr President, we have heard objections this morning from Mrs Veil and Mr de la Malène concerning the procedure of the Committee on Budgets, and suggestions that the Committee on Budgets has not followed normal practice. Mrs Veil has referred to the delegated powers set out in the documents of 1973 and 1978 and takes a very restrictive view of what was laid down in 1973, namely that the Committee on Budgets would not report unless there was a point of principle or it was a secondary transfer.

I would invite Mrs Veil to consider the contrast between the rather restrictive view that she now takes of those words and the view that has been observed in this Parliament for the whole of the last five years. During this period the Committee on Budgets has not at any time found it necessary to place a report before Parliament. Indeed, for two and a half of those years, i.e. during Mrs Veil's own presidency, the Committee on Budgets considered matters both great and small involving all sorts of important issues. Yet none of them apparently warranted a report.

If we compare that with the issue now before the House, the House itself made it quite clear that it would release the moneys and approve the transfer at such time as a draft supplementary budget was established. No point of principle has escaped the House. The House made its own view absolutely clear, and all that the Committee on Budgets has done in this instance was to implement the view expressed by the House.

Price

However, Mr President, since an objection has been made by a small minority in this House, I hope that the House will have an opportunity of voting and confirming the very large majority in the Committee on Budgets that was in favour. In this way the House can make it quite clear that those views expressed today are simply those of a very small minority. The majority do wish to see this transfer now approved.

Mr Galland (L). — (FR) Mr President, I should like to express my amazement at two striking things about the Committee on Budgets' handling of this matter.

I have listened very attentively to Mr Arndt and Mr von der Vring, but, honourable members, since you have no objection to a plenary vote you could have spared us today's debate and, given the obvious political and legal problems involved, you could have handled the matter rather differently and submitted a report for a vote by the Assembly.

We could have spared ourselves a pointless debate since you seem to agree with us on the central issue.

Mr President, there is another thing about the Committee on Budgets which astonishes me. Mr Arndt said that the Committee on Budgets is held in some regard by Parliament. I hope, Mr Arndt, that it may continue to be so and, to that end, I wish that it had made our work this morning simpler, knowing that the first item on the agenda was the communication by the President. Instead of allowing members not authorized to do so to give the opinion of the Committee on Budgets, it would have been better if the chairman of the Committee or, in his absence, a deputy-chairman who *had* been authorized by the Committee, had delivered an unequivocal opinion. I think it would be advisable to adopt this procedure in the future. It would have made our work much easier.

Mr Fanton (RDE). — (FR) Mr President, to carry on from what Mr Galland has just said, I think that we must not allow the impression to be given in Parliament that there are two categories of Members: those who enjoy the privileges of the Committee on Budgets and who are the only ones allowed to take decisions, and others who come along just to hear the Committee's decisions.

We have been elected to do our duty — and a vital duty it is — with regard to the budget. Therefore, when we are faced with a problem as great as the one before us at present, it is *completely* unacceptable for the Committee on Budgets to appear to be trying to dodge this responsibility of ours.

Another thing: people are always complaining, as we have heard here on several occasions, about the image which Parliament has in Europe. I am sorry to have to say, Mr President, that we will scarcely be improving

our image if we carry on like this. How can you expect voters in Europe to understand anything about an operation in which Parliament is seen to give its opinion in September and then suddenly seems to have no opinion. Just a moment ago I heard some honourable Members say that they were quite prepared for a vote. Well, I think that, as Mr Galland said, we could have saved a lot of time and effort if the Committee on Budgets had faced up to its political responsibility — not to mention its technical responsibilities — and submitted the decision to Parliament.

That is why, Mr President, judging by what we have just heard, I think that we are going to be able to vote, but I would point out straight away that we must vote quickly. Not in a fortnight's time, that would be pointless. It is now or never. The position we adopt now on this question will give us some indication of what the future holds for this Parliament.

(Applause from various quarters)

Mr Coste-Floret (RDE). — (FR) I have listened to what Mrs Veil, Mr de la Malène and my colleague Mr Chambeiron have said. I should like to refute two statements made in this debate which, to my mind, go too far.

It has been said that it is not the Committee on Budgets but the Bureau which decides on procedure. That may be true, but in making its decision, the Bureau must respect the rule of law.

It has also been said that we have the possibility of taking a plenary vote. I would say that we do not have a possibility but a duty to hold a plenary vote, since the only legal question — and it is a very obvious one — in this debate is whether the Committee on Budgets and the Bureau are authorized to entitle the Committee on Budgets to reverse a decision of Parliament. As Mr Chambeiron and later Mrs Veil and the chairman of my Group, Mr de la Malène, reminded us, there is a rule which is taught in every college and faculty of law in the Community and which is absolutely fundamental: the identity of form. It was Parliament, with its sovereign power, which decided to block the transfer in question today. It is Parliament and Parliament alone which can decide to release the transfer, and not a committee.

I would add that because the rule of law has been infringed, political responsibilities have been shirked in this case, because the Parliament's responsibility with regard to the budget is a fundamental political responsibility and is the only field in which it has been given decision-making powers by the Treaties. It cannot relinquish this decision-making power to a subordinate authority. If the identity of form is to be respected, it is Parliament alone which can decide.

For both legal and political reasons therefore — because I want to do my duty as a Member and

Coste-Floret

because I know that everyone here wishes to do theirs — I call for a vote by roll-call.

(Applause from various quarters)

Mr Tomlinson (S). — Mr President, I think we have spent far too much time this morning on this, and it was in fact, in an attempt to avoid wasting so much time yesterday that my colleague Terry Pitt and I in the Committee on Budgets voted that this matter should come before this House for a vote on it. It would be unfortunate if this House, by debating at some length the procedural issues of *how* we refund this money to the United Kingdom, *how* we approve the transfer, were to give public opinion in the Community somehow the impression that there is a reluctance to keep to the decision that they made in July, however ill-advised some of us felt that decision was. By arguing round these procedural questions, we are giving public opinion the impression that having laid down a condition — albeit a condition which I believe ill-advised — and now that condition has been satisfied and a supplementary budget has been transmitted, there is a desire in this House to enlarge the argument to continue it. It would be neater and cleaner if we could get to a vote on the issue speedily and then get on to dealing with the many substantive issues on budgetary affairs that this House has to take a decision on if we are not going to see a gradual diminution of the esteem of this House in the eyes of the decision-making places of the Community, and the public at large.

President. — At this stage in our proceedings I should like to say a few words on the procedure which the House should now follow.

The Committee on Budgets has informed the President of Parliament of its decision on the transfer, and the President has, in accordance with the rules in force, informed the House accordingly. It seems to me perfectly clear that, whatever individual Members may think of the procedure chosen by the Committee on Budgets, the House as a whole wants the decision on this transfer to be taken by Parliament itself. I therefore propose that you decide now that it is Parliament itself which should decide, and that you also decide when Parliament is to vote on this transfer.

There are two possibilities: either we lose no time at all and vote at 3 o'clock this afternoon or we vote tomorrow. It is up to you to decide. To be perfectly frank, after hearing the various speakers, I think the sooner the better. But that is only a personal opinion. I now need a decision on the time of the vote, and once again there are two possibilities: either at 3 p.m. today or at 3 p.m. tomorrow. I would ask you to tell me which you prefer.

Mr Langes (PPE) — *(DE)* Mr President, I have just stated clearly that I go along with it if the House

wants a vote. So I shall ask my group to agree to it also. But I propose that we take this vote tomorrow, Thursday, at 3 p.m. together with the other important votes, since one or other of the groups may wish to discuss it again, which means that we need the time till tomorrow. I am sure that, despite his great hurry, Mr de la Malène would consider this soon enough.

Mr Cot (S), Chairman of the Committee on Budgets. — *(FR)* Mr President, I would ask the House to excuse this most unfortunate delay and, for my part at least, I should like to dispel any misunderstanding between your Committee on Budgets and Parliament as a whole by saying that in this matter we have done no more than carry out to the best of our abilities the task entrusted to us. Obviously, it is now up to President Pflimlin to take the appropriate decisions. Having said this, I think that, as regards the substance of the question and in view of the debate that has just opened, it is important — and here I agree with Mr Langes — that the House should be allowed time to think before voting the way it wishes on this important subject.

President. — I have received from Mr Langes a proposal that the vote be taken at 3 p.m. tomorrow. Are there any counterproposals?

Mr Galland (L). — *(FR)* Mr President, if I understood correctly a moment ago, Mr Langes and Mr Arndt were explaining that there was no political problem, that the decision was taken, and that there was merely a problem of form. So I fail to understand why one line is being taken at one point in a discussion and then another line according to which there ought to be a thorough discussion in the political groups. If we are to be consistent, Mr President, I would wholeheartedly agree with your phrase 'the sooner the better'. Let us vote this afternoon so as to settle this question without delay.

President. — We therefore have two proposals: either we vote at 3 p.m. today or we vote at 3 p.m. tomorrow. I shall take the two proposals in chronological order. I would ask you to vote first of all on Mr Galland's proposal to vote today.

(Parliament decided that the vote would be held at 3 p.m. that day)

Mr Huckfield (S). — Mr President, I rise on a point of order to seek your guidance. I am not trying to minimize at all the significance of the issue that we have just been discussing, because, obviously, the issue of the rebate is very important indeed to us in Britain; but I would like to ask you how it is possible on an important day like today to raise an issue which many of us believe is just as important as the one we have

Huckfield

just discussed — namely, the miners' dispute in Britain.

(During this speech a large banner bearing the inscription 'National Union of Mineworkers' had been brought in and displayed at the back of the Chamber. Mixed reactions: applause from the Socialist benches and mounting protests from the centre and the right)

This is a dispute, Mr President, which has so far cost the United Kingdom Government more than UKL 4 000 million.

(Interruptions from the right)

It is a dispute which has been going on for seven months.

(Further interruptions)

It is a dispute which has so far led to more than 7 000 arrests. It is a dispute which has meant that five people have actually died. It is a dispute which so far this House has not even found worth . . .

(Interruption from the Chair)

Mr President, we have tried to raise it under Rule 48. We have tried to raise it under Rule 49. We have tried to raise it under Rule 95. And we are still told that there is no way that this most urgent and important matter can be raised.

(Continued mixed reactions)

President. — This is not a point of order.

Mr Huckfield (S). — I have to submit to you, Mr President, that we have even tried giving out our campaign material outside this Chamber. We have even brought the treasured emblem of the South Wales miners into this Chamber, and we have done that because that is how strongly we feel about the issue.

President. — In the circumstances I suspend the sitting in accordance with Rule 70.

(The sitting was suspended at 9.35 a.m. and resumed at 9.40 a.m.)

President. — Ladies and gentlemen, I suspended the sitting a few moments ago and should like to tell you why.

Firstly, the point raised by Mr Huckfield was not a point of order at all. Secondly, a demonstration was being held in this Chamber. It is impossible for a parliament to get on with its proceedings when a demon-

stration is going on in the Chamber itself. It is a very serious matter, and that is why I suspended the sitting immediately. I shall ask the Quaestors, who are responsible for order in this House, to look into this question and to report to the House on the measures to be taken to ensure that scenes of this kind cannot occur again and that the House can work in a proper parliamentary atmosphere.

(Applause)

Mr Curry (ED). — On a point of order, Mr President, I hope the Chamber will have taken note of the face of left-wing totalitarianism which has just presented itself.

(Protests from the left)

You can hear it begin. You just utter the words and the bellowing starts, intended to turn this place into a rabble as they have attempted to turn large stretches of the United Kingdom into a disorganized mass picket. If this is what happens here, Mr President, can you imagine what it is like when a thousand pickets assault a handful of workers who wish to work at a pit? If this is what happens here, can you imagine the sustained violence, the sustained intimidation, the sustained bloody-minded totalitarianism which is the motivation behind what has been happening here?

I am not prepared, Mr President, to sit and listen to the rabble which represents the Labour Party with its puerile puppet at its head, disfigure this place as it is attempting to disfigure our own democracy at home. I hope that our colleagues will take note of what any return ever to a Labour Government would represent not just for our democracy but for the whole of the European Community.

Mr Fanton (RDE). — *(FR)* Mr President, we have all seen the advertising posters and placards which are put up all round stadiums to help finance football clubs.

I just wanted to know whether this House — or its Bureau — intended to do the same thing. Since we can now see placards being shown in our Chamber, I wanted to know whether the Bureau intended to take a decision on the applicable rules in view of the fact that each Member comes here with his little placard, sometimes political and perhaps in future — why not? — commercial. There is no reason why we should stop at that.

Mr President, I would ask the Bureau — which never seems to take decisions when it comes to discipline in this House — to take a decision and to state clearly that it is not permissible to come here with all sorts of paraphernalia, as happened last time, or with placards, as is happening today, since it will not be long before

Fanton

everyone becomes a placard carrier. It is totally unacceptable!

(Applause)

Mr Antony (DR). — *(FR)* This is the second time that incidents like this have occurred, and they have always been caused by the same people. I should therefore like Parliament to state its position on this question and to take a formal vote expressing its opposition to demonstrations which harm the good atmosphere, and even the good standing, of this House.

Mr Schwalba-Hoth (ARC). — *(DE)* I table the procedural motion that Parliament should declare its solidarity with the just struggle and resistance of the British miners and should condemn all repression against the miners and their just strike and struggle.

(Applause from the left)

Parliament must take note that, in order to draw attention to this source of conflict in the United Kingdom, the Labour Members had no alternative but to choose this unconventional form a parliamentary action. If we have to choose between etiquette and a just need to draw attention to a state of affairs affecting peoples' very existence, our choice must be clear, and we must not allow ourselves to be put off by such — and I quote — 'bellowing' attacks from the right-wingers, who are sitting here well-paid, untroubled and secure and have no idea of what the concerns of the British miners are.

Mr Newens (S). — Before you suspended the sitting my colleague Mr Huckfield tried, on a point of order, to ask your advice as to how this matter could be raised on the floor of the House at this particular stage. I want to reiterate that point of order. In fact, Mr Curry made some very extreme remarks here, and I want to place on record the fact that those of us who come from the Labour Party have a very great concern for the defence of democracy and for the rights of people in Europe and in our own country!

In these circumstances what we wish to do is to find a means of bringing to your notice and to the notice of the House the fact that the use of the police has meant that large numbers of people in our country are being subjected to starvation and oppression, which is something that has never taken place previously in Britain in this century.

Am I correct in saying, Mr President, that on a previous occasion we in this Assembly expressed our solidarity with the Poles and with others who are fighting for trade unionism in other parts of the world? Would it not, therefore, be a disgrace for us now not to express our solidarity with miners who are fighting for

democracy and the rights of ordinary people within this Community, in Britain.

(Applause from the left)

President. — Mr Newens, you cannot in this Assembly have a substantive debate on a point of order. If you want a debate on the question you have raised here, the Rules of our House contain various provisions which offer every opportunity for doing so. I would strongly advise you to read those Rules so that you know what the possibilities are. But you cannot provoke a debate on the substance of the matter you want to raise without using the legal instruments which Parliament's Rules provide for that purpose. Therefore, I cannot allow it on a point of order. I do not think either that I can allow this procedure, where everybody wants to make points of order, to continue.

I will now call Mr Luster, who has been asking for about half an hour to speak on a point of order. We shall then conclude this debate and get on with the real business of the House.

Mr Luster (PPE). — *(DE)* Mr President, I think that the remark I am about to make is in keeping with the Rules of Procedure. I should like to draw your attention to the fact that there are placards on Members' seats in this Chamber, mostly to my right, i.e. to your left. I would ask you to check whether this is allowed under Parliament's Rules of Procedure. If, as I assume, it is not, I should like to request the immediate removal of these placards.

(Applause)

President. — Mr Luster, when I resumed the sitting I announced that the Quaestors would be asked to look into this matter and report their findings to the House.

Mr Smith (S). — Mr President, does this House, which prides itself on its democratic institutions and practices, allow the alliance of the British Tories and the French fascists to tear down a banner which represents the miners of our country, Britain? The only crime which the miners have committed in Britain is their determination to stand up for their jobs, their villages and their communities!

(Protests from the European Democratic benches)

I believe you are quite right to rule that the Rules of Procedure allow us to debate the future of the mining industry in Britain, but the fact of the matter is that the Tory Party in this House continually refuses such a debate. We want to know what have they got to hide? Are they afraid to let the eyes of the world see what is going on in Britain?

President. — I must repeat to you, Mr Smith, what I explained to Mr Huckfield, namely that you cannot have a debate like this on a point of order. If you want a debate on this subject there are provisions in our Rules for having it. I would ask you to use those procedures which the Rules provide rather than waste the time of the House.

Mr Baudis (PPE). — (FR) What has just happened is unacceptable. But what is scandalous is that Members of this House applauded this intrusion. I consider that some of us have embarked on a dangerous path this morning.

I would simply like to ask some of our colleagues, and particularly my French colleagues, what they will do on the day when trade unions come into this Chamber to protest against the policy of the government which they support in France.

(Applause from the centre and the right)

Mrs Piermont (ARC). — (DE) Mr President, I should like to table the procedural motion that methods of expressing political opinions such as those we have just witnessed should be regarded by this House as normal and desirable. During the September part-session our group carried out a protest action on Chile in front of the doors to the Chamber. At the time we were asked to do so, but afterwards we were accused of expressing our opinion outside the Chamber and were asked to go into the Chamber with such protests and to express our opinion there. What the Labour Members have obviously done today is comply with this request, and I move that this should be accepted in this House as a normal form of political expression.

Mr Ulburghs (NI). — (NL) Mr President, I live in Genk, which is an industrial town in the Belgian province of Limburg and which lives mainly from mining. In the part of the town where I live, Zwartberg, there are three mines, one of which has already been shut down. I heard yesterday that the management of the mines in Limburg wants to shut down a second one. I therefore propose that priority should be given to dealing with this problem of coal, which is of great importance, and that a major energy debate on coal in Europe should be held. At the same time I declare my solidarity with the British miners.

Mr Musso (RDE). — (FR) I was saying that I was embarrassed, shocked and ashamed all at once.

I am embarrassed because I was elected by universal suffrage. I explained during the electoral campaign what the European Parliament was, and yet here we are taking 40 minutes this morning to realize that we

ought to vote on something which we have the duty and right to vote on in any case.

Secondly, I am shocked by the demonstration which I witnessed in this Chamber, and I do not think there is any need to ask the Quaestors to discuss it. I think that it is up to you, Mr President, to see to it that order is properly maintained in this Chamber.

Thirdly, I am ashamed because I refuse to accept that certain expressions should be allowed in this House, even if I am a new comer to politics. It does not seem to me that there is anyone, either on the Right or the Left, who is anything other than human, and I cannot see how anyone can be described as a bellowing animal, whatever the opinion he wishes to express.

Lastly, I should like to say to my colleague that he made an accusation against the RPR, that I belong to the RPR, and that I do not think that we have to take any lessons in democracy, either here or elsewhere in the world, from people of his political persuasion.

(Applause)

President. — Mr Musso, I would draw your attention to the fact that I suspended the sitting as soon as anything unacceptable happened.

(Interruption by Mr Musso: 'Then see to it that the placards are removed, Mr President!')

We shall now continue with the agenda.¹

2. Verification of credentials

President. — I have received from the Committee on the Verification of Credentials a communication concerning the verification of the credentials of several Members of Parliament.

The list will be published in the minutes of today's sitting.

Unless objections are raised when the minutes are approved tomorrow morning, these mandates will be regarded as ratified.

Mr Rogalla (S), Chairman of the Committee on the Verification of Credentials. — (DE) Mr President, in my reply as the Chairman of our Committee I should like to make two statements. The first concerns the number of credentials which have not yet been verified. There are at present 11. The second relates to a document submitted to the Committee for examination. The document comes from Denmark and I am

¹ Budget timetable: see Minutes.

Rogalla

mentioning it now to prevent any blatant political manoeuvring.

The document is an objection or rather an appeal in connection with the elections and could not be brought before the Committee before now because the new Parliament was being formed. We have therefore not had the opportunity to examine the document for our Danish colleagues as part of the verification of credentials. Since then we have determined that the credentials of our Danish colleagues could be verified without delay. Nevertheless, because of the document's allegations concerning the Danish constitution and the violation of human rights during the European elections in Denmark, which call into question the fundamental principles of free elections, we felt obliged to appoint a rapporteur to investigate the matter thoroughly.

Our rapporteur is Mr Hoon. Before the report is drawn up, the Legal Affairs Committee will submit its opinion in order to give the greatest possible scope for an objective investigation. We decided to pursue the matter in spite of the fact that some of the Committee considered this rather a 'thin case', as the English say.

I wanted to make both Parliament and the public aware of this, to prevent any speculation or rumours about how the matter is being handled, and in particular to prevent incorrect information from reaching political circles in one of the Member States. There will also be a press release on this subject.

3. Budget

President. — The next item is the joint debate on

— the presentation by the Council of draft supplementary budget No 1 for 1984 and of the draft general budget of the Communities for 1985;

— the motion for a resolution (Doc. 2-705/84) tabled by Mrs Scrivener on behalf of the Committee on Budgets on

the proposals from the Commission to the Council for a regulation introducing measures to cover budgetary requirements in 1984 given the exhaustion of own resources (Doc. 1-362/84) and for a regulation introducing reserve measures to cover requirements in 1985 should the new decision to increase own resources not enter into force in time (Doc. 2-367/84);

— the oral question with debate (Doc. 2-613/84), tabled by Mr Langes on behalf of the Group of the European People's Party (Christian-Democratic Group), Mr Dankert on behalf of the Socialist Group, Lord Douro on behalf of the European Democratic Group, Mrs Barbarella on behalf of the Communist Group, Mr Louwes on

behalf of the Liberal and Democratic Group, Mr Pasty on behalf of the Group of the European Democratic Alliance, Mr Cot on behalf of the Committee on Budgets, and Mr Aigner on behalf of the Committee on Budgetary Control, to the Commission:

Subject: Implementation of the budget of the European Communities for the 1984 financial year (Notenboom procedure). On 15 December 1983 the European Parliament adopted a great many amendments.

When the President of the European Parliament adopted the budget in December 1983, these amendments were definitively entered in the budget for the 1984 financial year. The most important of these amendments were:

Article/Item			
500	European Regional Development Fund	+	112 500 000 (125 000 000)
510	European Regional Development Fund (specific measures)	+	(10 000 000)
5410	Preparatory studies for integrated operations	+	500 000
550	Mediterranean programmes	+	7 000 000
6000	Less-favoured regions	+	38 000 000 (44 000 000)
6001	Other regions	+	57 000 000 (65 500 000)
6010	European Social Fund	+	10 000 000 (15 000 000)
6011	European Social Fund	+	15 000 000 (21 500 000)
630	Implementation of the education programme	+	736 000
6301	Education and new information technologies	+	100 000
6302	Cooperation between European universities (new)	+	400 000
631	Preparation of young people for working life	+	345 000
632	European Centre for the Development of Vocational Training	+	50 000
6330	Specific measures relating to training	+	20 000
6331	Measures for training people in the new information technologies	+	250 000

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634	Continuing training	+	130 000	778	Studies on industrial guidelines	+	395 000
636	Community measures in favour of minority languages and cultures	+	200 000	781	Financial support for transport infrastructure projects	+	1 000 000 (20 000 000)
6400	Research and related measures on labour market trends	+	400 000	9204	Additional food aid in cereals	+	13 400 000
6401	Cooperation in the field of employment	+	900 000	921	Food aid in milk products	+	18 000 000
6420	European Trade Union Institute	+	110 000	9251	Transport costs for aid under current programmes and operations	+	9 000 000
6421	Aid to European organizations of small and medium-sized undertakings for the provision of training and information of their representatives on the subject of European affairs	+	50 000	930	Financial and technical cooperation with non-associated developing countries	+	18 000 000
6450	Administrative Commission on social security for migrant workers	+	550 000	941	Community contribution towards schemes concerning developing countries carried out by non governmental organizations	+	6 000 000 (5 000 000)
646	Specific measures to combat poverty	+	216 473 (550 000)	958	Special programme to combat hunger in the world	+	42 000 000 (58 000 000)
650	Contribution to the European Coal and Steel Community for social measures in connection with the restructuring of the steel industry	+	12 500 000				
6631	Operations to combat pollution of the Rhine and other rivers	+	100 000				
6706	Restoration of the Parthenon	+	100 000				
7027	Restructuring of the coal industry in the Community	+	60 000 000				
705	Promotion of energy investments	+	20 000 000				
709	Studies in the energy sector	+	1 000 000				
7305	Biotechnologies: biomolecular engineering	+	1 770 000				
7310	Thermonuclear fusion: general programme	+	11 000 000				
7335	Information technologies: ESPRIT	+	(127 000 000)				
772	Development of a European industrial area (new)	+	(600 000 000)				

The Commission is required to implement the budget accordingly under Article 205 of the Treaty.

As the conduct of the debate on the 1985 budget is largely dependent on the way in which the 1984 budget is implemented, can the Commission indicate:

1. How it has implemented the items created or supplemented by the European Parliament?
2. How it intends to implement the budget until the end of this year in accordance with the decisions of the European Parliament?
3. To what extent certain expenditure has not been effected owing to the lack of any additional legal basis which may, in its opinion, be required?
4. Whether it will have any difficulty in implementing articles and items in the 1984 budget other than those referred to above?

Mr O'Keefe, President-in-Office of the Council. — Mr President, when I last appeared before you on 11 September, I reported on the progress which the Council was making towards the establishment of draft budgets for 1984 and for 1985. Subsequently, your Committee on Budgets was kept informed of discussions at the Foreign Affairs Council on 17 and 18 September. I am now able to inform the House that, following the final

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round of negotiations in the Council in Luxembourg last week, the draft supplementary and amending budget No 1/84 was established along with the draft budget for 1985 and was immediately dispatched to you. This ensured respect for the date of 5 October established by the Treaty as the last day on which the draft budget shall be placed before Parliament.

I have already conveyed to you my regret that the pragmatic calendar upon which we had agreed could not be maintained. I appreciate that the delay which has been incurred complicates the tasks of both branches of the budgetary authority, and I can assure you that we will do our best to alleviate any difficulties.

In my previous speech I dealt largely with the content of both draft budgets. Today I should like to present them to you in more detail.

As regards 1984, you will recall that the Commission justified its request for additional funds by recalling the agricultural advances which were not paid in 1983 and were to be carried forward to 1984; the effects of the 1984-85 price-fixing, which are in fact limited, and the deterioration of agricultural markets. Mr Tugendhat explained to you in September that a few days before the Commission had reviewed the agricultural market situation and outlook to check whether or not the Commission's earlier assumptions remained valid. The Commission, he said, concluded that such changes as had occurred since the presentation of the preliminary draft budget were more or less self-balancing in their effect.

Having reviewed also the trend of agricultural advances actually paid out to Member States or requested by them for the first ten months of the year, the Commission had concluded that the amount required for additional agricultural expenditure in 1984 was virtually the same as that requested by the Commission in this preliminary draft budget.

In the light of the rigorous examination which it conducted over several months, the Council reached the conclusion that the bulk of the requirements for additional agricultural expenditure were inescapable. The only agricultural expenditure which it considered avoidable was the sum of 150 m ECU for a de-stocking operation. Otherwise, the Council in the draft has provided all that the Commission asked for in the agricultural field.

On the other hand, the Council did not consider it necessary to meet two other Commission spending proposals, some 20 m ECU for personnel expenditure and 46 m ECU for the financial cooperation agreement with Turkey. The Council took the view that both these requirements could be covered by transfers.

It was on the receipt side that the Council encountered major difficulties, and on it, it has parted company

with the Commission. The Commission considered, as Mr Tugendhat also explained to you on 11 September, that the supplementary and amending budget should also reduce the receipts expected from agricultural levies, sugar levies and customs duties by an amount of over 500 m ECU. The Council, consistently with established practice, considered that it would be inappropriate to adjust these receipts in the course of the budgetary year and has maintained the Community's own resources, other than VAT, at the level provided for in the 1984 budget.

The Commission had also proposed economies of 350 m ECU. I explained to you in September that this was not a question of distorting budgetary intentions or the wishes of Parliament and the Commission, or indeed of the Member States; it was a question of the Council noting, as the Court of Auditors has repeatedly reminded the Commission and the budgetary authority, that there is from year to year a large amount of payment appropriations which are not drawn upon and for which in the Commission's Treasury the corresponding receipts have already been collected.

In the light of the Court of Auditors' report the Council might have concluded — as indeed a number of Member States suggested — that this financial surplus was sufficient to cover all foreseeable needs in 1984. The Council did not go so far, but it concluded that a shortfall in 1984 planned expenditure of up to 500 million ECU rather than 350 million ECU was well within the range of probabilities.

A further contribution towards financing the 1984 deficit came from the very recent Commission regulation of 21 September 1984 modifying the system for sugar quotas. This provides a net amount of 200 million ECU for the 1984 budget.

This then left a hardcore 1984 deficit of a little over 1 billion ECU. The Commission had proposed a system of reimbursable advances based on Article 235 of the EEC Treaty. This House had its doubts about the Commission's proposal and had decided on three separate occasions not to give its opinion on it. A number of Council Members not only shared Parliament's doubts but went beyond them. Finding themselves unable to agree on the Commission's proposed regulation — which, I may remind you, requires unanimity — the members of the Council, in their capacities as representatives of member governments, adopted an alternative solution which, in budgetary terms, has exactly the same practical effect as the proposed regulations. It takes the form of an inter-government agreement under which the Member States undertake to pay to the Community budget for 1984 a total amount of 1003.4 million ECU, divided among them in accordance with the 1984 VAT key. These payments are in the form of reimbursable advances.

Let me then conclude my presentation of the draft 1984 supplementary and amending budget by observing

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that the many hours which several Council meetings have devoted to the examination of these urgent financial problems and to devising the various solutions which I have described to you are a testimony to the sheer size and complexity of the problems and to the Council's determination to find the means of ensuring that the Community can continue to function normally. The Commission has explained that it needs the supplementary and amending budget to be adopted by the end of this month in order to maintain the rhythm of agricultural payments. The timetable is tight and the Council itself has operated under severe time constraints. I hope that with your help we can recover some of the time that has been spent and ensure the maintenance of the Community's policies.

The Council meeting in Luxembourg last week also established the draft budget for 1985, clearing away the final obstacles to which I referred when I last addressed you. As I then explained, the Council took as its guiding principle that the 1985 budget should respect the legislation which will be in force at the time the budget is adopted and established a draft which remains within the 1% VAT ceiling. It also respected Parliament's margin for non-compulsory expenditure under Article 203 of the Treaty. In the light particularly of the discussion which the Council had with the parliamentary delegation on 18 July and in the field of non-compulsory expenditure, the Council gave particular attention, within the limits of financing available, to the Regional and Social Funds.

To remain within the 1% limit, the Council had to reduce substantially the amount requested in the preliminary draft budget. In effecting the reduction it had due regard, as I have said, to the provisions of Article 203 regarding an increase of non-obligatory expenditure, and in particular to the powers of Parliament in this area. Consequently, the Council felt impelled to make a substantial reduction in the agricultural expenditure proposed by the Commission.

In this context the Council made the following statement on 1985 budgetary requirements which accompanies the draft budget and which you will find in the explanatory memorandum. I quote:

In deciding on a budget appropriation for the 1985 EAGGF of 18 000 million ECU, i.e. a reduction of 1 315 million ECU with regard to the figure considered necessary by the Commission in its preliminary draft budget, the Council for its part, while emphasizing the need for rigorous market management, undertakes to meet by 1 October 1985 the additional budgetary requirements which will arise in 1985, including the obligations entered into *vis-à-vis* the United Kingdom as prescribed under the Fontainebleau agreement, through a supplementary and amending budget for which additional funds will be provided.'

This confirms, as I said earlier, that the Council, for its part, accepts that a supplementary budget will be

necessary in the course of next year, and that the funds necessary will be provided. The Council has, however, left open the form these funds will take, and this will be the subject of continuing discussion linked with the Commission's proposal for the modification of the own-resources decision.

In the Council's view, the decisions which it took in establishing the 1985 budget and in adopting the declaration with, on the one hand, the emphasis which it lays on rigorous market management and, on the other, the assurance it gives that additional funds will be provided cover the Community's budgetary requirements for 1985. Here I can say that the Council has shown that it agrees with the statement made by the President of Parliament last week:

'The growth in agricultural expenditure must be controlled, but this must not mean arbitrary cuts in appropriations imposed from on high without recognizing that it concerns the only common policy there is.'

In payment appropriations, the draft budget provides for 25 949 m ECU, and in commitment appropriations 27 873 m ECU. Consistently with Community policy, these provisions, while ensuring the continuing function of the organization of agricultural markets, also envisage substantial increases in the structural funds. As compared with the 1984 budget, Regional Fund payment appropriations would rise from 1 412 m ECU to 1 610 m ECU — an increase of 13%. The Social Fund payment appropriations would rise from 1 220 m ECU to 1 358 m ECU — an increase of 11.3%. While generally the Council was called on to cut back the preliminary draft budget in which the Commission had exceeded the 1% ceiling, its decisions on the two structural funds give virtually what the Commission proposed.

In the field of industrial policy and research, the Council's policy guidelines correspond exactly to some of those which the President of Parliament singled out for special mention at his press conference last week. He referred, for example, to thermonuclear fusion and to information technology. For the first, which is one of the Community's scientific success stories, marked this year by the ceremonies at Culham the Council proposed a further increase of 8% in commitment credits, and has made provision for expanding the facilities at Ispra with a view to its contributing specifically to the Community's thermonuclear fusion programme.

The other specific programme which you mentioned. Esprit — European Strategic Programme of Research and Information Technology — continues to command the Council's fullest support, and for this it has proposed an 8% increase in commitment credits, bringing them to the level of 223 m ECU.

In addition, the Council has provided for continuing research into renewable energy sources pending the

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adoption of the new five-year programme in this field. It has doubled the commitment credits for support to training and research and technology, information exchange, mobility of scientific workers, and inter-laboratory collaboration.

For the first time, it earmarked specific and substantial sums — 54 m ECU in commitment credits — for basic technology, research, and new technology applications. For biotechnology, a field in which the Community has the opportunity to establish European leadership, it also provided a specific 30 m ECU in commitment credits.

A very large increase, from 106 m ECU to 248 m ECU in payment credits, is foreseen in the provision for cooperation with Mediterranean countries, demonstrating the importance which the Community attaches to its relations with the countries of the Mediterranean basin — notably in the context of the accession of Spain and Portugal.

Too much is often made of what is not in the Community budget, as compared with what is there: financial support for programmes and policies which give priority to strengthening the competitiveness of Community industries, which reduce regional disparities and which lay a foundation for creating jobs and improving the capacities of workers.

I noticed that last week Mr Cot spoke about the gap between announced intentions and the budgetary wherewithal. This prompts me to make three comments. First, there always will be a gap, because our ambitions must always lead.

Secondly, as has been said before but needs to be said again, the level of budgetary spending is a poor barometer of Community progress. Many of our most important policies, such as the development of the internal market, the cost savings which this would secure and the stimulus which it would give to industrial expansion, have virtually no budgetary impact.

Thirdly, according to classic definition, economics is the study of the behaviour of mankind in allocating scarce resources among alternative uses. Our resources are scarce, and this is a fact which cannot be wished away. The Council in the draft 1985 budget has made its choices: some virtually imposed on it by inescapable obligations, some pursuing the development of existing policies, some inaugurating new policies. You now have to make your choice, and the dialogue continues.

Mr Tugendhat, Vice-President of the Commission. — Mr President, perhaps it might be to the convenience of the House if I described first of all what I am intending to do, with your permission, today. First of all, I intended to make a quite short intervention following that of the President-in-Office of the Council about the 1984 and 1985 budgets. Subsequently, I will

make a much longer and more detailed speech in reply to the question which we are expecting from Mr Langes — the *Notenboom* question as it is generally called. I could, if you wish, combine the two subjects but they really are quite different from each other and I thought it might be easier if I took them separately and so later on this morning I will seek to catch your eye again.

Mr President, briefly on the 1984-85 budget the Commission's views on the content and financing of the supplementary budget for 1984 have been explained in detail to Parliament, both when the preliminary draft supplementary budget was presented in July and again in September following the failure of the Council to establish a draft budget. The Council, as Mr O'Keefe said, has now established a draft and it is clearly the responsibility of that institution to present and explain the decisions which it has taken, and that responsibility has been duly discharged. Nonetheless, I think it is right for the Commission now to recall its particular concerns in relation to this draft and I am encouraged to do that by some of the questions which Mr Dankert and others asked in the Committee on Budgets yesterday.

Our concerns are as follows. First, timing. Unless a supplementary budget is adopted at the very latest by early November, it will not be possible to avoid the breakdown in the system of Community finance for agricultural policy. In practice, therefore, it is necessary for adoption of the supplementary budget to take place at the latest during the second part-session of Parliament this month. The Commission is fully aware of the inordinate time taken by the Council to establish the draft. But the Commission hopes that Parliament, and if necessary the Council, should a second reading be necessary, will make it possible for the procedure to be completed within this timetable.

Second, the method of finance. The Commission continues to believe that a Community-based arrangement would have been best, but notes that agreement in Council on the point was not possible, whereas one involving an intergovernmental agreement was.

Third, as regards content in terms of expenditure, the Commission regrets that although the draft is globally close to that requested, Council has deviated from the Commission's preliminary draft on a number of points. It excluded certain appropriations for staff as well as ones needed for the Protocol with Turkey.

The Commission, however, is pleased that following recent work in the Committee on Budgets, the staff problem has been resolved, and we wish to thank all concerned in that. The Commission will continue its efforts to secure the necessary appropriations for the other two areas of need. On the central element, namely EAGGF Guarantee, the appropriations in the draft are very close to the amount the Commission considered necessary for the entire year.

Tugendhat

As regards the content in terms of resources, the Commission has major reservations over the assumptions retained by the Council. We believe that in relation to the current budgeted amounts there will be a global reduction in receipts from traditional own resources, namely, agricultural levies, sugar levies and customs duties, of 560 m ECU and that this reduction should have been taken into account in the draft established by the Council. Failing this, a shortfall in resources will occur and become a charge on the 1985 budget for which no provision has been made.

In addition to this problem, the Council has included an assumption involving a 500 m ECU surplus from the current financial year. The Commission considers that through management measures, it is possible to economize 350 m ECU without affecting or with only a minimal effect on the level of commitment in the 1984 budget. We could give no such assurance were the objective to be set at 500 m ECU. Consequently, the Commission has no plans to modify its position. A point which has already been made to the Council.

The House must, I think, realize that the Commission felt it necessary to place on record its views concerning the draft established by the Council. The Commission is, of course, well aware of the difficult circumstances against which decisions have to be made. The President-in-Office I think said that the job of the Council is to make choices. It is now up to Parliament to weigh up its choices and its priorities. The Commission is willing to help in this process through whatever means Parliament judges appropriate.

As with the supplementary budget for 1984 the Commission's view on the content and financing of the budget for 1985 has already been explained in detail to Parliament. Similarly the draft now before the House is the responsibility of the Council and it is that institution which must explain the decisions. It is self-evident that the draft budget for 1985 is artificial, but at least it has the merit of not claiming to be sufficient to meet the needs of the Community throughout 1985. No one has contested that the draft is essentially the result of a mathematical exercise designed to incorporate expenditure taking account of the maximum rate within the current own resources ceiling.

The exercise has the following global effects. Taking compulsory expenditure for EAGGF Guarantee, the appropriation of 18 000 m ECU is, on the basis of any tenable forecast of requirements, wholly unrealistic. The Council recognizes this and accepts the need for a supplementary budget. Nonetheless, the Community interest would be much better served were the budget year to start with much greater certainty over the availability of revenues sufficient to meet all obligations. For other compulsory expenditure, much of which involves contractual relations with third countries, the amounts retained are inadequate and therefore contain the seeds of contention.

As regards non-compulsory expenditure, the Commission notes that the Council has not exceeded half the maximum rate. As the Commission pointed out in the preliminary draft budget, it considers that the maximum rate should be exceeded, in part because of the inheritance of the past — past commitments which will give rise to the need for payments in 1985 — and in part because of the need to maintain a level sufficient to ensure the continuity and reasonable development of Community activity.

Taking account of these elements as well as the general budget situation facing both the Community and its Member States, the Commission considered it necessary for the maximum rate to be exceeded by a factor of one half. Against this rather sombre background the Commission nonetheless acknowledges that the Council did take some account of the Commission's priorities, which in our view correspond to those of Parliament. Much hard work will be needed between now and the end of the year if the Community is to be endowed as it should with a realistic budget for 1985. The provisions of the pragmatic calendar have already been breached and so this work will be the subject of intense pressure of time. For this work to have a reasonable chance of success it will be necessary for both halves of the budget authority to exhibit a marked degree of mutual respect, understanding and confidence, a process to which the Commission will lend all the support at its command.

That is all I have to say on the 1984 and 1985 budgets. As I said earlier, I will shortly seek to intervene at greater length in reply to Mr Langes.

Mrs Scrivener (L). — (FR) Mr President, on 2 October the Council adopted the draft supplementary and amending budget of which the President of the Council has just given us the substance. We are very grateful to him.

We have been waiting for this draft budget for a long time. It is the Council's response to the concerns expressed by the Commission on 17 April this year and to the Community's agricultural policy commitments. Over the last few days the Committee on Budgets has been studying the content of the draft budget and I must emphasize at once that none of the members of the Committee could help but express deep concern about both the substance and the spirit of the Council's deliberations.

As for the expenditure which the Council considers it necessary to withhold, I will simply say that it will now be impossible to implement the Commission's proposals for the introduction of a special de-stocking programme for milk products and beef. In other words it means that we are once again putting off decisions which we will have to take, since every delay generates additional expense.

Scrivener

But, Mr President, it is in the revenue sector that the Committee on Budgets has expressed the gravest misgivings. It is my duty to tell you that the revenue figures have been manipulated and do not correspond to the real financial situation. Working on the basis of the results for the first few months of the year and the experience gained in previous years, the Commission thought it would be unrealistic to expect the receipts shown in the budget from agricultural levies, sugar levies and customs duties. The Commission estimated that revenue from those sources would be 560 million ECU less than the original forecasts.

Ignoring these estimates and making no attempt to justify its decision, the Council has drawn up a draft budget which, as we know, cannot be guaranteed to balance. Above and beyond its immediate effects on the balance of the 1984 budget, the Council decision also reduces the credibility of the draft 1985 budget, which will have to bear the burden of the 1984 budget deficit.

The Council has taken up the Commission's proposal to include in the supplementary budget the surplus left over from the current year. In principle this is an unusual operation which does not follow the rules laid down in the financial regulations, under which the balance from one year is entered as revenue or expenditure in the budget for the following year.

Furthermore, by fixing the surplus available for 1984 at 500 million ECU without justifying this figure, the Council is going further than the Commission, which is responsible for the implementation of the budget, considered possible.

From the point of view of the budget, the surplus available for 1984 can only be financed by cancelling a corresponding quantity of payment appropriations approved by the budget authority in 1983 and 1984. So it will in fact be the Community's structural policies which will be the first to be affected by this decision. And by taking this step the Council is challenging the decisions taken by the budget authority and is materially prejudicing all past efforts at Community level aimed at combating the crisis and reestablishing the balance in the Community's finances. So we must admit that the draft budget before us constitutes a step backwards.

Finally — and this is possibly the most serious point — to round off the financing of the supplementary budget, the Council has taken a decision which changes the very nature of the Community budget by opting for a system of advance payments on the basis of an intergovernmental, rather than a Community, agreement.

The Council is thus making the Member States responsible for financing expenditure resulting from Community regulations after they have implemented their own national procedures.

This decision is, if not exactly in violation of the Treaties, then at least outside the framework established by the Treaties.

Moreover, the only effect it will have is progressively to paralyse the Community's financial system. How could anyone imagine that a procedure involving 10 governments and 10 national parliaments could guarantee the Community the financial security which it needs. That is why the Parliament's Committee on Budgets considers — and I hope that here it will have very active support from the Commission, which should then take the necessary measures — that Parliament should condemn outright the procedure adopted by the Council and confirm the opinions which it expressed on 13 September 1984 during the vote on the Commission's proposals for covering the deficit. A resolution to this effect has been submitted for Parliament's vote.

Mr President, we are of course aware that it is in no one's interest, neither that of the Community institutions nor much less of those for whom the supplementary appropriations are intended, to delay the adoption of the supplementary budget excessively, but I do not think that Parliament should be expected to rush through its examination of the draft budget which, as we have seen, poses fundamental institutional and financial problems.

That is why the Committee on Budgets will be doing its best to make sure that the two readings of the draft budget can be carried out during the next October part-session. However, Parliament is not the only one involved in the budget procedure, and we hope that the Council will also do its duty to promote a real dialogue during the next part-session. Otherwise the Council would be entirely responsible for a situation which would seriously prejudice the Community's financial credibility.

Finally, a few words on what people call budget discipline. The two branches of the budget authority can only establish a dialogue if they respect each other's powers. With its approach to budget discipline, the Council is not, we feel, obeying that rule. Expenditure must be controlled by doing only what is useful. The Council will find that Parliament is prepared to try to find joint solutions. But what the Council is working on at the moment — budget discipline, as it has been ever since the Athens summit — does not have the same aim. The Council is trying to make restrictive amendments to the provisions of Article 203 of the Treaty to its advantage, and to prevent Community policies from developing by tying them up in a straitjacket. Parliament cannot accept this negative, unilateral approach to the Community's financial problems. It is my belief, Mr President, and this is my final point, that this will be one of the central questions in future budget debates.

(Applause)

IN THE CHAIR: MR LALOR

Vice-President

Mr Fich (S), *principal rapporteur*. — (DA) Mr President, as the draft budget for 1985 has only just been sent to Parliament, it is clear that the Committee on Budgets has not yet had an opportunity to discuss it. I would therefore like to make a few remarks of my own, but they will of course be in line with the position on the budget taken by Parliament in years past. They are not therefore personal remarks but an attempt to assess the 1985 budget in the light of the decisions taken by Parliament on previous occasions.

I should like to start with the problem of the 'year' covered by the 1985 budget or, in other words, the fact that the budget does not cover the whole of the year 1985. This is a very bad thing in our view. It is clearly stated in the Treaties that the financial year runs from 1 January until 31 December, and therefore covers 12 months and not 9 or 10 months as in the present Council draft. We have the impression that what we have before us today is not a budget for 1985 but an *ad hoc* budget to enable us to work in the first months knowing full well that later in the year we shall be obliged to have a supplementary budget. It is at least made clear that there is to be a supplementary budget and, like the Commission, I see this in a positive light. This has not been stated in previous years.

I should like to remind you that Parliament is basically against supplementary budgets. Parliament's attitude has always been that we should have a realistic budget in which we can have faith at the beginning of the year, and that a supplementary budget should only be introduced in the event of an unexpected development. This can hardly be said to be the case for 1985 quite the reverse. We already know that it will not work, that the figures will not tally, and that a supplementary budget will be required. I feel almost like saying that it is bordering on a contravention of the Treaty which clearly states there that a supplementary budget is to cover *unexpected* developments. I do not therefore think that Parliament can accept a budget which does not cover the whole of 1985 and we are bound to attribute the fact that the Council of Ministers has not produced a budget for 1985 to cowardice. Why did the Council of Ministers not take its courage in both hands, accept the consequences and produce a budget for the whole of 1985? The Council of Ministers has not, after all, solved the problems with this procedure but simply postponed them until later in 1985.

The other point I should like to discuss is the United Kingdom's rebate. We have the Fontainebleau agreement — a political fact which I believe we all recognize as a political fact. I do not think that Parliament is questioning not so much the fact but the way in which

the rebate is to be made. Parliament has always understood that payments to one country — the United Kingdom or any other country — are shown on the expenditure side of the budget. The suggestion and decision in Fontainebleau that the refund should take the form of a reduction in contributions represents, in our view, bad budgetary practice. In other words, we should like to see expenditure on the various programmes to be conducted in the United Kingdom and many other places — the United Kingdom's problem is, as I see it, similar to that of e.g. the Mediterranean area — on the expenditure side of the budget, and I am expecting Parliament to table amendments to this effect.

The third point I should like to make is about the agricultural sector. Parliament adopted a resolution to the effect that expenditure on the EAGGF Guarantee Section should not increase more quickly than own resources. This is 5.38% for 1985, but we now have before us a draft budget with an increase in the EAGGF Guarantee Section of 9%. This does not therefore correspond with Parliament's express political wish. We also note that the EAGGF Guarantee Section is taking an ever-increasing portion of the budget as a whole, and its share is now about 70% of the total budget, this is of course an unacceptable development. At the same time we all know that the appropriations in the budget — the 18 thousand million ECU units of account reserved for Chapters 1 and 2, the EAGGF Guarantee Section — is hardly going to be enough for the whole year. Parliament is therefore in a bit of a cleft stick but, from a political point of view, we must of course protest against the unacceptable development in the EAGGF Guarantee Section over these years; the budgetary discipline we talk so much about must start with a disciplined approach by the Ministers for Agriculture, who must find the necessary political solution in time. This discipline has so far been absent.

As regards non-compulsory expenditure, I have no hesitation in saying that in many areas this has been decimated. Where consumer and environmental policy is concerned there has been a reduction of 29% over 1984, in the technology and innovation sector there have been reductions of between 40 and 60%, in the food aid sector there have been reductions of 27%, and inflation of course has to be added to this to the tune of a good 5%. Essential sectors which represent priorities for Parliament have been butchered, and this is unacceptable. It cannot be right for the budgetary discipline the Council of Ministers talks about so much to come down to reducing non-compulsory expenditure. If there is to be discipline this should affect the whole budget and not just non-compulsory expenditure.

These reductions contrast rather violently with the countless declarations by the Council about plans for the future — particularly at Fontainebleau, where the talk was of new technology, innovation and similar

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areas. It is in precisely these areas that appropriations are now being cut by 40-60%! When the President of the Council says that there has always been a discrepancy between ambitions and appropriations he is right, but when this discrepancy becomes a veritable chasm it is a betrayal of trust. Indeed, one may wonder whether there really is one single Council of Ministers or several Councils of Ministers at the same time where one Council — say the Ministers for Industry or Research — says one thing and another — say the Finance Ministers — says something completely different. We really feel that there should be more internal discipline within the Council of Ministers and that a single political line should be followed and not a whole range of political lines at variance with one another.

We in Parliament would like to repair as much as possible of the damage done by the Council of Ministers in making these rather arbitrary reductions, but we cannot of course do this with the amount of room for manoeuvre the Council has given us — far from it. Parliament should therefore, in my opinion, ask for more room for manoeuvre for the 1985 budget.

I should like to close by saying that I think we should make a real effort to establish a budget for the whole of 1985 and produce it in time. In other words we should all give priority to finishing our negotiations in time, so that we have a budget before the year is over. I can tell you now that the budget which we hope to have in December cannot be the budget the Council of Ministers has submitted to us. It must be changed along the lines I have just discussed.

Mr Langes (PPE). — *(DE)* Mr President, I think it would be a good thing for Mr Tugendhat to reply to Mr Notenboom's question before I speak — as he in fact suggested in his introduction. It would make sense for Parliament to respond to what Mr Tugendhat has said through me as the first speaker. Mr President, I should very much like Mr Tugendhat to speak on the oral question with debate No 2-613/84, in accordance with Article 42 of the procedure known as the Notenboom procedure, before I speak.

Mr Tugendhat, Vice-President of the Commission. — May I begin, Mr President, by congratulating Mr Langes on taking up the torch laid down by Mr Notenboom. I do not think it is any disrespect to Mr Langes to say that I think this particular exercise is always likely to be known as the Notenboom question — a form of immortality which is not given to all of us.

The Commission welcomes the fact that the new Parliament is continuing the practice of having this question. I am sure the House will understand if I continue the practice of giving an extremely long reply — much longer than I normally give — but the whole exercise only makes sense if I enter into the subject-matter in some detail.

The nature of the question before the House may be termed traditional but the financial circumstances facing the Community this year are, of course, entirely novel. No one in the House will need to be reminded of the current difficulties, which have been the subject of debates in the Chamber in every part-session since this Parliament was formed after the elections. Honourable Members are, therefore, well aware of the general situation concerning the EAGGF Guarantee Section.

The essential points are that the advances granted to cover expenditure up to the end of October amount to 15 103 million ECU. Given that the appropriations entered in the annual budget are 16 500 million ECU, only 1 397 million ECU remain. It is, therefore, imperative that these appropriations be reinforced. The Commission, as I mentioned earlier in a previous debate, is relieved that the Council has at last adopted a draft supplementary budget which provides for a further 1 833 million ECU for the EAGGF, a sum close to that which we requested. The Commission regrets that the Council took so long to reach its conclusion but hopes that despite this Parliament will deal with the draft in an expeditious manner. Only by adopting a supplementary budget by early November at the very latest, as I have already said, will it be possible to avoid a breakdown in Community financing for the agricultural policy.

Having said that, I think it is easier if I go through the budget headings cited in Mr Langes's question. First, the Regional Fund. The Commission expects that for the quota section Article 500, virtually all commitment and payment appropriations entered in the 1984 budget will have been used by the end of the year. For the non-quota section, Article 510, the situation is less satisfactory. Here the implementation of the first series of specific projects approved by the Council in 1980 is continuing; but progress is slower than expected because of certain problems in the Member States. A second series of specific projects was approved by the Council early this year involving an estimated 710 million ECU over 5 years. However, very few special programmes have been completed by the Member States, and to date no commitment has been made. The Commission is doing all it can to ensure that as many programmes as possible are approved between now and the end of the year, but despite this it is probable that most of the appropriations will be carried over into 1985.

Second, the integrated Mediterranean programmes. Although the utilization rate is still very low, proposals for preparatory studies are now reaching the Commission in large numbers. In addition, the 1984 series of preparatory measures is due to be started in October and the corresponding advances — at 30% of the amounts committed — will follow rapidly.

Next, Mr President, I turn to the European Social Fund, that is to say, Items 6000 and 6001 concerning

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measures for young people and Items 6010 and 6011 concerning measures for people aged 25 and over. Here the Commission has approved measures for an amount equal to all the commitment appropriations available. The formal commitment has not yet been made, but is expected within the next week or so. The advances which will then follow should take up all the payment appropriations voted for 1984.

Concerning education and vocational training — that is, Chapter 63 — more than 80% of the 1984 appropriations have been committed and payments are being made at the normal pace in line with the implementation of contracts as the school year progresses.

As regards other measures in the social sector — Chapter 64 — despite a rather slow rate of commitment at the beginning of the year, particularly for studies, a full utilization of appropriations is expected for the item where the appropriations were specifically increased by Parliament.

One exception is, however, Article 646 — that is, special measures to combat poverty, where the appropriations used to date have been sufficient to complete the preparatory work for the multiannual programme, and the appropriations unused can be carried over to 1985 and used to launch this programme under optimum conditions as soon as it is approved by the Council.

Two further important headings concern restructuring and redeployment in the steel and coal industries. The Commission is pleased to note that following adoption by the Council of the legal basis on 23 July 1984, the 60 m ECU transferred from Chapter 100 to Item 7027 have now been assigned to the ECSC operating budget.

As regards Article 650, concerning restructuring of the steel industry, the Commission urges the Council to adopt its proposal of April last year so that the 62.5 m ECU can be paid in 1984.

For expenditure relating to protection of the environment, I should mention Item 6631, which covers operations to combat pollution of the Rhine and other rivers crossing national frontiers, where a study on the Meuse is envisaged but is unlikely to be launched in 1984. The Commission will consider what can be done to use the appropriations in 1984.

I should also add that implementation of Item 6706, concerning restoration of the Parthenon, is very satisfactory in that all the appropriations have been used.

In the energy sector, we now have, as I just said, a legal basis enabling the execution of the appropriations in Article 7027 concerning restructuring of the coal industry. Unfortunately, however, there is still no legal basis for Article 705 concerning promotion of energy investment.

Mr President, I will return to this and to related problems in a few moments, but I should add that for Article 709 — studies in the energy sector — some 50% of the appropriations had been utilized by 30 September, and it is anticipated that most, if not all, the appropriations will be used by the end of the year.

In the sector of research and investment — Item 7305, biotechnology — 82% of the commitment appropriations and 67% of the payment appropriations had been used by 30 September.

For Item 7310 — thermonuclear fusion — the figures are basically similar. The Commission expects the appropriations to be virtually fully used by the end of the year.

For the Esprit programme — Item 7335 — the current situation is less satisfactory. This reflects the fact that the programme was not adopted until the end of February of this year and the consultation procedures laid down are time-consuming. None the less, we hope to complete these procedures soon, and envisage that a substantial utilization will be achieved in 1984.

Concerning industry and the internal market, honourable Members will recall that Parliament adopted the 1984 budget with the addition of an amendment — the so-called Barbarella amendment — which created Article 772, entitled 'New Community intervention for the development of a European industrial area'. A total of 600 m ECU in commitment appropriations was voted.

These appropriations were, however, rather special. The President of Parliament stated in his decision adopting the budget that they were 'to be considered separately from a total volume by which the two branches of the budget authority are bound'. Moreover, the chairman of the Committee on Budgets explained on 15 December 1983 during the vote on the 1984 budget that these appropriations could not be used until a decision to increase the Community's own resources had been taken. It has not, therefore, been possible to take any action concerning the execution of these appropriations this year.

This does not, however, mean that the Commission has ignored Parliament's political message. Some of the actions advocated by Parliament have been put in hand under other budgetary headings. Aid for cooperation between European industrial undertakings is being granted under the Esprit programme and other information activities. Technological innovation is being supported by funds from Chapter 75.

A modest amount of export aid for industrial and craft products is being made available from Item 7775 — specific measures for improving knowledge of the Japanese market — and Item 7776 — specific measures concerning markets of non-member countries.

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Finally, under this heading, I would like to refer to aid for European standards institutes, which is charged under Item 7791. The Commission has made an internal transfer to this new item, and work has begun.

Concerning food aid, all commitment appropriations in Chapter 92 have been utilized, and it is expected that the same will be true of payment appropriations by the end of the year. However, the situation concerning the much smaller programme to combat hunger in the world — Article 958 — is not satisfactory. None of the 58 m ECU in commitment appropriations has been spent, although a series of draft financing proposals involving some 40 m ECU should be decided before the end of the year.

There has also been a considerable delay in utilizing appropriations for cooperation with non-associated developing countries under Article 930. To a large extent the delays reflect the difficulties inherent in development projects in the countries in question, and the fact that the Commission has no on-the-spot delegations. In those countries where the Commission does have a delegation — namely, the Mediterranean and the ACP countries — the utilization rate in terms both of payments and commitments is much higher, and we expect an out-turn of around 50% this year.

For Article 941, involving Community contributions towards schemes concerning developing countries carried out by non-governmental organizations, over a third of commitment appropriations and just under one-third of payment appropriations had been utilized by 30 September. The utilization rate normally accelerates in the last quarter, and implementation in 1984 should be satisfactory by the end of the year.

Mr President, I should now like to turn to those budget headings where implementation has been delayed for want of an adequate legal basis in accordance with the terms of the joint declaration of the three institutions of 30 June 1982. On 11 July, the Commission sent Parliament and Council a memorandum outlining the state of play at that time.

In the list of headings attached to the question now being debated are two where implementation is being held up for want of an adequate legal base. These are Article 705, promotion of energy investments, and Article 781, financial support for transport infrastructure projects. In addition to these are a number of other headings not mentioned in the question which are running into similar difficulties. These include Article 388, Community action relating to protection of forests against fire and acid deposits; Article 411, joint fisheries research programme; Item 7503, Community activities in the specialized information sector; Item 750, Community contribution to innovation loans granted to small and medium-sized firms; Item 7702, Community operations for the development of data processing; Item 7701, mineral raw materials.

The Commission has been applying pressure on the Council to adopt the necessary decisions and so allow the implementation of the relevant parts of the budget, although the results are limited. It is already late in the year, but fortunately not too late, for action. The best course of action would be for the Council to take its decisions, and I hereby urge that institution to do so. An alternative course of action would be for the Commission to submit a series of proposals for transfer to the budget authority in order to remove the appropriations from those parts of the budget, where there is now real risk of non-implementation, to those areas where implementation would be possible. The Commission is examining what other areas could benefit from reinforcement and which would involve activities not totally divorced from the initiatives which remain blocked.

Obviously the Commission's preferred option is that the Council takes the necessary decisions. However, in case such decisions are not taken, the Commission will act along the lines of the alternative which I have set out. In this event Parliament, through its powers over transfers, would be able to decide, in accordance with the agreement of 30 June 1982, on alternative means to implement the relevant parts of the budget.

I now turn, Mr President, to the difficulties encountered in implementing budget headings other than those already discussed. The first set of problems relates to the fact that there are insufficient appropriations for the operation of the institutions. The total shortfall was, until very recently, 22 m ECU:7 m ECU of this, involving compulsory expenditure for allowances and pensions of former officials of all the institutions, is contained in the draft supplementary budget. The remaining 15 m ECU involving non-compulsory expenditure was the subject of a transfer proposal which yesterday was approved by Parliament's Committee on Budgets. The Commission is grateful to Parliament for the understanding manner in which it dealt with this issue and expresses its thanks accordingly.

Essentially similar problems of under-endowment are however still being encountered with the appropriations required for reimbursements to the European Investment Bank and commitments entered into by the Community under the third financial protocol with Turkey and with aid to the UNRWA. Proposals for the necessary transfer for each of these items will be presented in the very near future.

I should also mention those activities where problems have been encountered mainly because of good administration, conflicting with a high rate of implementation. Problems of this nature have been encountered with energy policy — Articles 702 to 704. Here, although commitment appropriations will almost certainly be fully taken up, not all payment appropriations will be used in 1984. There is also a danger that some of the appropriations carried over from 1983 will

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lapse. This situation reflects the delays by recipients in carrying out projects and the difficulties encountered at the start of the scheme.

Problems of a similar nature to those I have just mentioned concerning energy policy have also been encountered with research and development activities in the context of cooperation agreements in third countries under Item 7359. Here the rate of utilization is very low. There have been considerable delays due to communication difficulties and the time required to examine proposals from third countries. The Commission hopes to overcome most of these problems in the coming months.

In connection with research and development I should add a word about some of the provisional appropriations in Chapter 100 and comment on the low utilization rate for the reserve of 83.5 m ECU in commitment appropriations and 28.59 m ECU in payment appropriations, for 13 Commission programme proposals under Chapter 73, research and investment. Mr President, the fact is that so far the Council has taken a decision on only four proposals. In these cases the appropriations have been transferred to the relevant operational headings. Council approval of the nine remaining proposals seems unlikely so at the end of the day little use will be made of the overall reserve.

The Commission's statement on implementation of the 1984 budget would be incomplete were mention not to be made of the Commission's particularly rigorous management of that budget, announced to the Parliament earlier this year and which involved the objective of offsetting, by 350 m ECU, the anticipated shortfall in own resources. As I, on behalf of the Commission, explained in detail to Parliament's Committee on Budgets on 18 April, these management economies would be achieved entirely, or virtually entirely, without affecting the level of commitments in the 1984 budget. This has proved to be the case. Indeed, the great bulk of the reduction in expenditure will be brought about by not using carried-over payment appropriations. In this way greater respect for the annuality of the budget, often sought by Parliament, is observed. In addition, the Commission's action is in line with the recommendations made by the Court of Auditors in its Opinion No 1 this year concerning the budgetary requirements in 1984.

I should also add that the Commission, in connection with the Council work on the draft supplementary budget, declined to seek economies greater than those we had set because, in our judgment, such action would not have been without risk for certain Community policies.

Mr President, the question put to the Commission was complex and detailed. That, coupled with the importance of the basic subject matter, necessitated a lengthy reply. In case the main points of the Commission's

reply have been lost in the detail, let me summarize as follows.

First, implementation of the budget in 1984 has been dominated by the problem of an overall shortage of appropriations for EAGGF guarantees. The procedure currently underway, namely the supplementary and amending budget, should resolve this problem at least as far as the basic problem of avoiding a gross mismatch between financial obligations upon the Community and appropriations in the Community budget to meet these obligations is concerned.

Secondly, neither the pronounced shortage of appropriations for EAGGF guarantees nor the Commission management economies have affected or jeopardized implementation of the Community's other common policies and operations as set out in the 1984 budget.

Thirdly, implementation of the major structural Funds — Regional, Social and EAGGF Guidance — is progressing normally with one exception concerning the non-quota part of the Regional Fund.

Fourthly, as far as external aid is concerned, implementation of food aid is proceeding normally. None the less, the appropriations for non-associated developing countries and for hunger in the world will not be used in full before the end of the year.

Finally, although progress has been made with regard to implementation in many areas of research, energy, industry, innovation and transport, there are certain persistent difficulties. It would be unreasonable to attempt to attribute all the problems which have been encountered to lack of progress in any Community institution. Many difficulties simply reflect the intrinsic nature of the work involved and where, in order to safeguard both the interests of the taxpayer as well as the reputation of the Community, the Commission considers it necessary to give due weight to sound financial management and not to sacrifice this objective to that of timely but inefficient implementation.

There are, none the less, a number of areas where implementation is being held up due to lack of progress within the Community institutions. Here I refer to those areas where execution of the budget is currently prevented due to the absence of an adequate legal base. The Commission hopes the necessary and often long delayed decisions will be taken by the Council before the end of the year to allow implementation along the lines set out in the 1984 budget. Such decisions would not only allow progress of Community policies, but also avoid the need for transfer of appropriations to those areas of the budget where they may be implemented without the need for further decisions.

Mr President, I apologize for the length of my statement, but I think that it is the only way in which some-

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thing as important and specific as Mr Langes's question can be satisfactory dealt with.

Mr Langes (PPE). — *(DE)* Mr President, I would first like to give Commissioner Tugendhat my sincere thanks. I am not exactly known in this House for my eulogies on behalf of the Commission but I welcome the fact that we have, in connection with the discussion about the 1984 supplementary budget and particularly that on the question 'what form should the 1985 budget take?', received an answer to the Notenboom question. We can also expect this answer in writing since every Group in the House, as well as both the Committee on Budgets and the Budgetary Control Committee, supports this request.

Something I would particularly like to point out to our new colleagues is that this request for information is an additional instrument for the supervision of the work of the Commission and the Council. In other words, we have supervisory powers not only at the end of the budgetary operation, through the Budgetary Control Committee, but also during it. In the latter case, Parliament pays great attention to the points that received majority votes when the budget was approved. In recent years, we have seen again and again how difficult it is to transform into practical reality the policies desired by this Parliament.

For that reason, Mr Tugendhat, I would like to thank you again most sincerely for your open and honest speech. The few moments available to me now do not suffice for a full answer. This is a field that touches on every aspect of the political will displayed by this Parliament. Nevertheless, I would like to pick out a couple of points.

Firstly, I would like to confirm that you have, in certain areas, tried to carry out the will of the Parliament and you mentioned regional policies and the Social Funds. You also said, however, that that part of the Regional Fund not tied to quotas had not been used. At this point, I would like to point out to the honourable members that they must put appropriate pressure on their own governments since the failure to spend part of this money is because the projects required were not prepared by the national governments. In other words, the fault — if indeed there is a fault at all — is that of the national governments and not of the Commission. The governments concerned need to be told very forcefully indeed 'if you can't take any action yourself, then you yourself are also to blame if the European Community cannot help you'.

(Applause)

There is, however, one field where no congratulations are due and where I have to be very critical of the Commission. I doubt that anyone in this Parliament is in agreement with the provisions of the budget chapters beginning with the figure 9 — whether they con-

cern food aid, hunger around the world or whatever. As a case in point, we find now, in October 1984, that less than a third of these resources were used. While it is true that you hope to see additional funds being paid out in the next few months, we are profoundly convinced that we Europeans have the vital duty to help the hungry and the suffering. We cannot understand why these, resources, paltry though they are, are not employed. This is, in my opinion, not a case in which the Commission can put the blame on alleged hindrance by the Council. This is a humanitarian duty that both Parliament and the Commission — and the Commission should be more courageous in the matter — should carry out. You have the support of Parliament and I would like to see the Council even try to be obstructive! In this case, we cannot consider the Commission's statement satisfactory.

In the other fields that you named, we know the difficulties that the Council causes in relation to transport and energy policies. All we can do is battle on together. Particularly in the European Parliament, we have found that the weapons available for political battles are not very powerful and opponents well entrenched. You can be sure, however, that we are not prepared — let the Council please take note — to be told on a Sunday how important a joint European energy policy is or how important the Esprit Programme is or how important cooperation in transport policy is and then to be confronted by the Council itself approving only four individual projects although vigorous action had been demanded by the Parliament in this and other fields such as environmental protection where we have also experienced obstruction by the Council.

This same point is also vital to the argument over the 1985 budget. We are not prepared to be told by the Council that, since these resources were not spent, we need less for 1985 or, in other words, can economize. We intend here to discover just who the guilty party was that prevented these resources being employed. It is therefore my earnest hope that the 1985 budget will also include increased resources for energy, environmental protection, transport, fisheries and development aid and we hereby give notice of our intentions to this effect.

(Applause)

It is very pleasing — if I can make one small point — that the Commission has managed to provide the money for the restoration work on the Parthenon in Athens. I find that encouraging. Granted, it is not a large sum but surely this is an expression of the European Parliament's recognition of our cultural identity and duty to the monuments of that culture since they exist not just for a single people or a single nation but for us all. I would like to encourage the Commission, and ourselves, to continue to take small steps in this direction. I know that this is quite insufficient to clean up or restore the cultural landscape but we should not

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cease to consider it one of Parliament's duties — not least because the people, and particularly the younger generation, will judge us on what we have done for that left us by our fathers.

(Applause)

Mr Dankert (S). — Mr President, I may perhaps sound harsh and bitter today in commenting on the draft supplementary budget for 1984, the 1985 draft budget and budgetary discipline as prepared by the Council. Harsh and bitter, because the budgetary procedure is at the heart of the existence of this elected Parliament, and a lack of proper work by Council — and we cannot deny that there is such a lack — threatens that existence. Under the Treaty Council was intended to govern the Community. In the last 10 to 15 years we have been satisfied if Council has been able merely to manage the crisis. What I now see — and this budgetary procedure threatens to be a particular instance of this — is that Council creates crisis instead of managing it.

Mrs Scrivener has already said of the supplementary budget for 1984 that it smacks of manipulation. If you examine the 1984 proposed supplementary budget, it does not only look like manipulation. I would qualify it as the work of a fraudulent company. As to the 1985 budget things are not much better. Mr Fich has already said that it is not a budget for the year. In some important areas of Community policy — mainly agriculture and the British contribution — it does not cover projected expenditure. Worse, Council even indicated in a statement that it has already calculated that there will be a deficit which has to be covered in a supplementary budget. We have never seen such things before. As far as budgetary discipline is concerned, what is now planned in Council, not yet decided but in preparation, is a severe blow to the position of Parliament and Commission in the budgetary procedure. These are very serious points with which to embark on the budgetary discussions.

Another point which I consider equally serious is the fact that the budgetary procedure can only function when the two arms of the budgetary authority are able to communicate with each other, to exchange the necessary information and to have a real dialogue that makes for harmonious development of the budgetary procedure — and I do not have the impression that Council, these days, is capable of such a dialogue.

Such accusations must be substantiated. I will try briefly to do so. With regard to the 1984 draft supplementary budget, the President-in-Office of the Council indicated that in place of the 315 million found by the Commission, Council has found 500 million in savings. Council refers — for the first time ever, I believe — to a report by the Court of Auditors. I generally have great respect for what the Court of Auditors does, but this is not the best example of the

Court of Auditors' activities over the last few years. What the Court of Auditors was doing here was taking away cash money which has to be spent in one way or another in later years if it cannot be spent in the year in question. If it is a saving, that should become clear the year after, not during the year of operation of the Community budget. Not only that, but if we develop the habit of taking savings in the course of the year, I think it could be very dangerous since we might thereby force the Commission to make those savings from the very beginning of the budgetary operation. That is contrary to what normal budgetary policy should be.

Second, Mr Tugendhat has already pointed to a revenue shortfall of over 500 million. Council stated yesterday in the Committee on Budgets that there was no such shortfall and, even if there were, it would be met the year after. With VAT this can happen, but with the kind of resources which are predictable, which can be counted upon as levies etc. it is pure manipulation to cover a budget deficit by increasing revenue which is simply not there.

It is a strange and amazing exhibition by the Council of budgetary orthodoxy. And it creates supplementary problems. It creates further crises. Revenue and expenditure do not match; they only match on paper. The consequence is — and perhaps Mr Tugendhat can give some further information on this — according to a speech I read by Commissioner Andriessen, who has some reputation as a former finance minister, that the Commission, because of this fake budget, will be in the red by November. In other words, the Commission cannot pay the Member States, the Member States will have to pay themselves. The Commission will only be legally entitled to allow the Member States to pay themselves and will then have to furnish the money the year after. This will create additional problems for the 1985 budget.

These are wrong policies. Also, these policies, notwithstanding the fact that we have a budget — I hope this will not happen, though it is possible — may lead to payments difficulties in some Member States. I hope it will not encourage national parliaments to get the idea that there is no better financing than national financing.

I think the threat is already there as far as agricultural expenditure is concerned. This threat might be encouraged by the way Council has handled this supplementary budget.

On more particular problems I would like to have further information on agricultural expenditure for 1984. Does it cover budget line by budget line the needs to the end of the year? The Commission indicated that it needs further money for the Christmas butter deal. What does it cost? How does it fit into the supplementary budget? After the supplementary budget will there still be a number of important, sizeable transfers to be

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voted upon? What is then the state of this supplementary budget? Can we be confident that before the end of the year the official one billion ECU gap which has to be covered by additional finance will be decided upon, that the money will flow to the Commission; or does the Commission expect that part of that additional money necessary and agreed upon by government will only be available in 1985? How do we deal with that kind of problem? There are other questions, but there are more speakers in this debate and for the 1984 budget I will leave it at that.

The way from 1984 to 1985 could be described as the road from fraud to violation. Article 199 of the Treaty clearly states that expenditure has to be covered by revenue. The Council has clearly indicated that it foresees agricultural expenditure flowing from the agricultural legislation in force. I have always found the notion of compulsory and non-compulsory expenditure unacceptable, but in all the exchanges and arguments we have had with Council, compulsory expenditure was always inevitable and unavoidable and had to be put in the budget whatever happened. I cannot quite see that the world in 1985 will be special and that only nine or ten months of agricultural expenditure will have to be put in the budget. That is unsound, unhealthy, dangerous and again might encourage national parliaments to think more in terms of national solutions than is good for the Community. The UK rebate has not been solved for exactly the same reasons.

I think that the total amount of revenue missing in the 1985 budget must be close to 3 billion ECU, a not inconsiderable sum of money. Revenue not covered! In Coreper they have the habit of producing non-papers. I think their bosses in the Council are now developing the habit of producing non-budgets. From the 1984 supplementary to 1985, from 1985, if everything goes well, to new own-resources and from new own-resources to a new solution for the British rebate, we run the risk of being, over the next few years, in a state of permanent crisis. I think more foresight, more courage to govern is necessary in the Community than is at present evident.

What do we get? We get a fixation of public opinion on budgetary problems. We get continuous discussion on this kind of difficulty which stands in the way of the progress which is long overdue. This progress is necessary to give the peoples of the Community some hope that there is a future in that Community. The problems ahead are explosive; they are dangerous. Community financing of CAP, enlargement, new own-resources, a new agreement with the UK, new policies which I mentioned, are all uncertain and have to be solved. Apart from that there is the problem of the European Parliament, a problem mainly created by what is going to happen — though I hope it will not — in all probability in the internal discussion in the Council concerning internal decisions as far as Coun-

cil's budgetary proceedings are concerned: the whole complex of budgetary discipline.

Talking about budgetary discipline, the procedure now is that we have one budget with different categories of expenditure, and at the end of the budgetary procedure the amount of revenue to be fixed to cover that expenditure is agreed upon in discussion between the Council and Parliament: our usual, I would say, unofficial third reading. That is what the procedure according to Article 203 is. What do we get? We now get the third reading at the beginning, but without Parliament playing its role, without Parliament even being consulted, as far as I can see from the papers prepared. That is turning Article 203 completely upside down. That is a violation, I would say, of the letter of the Treaty. It also undermines completely the position the European Commission so far had in the procedure, and I fully agree in that respect with what President Thorn has written to the President of the Council.

That is one element, but there is another. There is the danger that the different categories of expenditure within the budget will be isolated from one another: you will get agriculture, you will get your pluriannual programmes and you will get other expenditure and the whole budgetary procedure as far as Parliament and the Council are concerned will be limited to that small reserve of social and regional expenditure and precisely that area of expenditure will come under very stringent control, whereas that is the area where there is the greatest need for development of the Community budget.

There is another danger. I already indicated with regard to 1984 and 1985 that national parliaments feel more and more tempted to nationalize agricultural expenditure, certainly in countries which can afford to do so better than others — my own, Germany and so on. If we apply too strict measures to agricultural expenditure, if the framework is too tight, you cannot avoid that trend continuing thereby making the agricultural policy explode. If it is not tight enough you get into a situation where some Member States are disinclined to increase own resources. A solution has to be found in a middle way between those two ways. I am not under the impression that the text before us offers that kind of solution.

I deplore the fact that Council still is not ready to consult the European Parliament before deciding on its own internal procedure. The internal procedures of the Council affect the procedure where the relationship between the Council and the European Parliament is concerned. I would go further. Council already a few years ago violated the Treaty by deciding on internal procedure when it refused to continue to vote amendment by amendment. It makes package deals. That decision combined with what is now going on is a serious effort to undermine the role of the European Parliament in that procedure and is a ser-

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ious threat to the future not only of the European Parliament, but of the Community as well. I would not hesitate if Council goes on this way to drag them into court, even though I do agree that that is not a political solution.

Mr Mizzau (PPE). — (IT) Mr President, ladies and gentlemen, the Council has decided to release 1 300 million ECU to cover the 1984 deficit. There is no doubt that this decision falls short of the expectations of Europe as a whole and of our Parliament in particular.

Personally, I would have preferred the Council to have had recourse to Article 235 of the Treaty of Rome rather than take such a decision, as a matter of principle: Community instruments must be used to tackle Community problems. We can only hope that the pledge made at Fontainebleau will be respected, namely that the government representatives of Member States will assume the responsibility, on behalf of their governments, of doing all that they can to ensure that national procedures are expedited as quickly as possible, even though it is my personal opinion that this will not occur *as quickly as possible*, given that the national parliaments have their respective financial legislation to deal with at the end of the year.

What is more, the British delegation, in agreeing to this supplementary budget, has had a paragraph inserted to the effect that the Member States should take note of the fact that the United Kingdom Parliament will not be in a position to ratify this decision until the European Parliament releases the United Kingdom rebate for 1983 and until the decision on budgetary discipline has been adopted by the Council.

I hope, therefore, that this House will approve the release of these funds today and that for its part the United Kingdom Parliament will react with equal swiftness.

I must express disappointment concerning the 1985 budget. If the governments had accepted the proposal put forward by the Italian government, we would probably not be in this position. As you know, the proposal was to increase the VAT share to at least 1.2%, or at least to increase it to 1.4% with effect from October 1985.

It is clear that the intention is to reduce expenditure, primarily expenditure on the EAGGF, quite apart from the need to reduce so-called non-compulsory expenditure.

Mr President, ladies and gentlemen, I should like now to recall the fine sense of irony displayed by a great Italian economist — Luigi Einaudi, who subsequently became President of our Republic — when faced with those who went to extraordinary lengths in order to justify the distinction between compulsory and non-compulsory expenditure.

In practice, when a government decides to support a particular economic sector or a social group or even just to build a bridge, the expenditure incurred becomes compulsory, on an equal footing with that spent on staff or telephone calls. Luigi Einaudi observed that expenditure on telephone calls or stationery could be reduced without damaging political credibility. Trade unionists, for instance, cannot negotiate about basic pay without taking account of all the elements involved. But what counts, ultimately, is how much money there is in the pay packet; it hardly matters, when you go shopping, whether your pay packet is labelled basic pay or pay plus cost of living bonus.

We are all aware of the risk of inflation, but the transfer of funds has never provoked inflation. There is no point dragging in Friedman or Keynes, because we are not talking about increasing the tax burden, to which I personally am opposed; here I share the opinion of Philippe Auberger who, this very day, has warned in the *Figaro* that *l'impôt tue l'impôt*: taxation kills taxes. The transfer of funds — I repeat — has never caused inflation. There are nevertheless some political elements who would like to transfer money from the private to the public sector — wouldn't you, my colleagues on the socialist benches? — which would damage investments. But here we are advocating a transfer from the public to the public sector, i.e. from national budgets to the Community budget. In this way we are safeguarding — or trying to safeguard — European policies while putting a brake, however modest, on national interests.

If we reduce expenditure on agriculture, as Mr Dankert urged us to do a short while ago, we will be subjecting national and regional authorities and governments to pressure from farmers and farmworkers who, like their industrial counterparts, are going through a difficult period of technological change and who are therefore in need of large investments. Hence, if we reduce expenditure on agriculture, we reduce faith in our European policies.

If the conviction is beginning to take root among farmers — and not just farmers — that choices governing farming policy are made on a Community basis, is it right that the Community should indicate by its decision that they are to be returned to national governments and parliaments? Is it right that the Community should take a path opposed to that which has been marked out by Community philosophy itself?

At the beginning of this session, Mr O'Keeffe told us that agriculture was the only effective Community policy. I hope you do not mind my mentioning, ladies and gentlemen, something I read recently in an Italian newspaper from Parma — *La Gabbiola* — regarding the Olympic Games in Los Angeles, namely, that when it came to totting up medals, comparisons should not be drawn between the United States of America and the individual States of the European Community, but between the United States and the whole of our

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Europe. In this case, the winners would not be Belgian, French, Greek, Italian, British, Dutch or German, but Europeans. If this sort of idea can be expressed spontaneously by people, why should we eliminate the European agricultural policy, which lies at the centre of all our common policies?

Some might object that expenditure on the disposal of surpluses should be non-compulsory. The Commission should clarify what line of financial policy it intends to follow. We are not talking about non-compulsory expenditure in this case. Surpluses do exist and therefore expenditure on their storage and disposal becomes compulsory; this problem must be tackled.

Our main concern today, Mr President, is that of investments, if we are to emerge from the crisis and create jobs. We are right to spend money on agriculture. When technology was applied to agriculture, the expansion of industry was speeded up and every penny invested in agriculture results in a 50% gain for the economy.

That is why I maintain, to sum up, that the Community's own resources must be increased and that a reduction in agricultural expenditure is unacceptable.

(Applause from the centre)

Lord Douro (ED). — Mr President, I listened with great care to the speech made by Mr Dankert, our former President. It was, with all his experience of budgetary matters, both previously as the Parliament's rapporteur for the budget and subsequently as President of the Parliament, an important speech and in it he expressed very serious concern about what is actually happening to Parliament's budgetary powers.

Certainly, I share some of those misgivings. After all, we have a Community budget — be it 25 or 26 or 27 thousand million ECU — representing a very substantial sum of money and the only democratic scrutiny to which that budget is subjected is in this Parliament. The national parliaments do not approve or scrutinize the European Community budget. Any attempt by the Council in any way, directly or indirectly, to prejudice Parliament's budgetary powers is simply removing from the budgetary process the essential and only democratic element in that procedure.

My country has had budgetary disputes with the European Parliament but once the 1983 refund is released — which I hope and assume it will be this afternoon — my group, I am sure, will work with other groups in this Parliament to try and preserve the very important budgetary powers of this Parliament, which we as a group certainly believe in.

Mr President, I welcome very much the statement by the President-in-Office of the Budget Council about the establishment of the 1984 draft supplementary

budget, though I must say, like others, I regret that it has been necessary to finance it through an agreement outside the Treaty. I think that is very unfortunate and I wish that it had been possible for the Council to devise a method of financing which came within the Treaties. But my most serious objection to the supplementary budget for 1984 is the creative accounting which the Council has employed to balance the books, or not to balance them, as I believe.

It is very difficult to extract from the Council a proper justification of why they chose to ignore the advice, and indeed the statement, of the Commission that the revenues were likely to be 560 m ECU less than the Commission had originally intended. The Council has simply chosen to ignore that position which Mr Tugendhat, as the budget Commissioner, has repeated many times in this House and in the Committee on Budgets. I must say that I think that in any commercial enterprise a board of directors who in that way simply refused to take the advice of the finance director that the income was going to be less than originally had been budgeted, would be guilty of gross irresponsibility. I am amazed that the Council has behaved in that way.

I am also amazed that on the other side of the coin the Council has chosen to take, in 1984, savings or to credit to the account, as it were, supposed savings in expenditure of a further 500 m ECU. Indeed, the financial regulation, as Mrs Scrivener has said and as Mr Dankert said, specifically instructs the budgetary authority to include any surplus or deficit from one year in a supplementary budget for the following year. And that is what has been done for this year in relation to the surplus for 1983 of 307 m ECU.

But there is nothing in the financial regulation which allows the budgetary authority, as I understand it, to include in the actual year estimated savings and, what is worse, as Mr Tugendhat said, the Council has arbitrarily decided that the savings this current year will be 150 m ECU greater than the Commission has estimated. So, not only have they taken a higher figure, but — and in this respect I think the Commission was at fault — both the Commission and the Council have decided that the savings for this year, which ought by regulation to be included in next year's supplementary budget, should be taken in this year as a further way to attempt to balance the books. I consider both these acts as creative accounting and I very much hope that the Parliament will not accept either of them.

Mr President, I was also pleased, naturally, that the Council was able to establish the 1985 draft budget within the date specified by the Treaty, 5 October. It is unfortunate that it came so late. It will cause Parliament great inconvenience but nevertheless they did comply with the deadline set by the Treaty. I am pleased that by and large the regional and social funds in the Commission's draft have been preserved. I am, naturally, sad that that part of the budget dealing with

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industry, research and energy has been cut down by 15%. But, I must say, I am truly shocked that that part of the budget dealing with cooperation and development with the Third World has been cut back by 27%. I am particularly shocked that one line, 950, which is aid to disaster victims in developing countries, should be cut down to 5 m ECU against an actual expenditure in 1983 of very nearly 20 m ECU.

At a moment when the Community has just had a record harvest, when the Community has produced approximately 25 m tonnes of grain surplus to its requirements, I really am shocked that the Council should decide to reduce that item in the budget by which we could give aid to the people in the Third World, particularly in Africa, who are suffering from appalling malnutrition at a moment, as I say, when the European Community has record surpluses of grain and grain is the most effective way for the Community to give food aid to the Third World. I very much hope that other groups in this Parliament will react in a similar way, and that we shall insist in the first reading of the 1985 budget on reinstating substantially provisions for expenditure of this kind.

Finally, I should like to comment on the financing of the 1985 budget — I should say the certain overspend in 1985, because every one accepts, as Mr O'Keefe said, that the 1985 budget which has been presented to us will be insufficient for 1985's need, and there will be an inevitable overspend that has to be financed.

In the last part-session of Parliament, a number of amendments were passed to the Commission's regulation making proposals for covering the financing requirements for 1984 and 1985. Since then, of course, the governments of the Member States themselves have decided to cover 1984 through an intergovernmental agreement. However, for 1985 nothing has yet been decided. At least eight Member States believe that the way to cover the shortfall in 1985 is to bring forward the date when the increase in own-resources shall apply. That surely is the logical way to cover the deficit. It is also the Community way to cover the deficit, and I believe that that is the position the Parliament should support and encourage, and it is at this moment that Parliament can have considerable influence on the final decision, because that final decision has not yet been taken by the Council. I therefore regret that, despite the changed circumstances since our September part-session, the resolution which Mrs Scrivener is presenting today on behalf of the Committee on Budgets simply confirms its position taken up on 13 September. I believe that Parliament must regretfully accept that the Council has made a decision on 1984 and that there is little more for Parliament to do on 1984, but that on 1985 we should reconsider the matter: we should support an earlier increase in the Community's own resources for this is what a majority of Member States want and what a majority of Member States are prepared to recommend to their national parliaments. I believe it is the sort of solution that all

Members of the European Parliament should support: that is why I have serious misgivings about Mrs Scrivener's resolution, and I am afraid my group will have to vote against paragraph 2 of her resolution.

In conclusion, Mr President, we were very near a precipice some two weeks ago. At one moment it really looked as if the Council could not meet the deadline of 5 October. However, they did it, and a package of measures was agreed. That is a considerable step forward; it is great progress at an awkward and difficult moment for the European Community, and I now hope that the Parliament will, in a constructive way, work with the Council over the next few months to make further progress in these difficult budgetary matters while, at the same time, preserving its powers and its self-respect.

Mr Barbarella (COM). — *(IT)* Mr President, I should like to make just a few general points on what the President-in-Office of the Council has said this morning about supplementary budget No 1/1984 and the 1985 draft budget. My first observation is that, in acting as it has done regarding these two budgets, the Council has embarked on a highly dangerous course with no basis in reality, as a number of other colleagues before me have emphasized. I say this because the procedures the Council was used to adopt these budgets are moving further and further away from normal Community procedures, by which I mean those laid down in the Treaties. It is my view — and others have already said the same — that a blatant example of this is the intergovernmental agreement, which has covered the supplementary budget for 1984, but has neglected a number of other ways of coping with this deficit, ways which would have been less risky and certainly safer from the financial point of view.

In my opinion, none of us — and especially the Council — must forget a principle, which is clearly enshrined in the Treaties, in a whole series of clauses which I have no need to quote. According to this principle, when decisions are taken to incur expenditure through the budget, these items of expenditure absolutely must be covered. What this means, ladies and gentlemen, is that the Council had no option but to cover this expenditure, even for exceptional items, on which a decision had been taken — especially in the case of agriculture — in 1984, and that there was no need to resort to the absurd contortions, bargaining and exchange of vetoes on the part of the Council to which we have been witnesses for several long months.

I think we should remind the Council that, just as there is compulsory expenditure, so there are compulsory receipts, and that one cannot flout the Treaties, as has been done by resorting to procedures which disregard their provisions and which bode ill for the future because they set in motion processes which sever the link between Community decisions on

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expenditure and what must subsequently be done to cover such expenditure. Let me refresh your memories: according to the Treaties, the Community budget is an expenditure budget and covering this expenditure is the duty of governments and cannot be subjected to the sort of wheeling and dealing that we have seen in recent months and above all cannot be subjected to the kind of conditions that have been laid down by certain governments in order to arrive at a decision on a type of cover, which, as we all know, covers absolutely nothing.

We are also seeing this — as I believe, and as has been emphasized already by others — in the case of the 1985 budget. Once again we are confronted with a totally extraordinary procedure: the Council is presenting us with a draft budget which does not cover a whole year but only 6 to 7 months at the most. I wonder whether the governments meeting in Council in Brussels behave in the same way in their national parliaments. I wonder whether these same governments who are presenting us with a budget which covers only half the year would dare to do the same thing back home in their own countries. We have arrived at a point of total absurdity and are witnessing attitudes — I repeat — which flout the Treaties and which threaten the Community's future. It is up to us to keep a close watch here and to remind the Council of its duties by appealing to its sense of responsibility because, not to put too fine a point on it, the threat of financial paralysis is at our door.

When the Council decides to put forward a budget for only six months and defers a decision on covering remaining expenditure which we already know will arise — just as Mr Dankert pointed out — this means that negotiations will have to open again, with all the concomitant political connotations and the imposition of terms and conditions that we already know too well. In short, this means — as stressed by Mrs Scrivener — that we can confidently expect a total or at least partial financial paralysis of the entire Community. This is a matter of some concern to us, particularly to our Group, but I think it should be the concern of Parliament as a whole and I imagine that this House will take the right and proper stand on these matters.

Just now, I said that the Council's manoeuvring was not only risky but also without a basis in reality. As far as the 1984 supplementary budget is concerned, it has been amply shown that manipulation has taken place. This word has been used by other speakers and I also wish to use it with all the pejorative meaning that it contains, as it has been applied both to forecasts of receipts as well as to forecasts of any possible savings. Mr Tugendhat repeated this morning that the projected savings of five hundred million units of account were a forecast which could not be adhered to. What we have here, therefore, is an accounting trick with which the Council is trying to fudge a solution to a problem which merited in fact a proper solution and not this attempt at patching things up which basically

means that it is put off until a later date. Let me repeat that, to our mind, this situation is extremely worrying and that we will therefore be taking a firm stand on it.

The second observation I wanted to make concerns budgetary discipline. I was very sorry that Mr O'Keefe made no reference to this. He spoke to us about both budgets, but did not talk about the basic elements which serve as a foundation for these budgets. We really do deplore this because we are well aware that the political problem underlying the entire financial question with which we are currently faced is, in fact, budgetary discipline. I believe that a number of things must be said on this point and made totally clear: I do not believe that we — i.e. my Group, or this House as a whole — have ever shirked from budgetary discipline. I think that it must be recalled that we and not governments are the representatives of European taxpayers and as such I believe that we have fulfilled our obligations with due care and efficiency. Should the Council wish to go into this question more deeply and seek out ways in which budgetary procedures can be expedited, the Council knows — but we will nevertheless repeat it here today — that it can count on Parliament to help it tackle these problems and solve them in the best possible way. But what we in this House cannot accept is that the Council should decide unilaterally to introduce procedures which make a clean sweep of some expenditure, thus almost completely eliminating non-compulsory expenditure, and which place ceilings on agricultural expenditure. This is absolutely nonsensical because, as everyone knows, expenditure on agriculture can only be controlled by radically correcting the mechanisms governing the common agricultural policy. What is more, I should like someone to explain to me just how these ceilings can be applied. So, on the one hand, we have mechanisms which are absolutely unmanageable and on the other, we have attempts to strangle the European Parliament and restrict its room for manoeuvre. It must be made clear to the Council that the Parliament will not be led down this path and that the Parliament is ready to take an even firmer stand and, if necessary, to have recourse to the Court of Justice.

There is something which I should like to make quite clear to the Council: we will not be hoodwinked by the fact that the Council is able to adopt a position *sui generis* or take a political decision which in theory would be valid only for itself. If we were to discover elements which transgress the limits laid down, even if inserted in a document which in theory should apply only to the Council, and if these elements were in fact capable of overturning the entire budgetary procedure, then we would react to them energetically.

I should like to close my speech by relaunching my appeal to the Council to finally tackle these questions, not in the terms in which it has tackled them on this occasion. I would say — if you permit me — that this entire tale of a new mechanism which has been invented as part of the budgetary procedure is appar-

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ently more an expression of national bureaucracy than of serious political positions adopted by the governments of Europe. That is why I appeal to the Council and should like to conclude by inviting it to have talks with the Parliament in order to initiate a detailed and thoroughgoing analysis of these questions and to find — as I have already said — a solution along lines which will strengthen Europe rather than following what amounts to an inter-governmental path, which is what the Council has been doing for the last few months.

IN THE CHAIR: MR MØLLER

Vice-President

Mr De Vries (L). — (NL) Mr President, I am honoured to have been asked to speak today, for the first time on behalf of my group, on the budget question. The pleasure it gives me is, however, marred by other considerations.

The first of these is the obvious failure of the Fontainebleau agreement — that wildly acclaimed agreement which later proved to be almost as insubstantial as a soap bubble.

Secondly, we are faced with the impending bankruptcy of our Community — not, perhaps, a financial one but certainly a spiritual one.

I would like to open with a couple of comments on the draft supplementary and amending budget for 1984. The existence of this draft budget is an achievement for this Parliament — that must be said. It proves that we adopted the right strategy in July by refusing to unblock payment of the British and German rebates unless the Council of Ministers submitted a draft supplementary budget for 1984. We put pressure on London, and to a lesser extent on Bonn, and that pressure was successful. However, that success is completely over-shadowed by the nature and content of the supplementary budget. Not only is it almost certainly insufficient, it is also financed partly by economizing on non-compulsory expenditure and partly by refundable interest-free loans by the Member States. Our group considers that last point extremely significant. Provision of the 1 000 million ECU concerned is not, as had been demanded by Parliament, based on the Treaties, but is the subject of an inter-governmental agreement. It is a moot point, Mr President, whether this approach is legal. It is probably not illegal, but it is certainly illegitimate, because it undermines Parliament's control of the budget. Drawing up the annual budget, and the role of our Parliament, will become a mockery, a formal exercise for appearance's sake, if the Council of Ministers is going to meet any shortfall without reference to the Treaty.

The draft supplementary budget is probably inadequate while neither the coverage nor its legal basis is satisfactory. Our groups response will very largely depend on our meeting with the Council of Ministers in two weeks' time.

While we are on this subject, Mr President, I would like to put a question to you.

A rumour going around the lobbies at the moment has it that the Bureau has decided to make tomorrow evening the deadline for amendments to the supplementary budget for 1984. At the end of my speaking time I would appreciate hearing from you whether this information is correct, since it seems to me that it will put Parliament in a somewhat difficult position.

If the 1984 supplementary budget deserves sharp criticism, the 1985 draft budget is, in its present form, unacceptable or at best barely acceptable. This budget, too, is perhaps not irreconcilable with Community principles. On paper, expenditure is balanced by income. On three points, however, the budget is definitely an anti-Community one: firstly, because it covers expected expenditure for only a maximum of ten months rather than for the whole of 1985. The draft takes no account of either the annual discussions to fix agricultural prices or the 1 000 million ECU reduction in the British VAT contribution for 1984.

The second anti-Community aspect of the draft budget is the proposed financing of the so-called British question. The arrangement adopted at Fontainebleau, whereby the British were granted a reduction on their 'contribution calculated on the basis of the VAT key', reduces the VAT revenue to the status of a national contribution, although it has formed part of own resources since 1970. In addition, Parliament has no voice in the matter, which it would have if the British were to receive a rebate and the British question were thus solved in terms of expenditure rather than income.

Finally, and I consider this extremely important, it is an anti-Community budget because it represents a slap in the face for the people of Europe. The turnout for the European elections in June showed that they are disappointed in Europe, expect deeds but get only words, and that they desire further growth in their Community rather than the slow demolition of what has been achieved. That being the case, what does the Council of Ministers propose in the 1985 draft? A budget that demonstrates contempt for the hope of the people of Europe and one with no room whatever for new policies. On the contrary, the Council of Ministers wants a sharp reduction in the payment appropriations proposed by the Commission for non-compulsory expenditure — 29% less for environmental and consumer policies, 32% less for energy policy, 36% less for transport policy, 39% less for industrial policy and 63% less for information market policy.

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And as if that were not enough, Mr President, the question arises in relation to the 1985 shortfall whether this will be covered by own resources or, once more, by national loans. I entertain only minimal hopes that the own resources will become available by 1 October 1985. National ratification procedures and German stubbornness in this matter seem to be unsurmountable barriers. And what are the consequences? It means not only that we are experiencing a steadily more overt renationalization of agricultural policy but also that a start has been made on the renationalization of financing for the European budget.

I turn now to budgetary discipline. It is obvious that public expenditure cannot, at the present time, be allowed to rise unchecked. No more than it can in any of our Member States. That is not at issue in this Parliament. The Council of Ministers, however, wants more. The Council of Ministers is attempting to gag this Parliament, to degrade it to a debating club with no real influence on the budget. There are two aspects that my group finds unacceptable. In the first place, the attempt to make a dead letter of Parliament's powers with respect to non-compulsory expenditure.

Parliament cannot go along with any chipping away at its role as part of the budgetary authority. Secondly, there is the Council's attempt to take such far-reaching decisions without consulting Parliament. It is not for nothing that we have a consultation procedure. The Council should be intelligent enough to see that and to use it.

I would like to wind up, Mr President, by pointing out that the first element of sound budgetary procedure is to determine policy priorities. The subsequent step is the fixing of the budgetary limits to that policy. The Council has put the cart before the horse by first attempting to apply financial shackles and then looking to see whether any room remains for policy — which then proves not to be the case. We, as the European Parliament, have not been elected to cooperate in the dismantling of the Community. Our electors — the 13 million unemployed, and particularly the 5 million young unemployed — expect us to contribute to the further development of the Community, to provide wider horizons for 270 million Europeans and to make use of the opportunities offered by this Community.

Mr President, it is in the full understanding that the future of our Community is in the balance that my group will assess the draft supplementary budget for 1984 and the 1985 draft budget.

Mr Lalor (RDE). — Mr President, at long last the Council of Ministers has reached an agreement on the supplementary budget for 1984 and a draft general budget for 1985. From the outset I would like to make my position on both of these budgets perfectly clear.

This so-called agreement in the Council is not only incomplete but a provocation which mocks the Euro-

pean Parliament and, even more, the 8 million farmers of the European Community. In the recent past the common agricultural policy has been the victim of budgetary cuts, quotas, zero-rate price increases etc. The Council has now introduced a new element, the budgetary straitjacket on the common agricultural policy. There can be no doubt in anybody's mind that the essential content of the 1984 supplementary budget relates to much-needed expenditure in the agricultural sector. It is frighteningly clear to all of us who are attached to the common agriculture policy — and I may say that the entire European Democratic Alliance Group are proud to be counted among those supporters — that the entire future of the CAP, the cornerstone of the Community, is now more compromised than at any time since its inception.

It is quite clear that the supplementary budget for 1984 will only cover agricultural expenditure for November and December as a consequence of British demands, to which, I regret to say, the Council has yet again passively bowed. Vital appropriations for a de-stocking programme have been refused. So much for the surpluses, which will inevitably lead to major budgetary deficits in 1985 because of what I would call 'postponing of difficulties' tactics.

Moreover, by far the most serious blow to agriculture is the Council's capitulation to Mrs Thatcher's demands for budgetary discipline. As far as I am concerned, Mr President, the term 'budgetary discipline' can mean only one thing, namely, placing a ceiling on agricultural spending. This in turn will give rise progressively to a renationalization of the common agriculture policy, as Piet Dankert forecast some time ago, which will mean the beginning of the end of the only fully integrated policy in the Community, the common agricultural policy.

Furthermore, the Council's disastrous agreement will impose a second sacrifice on the CAP, namely, the reform proposed in the disastrous agreement of 30 March 1984, which was concluded under the French presidency. As far as my group is concerned, this particular agreement is not a reform but an overthrow of the fundamental principles of the common agricultural policy. The Council's decision of 1 and 2 October last, if adopted, will change the very nature of our Community. We would be heading at irreversible speed to the creation of a free trade zone. I might add here in this context that General De Gaulle's comments in relation to this unacceptable hypothesis were well-founded. I do not think I need say any more.

This brings me to other problems which arise from the draft supplementary budget for 1985. It is a fact that provision for expenditure in the 1985 draft budget presented by the Council is not sufficient to run Community services at existing levels for a full 12-month period.

There will be a shortfall in expenditure for agriculture of 946 million Irish pounds in the 1985 draft budget as

Lalor

presented by the Council. There is no provision in the proposed draft budget for 1985 to allow for any farm price increases in 1985 or 1986. We have all heard the Council statement that they undertake to finance the supplementary budget in 1985. I would invite the President-in-Office of the Council here to indicate where he anticipates finding the additional funds necessary, namely 2 billion Irish pounds approximately, to finance a supplementary budget in October 1985, to enable existing EEC policies to function normally. I am sure that he is not suggesting that this extra money can be collected from the UK who will then once again in 12 months' time be looking for their money back.

Like other speakers I must say that it is disgraceful financial planning to present an annual budget which only covers, by the Council's own admission, a period of nine months.

I was one of those members of the Committee on Budgets who voted against the unfreezing of the British rebate yesterday. I voted that way because I still adhere to the principle espoused earlier this year by the Parliament as a whole. In July Parliament refused to approve the Council's decision to pay the UK rebate until the supplementary budget for 1984 was agreed. This is still my stand and that of my group, and yesterday I voted against our weakening in that resolve. I was interested to read in the *Financial Times* this morning that four members of the Committee on Budgets voted against this release. They were a small minority, three French Gaullists and one Communist opposed it. I am listed by a man called Quentin Peel as one of the three French Gaullists. I am proud to be associated with the French Gaullists but I am an Irish Fianna Fail representative — a representative of the largest political party in Ireland over the last 50 years. And we continue to be in that position. I am happy to be associated with my French colleagues here in the Group of the European Democratic Alliance and to have opposed the decision of Parliament to change its mind yesterday.

Finally, Mr President, I read with interest an extract from an Irish press statement today which says that when giving way at the Committee on Budgets' meeting yesterday, some of the MEPs said that this sign of goodwill should now induce the British Government to be more lenient in its demand for stringent controls of future EEC spending. As one who was at that meeting yesterday, I can truthfully say that that was really the motivation of a great number of the Members who voted for the release yesterday. I know that many of my colleagues on the Committee on Budgets believe that the UK Government has learned its lesson and will have come to realize that they can never again get away with what they have done this year, and that they will be good boys and girls from here on in. I do not quite believe that. As an Irishman I have had to learn my lesson the hard way. In fact Lord Douro, when speaking a couple of moments ago, went back

on the decision of the Committee of Budgets yesterday when he said he was going to oppose the Scrivener report. They are starting again already — and that is why I voted against the rebate yesterday, and that is why I and my group will vote against it this evening.

Mr Romualdi (DR). — (*IT*) Mr President, ladies and gentlemen, at this point, following the many speeches by the different political groups, most of which were very critical, I think all that is necessary for me to do, on behalf of the Group of the European Right, is to stress the consistent insensitivity shown by the Council, and consequently our governments, in budgetary matters, as well as their inability to come up with solutions which are not merely expedients or nebulous and mutually deceitful compromises. 'Just enough to keep the wolf from the door' as the man in the street would say, and in effect they do just enough to get by without having openly to accept too much responsibility and without appearing merely to be waiting for the worst to happen, which certainly most of them are.

Do not let anyone try to fool us that all of this can be attributed exclusively or principally to the serious economic and financial situation created in the Member States by the political forces which govern them, to the burden of unemployment or to the other problems which have long beset them, including the giddy heights attained by the US dollar, the high bank rates and the frightening increase in the budget deficit of the USA, which does not, however, seem to have halted the continued growth of that country's economy or to aggressive Japanese competition or, even more threateningly, the new competitiveness of certain small Pacific states.

All of this is unquestionably true and also very serious, but the consequences have been exaggerated by leftist propaganda in this House. The Left, which is, always trying to ingratiate itself with Soviet Russia and the Communists, revels in showing that America is the main cause of our problems. As Mr Petronio so justly remarked yesterday — America does manage to finance its prosperity and its debts with our money, mopping up our savings by skilful financial moves and luring us with high interest rates, because we cannot be guaranteed secure and efficient investment of our money in Europe, owing to the foolish politics of our incompetent leaders and governments.

As I said before, this is all true. We recognize that they are real difficulties, but they do not justify these disastrous policies with respect to a budget which has been discussed and argued about at great length, but which, and I think it is worth reminding everyone of this, represents only 1% of the total budget of the ten Member States. The truth is that our governments, along with the political, economic and labour groupings which support them, do not want an integrated Europe, because of political stupidity or foolish and shortsighted nationalism. It is a pity to have to say it

Romualdi

but that is how it is! They do not want economic union and find political integration even less desirable. In their view the concept of integration should, at most, continue to be that underlying the EEC Treaties and they pretend not to realize that, in the light of the changes wrought by new economic and political developments, this means the ossification and eventually the inevitable death of the Community.

But now the supplementary budget for 1984 has been approved. Victory! Europe can breathe again: now it has enough money to finance its projects until December. Fine. But it can only finance those necessary for its bare survival. It certainly has not adequate money at its disposal to continue the process of integration in other words to finance the new long-awaited and vital common policies, particularly in the field of new technologies.

But how did we manage to secure the funds necessary to move forward, or to be more precise to mark time? As we know and as has been stated here, this was achieved by a commitment made individually and directly by each of the ten governments, a commitment which in form and essence, ladies and gentlemen, is a contradiction and negation of every Community rule. This way of settling the issue has perverted the function of the Council of Ministers and confirmed its present intergovernmental rather than Community character. It is a method which among other things, at least as far as Italy is concerned, requires for its proper examination direct Parliamentary approval and all that this entails, whereas for Britain it means waiting for the payment of the rebate which was wrongly granted to it from the past budgetary wranglings.

And what kind of guarantee does this offer for a successful budget for 1985? It will be an inadequate, lopsided, incomplete budget, even from an accounting point of view, weighed down, what is more, by an additional condition from the Federal Republic which has, also begun to betray the spirit of Europe. Germany refuses to accept the sorely needed increase in VAT to 1.4%, which was agreed upon so grudgingly in Fontainebleau and even objects to the intermediate rate of 1.2% until Spain and Portugal's still controversial accession finally takes place. Without this increase, ladies and gentlemen, provision in the 1985 budget for new development policies will remain an empty dream.

Ladies and gentlemen, in the light of all of this a Parliament such as ours, supposedly elected to build Europe — and this is indeed its function — but condemned instead to tilt at windmills and to endure budgetary and other disciplinary measures whose aim it is to strip it of its power, can have no doubt as to its proper course of action — it must rebel and tell the citizens of Europe clearly the wrong that is being done to them: the ineptitude, the falseness, the political dishonesty of those forces in our national parliaments

and in our countries which support governments who, intentionally or otherwise, are betraying Europe at the same time as they maintain that they want it to be politically and economically independent, pretending as they do to be unaware that independence is out of the question unless the states of Europe are united.

(Applause)

Mr Bonde (ARC). — *(DA)* Mr President, I should like to use the time allotted to me to ask the Council of Ministers and the Commission a few questions. The 1985 draft budget provides for the preparation and coordination of television broadcasts at European level. There is of course a dash instead of an amount, but if this heading is retained the means can quickly be assured by making a transfer. My questions are: did the Council of Ministers unanimously decide that the way should now be open for the introduction of a common TV programme? Has, for example, Denmark's Radio said that it is willing to accept jointly-produced programmes which are not bound by the normal principles of journalism or determined solely by the editorial staff of TV-Avisen? I find it hard to believe that the Danish Government would have agreed to this heading in the budget.

The budget also shows 1.6 million kroner for the development of European awareness in young persons and it appears that 1.2 million kroner were used in 1983 with a view to making young people more aware of Europe by providing more information in schools on the facts and problems of Europe. I should like to ask the Commission what the money was used for, and I should like to ask the Council whether the decision was unanimous. Did the Danish Government give the go-ahead for the indoctrinating of school children with specific political ideas? The draft budget for 1985 does not include all expenditure. I should therefore like to ask the Council what the final expenditure for next year is likely to be. What amount would have been approved in the draft budget if the VAT ceiling had not been in the way? What are the figures tossed about in the corridors? What Community contribution should the Danish Parliament reckon with for the next year now that economies have to be made according to the new finance bill? How much more will have to be cut to make room for the contribution for 1985? Will next year be the year when the Danish contribution reaches 5 thousand million kroner or 1 000 kroner per Dane? I can believe it, but it would be more to the point if the Council could give us some actual figures now.

Mr Ulburghs (NI). — *(NL)* Mr President, I am pleased to see that there are still a lot of people in the public galleries to listen to this debate.

I should like to draw your attention to two important points in connection with the budget. I work in a min-

Ulburghs

ing community with Turkish immigrants and miners. In this connection I should like to propose that, with regard to Item 9630 in the Supplementary Budget, relating to the third Financial protocol with Turkey, no further aid should be given to that country until democratic freedom is restored.

At the request of Turkish democratic organizations in Turkey and Europe I went on a fact-finding visit to Turkey between Christmas and New Year last year with a Belgian parliamentary and trade union delegation. We met prisoners' lawyers, ex-prisoners and prisoners from the notorious Mamak gaol in Ankara. They told us that political prisoners, both men and women, are often tortured. In the course of two hours in Mamak prison I met around 500 young people. It was an appalling sight and Europe should be ashamed to support the country and its system. That is why I am proposing to postpone financial aid to Turkey until democratic freedom is restored.

My second point concerns Item 7027 on the reorganization of coal mines. As I said earlier this morning the management of the coal mines in Limburg in Belgium announced yesterday that a major mine is to close, making about 3 000 miners unemployed without new jobs being found for them. I would point out that unemployment among young people in my province stands at 35%. That is why I am proposing to increase aid for restructuring the mines. What I would like to know is whether the relevant appropriations allocated for 1984 have already been spent?

Mine closures constitute an enormous social and economic problem which a number of areas in the Member States — in England, Belgium and elsewhere — are having to cope with. For that reason, in my opinion, the restructuring must be accompanied by two measures which must also be financed from the budget. First, the phased reduction of the use of nuclear energy, which is very vulnerable, expensive and dangerous; in other words we must abandon nuclear energy in favour of coal as a source of energy in which Europe can be independent. Secondly, controls on the often unfair imports of foreign coal. Think, for example, of how society has deteriorated in South Africa, which produces a great deal of coal.

In conclusion, Mr President, I have two further proposals. First, that we should finance a research centre for coal energy, and second, that we should hold a serious debate on energy, concentrating on the problems of the coal industry.

Mr Pitt (S). — Mr President, we are here this morning to discuss the Scrivener report, the 1984 supplementary budget and the draft 1985 budget, if points are raised on it. Could I say very briefly that an amendment to Mrs Scrivener's report has been tabled in the name of Mrs Castle, Mr Tomlinson and myself which clearly expresses the line that my colleagues and

I wish to take on it. We believe, however, that the Scrivener report is dead. Only this Parliament could breathe some more life into it, and if you so wish then we shall vote tomorrow.

As far as the 1984 supplementary budget and the 1985 budget are concerned, there will be a better opportunity for this House to debate each of those things in future part-sessions. So in a sense today I want to devote my remarks to what I see as the conduct of the Council in the last three or four months and to the shape of budgets that we ought to be receiving in the years 1986, 1987, 1988 etc.

Now on the conduct of the Council I will join very strongly with all those Members this morning who have condemned the Council for what Lord Douro called creative accounting, for what Piet Dankert called a non-budget and those who simply have drawn attention to the absurdity of inventing one set of figures, replacing them with another and giving no logical, rational reason for doing so.

But I would say a strong word of warning to Members of this Parliament and to members of all European institutions, if one is going to liken the Council to a board of directors, as Lord Douro did. He talked about an abdication of responsibility. There is an article in company law in Britain which says that a director is acting illegally if he or she is: 'continuing trading when unable to meet their debts as they fall due'. At that point in British company law it is the responsibility of the directors to call in a receiver or a liquidator. I hope that the Council will take this message from me as a warning. I am not saying yet that that legal situation has arisen, but I am saying we are coming perilously close to it and I am certainly saying, leaving legality aside, that politically the Council is fuelling the fires of those people who say that the Common Market is not only bankrupt but shows no sign of becoming anything but more bankrupt.

Having said that, unlike most people who have spoken this morning, I would like to congratulate the Council on making progress in one direction. That is in the direction of budgetary discipline. I hope very much that members of the Council will not allow this issue to drop. I hope that we can have a thorough debate on what we mean by it. Again Piet Dankert touched on the way in which we can try to find an answer to budget discipline. We must get an answer to it, because if we do not we shall never have a properly shaped Community budget.

Unlike government in Britain and the civil service in Britain where, with yesterday's trial of Clive Ponting, we are picking up the virus of Nixon's Washington, in Brussels it is possible to talk to Community public servants and to ask them the real figures for agricultural surpluses and what the out-turn is likely to be in 1984. I have in front of me six or seven sheets on the likely out-turn and I have not time to read them. But the

Pitt

figures are very frightening indeed. We have had an absolute record year for crops and surpluses are completely out of hand. The cereals market is disgraceful. On the milk market and the dairy sector I will simply make one comment: the Community must be in an appalling state when the biggest problem facing the dairy sector is the shortage of warehouses in which to put surplus butter. We have to get those things under control because if we do not we shall not have the right shaped budget. We shall have no money for structural funds, energy, transport and development. We will have massive pressure for new own-resources which without discipline will again simply fuel agriculture and if we do not reshape the budget with discipline, we shall continue to have a common market based on food production and not the creation of jobs and economic growth. My group will demand that the shape of the budget be changed away from food production to the needs of the consumer and to the need for investment in jobs, economic growth and industrial cooperation.

Mr Schön (PPE). — *(DE)* Mr President, ladies and gentlemen, from the start of the discussion on the supplementary budget for 1984 the Group of the European People's Party has argued in favour of ratifying it so as to enable the Community's obligations in terms of compulsory expenditure to be met before the end of this year.

Admittedly we have, as our debate has shown, turned this issue into a package deal by including the release of the rebates or refunds to the United Kingdom. I should remind you that the inclusion of these funds in Chapter 100 proved to be an extremely effective budgetary instrument for our Parliament. I am of course aware of the concern of those Members who have argued that we may have been over-hasty in disposing of an instrument which could have been used to exert more pressure on the Council or the Commission. Such concern has to be taken seriously, because we too can see that there is a danger of the same old rigmarole starting again as soon as the rebates have been paid. I should inform one of the previous British speakers that the only reason why we are having to go through this ritual again is that the UK is insisting, despite all calls for budgetary discipline, on returning to the position it has clung to over the past few years every time the Community found itself in financial difficulties regarding the sacred cow of just returns, which is itself a concept hardly consonant with the Community spirit.

Our Group has discussed these issues and is convinced that the Council has to take the political decisions which will resolve the present situation. If the Council possesses the political resolve to get the Community out of this impasse, it simply has to set an example, particularly where the draft budget for 1985 is concerned, but more particularly in terms of the accession of Spain and Portugal. If the Community really is in

such an appalling state — and I do not entirely agree that it is —, everything depends upon our will to enable it not only to meet its compulsory expenditure under the Treaties, not only to create the conditions it needs if it is to expand in the way we all wish, but also to finance new policies of integration.

Once we grasp the connection between the supplementary budget, the 1985 budget and the future budgetary development of the Community, the crucial issue is whether or not we are prepared to let the Community have as soon as possible the additional funds it will need in order to meet its contractual objectives. This is the real conundrum we have to solve. As I see it, the rest of the argument is academic and overlooks the fact that we must seek to enhance the Community not merely quantitatively but also qualitatively if it is to achieve what it has set out to do.

We will of course have to have a debate about the future shape of the Community's whole financial framework. The German Federal Republic has developed the notion of a new financial adjustment system which is an almost federal concept of give and take in the Community. This is the direction in which our discussions must go, and then I am convinced that, despite the difficulties of our present position, we shall make a breakthrough in the years to come and the Community will once again be as active and dynamic as our fellow citizens would wish it to be.

Mr Price (ED). — Mr President, at the outset of the proceedings the President-in-Office of the Council apologized to us for the delay in submitting the 1985 budget and the 1984 supplementary budget to Parliament. I would like to reassure him that he need not feel any need for personal apology or embarrassment, because the Parliament is very used to Council's delays, and indeed, the delays in respect of these two documents are the least of our problems.

The main problem is the delay on the part of Council in taking the essential decisions which are reflected in those documents, and it is in dealing with the situation caused by those delays that we have the problems facing the Community now.

In respect of the 1984 supplementary budget, Council, of course, failed to take the essential decisions early enough: either to limit our commitments — and in particular, of course, I am thinking of the agricultural sector and the important decisions that were taken on 31 March — or to make the necessary resources available early enough to meet the commitments. They did neither, and we end up with a very unsatisfactory situation to be implemented by an intergovernmental agreement.

I regret that outcome, but I am sure that we shall learn to live with it for what remains of 1984, because that is a relatively short period of time.

Price

What is far more serious is that we look to 1985 with total uncertainty as to how the Community's obligations are going to be met towards the end of 1985, and with a very considerable prospect of solutions again being found at the last minute outside the Treaty. That, I think, is a very serious situation, which speaker after speaker in this debate has emphasized today.

It is not, however, something that should be exaggerated. The speech we heard from Mr Pitt a moment or two ago, where he sought to draw an analogy with a bankrupt company, was clearly gross exaggeration, because the Community debate is on when and how the resources should be provided. There is no situation where it is beyond the capacity of the Member States to provide the resources that are needed. What this Parliament is calling for is that the decisions be taken in due time, and in due form.

The causes of the problems this year are very closely related to the difficulties in the agricultural sector, and that, of course, is the major part of our Community budget now and is likely to remain so for the foreseeable future.

What I am concerned about is that where decisions are postponed in respect of agriculture, the people who at the end of the day pay the costs for hasty decisions are the farmers, and I think it is unreasonable to expect Europe's farmers to have to pay the costs for the failures of Europe's politicians. What I want to see is Europe's politicians in the Council of Ministers facing their responsibilities. One can see that more difficult decisions are required in the agricultural sector, and the sooner the Council faces up to them the better it will be not just for Europe's taxpayers, but also — and one might say that this is even more important — for Europe's farmers. A decision delayed does not assist the farmers: it makes it a lot more difficult for them.

Finally, I would like to comment briefly on the answers to the Notenboom question. It seems to me that there were some improvements in the Commission's implementation insofar as it lay within the control of the Commission. But, of course, each year in response to that question, we have two kinds of situation: the first is where the Commission itself through its administration causes delays — and that is where I think there have been improvements; the other is where it is impossible for the Commission to spend because of delays in Council. What I regret is that yet again we are faced with a whole list of decisions facing the Council which, until they are taken, will not enable the money to be spent.

So, Mr President, I would like to wind up by saying to the President-in-Office of the Council that he need not feel that he needs to apologize unduly in relation to the delays in presenting the budget: the delays in Council are a lot greater than that, and he needs to apologize not just to the European Parliament, but to

the entire Community for those much more serious delays.

(The sitting was suspended at 1.00 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR: LADY ELLES

Vice-President

Mrs Ewing (RDE). — Madam President, I wish to raise a point of order on behalf of the bureau of the Committee on Youth, Culture, Education, Information and Sport. It relates to a document, of which I have given the Chair a copy, called Labour News from the European Parliament dated 9 October 1984. On behalf of my committee, I wish to make two points. First, the facts alleged about the committee decision to change the names of various railway stations are not true at all, have no foundation in fact and the allegation that they were made by Mr Baudouin is simply not true and we have clear evidence of this to submit to the Bureau. Second, this document impugns the honour of the interpretation service of this Parliament, on which we totally rely through all our working hours.

(Applause from the right)

To blame them for this is really quite intolerable. I want to put these two points on record, Madam President, and I ask that the matter be referred to the Bureau.

(Applause from the right)

Mr Cottrell (ED). — Madam President, may I suggest that the correct procedure would be to refer this whole business to the Committee on the Rules of Procedure of this House?

President. — Thank you for your proposal, Mr Cottrell.

Mr von der Vring (S). — *(DE)* Madam President, there is uncertainty in the House as to when the deadline is for Members to table amendments to the 1984 supplementary budget. I have heard that it is to be fixed for 6 p.m. tomorrow. When can Parliament give its views on whether it wishes to change the deadlines?

President. — Mr von der Vring, this is for the President to decide. I understand that the deadline for the tabling of amendments is 8 p.m. tomorrow evening.

Mr McMahon (S). — On a point of order, Madam President, what is happening with the request from Mrs Ewing? I am one of the individuals concerned who put their names to the press release, and as far as I was concerned the words *were* used, albeit perhaps in a jocular fashion. I have been endeavouring to take French lessons from the Parliament in the summer of this year, and although I have not really got as far as appreciating the French sense of humor, as far as I am concerned the Member concerned did make the suggestion that these railway stations should be re-named.

(Cries of 'rubbish' from the European Democratic benches)

You will notice that the Tories have the same respect for democracy in this House as they have in Britain with the mining community.

The important thing was the attempt by members of the committee to rewrite European history, to excise the fact that there had been wars in the the past, and, as a former historian, I had to point out to them that one of the reasons, fellow Members of Parliament, why we can appreciate how good and how peaceful Europe is today is that we know how bad it was in the past. Writing some sanitized version of history, excising references to Hitler and to the First World War, will not help the European ideal one iota. I ask you not to accede to the request of Mrs Ewing.

(Protests from the European Democratic benches)

President. — This subject is not on the agenda of this House today. Mrs Ewing has drawn the attention of the House to a certain matter and asked for it to be referred to the Bureau. This matter will be referred to the Bureau and there will be no further discussion on this item. I am not taking any further discussion on this item.

(Loud protests from the same quarter)

Mr Dankert (S). — Madam President, on a point of order!

(Vigorous protests from the European Democratic benches)

I think your reply concerning the deadline for amendments on the 1984 supplementary budget left too many uncertainties because you said it was up to the President to decide. In theory that is right, but a deadline has been fixed, to the surprise of many Members of this House, and that deadline creates enormous difficulty as far as the amending of the supplementary budget 1984 is concerned.

I would propose to put off the deadline until 2 p.m. on Tuesday, next week. It is impossible otherwise.

President. — Thank you, Mr Dankert, for your proposal. It will be put to the President.

Mr Baudouin (RDE). — *(FR)* Madam President, an accusation has been levelled at me personally, which is why I have asked to speak.

As regards this minor question of what I said in the Committee on Youth, Culture, Education, Information and Sport, my exact words as recorded were 'I would say jokingly (note my use of the work *jokingly*) that we shall never prevent an Englishman from calling his station Waterloo or a Frenchman from calling his station Austerlitz.' I think it is very easy to understand the French here and I know that there was no mistake by the interpreters. I would add that all the Members present were amused.

I should just like to say that I was convinced that an Englishman, even from the Labour Party, never loses his sense of humour, but it seems that in Brussels this particular Englishman did just that.

(Applause from the right)

President. — We have heard Mrs Ewing on this matter. We have heard Mr McMahon on this matter. Mr Baudouin's personal conduct was attacked and he has been given the opportunity to reply. I hope the House now agrees that we can get on with the business of this House.

Mr Saby (S). — *(FR)* Madam President, I should like to raise a point of order concerning the budgetary procedure.

The debate which took place at the beginning of this morning's sitting was not in line with our normal procedure, which I should like to describe.

It is up to the Committee on Budgets of this House to give a definitive ruling on any transfer from Chapter 100 to another chapter.

(Mixed reactions)

The Committee therefore carried out its part of the budgetary procedure and forwarded its conclusions to the President of Parliament, in the same form as in July. The President of Parliament is thus right in wishing to put these conclusions before the House, as was done in July.

I was anxious to point this out since it is important for Parliament to respect the budgetary procedure on which its institutional power depends. I feel it is not a good thing for this House to interpret the rules in different ways with all that this implies.

President. — May I remind this House that the President notified the House this morning of the decision of the Committee on Budgets that was taken yesterday. The House voted on this matter and decided to vote on the proposal for transfer at 3 o'clock this afternoon. I must accept that this House is sovereign in its procedures.

4. Votes

Transfer of appropriations No 28/84: adopted

Mr Dankert (S). — Madam President, I have difficulties with the procedures you have chosen. The Committee on Budgets proposes to unblock the British rebate. Personally I agree; that is no problem. However Parliament then has to vote in such a way that those opposing the proposal vote 'yes' and those accepting vote 'no'. That is the procedure and you turned it around. It is this that is creating all the confusion.

President. — I am sorry, Mr Dankert, this was decided this morning in full debate. Possibly you were not here between 9 and 9.30, but it was decided by a large majority of this House that at 3 p.m. the vote would be taken on the proposal for the transfer of appropriations No 28/84 for the unblocking of the British rebate. I would assume, Mr Dankert, since you yourself are a very esteemed member of the Committee on Budgets, that you would be aware of what this transfer referred to.¹

Explanation of vote

Mr Rogalla (S), in writing. — (DE) The workers in the Bochum steel and car industries and other workers from Westphalia, who are those chiefly responsible for sending me to the European Parliament, have serious reservations with regard to the forthcoming decision by the European Parliament. They cannot understand why one of the relatively better-off Member States of the Community should now be getting a cash handout from Community funds under the 1984 budget and for the long-finished budgetary year 1983.

As far as we know, the method of calculating these payments is based on Treaties to which all the Member States agreed through democratically elected governments and parliaments and in full knowledge of the facts and the legal implications. These obligations must be met. This does not exclude the possibility of redistributing or correcting the financial burdens in

the Community *in the future* if imbalances of any kind should arise. I agree with my electors in taking exception to the fact that the public discussion on this one point alone, which mainly concerns the United Kingdom, has led to a complete reevaluation of the Community. What was previously a politically orientated Community has become dominated by petty, self-seeking squabbling over refunds in which rich industrial countries wage fierce trench warfare against each other for the sake of a few million marks which they would do better to use to solve their common problems, and especially to combat unemployment and despair.

Although I intend to vote with the Socialist Group for the proposal by the Committee on Budgets, I do so in spite of many difficulties and qualms of conscience, chiefly on account of the protection of public confidence. I must say in the United Kingdom's favour that in the past months and years — in my view, however, without justification but *de facto* unmistakably — the expectation has been aroused that it would receive these payments.

I also object to the fact that a system of offsetting the payments against payments due was not chosen instead of a straight refund.

In future I must comply with the express mandate from my voters and shall no longer be able to agree to similar operations in respect of budgetary years which have already elapsed.

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5. Budget (continuation)

President. — The next item is the continuation of the joint debate on the budget.

Mr Chambeiron (COM). — (FR) Madam President, this debate has highlighted three important questions.

First, the rebate on the United Kingdom contribution. The Committee on Budgets decided by a majority to release the rebate on the grounds that the conditions imposed earlier by the European Parliament had been met.

We do not entirely agree with this view. Since then the UK has introduced a further condition: strict control of expenditure by what is known as budgetary discipline, which, moreover, is due to be debated by the Council on 22 October. We have a proverb which says: 'staying put is better than running'. We do not intend to throw away the one means we have of countering this new blocking tactic by the British government. Moreover, our refusal to release the 750 million

¹ *Topical and urgent debate (objections):* See Minutes.

Chambeiron

ECU will not hinder the adoption of the supplementary budget: the Council has informed us that it was in any case committed to covering expenditure for 1984, even if the United Kingdom defaulted. Nevertheless, we now repeat that our prime concern is to cover the deficit in the 1984 budget as quickly as possible so as to enable the Community to honour its commitments to the farmers. We shall be looking out for any last-minute manoeuvres when we vote on the supplementary budget at the second October session.

There is a lot I could say on the subject of the Council's draft budget for 1985, but I must stick to essentials. To us this budget is scarcely credible. Nothing has been properly settled. The most striking aspect of it is not what is said but what is not said: the omissions, particularly concerning the funds needed to cover the requirements over and above the 1% ceiling which are threatening to exceed three thousand million ECU. Even before a new budgetary discipline has been applied, the Council is deliberately underestimating agricultural expenditure with the undisguised aim of pressuring both Parliament and public opinion before agricultural prices for 1985-1986 have been fixed.

The Council has made its choice. It has hardly touched the ERDF or the Social Fund appropriations, but it has done a hatchet job on development appropriations with a drop of 27% in food aid. One can imagine what the ACP countries will have to say about this at the Lomé III negotiations.

While we are aware of the limitations of this budget and while it would be false to imagine that it will have any lasting effect on the crisis, the Communist and Allies Group intends to participate critically and constructively throughout the budgetary procedure. We shall be aiming for improvements which will free more funds, redistribute agricultural expenditure in favour of neglected areas of production and smallholdings, and will enable surplus funds to be better used to promote economic recovery and create jobs, to strengthen cooperation in the industrial, energy and transport sectors, and to increase, diversify and ensure better use of food aid.

Madam President, this concludes my observations on the budgetary debates on behalf of the French members of the Communist and Allies Group. We shall have an opportunity later to expand on these observations and to detail them in the form of amendments.

Mrs S. Martin (L). — (FR) Madam President, ladies and gentlemen, I intend to be both brief and harsh. We are forced to recognize that the success claimed by the Council after Fontainebleau was nothing but an enormous smokescreen which was probably very convenient during the run-up to the elections but solved nothing. When the problem has been under discussion for so long and everyone is aware of the urgency of

taking a decision, particularly for the sake of the farmers, I am astonished that Parliament is still not in a position to decide on the supplementary budget for 1984 during the course of this session.

So much for the form. It must also be said that Parliament has voted by a large majority to release the rebate to the United Kingdom. However, in view of the refusal to link this obvious goodwill gesture with the debate on the supplementary budget, we have no guarantee that there will be any *quid pro quo*, i.e. that the United Kingdom will actually agree to finance the supplementary budget.

Basically, the Council is demonstrating neither courage nor clarity in presenting us with this supplementary budget. It is totally concealing the truth from us and ignoring the facts.

The truth is that this supplementary budget is woefully inadequate: the economies it is proposing actually undermine the decisions taken by the budget authority, and above all they constitute a retrenchment in common policies.

The artificial inclusion of items of revenue which to all appearances will not be received simply means carrying over the same problems and the same budget deficit into 1985.

Now that we are aware of the totally unrealistic proposals made in this 1985 budget it is difficult to imagine how the Council can seriously suggest that projected expenditure will remain within the 1% VAT limit when it could not be kept there in 1984, when the rebate to the United Kingdom is due to be increased from 750 to 1 000 million ECU, and everyone knows that additional farm expenditure is already estimated at more than 1.3 thousand million ECU. The truth is that the Council is shirking its responsibilities, even those deriving from previous decisions, particularly on farm prices. The truth of the matter is above all that the Council, without admitting the fact, is killing off the Common Agricultural Policy without putting anything in its place. One might well conclude that the Council is in the process of smothering the Community.

I am forced to make these observations, because we obviously cannot put up with this type of attitude at a time when we have just held a campaign whose main point was that the only hope for our modern society lies in making more of Europe. The Council must be told that we will not be party to such actions and that it must finally let us know what sort of agricultural policy it wants Europe to have and what sort of Europe it intends to build if, indeed, it still thinks Europe needs building at all.

Mr Pasty (RDE). — (FR) Madam President, ladies and gentlemen, the history of this Parliament is lit-

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tered with budgetary crises large and small; they could be said to be part and parcel of the decision-making process in the two arms of the budgetary authority. Yet I have to stress that the budgetary crisis we face today is unique, exceptional, and permanent in the sense that we have been debating the same problem practically all year.

This crisis shows itself at three levels. First, the 1984 budget and the 1985 draft budget are insufficient because the own resources available within the 1% VAT limit are exhausted. Secondly, the budget is suffering from a structural imbalance which particularly affects compulsory expenditure on agriculture in the main, and is aggravated by the difficulties the Council is experiencing in agreeing on the funds necessary to cover this expenditure which is embodied in the Treaties. Thirdly, it is no longer at all certain that the Community can function properly.

This is a budgetary crisis, as we all know, but it is also both an institutional crisis and a political crisis of confidence in the Community and its future. We would not be indulging in such pessimism if it were not clearly justified by the lamentable facts of the matter: by the acts of Council. The Council's agreement of 1 and 2 October is after all, no more than a botched and incomplete solution bargained for under duress and dictated by necessity.

I accept that we have been given a draft budget supplement for 1984 and a general draft budget for 1985, but what budgets! In 1984 all the Council did was to avoid the worst possible outcome, i.e. the scandal of Community bankruptcy. After months and months of debates, negotiations and compromise we were entitled to expect a comprehensive and definitive agreement on all outstanding problems. Nothing came of it. All the supplementary budget for 1984 does is to ensure that farm expenditure will be covered for the rest of the year.

This is a pathetic, manipulated travesty of a budget.

What about the income which was included in the Commission's draft but glossed over in the Council's figures? If the Council withholds the funds which have been set aside for the agricultural surplus release programme, this will serve merely to carry over today's difficulties into 1985. Anyone can see even now that, as soon as this supplementary budget is adopted, it will secure a structural deficit for 1985 of at least 500 million ECU to add to the deficit of 3 thousand million ECU which is already expected but on which no agreement was ever reached, either on methods of funding or on the actual amount to be covered.

What is this mere political pledge to cover the deficit worth in institutionalized bargaining terms? Little or nothing, as our experience has shown us.

These are the appalling circumstances in which the 1985 budget has to get off the ground!

The agreement of 1 and 2 October was only a partial one; not all problems were solved and nothing was said about budgetary discipline or about the 1985 deficit. The agreement is, moreover, subject to a suspensive condition imposed by the United Kingdom, which will release its share of the finance for the 1984 deficit only in return for a strict commitment by the Council on budgetary discipline and the payment of its 1984 rebate, which Parliament a few moments ago prematurely decided should be released.

Furthermore, turning to the 1985 budget, for the first time in the history of the Community the Council has decided to exonerate a Member State — the UK — from part of its share of financing farm expenditure in order to keep the promise of a refund in 1984.

So, then, it is clearly acceptable nowadays for a Member State to dissociate itself from those common policies which do not happen to suit it. Nowadays budgets are prepared for eight or nine months of the year — what happened to the principle of annual budgets, I ask you? — budgets not only out of balance but in decline, with substantially reduced funds as much as 30% below the previous year's levels precisely in the new policies which the Council had committed itself to promoting.

I say again that this is an incomplete, travesty of an agreement in which crucial problems have been left dangling in the air.

This is true particularly of the act on budgetary discipline which is in preparation, which is a positive sword of Damocles for the common agricultural policy. Under the pretext of budgetary stringency the Council intends not only to deprive Parliament of its budgetary powers but to exact from the CAP a double sacrifice which is enough to kill it off completely: the sacrifice of a current reform as a consequence of the somewhat ignominious agreement of 30 March concluded under the French Presidency — while there will certainly be budgetary repercussions in terms of savings, no figure can be put on them as yet — and the sacrifice of the farm expenditure ceiling principle, bringing with it partial renationalization, the financial burden of which will inevitably fall upon the taxpayers in the Member States. The renationalization process has, moreover, already begun with the VAT refund promised in advance to the German farmers, over and above what was required for strict compensation in monetary compensatory amounts.

A realistic and dynamic farm policy which enables the EEC to exert influence on world markets is to be replaced by a budgetary policy which conflicts with the spirit and letter of the Treaties, particularly with Article 39 which specifies the objectives of the common agricultural policy and guarantees farmers a reasonable standard of living.

The pretext of introducing new common policies is no excuse for reducing farm expenditure. Community

Pasty

expenditure incurred under the heading of new policies should not be added to national expenditure but should replace it to a large extent, the result being increased efficiency and therefore a better return on capital.

The stringency of the 1985 draft budget and budgetary discipline have shattered our illusions. In the past, in simplified terms, we were offered the choice of either the common agricultural policy or new policies, with the emphasis on the need to restrict the growth of farm expenditure in favour of the development of new policies.

The issue we are faced with today is a different one. The Council is telling us that we can now have neither farm policy nor new policies.

My last point concerns new own resources.

We had had great expectations of this. The only way of saving the Community was to remove the ceiling of Community VAT bit by bit. This is now no more than a mirage; the issue has lost its substance as a result of a bargaining by which the Council has managed to link the implementation of new own resources with both the compensation mechanism for the UK, the effect of which will be to reduce the new real VAT ceiling from 1.4 to 1.3%, and the enlargement issue, which will have the effect of exhausting own resources as soon as they become available.

Given this set of circumstances, the argument over the EAGGF deficit is by no means at an end.

Let us be quite clear about it: it is a bitter pill to swallow. What the Council is proposing today is the progressive disintegration of the Community, a cut-price Europe, a Community in tatters. All the Community has achieved so far is in jeopardy and new policies are not being developed. Solutions are being sought by intergovernmental negotiation, in complete disregard of the Treaties and institutions. While all this goes on the Community is being completely forgotten.

The crisis is also an institutional and political one.

It is institutional because the Council is gradually destroying the Community institutions. It is political because the Council's constant bargaining tactics are destroying any confidence in the future of the Community.

I shall conclude by asking in what direction the Community is heading. This is an eminently political question to which Members will have to find an answer when we come to examine these budgets. Whatever the decisions we take, it is clear that our role is now more than ever that of *building* the Community, using all the strength at our disposal to oppose those who are destroying it, and of giving the Community a vision of the future which cannot fail to be more lucid

and more conducive to the happiness of all the people of Europe than the dismal and feeble preoccupation of the Council and the Commission with current market interests. The Group of the European Democratic Alliance, for its part, will be doing its utmost to help.

Mr Saby (S). — (FR) Madam President, ladies and gentlemen, it is always interesting to seek out connections between our parliamentary debates and I believe that there is a connection between the debate we had yesterday and the one we are having today. Discussing the role of the ECU means tackling financial difficulties and meeting budget problems head on.

If the Community had spoken out at world level on the subject of monetary problems, the European currency basket would not have depreciated by almost 50% of its value against the dollar since 1981. In a sense this means that we should also be doing some soul-searching about the fact that we are likewise losing almost half of our world trade capacity. The consequence of this extremely worrying problem, which is holding the Community back and undermining its monetary, economic, political and social potential, seems to me to be what we are facing today, albeit on a smaller scale. It seems to me that the important thing now is to place things in their true context and give them their due weight: above all, the Community budget represents less than 3% of the sum of national budgets, less than 1% of the gross domestic product of the entire Community. I believe the budget needs to be both demystified and fostered. Demystifying means telling all our colleagues and those outside the Community that the Community budget with its own resources is not and will not be for many years, if ever, the sum of the budgets of the Member States. This has to be said for simple democratic reasons. If as much power as possible is to be placed in the hands of the people of Europe, no single institution can be allowed to replace regional, national and other realities. Likewise for democratic reasons, I believe that shared interests should be dealt with at the highest Community level. Following on from this, we should pause to consider what the Community budget actually is. At present — and this is important — it is what I would call the magnifying coefficient of the policies of the Ten. If one of the terms of a multiplication is close to zero, the effective answer is zero, but if the multiplication coefficient, however small, is more than one, it has a crucial role to play. I believe that this, in the context of the 10 Member States, is the role of the budget. Let us examine this in detail.

Two-thirds of the budget, this multiplication coefficient of Community effectiveness, is absorbed by the only policy we really have — the common agricultural policy. Less than one-fifth of the budget covers the other aspects of Community policy: social policy takes slightly over 5%, regional policy 5.4%, development 3.5%, energy, research and industry nearly 3%; and, finally, we waste some 10% on redistributions to

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Member States as part of the paraphernalia of enlargement negotiations.

The second point which I feel has to be made is that the 1984 supplementary budget must be finalized as rapidly as possible. I for one think we could have done this during the current part-session.

I also think that the Council has demonstrated at the very least a dangerous laxity by letting things drag on. We have known for a very long time that we would need a supplementary budget. When the Council decided, as was essential, to raise farm expenditure, why did it not at the same time find the necessary revenue, which might have eased proceedings and enabled the Community to make some progress? So what is the position? I agree that the supplementary budget is a dismal one, but it is also necessary; and the quicker it is sorted out the more ground we will gain in the Community's interests.

I should like now to talk about the budget or rather, about the context in which the 1985 budget is being presented. Every institution should be clear about the issues. The 1985 budget is lumbered with a number of considerations: for example, all this talk of 'budget discipline' sounds rather like the tower of Babel. Some see it as restrictions on the CAP which, with all its contradictions, cries out for reform and improvement but also obliges us here and now to honour those financial commitments which we cannot shirk. Others see budgetary discipline as a way of putting a gag on this Parliament which prevents the Member States, in their native wisdom, from solving problems in their own way. For still others it is perhaps the naïve hope of creating new policies by way of improved discipline. Here, too, I think we have to distinguish illusion from reality.

Budgetary discipline is the responsibility which rests on the institutions, including the Commission, to make the best use of Community funds and own resources, to improve the CAP in structural as well as in financial and monetary terms. It is the necessary commitment to generate new policies aimed at making good lost ground in the new technologies. Finally, it is a way of creating a social policy — in a word, of combating the damaging effects of unemployment, and this has not been made very clear.

I am in favour of budgetary discipline, yes, but to enable the Community to progress and not the reverse.

The least one can say of the 1985 budget is that it is pragmatism at its lowest ebb. Members of the Council, Commission and Parliament know very well that the 1% will be totally inadequate for covering the Community's financial commitments — commitments, not political ambitions —, and for responding to the needs of industry and society. I believe this pragmatic approach to be a dangerous one. To say that the amounts above 1% will be used only for the purpose

of enlargement through the accession of Spain and Portugal and for nothing else is putting one's head in the sand: we know only too well that, with enlargement to Twelve, the CAP alone will swallow up funds above the 1% VAT ceiling.

Let us therefore dispense with lengthy speeches; let us embrace reality and responsibility and accept that we have to make rapid progress. This 1985 budget gives the Council, with its heavy responsibility, time to wake up and start taking decisions. We should like to accept it as it is, but as such it will last only a few months. To say here and now that we will need a supplementary budget in 1985 is tantamount to admitting that the 1% limit will be exceeded in 1985. Let us therefore stop bickering, stop taking one step forward and two back. Certainly we are prepared to discuss the 1985 budget proposed by the Council in all its austerity and ineffectiveness, but we say too that the Council must speak out clearly and state its choice very soon indeed, which means before the end of the first quarter of 1985. Parliament will make its voice heard, and will do so in the interests of the Community.

Mr McCartin (PPE). — Madam President, let me start by extending a welcome to my friend and colleague from the Irish Parliament Mr O'Keefe, who is here representing the Council, and say to him that at times during this week I have felt some concern that he, who is such a good European and has been so through all of his political life, like his colleague the Minister for Foreign Affairs — I have said this before about Mr Barry as well — should have to come here to represent the Council to Parliament in these extreme circumstances and face the task of speaking with one voice for 10 different governments who increasingly can find very little to say in common. They have a united voice on the things that are not concrete and cannot be understood, but when it comes to specifics and basics, such as the number of ECU to be provided in the budget and decisions about who carries the cost, the Ten find it increasingly difficult to speak in unison. So Mr O'Keefe has my sympathy in the difficult task he has had to perform over this week, and indeed over the entire period of the Irish presidency. Unlike the French presidency before it, the Irish presidency has come up against a stone wall, has come to the edge of the precipice, and has had to stand with the Community when it was on the point of suffocation.

That takes me to the next point, which is the question of the supplementary budget. I make no apologies for the fact that I, with my group, voted for the refund today of the money to the British Government. Incidentally, I make no secret about the fact that I had grave reservations when this was being discussed in my group some time ago, for political reasons about whether Parliament should ever have stopped this money. This had to do with the attitude that might be adopted in Britain itself to the European Economic

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Community and with the way British politicians were using this subject to stir up public opinion in Britain against the idea of the Community. For these reasons I had my doubts.

Somebody said to me they thought it would be difficult for somebody representing Ireland to vote for this refund. Well, I had no difficulty at all. My colleague Mr Lalor said he was voting against this refund and apparently he expressed the opinion that he was inspired by historic lessons in the decision that he took. I have a fair idea of the history of the peoples of Europe and the people of Ireland — when I voted today I was not inspired by the lessons of history but by the concerns of the future. I was concerned because the people in my constituency would not thank me very much for voting on the basis of some lesson that was taught to me by history when they themselves would fail to sell their milk and meat products, to collect their benefits in the disadvantaged areas, to get all the other benefits that come to us through the annual Community budget. I was concerned because I knew of the determination of some people in the Council to prevent progress until this matter was regulated, and not least too I remembered the fact that Parliament had already made a decision on this: Parliament had already given its word that this was the course it would take, and it was entirely appropriate that we should vote as we did today.

Nevertheless, it hurt me to vote as I did, not because of any historical considerations, but because I have seen in recent months one Member State seeking to bend the will of this Community to its own wishes, and in this case even to take this Community to the point of suffocation, when the amount of money we were talking about was such a small percentage of the wealth and income of that nation. I do not propose that we should disregard entirely all considerations of the amount that is paid out by and the amount that returns to a country. That must be considered, but it must not be taken to the point when for so little we are prepared to bring this whole Economic Community to a standstill.

The Minister makes the point — and I shall only be able to deal with this point, I'm afraid — that we should not lose heart because of the budgetary situation, that there are other things that are important as well. Of course we recognize that the days of budgetary discipline have come to the States of Europe at national level, and there must be budgetary discipline in Europe as well. The last speaker asked what budgetary discipline was. I do not think it means a reduction of the amount of money paid to agriculture or other policies. Budgetary discipline is a slightly different thing: it is the question of day-to-day management. But we cannot proceed to harmonize legislation, to harmonize economic, social, environmental or other policies and think that that is making progress when this very harmonization will not bring about economic convergence but will, in fact, widen it.

While we must recognize that the States of Western Europe have overspent their national budgets, we cannot apply the same rule to the budget of the European Community, which is just in its infancy; rather there must be a transfer from public spending within the national States to the budget of the Community. There are some things which can be more efficiently done there, but if we are to achieve economic convergence over the years, we must have not only new Community legislation, but also a Community budget to go along with it, so that the poorer regions are no longer administered a sort of annual sedative to keep them happy and quiet but will be given a programme for their development, as a result of which they will ultimately no longer need assistance and the Community can devote its energies to new objectives.

Mr Alavanos (COM). — (GR) Madam President, I too should like to express our profound concern not so much about the European Parliament as about the effects which the budgetary developments will have on our country, and particularly on Greek farmers. As regards the European Parliament, I fear that, since a lot of fuss is very often made about nothing, this is a game between the Community institutions in which it is naturally the workers who have to foot the bill. We see again today that there is a great difference between what the European Parliament says and what it does, and specifically because it has made a U-turn and accepted the United Kingdom refund. We, both as representatives of the Greek Communist Party and as Greeks, cannot accept this, and neither can we agree with the Greek Government, which was a party to the Fontainebleau agreement on the United Kingdom refund without even obtaining its thirty pieces of silver for the integrated Mediterranean programmes, for the five-year programme and for so many other matters which it had made such a lot of noise about.

We cannot accept that there should be double standards in the Community. On the one hand the fundamental problem of the budget, where everyone talks about fair returns, a balanced contribution by the United Kingdom and balance in the Community's finances, without hesitating to infringe the Treaties and the *acquis communautaire* since 1970. On the other hand, we have the equally fundamental problem of intra-Community trade. There is one country, Greece which, despite having the lowest per capita GNP of all the Member States, has an enormous deficit in trade with these other countries because of its membership of the European Community. There is neither fair participation nor a balanced contribution. What do we have? Since the European Parliament elections there have been dozens of proceedings brought by the Commission on matters such as the National Pharmaceutical Organization, the release of blocked capital, import problems, the Greek customs etc. It is a never-ending list. So you must appreciate that, as representatives of the Greek people in this House, we cannot sanction this procedure. Of course we will be asked

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what is to become of the supplementary budget and of payments to Community farmers. But it is unheard-of that Community farmers, and of course Greek farmers as well, will this time be paid both with Community money and with extraordinary national contributions, which in Greece's case will amount to 15 352 000 ECU. So the Greek Government has to grant subsidies from the national budget, but of course according to Community rather than national criteria. We can see, therefore, that the time of the fat cows, which to a great extent fuelled the pre-election campaigns of various parties contesting the elections to the European Parliament, is coming to an end. And this is not all. Another price must be paid for the 1984 supplementary budget, and that is financial discipline, which as a concept frightens Greek workers and reminds them of austerity and other such concepts; moreover, it is obvious that, in connection with the fixing of farm prices, it has particularly negative effects for Greek farmers and in practice gives suitable scope for various forces in the Community to press for more than they had in the 1984 budget. Another particularly negative fact is that the 1985 budget is in deficit, and although we do not think that this is necessarily a trick or a solution imposed by the Council, it results in a particularly severe policy of austerity, mainly as regards agricultural expenditure. From this tribune I should like to take the opportunity, Madam President, of calling on the Greek Government to stop its constant retreating whenever it is patently obvious that Community developments are damaging to our country.

Mr Ducarme (L). — (FR) Madam President, I will be extremely brief. On behalf of the Liberal Group I would like to jog the House's memory and, secondly, put a question to the Council.

What I, on behalf of my group, would like to remind this House is that there is a link between, on the one hand, the transfer which we have approved — the British rebate — and, on the other hand, the vote on the supplementary budget to be held in a few days' time.

I believe it is important to remember that what Parliament has reached is a kind of 'gentlemen's agreement', and we hope that it will be respected. The supplementary budget is essential not only for European farmers but also — and this has not been sufficiently stressed in this House — for the operation of the ERDF, for that of the Social Fund, and for the general running of the Community. That being the case, we hope that the entourage of the British Prime Minister will not have another attack of anti-Europeanism in a fortnight's time.

Secondly, I would like to pose a question. We are now in a position to draw another parallel — just as dangerous a one — between the amending budget in its present form and the 1985 budget. We now know, Mr President-in-office, that the 1% VAT ceiling will not be sufficient to meet the obligations of the Com-

munity. One thousand million will again be needed for the British contribution and 1 350 million ECU for the common agricultural policy.

The Council informs us that it will find ways to meet this shortfall. Although we are usually told that it is not fitting for a Member of Parliament to interrogate a Minister about his intentions, you will understand that the kind of parliamentarians that we are makes it impossible for us to be satisfied with mere intentions. For that reason, I would ask you to give us very precise details of the way that the Council of Ministers intends to meet the budgetary shortfall for 1985.

Mr Rigo (S). — (IT) Madam President, I too would like to comment on the continually changing and increasingly ambiguous decisions taken by the Council and the Commission during the last few weeks by beginning with an evaluation of the situation.

Other groups in the Parliament have made these same observations, which point to the necessity of developing an overall, comprehensive budgetary plan for some years to come, rather than getting involved in individual items. Otherwise the political juggling and the ambiguities surrounding individual budget items which we have seen in recent months will become the reality of Community policy. We also realize that behind these political ambiguities lurks the grave danger of a deepening political and institutional crisis in the Community.

Bearing this in mind, budget policy provides us with two distinct parameters, namely agricultural and EAGGF expenditure which are both likely to increase at a rate faster than that of the Community's new own resources. Moreover by agreeing to a rebate for the UK and Germany the way is open to the introduction, via the back door, of the concept of 'fair return' and therefore to a decrease in budgetary contributions.

Thus a 'scissors-like' development is beginning to take place within the Community finances, where the gap between resources and expenditure seems to be widening. And this is happening, as Mr Dankert said this morning, in an almost underhand way. There is certainly something odd going on: a sleight-of-hand has somehow made it possible for the Council to cover the deficit, estimated at approximately two thousand million ECU by the Commission, with contributions of just one thousand million from all the Member States. How do they manage to increase resources without imposing new taxes or raising contributions? Two dodges suffice — they put off non-compulsory expenditure of 500 million ECU till the following year and bring forward future payments which will probably never be collected — a noteworthy example being the 200 million ECU expected from the tax on sugar.

They can get away with this because of the peculiar features of the accounting system, which to some

Rigo

extent delays the auditing of the accounts. This happens because advance payments of own resources are received, and also because the budget can now go into the red on national accounts without interest having to be paid on the advances from the Member States. This constitutes a positive advantage to the Community. We mustn't forget the real debt, however, which will exceed 500 million ECU in 1984, even if the Member States pay their contributions in time. We already know that the UK has agreed to the 1984 budget on two conditions: that both the problems of budgetary discipline and own resources will be solved at the same time. There is thus no guarantee of receiving the money from the Member States.

1985 doesn't appear to be much better: VAT will remain at 1% — until when we don't know — which means an even larger disparity between our commitments and our resources.

This is the result of not adopting regulations in a Community spirit, even in this final phase of Parliament's work, and of not increasing the own resources in time. It also results from a lack of budgetary discipline, which we would heartily welcome as long as it meant discipline above all of the Council, because the ministers who manage the finances do not seem to consult with the ministers responsible for agriculture, industry and the environment, a clear case of the right hand not letting the left hand know what it is doing. This is the most essential discipline and should be followed up by overall discipline of the budgetary authorities, which does not mean pure and simple containment but rather a policy which compares and monitors compulsory expenditure *vis-à-vis* non-compulsory expenditure, and examines the inherent merits of both.

At a session of the Committee on Budgets yesterday, it was said that this could be achieved by means of a serious policy of concertation. This is exactly what we need if we really want to remedy the present difficulties.

(Applause)

Mr Kyrkos (COM). — *(GR)* Madam President, in this House this morning we have had a graphic example of what the crisis afflicting the European Community is all about. I am referring to the demonstration by the British miners and our colleagues from the Labour Party, a demonstration which has our unreserved support. And instead of some Conservative Members of Parliament describing the applause for the struggling strikers as 'bellowing', it would be better for us all together, without class blindness, to look to the future of Europe.

The 1984 supplementary budget and the draft 1985 budget reflect the impasses into which the policies pursued by the ruling circles have led the Community. The result is that there is an attempt to deprive Parlia-

ment of its financial powers, to practice open blackmail so that the supplementary budget is adopted as it stands, since otherwise the farmers will not be paid, and to abandon the plans for the restructuring of the economy, the implementation of new policies and the convergence of the economies. And it is incredibly annoying that, while the Council refuses even the insufficient appropriations for the integrated Mediterranean programmes, which have already been approved by the Commission and Parliament, it enters appropriations for a new financial protocol with Turkey, thus pandering to Evren's military regime, which we have all condemned. Ladies and gentlemen, hardly any of the rich countries still speak the language of Community solidarity. Frightened by the social crisis, the ruling classes are trying to protect their own interests. They agree on one thing: in the term 'financial discipline', which means disciplining the poor, at whose expense the rich are yet again to become richer.

Does anyone really think that those who are affected, like Greek, Italian, French and Irish farmers and European workers in general, will not react with all the means at their disposal in the name of our proclaimed principles? Is there anyone who does not understand that this discipline means a further worsening of the crisis?

Ladies and gentlemen, we think that even if the supplementary budget is adopted under the pressure of the need to pay farmers, we would have to envisage the possibility of drawing up a new supplementary budget for 1984. The Greek Communist Party of the Interior therefore proposes that the increase in own resources should be implemented from 1 October 1985 with retroactive effect from 1 January 1985, and it supports the decision to fix as from now the VAT ceiling to come into effect from 1988 at 1.6%. Thus we shall have scope for strengthening the structural funds, for financing the integrated Mediterranean programmes to coincide with the accession of Spain and Portugal, for supporting the new policies and the policy on the ACP countries, and for giving an all-round boost so that we come out of the crisis.

Ladies and gentlemen, high-flown speeches about the future of the Community ultimately sound a mockery when the rich countries, with boundless selfishness, think only of their own wallets. But this is the way to social upheavals, and we consider that the British miners' strike is only a foretaste of them.

(Applause from the left)

Mr Wolff (L). — *(FR)* Madam President, ladies and gentlemen, this morning payment of the British rebate was accepted by this House and this afternoon we voted to that effect. I believe we were very wise to do so.

As far as the 1984 supplementary budget is concerned, I question whether we are not making fools of our-

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selves by calling it 'supplementary'. After all, what does it have in terms of real income: there is a repayable advance — interest-free admittedly — of 1 000 million ECU, an advance of 200 million in sugar duties and 500 million achieved by reductions in expenditure and modifications of the budgetary structure. While it is just possible to understand the last item, the other gives the impression that we are going to anticipate our income by spending the credits of future years. Even then, the 1985 budget is for a lower sum than for 1984 and if we have been unable to keep to the 1984 budget limit we shall be unable to do so in 1985 either.

In the private sphere, a budgetary situation of this kind would be considered a fraudulent balance sheet devised to inspire confidence and I regard it as unsound. How will we meet the budgetary shortfall? That is the question. In 1986, we will have to find the 1 000 million ECUs advanced in 1984 — and this in addition to shortfalls in 1985 since several people here said that it now looks as if we will be able to keep going for only nine or ten months. In other words, there will be another two month's deficit and, if it is met by the same methods as for 1984, 1986 will see us with two financial years showing deliberate deficits. One should not make promises that cannot be kept and I believe that the Council has acted unwisely: we are not going to succeed in meeting this shortfall by waiting until 1986 when the VAT rate will be raised to 1.4% because by then that 1.4% will be needed to balance current budgets.

This morning — and I do not know whether it was a mistake — I heard someone say that we will suffer a reduction in our resources as a result of modifications in customs tariffs or even the abolition of some of them. That is going to make our present deficit even more serious. The least that can be said is that it is not sound finance. If we want Europe to become a reality, this is not the way to go about it. The Council has to keep its promises and give itself the means to do so. What is serious is not so much budgets such as the ones presented to us. It is the consequences of the inadequacies of these budgets which demonstrate the gravity of problems with which we will be confronted sooner rather than later.

Mr Tomlinson (S). — Madam President, in the short time available I want to limit my remarks to two or three different things.

First of all, during this debate we have heard a number of descriptive words applied to the decision of this House to unblock the United Kingdom rebate. I think it has to be made clear that some of those descriptive words really are not acceptable to all Members of this House. We have heard it suggested, for example, that this decision has been a sign of goodwill, we have heard it suggested that the conditions of the British rebate have not been fully met and that we now expect some sort of reciprocity from the United Kingdom.

I have to say that I do not accept that. This House, in July, imposed a very clear condition, and that condition has been fully, absolutely, totally met. It was that there had to be tabled a supplementary budget, and it was made abundantly clear by many speakers, including the chairman of the Committee on Budgets, that that tabling of the supplementary budget for 1984 was without prejudice to anything we wanted to say on the content of that budget. So, lest anybody feel that somehow United Kingdom Members have a residual sense of obligation for what has been described as a gesture of goodwill, let me disabuse them of that view straight away. What we have done in this House is to clear a major obstacle to decisions that had to be made. Now each of these decisions will have to be made on its merits.

I now turn to the question of budgetary discipline, about which we have heard a great deal today. Of course, we have heard many conflicting opinions about budgetary discipline, because we are all talking about concepts which we do not fully understand since nobody has yet managed to define the terms in which we are talking. The one thing I would say right at the outset is that the worst people to be lecturing this House about budgetary discipline are in fact the Council itself. A Council which has been so ill-prepared and so ill-disciplined in its own financial management as to have precipitated the need for a 1984 supplementary budget and has then gone on to present a 1985 draft budget which we know from the outset does not balance is least of all entitled to give us any detailed lecture on budgetary discipline.

Budgetary discipline means to me from the outset that we should have presented to us a 1985 budget which reflects a number of basic truths. It should cover a 12-month period. It should not start with an inbuilt requirement of a further supplementary budget which, when that is laid before this House, will in its turn be linked with the next budgetary requirement which is not provided for, and that is the refund to the United Kingdom of 1 000 m ECU in relation to 1984 contributions. It should cover all those things absolutely clearly.

What I believe we in this House need to develop is a positive view of what is meant by budgetary discipline rather than merely reacting to Council assertions about what it means. I have no doubt about what I mean by budgetary discipline and what I do not mean. What I do not mean is that these two words should be interpreted as signifying some form of European monetarism. We do not want those two words 'budget discipline' to be interpreted as signifying cash limits across the whole of the budget. What I mean by budgetary discipline is that this House, as part of the budgetary authority of the European Communities, determines quite clearly and precisely what its political priorities are, adopts a budget which reflects those political priorities and then ensures that the institutions of the Community stick to those priorities. That

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means that we cannot have open-ended expenditure on agriculture, but it equally means that we cannot have a system *called* budgetary discipline that only disciplines the total of expenditure and therefore leaves the squeeze on the non-obligatory parts of the budget which we, on this side of the House, feel to be particularly important.

Those issues will have to be resolved. I conclude where I began by saying to the Council: before you come to talk to us about budgetary discipline, first discipline yourselves and then have a clarity of purpose about what you mean!

Mr Maffre-Baugé (COM). — (FR) Madam President, ladies and gentlemen, the Community budget is a numerical rendering of economic and political policy guidelines. The Council has chosen its priorities but, as you might imagine, I am far from agreeing with them.

Just when the situation in the developing countries is worsening, it has drastically cut food aid and tripled the funds for enlargement preparations. That choice is one, of course, of which I do not approve. Once again agriculture is the target and the Council has proposed even lower funding than for 1984: quite unheard of! The draft budget figures in their own right prepare the ground for a head-on assault, under cover of 'budgetary discipline', on the farmers of the Community. We already have a Europe of merchants and we now see the emergence of a Europe of corporals who want to impose their discipline on us. In the ambushes of the past, we often managed to wriggle out of trouble by agreeing on agricultural prices or regulations for fruit and vegetables, but we also bear some scars in the form of milk quotas. Now the threat is of pitched battles. From this moment, we warn all who would emulate Wellington that we will do all we can to stop agriculture meeting its Waterloo. In plain terms, budgetary discipline would mean yoking agricultural expenditure so as to drag down prices and breaking agreements by extending guarantee thresholds, quotas or other constraints.

This budgetary discipline is coupled with the enlargement issue because the countries most fervently in favour of extending their markets always want to do so at the smallest possible cost. We reject this Eurodiscipline as being not only unfair to farmers, who are already severely penalized, but also economically absurd and politically illegal because it would constitute a grave flouting of Parliament's powers in complete disregard of the rules laid down by the Treaty. The vice of budgetary discipline must not be allowed to clamp tight on farmers and the farming industry.

It is for this reason, Madam President, that I sound the alarm, give due warning to the Community authorities — and more particularly to the Council — and alert farmers to the dangers threatening them.

Mr Cot (S), Chairman of the Committee on Budgets. — Madam President, now that the debate is drawing to a close, I would like to make a few additional comments on behalf of the Committee on Budgets and also to add some suggestions of my own.

Mr President-in-Office of the Council, you will doubtless have been struck, as have others, by the severity of some of the remarks made and later taken up by various speakers on all sides of this House. In particular, I refer to the 'opening shots' fired by Mr Dankert who, in this respect, didn't mince matters and set the tone for all later speeches.

It is quite true that our present situation is one in which every hallowed budgetary principle — as found in the best books — is being abused. Take the principle that income should balance expenditure — just how possible is that in our present situation and with the proposals being made to us? What price planning on a yearly basis, so that the budget covers a full year, when it is admitted right from the beginning that this 1985 budget will not last the year? And as for the concept of budget universality — i.e. that all income and expenditure should be drawn up in one single document — what chance is there of that as income crumbles away and national advances, not to mention national policies, take over from the funding that the Community is no longer in a position to provide?

The consequence of all this that we find ourselves in a thoroughly artificial situation and conducting singularly 'surrealistic' discussions. One good example is the vote we will be taking tomorrow on Mrs Scrivener's report since it concerns a rather complex system of Community advances drawn up by the Commission while at the same time — and you, Mr O'Keefe, have confirmed this — the Council of Ministers has decided on a system of national advances. Under such circumstances — and, I would say, for lack of a better alternative — the Committee on Budgets has decided to stick to its principles. That is the thrust of the resolution being put to the House, but it must be said that the resolution no longer means a great deal.

Mr President, how can the public be expected to understand even the slightest bit of this kind of 'messing about' with issues. Budgetary affairs are complex enough when conducted in an open and orderly manner. Any stooping to employ such manipulation means a complete loss of contact with the real world of the people we represent here and whose representation is the duty of this House. The degradation of the concept of a budget and the fact that we are moving into what Mr Dankert has called 'the era of the non-budget' are very significant in this respect.

What does this mean in more concrete terms? It means that the rights of the European Parliament are under attack. Put another way, it threatens the progress made over recent years, dating from the pre-universal suffrage days of Georges Spénale, in achieving demo-

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cratic control. In his speech, Lord Douro noted that there is no form of national control by national Parliaments which could replace that exercised here. Moreover, when the rights of this Parliament and its democratic control function are called into question in this way it means a barren future for Europe.

We know that Europe is going through a crisis. Each one of us is experiencing that crisis, a crisis that also comprises a profound transformation of the Community, its significance and its policies. We know that its internal tensions and contradictions will be aggravated by the coming accession of Spain and Portugal. Faced with that prospect, this Parliament was entitled to expect some ray of hope from the Council and to expect that the budget presented by the Council would contain some kind of philosophy — I would even use the word 'doctrine' — of this transformation, which it will be our joint duty to master, rather than this drifting, storm-tossed barque springing leak after leak that has to be plugged.

At this point, Madam President, even at the risk of appearing paradoxical, I would like to express my belief that the period of budgetary rigour we are now experiencing may contain some hope for Europe and for the European budget — and I regret that the present state of affairs makes it seem unlikely that we will be able to take advantage of the opportunity. This European budget — which had been drawn up primarily as an expenditure-based budget so that revenue was then adjusted accordingly — is, in many people's eyes, increasingly taking the form of a revenue-based budget because there is certainly a need to apply more stringent constraints to revenue and expenditure in their entirety. However it may be, what we need is a real budget — a real budget of revenue and expenditure subject to a dialogue between the two arms of the budgetary authority; budgetary discipline is no more complicated than that.

I am convinced that the European Parliament is open to discussion on this point. What it is not prepared to accept, however, is to be presented with the *fait accompli* of this alleged 'working document' concocted by the Council, which would have the effect of stopping us now applying the provisions of Article 203. Just calling a dish 'trout' rather than 'steak' doesn't change its taste. I repeat, having reread the jurisprudence of the European Court of Justice, that an internal measure which would engender this type of external effect can be challenged — and consequently penalized — in the Court of Justice.

Since that is the case, however, it means that a novel situation should be reflected in a new kind of budget. How can we frame our deliberations to take account of this situation and how can we fit the work of the European Parliament into the framework of the desire shared by all of us — the Commission, the Council and the Parliament — to achieve the control over budgetary expenditure and revenue that is needed for

the future? How can we get Parliament involved in the process of formulating the overall budget? At this point, I would ask you to bear with me while I express — a digression one could almost call it — some of my own personal views even though it must be said that my incomplete mastery of budgetary technique may lead me to make some suggestions that are not completely sound. I believe that the time has now come to put forward new proposals, accepting that they may later have to be abandoned, and I also believe that if we remain thwarted by those traditional procedures whose inadequacy you, Mr O'Keeffe, have so comprehensively demonstrated, we will not succeed in extricating ourselves from our present predicament.

How can we therefore ensure that Parliament can play its rightful role, that of joint budgetary authority, within the new situation now emerging? While we are on the subject, it would seem sensible to question the budgetary timetable itself. We all know — it is in no way a new problem — that the time-lag between the voting of the budget — during the fourth quarter of the year — and the major period of expenditure commitment — the spring round of agricultural price-fixing — has always led to a measure of distortion. That distortion now has increasingly catastrophic consequences, particularly for this House. The traditional 'schizophrenia' of the European Parliament is well known: committed defence — against the agricultural budget — of non-compulsory expenditure in November or December turning to equally passionate support for compulsory expenditure as soon as the first spring flowers appear. Not that it has any monopoly on such 'schizophrenia'. After all, the meetings of the finance ministers are followed by those of the agriculture ministers and when two budget deadlines fall close together you should see the fur fly . . .

I believe that this situation, not a new one after all, will be made considerably worse if a 'corset' is forced upon us by the kind of discipline that is now, according to the documents currently being circulated, about to be imposed on us. That would immediately mean the appearance of continual adjustments since each unbalanced budget would be followed by amending and supplementary ones. In other words, there would be no democratic or political control by Parliament. Nor would there be any political control by either the Council of Ministers or the Commission as a political body since this policy of expedients is characterized by an absence of both policies and perspective.

Is it not therefore time to recognize that our budget is essentially an agricultural one and, whatever the views of some people, will remain so for a considerable period.

Let us draw the logical conclusion from that — would it not be better to try to align the financial year with the agricultural one. All you would have to do is change one date in the Treaty. The change, which is

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hardly a 'sweeping' one, is my personal suggestion and you must take it for what it is worth.

I now come to my concluding remarks as chairman of the Committee on Budgets. What we desire is a situation in which discussion and dialogue are possible. I would like to warn the Council against taking any unilateral decision since this would, as well, be an 'iniquitous' one. There must be a useful and timely dialogue prior to any decision being taken. We propose such a dialogue in the form of an amendment we are putting forward to Mrs Scrivener's report. What is involved here is the vital matter of knowing just what kind of a Community we wish to build together and whether we really have the political will to do so.

IN THE CHAIR: MR DIDÒ

Vice-President

President. — Before we continue with our proceedings, I should like on behalf of the European Parliament to welcome Dr Uwe Barschel, Prime Minister of Schleswig-Holstein, who is present in the official gallery.

Mr O'Keefe, President-in-Office of the Council. — Mr President, I am grateful to all those who have responded to my opening remarks. I will convey the main points to my colleagues in the Council. Meanwhile there are some points on which the House will expect me to comment, particularly in relation to the 1984 draft supplementary budget. I would first of all recall that in its preliminary draft supplementary budget the Commission proposed that an estimated balance of 350 million ECU be entered into Chapter 30 of the revenue statement as a surplus available from the current financial year. This sum corresponded, according to the Commission, to the expected saving achieved by its very strict management of the 1984 budget. The Council considers that savings can be made over and above the amount proposed by the Commission, and has written a sum of 500 m ECU into the draft supplementary budget instead of 350 m ECU. In so doing Council draws on experience in previous financial years and, in particular on the findings of the Court of Auditors which reveal that a considerable sum of payment appropriations was unused and carried over to the following financial years.

You have all seen these figures when discussing the granting of discharge to the Commission in respect of recent Community budgets. In 1980 there were cancellations of 258 m ECU and in 1981 556 m ECU. The Court of Auditors, in fact, pointed out that a balance as high as 1 400 m ECU has remained unspent. In these circumstances it seems not unreasonable to the Council to increase by 150 m ECU the prospective

1984 surplus which, I repeat, was proposed by the Commission in its preliminary draft budget. In its preliminary draft supplementary budget the Commission reduced its estimates of traditional own resources, especially agricultural levies, by 516 m ECUs. The point was strongly made during discussions in the Council that estimates of revenue in the present conjuncture are subject to considerable uncertainty.

It was for this reason that the Council followed the provisions of Article 16 of Council Regulation No 2891/77 which provide that such adaptation of revenue should be made in the budget of the following year.

Some speakers have alleged that the intergovernmental commitment to grant reimbursable advances to the Community in 1984 is illegal. In this respect I have to point out that the decision of 21 April 1970 concerning the Community's own resources states in Article 4 that the Community budget is to be financed by own resources from 1 January 1975: 'irrespective of other revenue'. Thus, though the method of supplementary financing chosen for 1984 may seem to some to be unorthodox, it cannot in the light of the provisions to which I have just referred, be termed 'illegal'.

With regard to the 1985 budget, I have noted the various points raised. However, within the constraints of available revenue, I must stress yet again that the Council went as far as possible, to meet the stated aims of Parliament where the structural funds and other priority areas are concerned. The Council furthermore took the necessary action to ensure that Parliament's rights under Article 203 were respected.

As I said this morning, the Council for its part accepts that a supplementary budget will be necessary in the course of next year and that the necessary funds will be provided. The Council has, however, left open the form that these funds will take. This will be the subject of continuing discussion linked with the Commission's proposal for the modification of the own resources decision.

Mr Dankert, using all his authority, used strong — one could say trenchant language — and repeated the charge he levelled at me in yesterday's Committee on Budgets, namely, that the Council has adopted draft budgets which are a fraud. I repudiated this charge yesterday and I do so again today. I have, I hope, sufficiently explained the constraints within which the Council, indeed the budgetary authority, is working in the 1984 and 1985 budgets.

I now come to the question of the timetable for readings. The suggestion made to me is that the Council should ensure that a second reading of the draft 1984 supplementary and amending budget should take place during your second October part-session.

Mr President, I am very anxious to be helpful, but I cannot give you this guarantee. This is not a lack of

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political will or an unwillingness to cooperate. It arises simply from practical considerations. If in your first reading you vote a mass of proposed modifications and amendments, it will simply be impossible on the following day to make them available to the Members of the Council in all languages. Your own sessional services may be unable to produce all the documents in the time required, and in the time available Members of the Council may be unable to examine them. Depending on what you decide to do on the first reading, I do not exclude the Council's being able to react in 24 hours, but I certainly cannot give any undertaking that the Council will in every circumstance be able to do so, and I do not want you to base your work programme on an unwarranted assumption.

I can give an undertaking that when it receives the results of your vote on 23 October, the Council will respond as rapidly as is consistent with carrying out its duties properly and conscientiously.

There is one other aspect I would like to mention. I talked this morning about successful policies which have no budgetary impact. I think it is appropriate to quote a completely up-to-date example in this regard. Yesterday, there was a meeting of the Internal Market Council which agreed in principle on the basic regulation concerning the introduction of a single document to be used for the despatch, transit and entry for home use of Community goods, or for their entry under any other procedure in the Member States of destination. By simplifying formalities on trade within the Member States, this regulation will have a positive impact on the further development of intra-Community trade and, in particular, will provide an incentive for firms, especially small ones, to view their activity in terms of the whole of the Community's internal market. As I said, not a single ECU is involved.

Finally, may I say that I consider the Parliament's vote to unblock the refunds for the UK and Germany as a reflection of the earnest desire of this House to move forward in cooperation with the Council in the search for solutions to the problems facing the Community.

On behalf of the Council, I would like to conclude by saying that the Council, for its part, will do all in its power to ensure the speedy adoption of the supplementary budget and the adoption in good time of the budget for 1985.

President. — The debate is closed.

The vote will be taken tomorrow, Thursday, 11 October, at 3.00 p.m.

(The sitting was suspended at 4.50 p.m. and resumed at 5.30 p.m.)

IN THE CHAIR: MRS CASSANMAGNAGO
CERRETTI

Vice-President

6. Question Time

President. — The next item is the second part of Question Time (Doc. 2-625/84): questions addressed to the Council and the Foreign Ministers.

We begin with the questions addressed to the Council.

At its author's request, Question No 52 is postponed till the next part-session.

I call Question No 53, by Mr Hutton (H-114/84):

Subject: Uniform electoral procedure

In its statement of 24-25 May 1983 on European elections, the Council declared that it would 'pursue its work on introducing a uniform electoral procedure for the elections that will take place in 1989'.¹

What is its timetable for this work, and what estimate has the Council made of the period necessary for ratification by national Parliaments of a Draft Act on the uniform procedure?

Mr O'Keefe, President-in-Office of the Council. — The presidency of the Council does not have a timetable at the moment for pursuing its work on the introduction of a uniform electoral procedure. The presidency has, in fact, noted that this matter is at present being considered by the European Parliament and deems it preferable to wait until that exercise has been completed before discussions are reopened in the Council.

Mr Hutton (ED). — Is the President-in-Office of the Council aware of the great disquiet felt in many Member States about the inability of their citizens to vote in other Member States and can he think of any very good reason why the Council is waiting for the proposal from Parliament? Can it not ask its group of experts to start work at once, in order to ensure that the right to vote for all citizens of the Community is available either in their country of origin or in their place of residence?

Mr O'Keefe. — Since what we are trying to do is to establish a uniform procedure, we believe that all the

¹ See Bulletin of the European Communities No 5-1983, point 2.4.7.

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problems have to be seen together. As I said in my opening reply, the matter is being considered by the European Parliament and I would draw Parliament's attention to the need for it to adopt a decision quite soon, given the very large amount of work involved in drawing up a decision laying down a uniform electoral procedure for 12 countries.

Mr Balfe (S). — Does the President-in-Office see the quite clear distinction between people voting in the Member State where they live, irrespective of their nationality, which will help to promote understanding and common feeling among people, and the other system of people voting in the Member State where they were born? The latter system only serves to perpetuate nationalistic divisions within the Community by, for instance, making British people in France vote in an English election. Does he understand that difference and will he accept that other governments should follow the excellent example of the Irish government in giving the vote to British citizens resident in Ireland?

Mr O'Keefe. — Well, I note that Mr Balfe is aware of the situation in my own country. Naturally, I am fully au fait with that system, but I am also aware that in other Member States a different system applies. Mr Balfe puts his finger on one of the basic problems which has to be resolved if we are to arrive at a uniform procedure.

Mr Wijzenbeek (L). — Does the President-in-Office not think that this is one of the most tongue-in-cheek questions of the last few years in this House? And does the President-in-Office not know that his predecessor, the President-in-Office from Germany, said that the one country which held up the previous decision of this House was the British Government? Does the President-in-Office not think that we should finally adopt a system which is in certain ways more proportional than the one at present used in the United Kingdom, thereby granting a vote to every single citizen on an equal basis?

Mr O'Keefe. — The President-in-Office does not consider it appropriate to comment on the remarks made by the honourable Member.

Mr Ephremidis (COM). — (GR) I wish to raise a point of order which has nothing to do with the present question. A moment ago you called Question No 52 and said, if I understood correctly, that it would not be discussed because Mr Marshall was absent. But I have a document from the responsible department which states that that question, my own Question No 78 and another question by Mr Cottrell are to receive a joint answer from the Council. Consequently, even if Mr Marshall is absent, I think that a

reply can be given and the question discussed, since a joint answer is scheduled, and I am present at least.

President. — Mr Ephremidis, we are dealing with a question and I cannot interrupt at this point.

Mr Prag (ED). — My supplementary does not concern the system, but I would like to know if the President-in-Office would give us an assurance that, whatever Parliament proposes, he would impress upon his colleagues that red tape and bureaucratic bumbling are no excuse for depriving citizens of the Community, wherever they may be resident, of their fundamental democratic right, the right to vote.

Mr O'Keefe. — I can certainly give the assurance requested by the honourable Member.

Mr van Miert (S). — (NL) Can the President-in-Office tell me whether or not the question of the uniform electoral procedure will come up as part of the work of the Dooge Committee so that this matter may receive new impetus and we will indeed have a standard procedure for the next elections?

Mr O'Keefe. — In reply to the honourable Member I have to point out that the Council is not responsible for the work of the Dooge committee. I might moreover point out that it is my understanding that the President of Parliament is attending that committee this very day, and I have no doubt that the cares and concerns of the Members of this House will be presented by him to that committee.

President. — I call Question No 54, by Mr Maher (H-237/84)¹ :

Subject: Free trade in motor vehicles

When the derogation which the Irish Government negotiated with the EEC in 1973 comes to an end on 31 December 1984, will there be free trade in motor vehicles between Ireland and the other Member countries of the European Community?

Mr O'Keefe, President-in-Office of the Council. — When the derogation contained in protocol No 7 to the Act of Accession of 1972 comes to an end, the normal rules of the Treaty will be complied with as regards trade in motor vehicles between Ireland and the other Member States of the European Community.

Mr Maher (L). — I understand from statements made by the Minister for Finance of the government of the

¹ Formerly Written Question No 665/84.

Maher

Republic of Ireland that the import duties which presently apply to motor cars imported into Ireland — very high import duties which make the cost of cars to the Irish consumer almost the most expensive in Europe — will be replaced by a higher VAT which, in other words, will keep the cars at the very least at the same price as they are at present and which will effectively prohibit free trade in motor cars in Ireland because the Irish consumer cannot benefit from the prices which apply generally in Europe. Irish consumers pay about twice the price that European consumers have to pay. Does the Minister not think that this is in essence flouting the free trade rules of the European Community, is a barrier under the conditions of internal trade between the States of the European Community, and does he not think that the Irish Government is flouting the rules if they proceed to apply these high import duties and so keep motor cars at the same price?

Mr O'Keefe. — I do not think it is appropriate for the President-in-Office of the Council to comment on what clearly are matters of Irish budgetary policy. On the specific question raised by the honourable Member, the matter he raised would appear to be within the competence of the Commission rather than the Council.

Mr Fitzgerald (RDE). — Is the President-in-Office aware of the statement by the Commission in Official Journal, C 213 of 13. 8. 1984, that it is preparing a communication concerning the arrangements for the admission and the registration of vehicles imported from another Member State?

Can he tell us when the Commission will forward this communication and what implications it will have for private individuals in Ireland wishing to register vehicles purchased in another Member State?

Mr O'Keefe. — I would like to be as helpful as possible to the honourable Member, but I think it is proper to point out that it is not appropriate for the President-in-Office of the Council to comment on what the Commission will or will not do.

President. — I call Question No 55, by Mrs Quin (H-149/84):

Subject: Agriculture and the environment

When did the Council, in its agricultural discussions, last consider the environmental impact of the Common Agricultural Policy and what measures does it envisage to ensure that the rural environment is not further damaged by over-intensive forms of agriculture and forestry within the EEC?

Mr O'Keefe, President-in-Office of the Council. — In its discussions on the common agricultural policy, the

Council's main aim is the achievement of the objectives defined in Article 39 of the Treaty, although it is also aware of the problem of environmental conservation. It has, moreover, voiced its concern in this area on a number of occasions. For example, the Council has at present before it a proposal for a directive concerning the assessment of the environmental effects of certain public and private projects. The text of this draft directive lays down that certain agricultural projects must be the subject of a prior environmental impact assessment where Member States consider that the nature of the project warrant it. Such projects concern *inter alia* the restructuring of rural landholdings, use of uncultivated land for intensive agricultural exploitation, water management projects for agriculture, initial afforestation, poultry rearing and pig rearing installations.

Further proof of the Council's concern for the environment is shown by the fact that at the time of the adoption of certain measures for improving agricultural structures, it was explicitly stated that the investments for which Community aid was granted must not be harmful to the environment. Furthermore, the Council is currently studying a Commission proposal relating to the improvement of agricultural structures which provides *inter alia* for aid to investment in environmental protection and improvement measures, as well as a Commission proposal on the protection of forests from acid deposits and fire.

Finally, with regard to harmonization in the area of plant health, the Council has already adopted a directive prohibiting the use of plant protection products which, despite their advantages for plant production, might be harmful to man and the environment on account of their toxic nature. A number of Commission proposals also relating to plant health are currently being examined within the Council's subordinate bodies.

Miss Quin (S). — I would like to thank the President-in-Office of the Council for that reply. I am glad that he accepts that there is concern about the environmental effects of the common agricultural policy.

Does the President-in-Office accept that considerable changes might well be necessary in the way that common agricultural policy subsidies are given in order to prevent, in particular, our moorlands and uplands from being further ploughed up to grow products which are already in surplus and for which no market exists?

Mr O'Keefe. — I thank the honourable Member for her gracious comments!

I have to say to her, however, that any such proposals would be a matter for the Commission. If the Commission produces proposals they will be considered in the normal way by the Council.

Mr Sherlock (ED). — With regard to your concern about the interrelationship between agriculture and the environment, and I note particularly your remarks on the late inclusion of agriculture in environmental impact assessment. With my ex-colleague, Stanley Johnson, I can claim to have been jointly the architect of the insertion of those clauses.

I would like to ask you in particular about the positive attitude which you also mentioned which stems from Mr Bocklet's report on agricultural structures. I do feel that this is again an important step forward in that it is a positive suggestion for the use of agricultural money. I would like to ask you during the remainder of your term, Mr President-in-Office, if you can support the enthusiasm of at least one Member State government for the use of this money, for the further encouragement of positive measures, though it be a small step, in agriculture environment regulation in the future?

Mr O'Keefe. — The concern of the honourable Member is very obvious, and I fully understand that concern. However, I think perhaps he will understand that I am not here in a personal capacity, or indeed in a national capacity. I am here as President-in-Office of the Council. In that context I have to say to him that the reactions of the Council cannot be assessed until such time as we have further proposals from the Commission. It is entirely a matter for the Commission to make any such proposal.

Mr Maher (L). — Does the President-in-Office of the Council not agree that though farmers are in the main preservers of the environment, their contribution towards preservation is being made progressively more difficult by the continuous pressure of consumer groups and some governments to lower the price of food, which so reduces the income to the farmer that he is forced to use methods which sometimes are not consistent with that preservation — for instance, the over-use of chemicals in food production?

Mr O'Keefe. — I also appreciate Mr Maher's concern and if I were wearing my ministerial hat I might well, coming as he knows I do from an agricultural constituency, be prepared to express an opinion. But I do believe that it is not appropriate for me as President of the Council, in which capacity I am here, to express an opinion one way or the other on the point he has raised.

Mr McCartin (PPE). — Recalling the motion for a resolution on Irish bogs adopted some time ago during the life of the last Parliament, I would like to ask the President whether he would agree with me that insofar as structural aid for the development of lands in disadvantaged areas is concerned, money which takes into consideration the environmental aspects of all these

developments should be additional to, rather than deducted from, the present structural aids that are available?

Mr O'Keefe. — Certainly it would be very tempting for me to agree with the suggestion made by the honourable Member. However, I fear I have to resist the temptation and to say here that Council is bound to operate within the parameters of existing policies.

Mr Sherlock (ED). — I merely wished to make clear to the President-in-Office that it was exactly in that role that I sought his assistance. These matters — the environmental impact assessment directive and the Bocklet and other reports — are on the Council's desk. It is precisely in his role as President of the Council that I asked for his report. I think there must have been some misunderstanding. It is not the prospect of futurity but the actuality upon which I rest my case.

Mr O'Keefe. — I take the point raised by the honourable Member, and I think I can say to him that in the structural package under discussion on which Mr Bocklet wrote a report, the Council will pay attention to the environment.

President. — I call Question No 56, by Mr Ducarme (H-169/84):

Subject: *Ad hoc* Committee on Institutional Questions

According to the press, there are evidently political difficulties between the Governments in the Community, in particular with regard to the Chairmanship of the Committee.

Can the Council provide information on this subject and can it also explain what the actual task of the Committee is and what *modus operandi* it proposes to adopt in agreement with the Council?

Mr O'Keefe, President-in-Office of the Council. — The *Ad Hoc* Committee on Institutional Questions has begun to meet. The Council is not represented on it and is not, therefore, in a position to reply to the honourable Member.

Mr Ducarme (L). — (FR) I am completely flabbergasted by the Council's answer, which almost seems to imply that it has never heard of this Committee. One wonders whether or not the Fontainebleau meeting in fact took place at all. I have taken the precaution of looking up the verbatim report of proceedings for 25 July this year, which contains the speech made by Mr FitzGerald on the subject of this Committee, and I see that he stated that the functions of this Committee

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as defined at Fontainebleau would be to make suggestions for the improvement of European cooperation etc., which means that the Council was perfectly aware of this question.

Firstly, I should like to ask how it is possible that the Council is not only failing — as we saw only recently — to take steps to make up for budgetary shortages, but that it is also suffering from somewhat implausible lapses of memory?

Secondly, was it not also intended, according to Mr FitzGerald, that the Council Secretariat would take charge of the various secretarial tasks.

President. — Mr Ducarme, I am afraid I must interrupt you as you are making a speech rather than simply asking a question.

Mr O'Keefe. — I appreciate the interest of the honourable Member. At the same time I have to point out to him that when he raises the conclusions of Fontainebleau he, therefore, is presumably aware that the *ad hoc* committee consists of personal representatives of the Heads of State or Government. My reply to him was that the Council is not represented on this committee, and therefore I cannot give him the information which he requests in his question.

Earlier, in reply to a question which, I think, was on the uniform electoral procedure, where the Dooge committee was raised, I did mention the fact that the President of Parliament is in fact, meeting the Dooge committee this very day and I have no doubt will be presenting the cares, concerns and views of this Parliament to that committee at this point in time.

Mr van Miert (S). — (NL) Since you obviously have no intention of answering substantive questions concerning this Committee, you might perhaps be able to agree that it got off to a particularly bad start as a result of the tug-of-war with the Chairmanship? Can the President-in-Office, moreover, give us his assurance that this kind of thing will not happen again?

Mr O'Keefe. — I am not aware of that at all. In fact, the Committee, which I understand is well under way, started off rather badly. The information that I have is quite the reverse. I have to reiterate, in reply to requests for specific information, that the Council is not represented on this committee. Very simply with the best will in the world I cannot give you any information as to the *modus operandi* or anything else relating to this committee. I have no doubt that the President of Parliament after his visit to the Committee today will be able to give you any such information that you require.

Mr Wijsenbeek (L). — Would the President-in-Office not agree that when Mr FitzGerald said that the secretariat of this committee is going to be assisted by the secretariat of the Council, it is time that the Council started to take some decisions to bring this committee a little further and that it should inform this Parliament thereon as soon as possible.

Mr O'Keefe. — I am aware of the statement made by Mr FitzGerald to the European Parliament on 25 July last, but this does not conflict in any way with what I am saying to you now. The question of the secretariat is a matter for the committee itself. The fact that some help in that area has been provided by the Council does not, as we are not represented on that committee, permit me to give the kind of information you are seeking.

Mr Blumenfeld (PPE). — (DE) Mr President-in-Office, would it help you if we were to ask whether or not you can confirm that a meeting between the Council's *ad hoc* Committee and this Parliament is to be held in the near future? Would it be outside your competency to answer this question?

Mr O'Keefe. — I have to confess I have some difficulty in understanding the point the honourable Member is making.

Mr Blumenfeld (PPE). — I will repeat it in English.

Do you think it is within your competence to inform the House that there will be in the very near future a meeting between the *ad hoc* committee of Council and the Parliament?

Mr O'Keefe. — It seems to me that the honourable Member's question is based on a false premise. The Dooge committee is not an *ad hoc* committee of Council and, on that basis, I am afraid I cannot comment on the honourable Member's question.

President. — I call Question No 57, by Mr Newton Dunn (H-171/84):

Subject: Harmonization of weighing standards

When does Council expect to decide on the proposal for a Directive amending Council Directive 71/316/EEC of 26 July 1971 which was sent to the Council on 24 January 1979, bearing in mind that the topic of weighing standards cannot possibly be defined as a 'vital national interest'?

Mr O'Keefe, President-in-Office of the Council. — The proposal for a directive amending Directive 71/316/EEC relating to measuring instruments and meth-

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ods of metrological control to which the honourable Member refers is based on Article 100 of the EEC Treaty and must be adopted unanimously by the Council. A general reservation on it is still being maintained in the Council and there is a divergence of views on a technical specification contained in the annex to the above draft directive.

Mr Newton Dunn (ED). — It was kind of the President-in-Office to explain that to me. Could he please tell us when he hopes that this difficulty and these objections will be lifted and we can actually expect a decision? Although these blockages may be convenient to national governments and bureaucrats, they are very inconvenient to the peoples of Europe who look for these decisions to be made. When, please, can we expect a decision to be made? I am sure you are putting great efforts into achieving that end.

Mr O'Keefe. — I can assure the honourable Member that the Presidency will continue to do its best to have the directive unblocked, but again I have to say to him that in the context of Article 100, unanimity is required and until such time as we can achieve that unanimity, the directive will remain blocked.

Mr Wijsenbeek (L). — Would the President-in-Office be able to give us an indication with which country or with which government, in this case under Article 100, the responsibility lies?

Mr O'Keefe. — I think that it would not be appropriate for me to give the information requested by the honourable Member. This is an internal matter of the Council.

Mr Maher (L). — With all due respect to the President-in-Office of the Council, I frankly cannot understand his last answer. What is secret about this? Surely it is not secret that some member governments will be opposing certain measures? Surely that is something the Parliament should learn about? Surely it is not a secret? I do not see why the President-in-Office should refuse this information.

Mr O'Keefe. — I am happy to deal with the point raised by the honourable Member. He must be aware that proceedings of the Council are confidential according to Council rules.

President. — Since its author is absent, Question No 58 will receive a written reply.¹

I call Question No 59, by Mr Marck (H-174/84):

Subject: Third Directive on additives in animal feedingstuffs

For over seven years discussions have been held with both professional organizations and government departments with a view to formulating definitively a Directive amending Council Directive 70/254 in animal feeding stuffs.

Can the Council indicate what obstacles remain to the final adoption of this Directive, which is important both for the Common Agricultural Policy and for Public Health? Can it state which governments are opposing its adoption and why the decisions are not being taken by majority vote?

Does the Council not consider that failure to take a decision constitutes a major barrier to the harmonization of legislation, the protection of consumers and giving them greater security at all levels?

Mr O'Keefe, President-in-Office of the Council. — The Council attaches the greatest importance to the proposal for a directive mentioned by the honourable Member since it aims to introduce better control of the market in additives used in animal feedingstuffs, in the interests of stock-breeding and consumer health protection. However, the Council has not yet been able to adopt this proposal because of remaining difficulties relative first to the principle of national authorization for certain additives and, secondly, to the inclusion in the scope of the directive of certain medicinal substances.

Mr Marck (PPE). — (NL) I would have liked a somewhat clearer answer. According to what I have been informed — and I think this is correct — one Government is currently opposing the adoption of this Third Directive. The reasons for its opposition are not always very clear, but would appear to be more a question of the interests of national industries. On the other hand, attention is regularly drawn to the fact that the additives in animal feeding stuffs can in fact be important for public health. Can the President-in-Office of the Council tell me, therefore, which country is opposing the adoption of the directive and why the decision cannot be made by majority vote? Is there a vital national interest at stake for the country concerned?

Mr O'Keefe. — I appreciate the request of the honourable Member for further information and I will certainly do the best I can in my supplementary reply.

The proposal for a directive mentioned by the honourable Member, which has been under examination by the Council since 1977, is intended to be a considerable improvement on Community regulations concerning additives used in feedingstuffs. The present text, which is the result of a series of difficult compromises

¹ See Annex.

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worked out in the various Council bodies, mainly aims at extending the scope of the directive to some aspects of the manufacture of additives and pre-mixtures, and introducing a special system applicable to antibiotics, coxydiostatics, other medicinal substances and growth promoters and additions that are manufactured and are entering into free circulation, arrangements for use at the final stage of marketing, establishment and updating by Member States of national lists of manufacturers fulfilling the conditions laid down therefor. The Presidency is aiming to get agreement.

President. — I call Question No 60, by Mr Fitzgerald (H-178/84):

Subject: New employment initiative

What steps is the President of the Council taking to initiate new proposals to provide reasonable job opportunities for the many thousands of school leavers seeking employment in all the Member States?

Mr O'Keefe, President-in-Office of the Council. — Since 1983 in particular, the Council, acting on Commission proposals, had adopted a whole series of measures to improve youth employment, I would refer here to the resolution of 11 July 1983 concerning vocational training policies in the Community in the 1980s, the resolution of 23 January 1984 on the promotion of youth employment, and, above all, the measures introduced as part of the review of the rules concerning the European Social Fund decided on the end of 1983.

By these measures the Council has endeavoured to see that the Community is able, within the limits of its resources, to cope effectively with the problem of youth unemployment. The Council is convinced that these measures will also be of benefit to those young people who left school this year and who are in search of training or their first job.

In its conclusions, which were adopted in June 1984 on a Community medium-term social action programme and approved by the Council at Fontainebleau, the Council confirmed the priority to be given to improving youth employment and the need to step up the action undertaken by the Community in this area. The Council is, however, acutely aware of the fact that the problem of youth unemployment remains urgent. A solution depends, to a large extent, on economic developments and in particular the success of the structural changes in progress.

In the search for a solution to another aspect of youth unemployment, the Council is currently examining, on the basis of a Commission communication, the problem of long-term unemployment which will be on the agenda for the Council meeting on 13 December. It looks forward to receiving your advice at your next

session when, I understand, you propose to hold a major debate. The Council is, of course, prepared to examine any other initiative or proposal which the Commission may submit on this topic.

Mr Fitzgerald (RDE). — Youth now forms probably one-third of the total of unemployed in Europe — somewhere in the region of 4 million people. Despite anything that has happened in 1983 or in January 1984, the figure continues to increase. Is the President-in-Office telling Parliament that no initiatives for any new proposals are being launched during his term of office?

Mr O'Keefe. — If the measures contained in the resolutions of 11 July 1983 and 23 January 1984, together with those adopted in connection with the revision of the European Social Fund, are rigorously implemented by the Member States, they are bound to have some impact on youth unemployment. Furthermore, Parliament has been consulted on the Commission communication concerning the problem of long-term unemployment. Examination of the draft Council resolution contained in the communication has just been commenced by the Council's subordinate bodies. It will gather momentum over the next few weeks as the Council's discussions of 13 December approach. In the meantime the Commission communication will be discussed by the Standing Committee on Employment on 25 October 1984.

Mr Elliott (S). — It seems to me that the tragic problem of youth unemployment throughout Europe cannot be properly resolved by short-term palliatives or training schemes that eventually mean that the young people are still unemployed. Would the President-in-Office of the Council agree that the only real solution to this problem is a degree of substantial increase in industrial investment and a re-expansion of the economies of the countries of the Community, so that real and permanent jobs can be found for our young people?

In particular, may I ask the President-in-Office if the Council has given particular attention to the special problem of unemployment amongst young people from ethnic minority groups which in certain areas is reaching in excess of 50% of those young people? It is a special problem additional to that which all young are suffering. I would very much appreciate an answer specifically on this point of the young ethnic minority unemployed.

Mr O'Keefe. — I fully understand the insight of the honourable Member into the ethnic aspect of the problem. I can assure him that this is fully appreciated. On the other points raised by him, I certainly agree that productive investment is absolutely necessary, and much more of it. Finally I would draw attention to the

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fact that in my initial reply, having pointed out the various measures being taken, I said that the problem of youth unemployment still remains urgent and that a solution depends to a large extent on economic developments and, in particular, on the success of the structural changes in progress.

Mr Seligmann (ED). — The President-in-Office will undoubtedly know that the Treaty of Rome puts great stress on the mobility of young workers. The need, therefore, is to notify job vacancies in other countries. Is he aware that this predecessor, Mr Cheysson, undertook to try to improve the interconnection of vacancy notification between Member States, preferably by computer? France has a computer network. There is no reason why all our countries should not be linked together to notify vacancies. Will he discuss this with Mr Cheysson and see what has happened to the undertaking he made?

Mr O'Keefe. — As may be inferred from the question asked by the honourable Member, there are facilities for cross-communication and I can confirm to this House that work on improving these is continuing.

Mr Paisley (NI). — While appreciating what has been done in regard to training among youth — no one can appreciate that more than we who have seen what has happened in Northern Ireland where large sums of money have come from this Community to help finance excellent training schemes — could I ask the President-in-Office if he does not agree that there now needs to be a look at job creation for young people? Unfortunately, most of the young people trained today are still unemployed. It used to be the case that at least 75% of those trained got jobs. However, in my own North Antrim constituency, the last time I visited a training centre, only two out of all the people trained in that particular batch got jobs. So could the President-in-Office therefore give an assurance to the House that he will look carefully at job creation among youth?

Mr O'Keefe. — I can confirm to the honourable Member that this in fact is the view of the Irish Presidency. It was expressed to this House and it is quite clear that the point raised by the honourable Member in relation to job creation is fully in line with the view expressed by Dr Garret FitzGerald when he addressed the House here last July.

Mr Maher (L). — Does the President-in-Office of the Council not agree that one of the main problems relating to the shortage of employment is a shortage of resources for investment, as my colleague on the far side of the House has rightly pointed out?

Would the President-in-Office not agree that the member governments themselves are in fact largely to

blame. If you take account of the result of the Commission's study carried out last year which led to a statement from the Commission to the effect that the cost of the failure by the member governments to free the internal market was equal to the total budget of the European Communities. Do you not agree that the member governments themselves by their action in putting up further barriers to trade are failing to release the resources which could be made available to create further employment, for reinvestment in industry and reinvigoration of the economies?

Mr O'Keefe. — I accept entirely that much remains to be done to free the internal market. On the other hand, we should not forget or underestimate the fact that some progress has been made. In fact, I was glad to refer in my contribution on the budget this afternoon to a decision of the internal market Council yesterday in Luxembourg where there was agreement on the single document. I would say to this House that it is certainly our wish that there should be further progress on freeing the internal market in the near future.

Mr MacSharry (RDE). — The President-in-Office said in his reply that the measures introduced last year and early this year, must have had some impact. Could I suggest to him that they have had little or no impact, other than in the training field as mentioned by Mr Paisley. The most recent unemployment figures published in most Community countries show that in many Member States unemployment levels are the highest ever. Would he agree that new ways must be found to overcome and tackle this very serious problem?

Mr O'Keefe. — The resolution of 11 July 1983 concerning vocational training policies in the Community in the 1980s provides for what is called a social guarantee, i.e. that taking account of the responsibilities of the two sides of industry, all young people who so wish, especially those without educational or vocational qualifications, can benefit from a full-time programme involving basic training and/or an initial work experience over a period of six months and, if possible, one year. In addition, young people without sufficient qualifications can benefit in the context of national policies and practices from adequate opportunities of training designed to improve their skills and qualifications.

The 1983 resolution which provides for supporting measures — pilot projects — to be carried out by the Commission is supplemented by the resolution of 23 January 1984 on the promotion of employment for young people. It provides for national measures and Community support measures to improve job opportunities for young people, including employment aid for establishing new enterprises, etc.

Lastly, I think the honourable Member may have misinterpreted slightly an earlier reply of mine, when he

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mentioned that he thought I had said that these had an impact. In fact, what I said at the time was that I felt they were bound to have some impact on youth employment.

Mr McCartin (PPE). — I agree with what my colleague from Northern Ireland said about the benefits of the Social Fund to young people; the same is also true of the region of the Community that I represent. Nevertheless, considering all that has been said by the Council about its concern for youth unemployment, would the President-in-Office not agree that the increase by the Council in this year's budget of commitment appropriations only increased the amount of money available by 5% which, in spite of the fact that the problem is getting worse, is hardly enough money to keep the activities of the Fund at last year's level.

Would the President-in-Office care to comment on the fact that if you take into consideration the payments entered into for last year, there has been a reduction of 3.3% in the amount of money available under the Social Fund which is the principal instrument of this Community for combating unemployment among young people? Would the President-in-Office agree that it is an extremely disappointing performance by the Council of Ministers with respect to the unemployed and untrained youth of the Community?

Mr O'Keefe. — I am very well aware of the interest of the honourable Member in this problem. I can assure him that I share his concerns. I have to say to him that — and we were discussing this earlier in relation to the budgets — the Council is in favour of increasing the Social Fund. Furthermore, I have to say to him on behalf of the Council that virtually the entire figure entered in the preliminary draft budget for 1985 by the Commission was agreed by the Council.

Mr Schmid (S). — (DE) Mr President-in-Office, there is something illogical about that. You have just told the House that the Council also regards tackling youth unemployment as urgent. So could you explain to us what the thinking is behind the Council's desire, in the preliminary draft of the 1985 budget, to cut payment appropriations for the Social Fund, even though we all know that one of the main aims of that fund is to tackle the problem of youth unemployment?

Mr O'Keefe. — I have not got my budget file with me, but I cannot accept that the 1985 provision has been cut. My recollection of the debates we had earlier in the day is that there was a considerable increase in 1985 over 1984. I cannot recollect the exact percentage at this stage.

Mr Ephremidis (COM). — (GR) In the answers he has given so far, the President of the Council has said

that the Council has taken and will take measures to tackle the problem of unemployment. However, since the measures were taken unemployment, and especially youth unemployment, has not fallen but increased. So I should like to ask the following question. Since it is evident that the main cause of unemployment is the lack or the low level of investment, ought not the Council to examine why sufficient investment is not forthcoming? Is it perhaps the fault of the flood of capital towards the United States due to the high interest rates? Or is it the fault of the wild and irresponsible action of the multinationals, which use the capital for speculative purposes without being obliged to make productive investments? Or is it the fact that the countries of the Community are weighed down by excessive military spending which, if it were channelled into productive investment, would create employment, and that way we really would be doing something to solve the problem of unemployment and particularly that of youth unemployment.

Mr O'Keefe. — I do not accept that no money is being spent. On the other hand, I do accept that the problem has not been resolved and in many instances is getting worse. I am aware that in every Member State of the Community huge efforts are being made by governments to cope with this problem. I think I can say at this stage, if I may be permitted one personal opinion, that I do not think that merely throwing money at the problem is going to resolve it. We have to look at the examples of other countries and see the successes that are obvious in those countries and trace how those successes were obtained and the differences between the systems we have and the systems in those countries. If you look at the unemployment figures in the United States and Japan, if you look at the fact that unemployment was either kept very low or reduced substantially over the last number of years, we in the Community — all of us — have to ask ourselves why we have not been as successful as the two countries that I mentioned have been.

Perhaps I have strayed a little outside my brief, but it is a view which I wanted to express.

President. — I call Question No 61, by Mr Andrews (H-181/84):

Subject: Emergency aid for Ethiopia

In view of the unparalleled famine emergency affecting Ethiopia, will the Council indicate what action it is taking to ease the plight of the people of this country?

and Question No 64, by Ms Tongue (H-188/84):

Subject: Drought in the Sahel Region, in Africa and in Ethiopia

Will the Council make a statement about EEC assistance to alleviate the drought in the Sahel region in Africa and in Ethiopia?

President

Since these questions deal with the same subject they will be answered jointly.

Mr O'Keefe, President-in-Office of the Council. — Madam President, for the convenience of the House, as you mentioned, I am taking Nos 61 and 64 together. To deal with the critical food situation in Ethiopia, the Community is giving that country food aid from 1984 comprising 25 000 tonnes of cereals, 1 400 tonnes of milk powder, and 500 tonnes of butter-oil. Under the Lomé Convention, emergency aid of 3 m ECU was granted to Ethiopia in September 1984 by the Commission in agreement with the European Development Fund Committee. An additional aid of 25 000 tonnes of cereals and 500 tonnes of vegetable oil is proposed for this year.

The other Sahel States are receiving 1984 food aid in the form of 85 000 tonnes of cereals, 2 730 tonnes of milk powder, 2 025 tonnes of butter-oil, and 1 000 tonnes of beans. An additional aid comprising 30 000 tonnes of cereals, 3 200 tonnes of milk butter and 550 tonnes of butter-oil is envisaged for the last quarter of 1984.

At its meeting on 18 and 19 September 1984, the Council received disturbing information about the famine in Ethiopia. The Commission is currently taking stock of the exact situation in Ethiopia and the Sahel, and has stated that it may wish to submit proposals which the Council will, of course, consider without delay.

Mr Andrews (RDE). — In view of the record harvest here in Europe this year, the massive food surpluses that are being stored at great cost to the European Community and to the European taxpayer, and the totally inadequate amount of aid going to Ethiopia, would the President not take this issue back to the Council as one of great urgency? I feel it is a mystery to a great many people in Europe and to European voters that this food surplus is there and not being distributed where it is really needed — particularly, as I say, in a year when we have had a massive harvest in Europe.

Mr O'Keefe. — I mentioned that the Council discussed the famine in Ethiopia on 18 and 19 September. In fact it discussed it at that meeting on my initiative, because it was I who asked the Council, in the light of information which I had received from Ethiopia, to consider the present situation and to consider whether in fact any additional measures — some were mentioned by the honourable Member — could be taken to react to what appears to be a developing disaster in that country. At that meeting the Commission gave an up-to-date assessment of the situation and also indicated that it would, in the light of the Council discussion, look into the matter further and report to the

Council. I anticipate that the matter will be further discussed by Council in the very near future.

Miss Tongue (S). — I am sorry I came in late and failed to hear all the Council had to say in answer to my question. What I would, however, like to ask is whether the Council has made any response whatsoever to an appeal that it will have received from the Disasters Emergency Committee of the United Kingdom, which comprises five British charities? It should have received this at the beginning of September.

Mr O'Keefe. — I will endeavour to give the facts as they are happening to cover the query of the honourable Member. So far in 1984, the Community has allocated 87 000 tonnes of cereals as emergency food aid to 11 of the most affected countries of Sub-Sahel and Africa, in addition to the 360 000 tonnes allocated to Africa as a whole in the Community's normal aid programme in 1984. This is an increase of 50 000 tonnes since 1983 and of 100 000 tonnes since 1982. A further 60 m ECU in Community food aid is being delivered to these countries indirectly *via* the international and non-governmental organizations.

Mr d'Ormesson (DR). — (FR) May I ask the President-in-Office of the Council whether or not he feels that the famine and malnutrition in Africa are more a matter for certain socialist countries? I am not against providing emergency aid to a country struck by famine, but I should be grateful if the Council could confirm that the aid which has been provided has gone to non-governmental organizations.

Mr O'Keefe. — Yes, a high proportion does go to non-governmental organizations. With regard to the earlier part of the remark of the honourable Member, I do not think he expects me to respond.

Mr Balfé (S). — While welcoming the statement by the President, may I ask that, in the light of the growing drought in Africa, the Council keep the matter under review with a view to sending more food aid and seriously reconsider the decision to cut the amount of food aid allocated in the budget for 1985?

Mr O'Keefe. — The exact position is that we have increased the commitments for 1985.

Mrs Caroline Jackson (ED). — Could the President comment on whether the Council would consider giving financial aid to improve the distribution of the food aid that is sent from the European Community to Ethiopia and the poorer parts of Africa? We can all call for more food aid to be sent from here and I think we all sympathize with that need. But there was a

Jackson

statement made not long ago by the chairman of a major charity in Britain, Oxfam, to the effect that the problem in some poorer countries of Africa was that the grain from the EEC never got very much further than the port of entry. Can we not give more aid from this country for the distribution of the food that we send?

Mr O'Keeffe. — I am very well aware of the concerns of the honourable Member: I may mention to her that one of my special responsibilities in the national area is development cooperation. I should say to her that the actual arrangements for distributing Community aid are made between the Commission and the receiving agents. I further understand that Mr Pisani reported fully to this House on these arrangements not so very long ago. So while I appreciate the concerns of the honourable Member, I have to say that the actual arrangements are a matter for the Commission, and no doubt there will be further opportunities to discuss the matter in this House with the Commission.

Mr Maher (L). — I know the concern of the President-in-Office of the Council in this field and his record as a Minister in the Irish Government, for which I compliment him. Would he not think therefore that since the main casualties in this situation, both in Ethiopia and in the Sahel region, are amongst the children, the decision to send to these regions the amounts of powdered milk he has mentioned — considering that we have nearly 900 000 tonnes in stock — is in fact derisory? Would the Council consider changing its attitude in this regard to make sure that sufficient milk is sent — we have plenty of it, as you know — in order to alleviate the suffering of the children particularly?

Mr O'Keeffe. — I appreciate the kind remarks of the honourable Member. I certainly would like to inject some of my own personal feelings into this question, but I am constrained by my Council hat.

At the same time, speaking on behalf of the Council, I do not think it is fully fair to say that the efforts of the Community are derisory. On the other hand, I certainly believe that insofar as we can, as a wealthy community of nations, we should be seeking ways, within the Community and in other multilateral organizations, of stepping up our efforts to achieve a greater understanding of the problems of hunger, destitution, malnutrition and disease in the underdeveloped parts of the world. I make no bones about it that I am one of those who will, at every opportunity, join with those who feel that the richer nations of the world have a greater responsibility than is being discharged by them at the present time.

Mr Balfe (S). — On a point of order, Madam President, there is a tradition of a reasonable fullness of

answer in this House. The answer that the Minister gave in answer to my supplementary question was a part answer, because in fact payments are down and commitments are up. It was not within the spirit and the traditions of this House, but if we are going to go in for the House of Commons' style . . .

President. — That was not a point of order, Mr Balfe.

We shall proceed with the questions addressed to the Foreign Ministers.

Mr Ephremidis (COM). — (GR) I should simply like to return to the point of order I raised when we began with the questions to the Council. As I said, I have been informed in writing that my Question No 78 would receive a joint reply together with Question No 52 by Mr Marshall, which was down first. I understand that we have now moved on to the questions to the Foreign Ministers and I do not intend to bring the matter up again. However, I should be grateful if you would give my question priority during the next Question Time when we are dealing with the questions to the Council so that it does not suffer the same fate as today.

President. — Mr Ephremidis, I am sorry you were not able to put this question at the appropriate time.

I call Question No 85, by Mrs Ewing (H-104/84):

Subject: The release of Soviet Jews

Will the Foreign Ministers intensify their efforts to secure the release of Soviet Jews, such as Ida Nudel, who desperately wish to join their families living outside the Soviet Union?

Mr O'Keeffe, President-in-Office of the Foreign Ministers. — The Ten will continue to follow the case of Mrs Nudel carefully and to draw the attention of the Soviet authorities, whenever appropriate, to the commitments the latter have undertaken in the Helsinki Final Act and in the Madrid concluding document, which include provisions relating to the reunification of families.

Mrs Ewing (RDE). — I am glad the President-in-Office mentioned particularly the sad case of Ida Nudel, because that was a question very kindly signed by a great majority in this House. All these human rights cases are sad, but this is a case where the lady's life is now to be shortened. Frankly, if she does not get released, she will never see her family again. It is one of the worst cases. Of course, they are all bad.

The President-in-Office used the phrase 'whenever appropriate'. Could he be a little more specific and tell us one type of action that he might be prepared to take

Ewing

quickly to make a personal approach to the Soviet authorities?

Mr O'Keefe. — I understand and appreciate the concern of the honourable Member.

I would like to expand on my rather cryptic reference to 'whenever appropriate'. It is only fair to the House that I should do so. There are various approaches that can be made to the Soviet authorities in regard to an individual case, such as Ida Nudel or others of a similar nature, or in regard to the general problem. Approaches can be made in a well-publicized joint *démarche* which perhaps would be decided on by all the Ten. The other alternative is to have an approach on a bilateral basis and use quiet unpublicized diplomacy. It is a matter for decision by the Ten as to which line to follow in any particular situation. In many cases in the past the well-publicized joint *démarche* has not been very effective. It is a matter for decision whether the other type of approach which I mentioned can or might bring better results.

Mr Balfe (S). — Could the President-in-Office tell us which of the two approaches he felt was the most appropriate to take in the case of Dr Ray Hooker, which he raised recently when he was in San José?

Mr O'Keefe. — The approach adopted here was not a highly publicized one, but we are hopeful that, in time, it may bring some results. As the President-in-Office promised at the colloquy with Parliaments Political Affairs Committee in Dublin on 19 September, the kidnapping of Dr Hooker was raised with the Costa Rican government at the conference held recently in San José between the Ten, Spain and Portugal, the Contadora group and the Central American countries. Costa Rica's authorities informed the President-in-Office that Dr Hooker was not being held on Costa Rican territory and that, as far as they were concerned, he was in Nicaragua. We were unable to ascertain anything further in regard to this case.

Mr Andrews (RDE). — In view of the lack of response from the Soviet Union to approaches made by the Ten on Dr Sakharov and others and of the position in Prague, where the West German Embassy has been virtually taken over by East Germans seeking refuge, is it not time to re-negotiate and have a look at the Helsinki agreement on human rights?

Mr O'Keefe. — I am afraid that the answer is not always in the area of re-negotiating agreements. If agreements in existence were fully adhered to, the question might not arise at all.

However, the general question of the reunification of families has been the subject of a good deal of negotia-

tion in the CSCE context. Provisions covering this and other forms of human contact, such as family visits and marriage, between citizens of different States, were incorporated in the Final Act at Western insistence. Jewish citizens of the Soviet Union have been among those seeking to emigrate to join relatives in the West and in Israel, and their cause has been vigorously championed by many people. At the CSCE Madrid meeting the Western countries succeeded in having a new provision adopted that participating States would decide on applications for family reunification, and I quote: '... in normal practice, within six months'. At the same meeting it was agreed to convene an experts meeting on human contacts in Berne in April 1986.

President. — Question No 86, by Mr Marshall (H-142/84), is postponed until the next part-session.

I call Question No 87, by Mr Gremetz, for whom Mr Chambeiron is deputizing (H-168/84):

Subject: Use of plastic bullets in Northern Ireland.

Events in Northern Ireland in August 1984 have resulted in two deaths and 20 people injured after being hit by plastic bullets. In view of the resolution adopted by the European Parliament in May 1982 calling on the Member States to prohibit the use of plastic bullets, what action do the Foreign Ministers intend to take, particularly in view of the United Kingdom's persistent failure to comply with this request? Are the Foreign Ministers prepared to report to the European Parliament on their discussions of this matter?

Mr O'Keefe, President-in-Office of the Foreign Ministers. — This matter lies outside the scope of European political cooperation.

Mr Chambeiron (COM). — (FR) I cannot say that I am satisfied with the reply by the President-in-Office of the Council, since I have not received one.

I am amazed, however, that he should be telling us that this matter lies outside the scope of European political cooperation since, if I have understood correctly what he said just now in answer to other questions, it is a matter for the Council of Ministers when human rights in far-off countries are involved.

Human rights are at stake in this case too.

In putting this question — which is not just a passing whim but a point we have been constantly making for some two years now — we simply wanted to remind you that a majority in this Parliament adopted a resolution on this subject in May 1982.

Chambeiron

I should just like to ask the President of the Council whether or not he thinks, after reading our resolution — since the Council has never told us that this was none of its concern — that it is high time the matter was raised in view of the fact that, according to what I have read in the British press, not only have plastic bullets been used to deal with peaceful demonstrations, where they have resulted in the deaths of young persons and children, but now it has even been suggested that they could be used against the striking miners?

Mr O'Keefe. — I have been considering the supplementary question, in which the honourable Member referred a number of times to the Council. At this state of the proceedings I am not replying to questions in my capacity as President-in-Office of the Council but on behalf of the Foreign Ministers meeting in political cooperation. In that capacity I have to repeat that the question lies outside the scope of European political cooperation.

Mr Balfe (S). — Do the Foreign Ministers not consider that their own standing in the world would be greatly enhanced if when they talk about other people's human rights, they were to sort out human rights within this Community? Would he not wish to re-echo the statement made by Mr Peter Barry last month that he would look forward to the banning of plastic bullets?

Mr O'Keefe. — I note the comments of the honourable Member and I would remind him that when Mr Barry made the statement to which he refers he was speaking as Irish Minister for Foreign Affairs.

Mr Alavanos (COM). — (GR) I think that the replies by the President-in-Office to this and other questions dealing with situations in the various Community countries, as for example the question of the *Berufsverbot*, raise a more general problem. My own supplementary question to the President-in-Office of the Foreign Ministers meeting in political cooperation is about this general issue. In the context of EPC, do the Foreign Ministers concern themselves with the defence of human rights outside the Community while ignoring the defence of human rights in the Member States of the Community? I should like a clear reply to this simple question.

Mr O'Keefe. — I would remind the honourable Member that the function of political cooperation is to consult and concert policy and, in that context, I cannot go any further than I have done.

Mr Paisley (NI). — Would the President-in-Office not think that example is better than precept? It has

been said that the Foreign Minister has condemned the use of plastic bullets and yet shortly afterwards it was revealed that his own government has supplied rubber bullets to the army and to the police in the Irish Republic. May I remind him that one of my constituents was shot dead with a lead bullet by the IRA on Monday.

Mr O'Keefe. — To deal with the honourable Member's question I have to ask your permission to put on my national hat because, as I said, the general question does not fall within European political cooperation. I take the opportunity in my national capacity to state that the use of rubber bullets in my country has been suspended by government decision and, further, that my country has no stocks whatever of plastic bullets.

Mr Andrews (RDE). — I should like to ask the Minister if he is aware that plastic or rubber bullets are not used in Britain in Toxteth or Manchester or indeed against the coalminers. But they are used against innocent people as we saw quite recently when one person was killed and several others seriously injured. Is it not time now for the British to take a positive position and withdraw plastic bullets from use in the six counties?

Mr O'Keefe. — I have two things to say. First, speaking on behalf of the Ten I can say that this matter does not come within European political cooperation. Second, in relation to the policy of the Irish Government, this was enunciated by my colleague Peter Barry at the last part-session here and I do not propose to add anything to it.

President. — I call Question No 88, by Mr Balfe (H-187/84):

Subject: Drought in the Sahel Region in Africa and in Ethiopia. Will the Foreign Ministers make a statement about EEC assistance to alleviate the drought in the Sahel Region in Africa and in Ethiopia?

Mr O'Keefe, President-in-Office of the Foreign Ministers. — This same question was addressed to the President-in-Office of the Council and I have already provided a reply within that framework.

Mr Balfe (S). — I wonder if the Minister would like to make a statement about the payments and, separately, the commitment appropriations in next year's budget, and whether he considers that the cut in one will leave sufficient money for food aid to be provided to this area of the world? In other words, answer the question I asked last time.

Mr O'Keefe. — An opportunity may arise in another context for me to deal with the point raised by the

O'Keeffe

honourable Member. I have to point out however that this is not a matter which arises within the context of European political cooperation.

President. — I call Question No 89, by Mr Blumenfeld (H-185/84):

Subject: Export of products of the European armaments industry Reports in the European media concerning the sale of Tornado aircraft to a state in the Middle East have caused concern in the Community.

May I ask the Foreign Ministers whether, in cases where Member States of the Community collaborate in the armaments sector, there are common rules governing the export of individual weapons systems manufactured within the Community. If not, do the Foreign Ministers consider it necessary to adopt a Community export policy for these products?

Mr O'Keeffe, President-in-Office of the Foreign Ministers. — As has already been indicated on a number of occasions, including the reply given to Question H-222/82, by Mr Seeler, the Ten have no common policy in regard to arms exports.

Mr Blumenfeld (PPE). — *(DE)* I should like to say with all due respect that I am not surprised at the inadequacy of this answer, but I should like to ask nevertheless the President-in-Office of the Foreign Ministers whether he is prepared finally to get round to taking some initial steps in this matter instead of simply referring back to the past. We are talking about the future and we want to know what plans you have.

Mr O'Keeffe. — Well, as I have told Parliament, the Ten have no common policy in regard to arms exports. If I may speak for my own country only, it has been the policy of successive Irish Governments not to encourage sales of potentially strategic goods to countries engaged in conflict, and to subject to the most careful scrutiny potential orders of such goods to countries having a questionable record on human rights.

Whatever we may think of the desirability or otherwise of a common policy for the Ten in regard to arms exports, the reality shows that we are not at the moment likely to get one.

Mr Hutton (ED). — Would the President-in-Office agree that the supply of weapon systems implies a degree of political confidence between the contracting parties in which the supplier has control over the spare parts? Would he agree that it would be prudent to enable States which are not unfriendly to Europe to purchase aircraft such as the Tornado for their own defence as part of their dialogue on regional strategic problems?

Mr O'Keeffe. — I am here on behalf of the Ten. I do not intend to give a personal opinion. On behalf of the Ten, I have to say there is no common policy in this field.

President. — Question Time is closed.¹

(The sitting was adjourned at 19.00).²

¹ See Annex.

² *Agenda for the next sitting: see Minutes.*

ANNEX

I. *Questions to the Commission**Question No 9, by Mr Bagh (H-97/84)*

Subject: Involvement of Commission Members in election campaigns in their own countries

In articles in the Danish newspapers B.T. and Jyllands-Posten, the Danish Commissioner recommended the Social Democratic list and made a personal attack on Jens-Peter Bonde, a list N candidate.

Does the Commission consider it democratically acceptable for a Commission Member, who, by virtue of his office, is above national considerations, to become involved in his own country's elections to the European Parliament by recommending one party and making a personal attack on a candidate on another list?

Answer

The honourable Member is referring to the article by Mr Poul Dalsager, Member of the Commission, which appeared before the European Parliament elections in June 1984 in the Danish newspapers Jyllands-Posten and B.T.

There is no provision under Community law which obliges a Member of the Commission to renounce his political convictions during his period of office.

Thus there is nothing to prevent a Member of the Commission from belonging to a political party or from supporting such a party. Furthermore the said article by Mr Dalsager did not contain any recommendation to vote for a particular party. Indeed, it goes without saying that when a Member of the Commission is publicly attacked, he has the right to defend himself publicly.

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Question No 10, by Mr Normanton (H-109/84)

Subject: Payment of outstanding accounts

Having heard in the last 12 months a growing number of complaints about the unreasonable delay in payment of accounts by the Commission, and particularly the settlement of expense claims by contractors, will the Commission state clearly what steps are being taken to deal with this unacceptable situation since to continue with this procedure will influence contractors against offering their services in future?

Answer

The Commission would remind the honourable Member that if the time taken is a little long, it is because the management of public funds is governed by special public accounting rules designed to ensure that the budget is properly implemented as voted by the budgetary authority.

However, the Commission is aware that a good many European businesses have serious cash problems in the present difficult economic context, and it is always doing all it can to speed up the administrative procedures it has to go through between receiving invoices and issuing payment orders to banks. Priority has been given to the complete overhaul of the computer system in its central accounting unit.

If specific instances of unreasonable delays have been reported to the honourable Member over the past year, the Commission will certainly be prepared to investigate why they occurred.

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Question No 20, by Mrs Schleicher (H-190/84)

Subject: Old and abandoned waste disposal sites

In view of the dangers to both population and environment arising from old or abandoned waste dumps and other disposal sites, can the Commission provide a detailed list of the existing disposal sites for dangerous substances in the countries of the European Community? Will it also state how it thinks these ecological problem areas, particularly the old sites, should be classified and how the dangers arising from them can best be assessed and where possible eliminated?

Answer

In 1975 the Council, on a proposal from the Commission, adopted a framework directive on waste. The Council adopted the Directive on toxic and dangerous waste and the Directive on the protection of underground waterways in 1978 and 1979 respectively. Under these texts the Member States were to take measures to protect man and the environment during the disposal of waste of any kind. As the Parliament survey and the Commission studies had revealed, the Directives have all been incorporated into national legislation, but their application has not been consistent.

As regards old sites, no specific measure has been taken by the Commission. It considers that this question falls within the competence of national or even regional or local authorities. The Commission has obtained information on the whereabouts of the main disposal sites in the Community. It has a list giving the treatment capacity of some of these sites. Furthermore, most Member States have carried out a survey of old sites. A classification according to the danger they represent has made it possible to single out a certain number of such sites requiring measures to supervise, clean and renovate them.

The Commission can only encourage such measures and will keep itself informed of the results.

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Question No 21, by Mr Pearce (H-193/84)

Subject: Policy of production cuts in the dairy sector

Has the Commission full and up-to-date information on the implementation of the policy of production cuts in the dairy sector; if so which Member States have not so far taken adequate steps to conform with the new policy?

Answer

1. According to the information received by the Commission, Member States are making every effort to implement the milk superlevy system satisfactorily.
2. The list of options chosen for the application of the levy system is now nearly complete and only one Member State, Italy, has yet to decide between formula A and formula B and the reference year.

3. Detailed implementing provisions are contained in the national regulations which have already been adopted by Belgium, Denmark, Germany, France, the Netherlands and the United Kingdom.

4. In Ireland, legislative formalities remain to be completed but effectively the levy system is in place. For Greece and Luxembourg, the main features of the intended legislation are known but details have still to be filled in. Italy, which is not required to collect any levy before April 1985, is still considering the various options for applying the levy system.

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Question No 22, by Mr von Wogau (H-194/84)

Subject: Authorization conditions for HGVs with semi-trailers

In most Member States of the European Community the maximum permitted length of heavy goods vehicles with semi-trailers is 15.50 m. In the Federal Republic of Germany, however, the maximum length is 15 m. HGVs with semi-trailers which exceed 15 m in length (the amount involved will never be more than 50 cm!) must apply for special authorization, at a cost of some DM 360, when entering the Federal Republic of Germany. What is more, if such a vehicle arrives after office hours on a Friday afternoon, it has to wait until Monday morning to obtain the special authorization. If when it leaves the country a vehicle is found to exceed 15 m in length, the driver is required to pay a fee of DM 112.80 as a deposit towards the penalty expected.

What steps does the Commission consider appropriate to ensure the immediate removal of this anachronistic and needlessly costly barrier to trade which is a burden that neither the industry nor the customs authorities should be asked to bear any longer?

Answer

The Commission is aware that regulations exist in the various 'Länder' (Federal states) in the Federal Republic of Germany which allow authorities to require a 'licence' before permitting the entry of articulated lorries exceeding 15 m in length, the current standard in Germany. The cost of a licence, according to information we have received from the Federal Government, varies between the 'Länder' and ranges from DM 11 to DM 360.

According to latest information the Commission received last week, the Upper House of the German Parliament will pass a regulation on 26 November 1984 which will make the 15.50 m length legal for articulated vehicles and in line with our proposal for a directive on harmonizing weights and dimensions of commercial vehicles which has not been adopted yet.

According to the directive any articulated lorry whose overall length is 15.50 m or less will be able to circulate freely in the whole of the Community. This dimension will come into force, according to the provisional agreement reached by the Council of Ministers on 10 May, at the latest one year after the formal approval of the directive. The Commission is making and will continue to make all the necessary efforts to have the directive adopted at the next session of the Council.

The present plans of the German Government on the above problem are a step in the right direction.

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Question No 25, by Mrs Banotti (H-192/84)

Subject: Eisma Report

When does the Commission intend to respond to the proposals contained in the Eisma Report on the European Foundation on the Improvement of Living and Working Conditions?

Answer

The Commission made its position clear on the proposals contained in the report by Mr Eisma on the occasion of the plenary debate in Parliament on 16 December 1983, when it was stated that the Commission was unable to agree to the greater part of the draft resolution before Parliament.

Taking account of the atmosphere of the debate on that occasion, the Commission services have nevertheless been examining from a variety of different angles the operation of the Foundation for the Improvement of Living and Working Conditions and its sister institute, the European Centre for the Development of Vocational Training in Berlin. As a result, the Commission will shortly be invited by the Commissioner responsible, Mr Richard, to undertake an official review of the statutes and operation of the two institutes with a view to increasing the coherence and effectiveness of Community action in the areas concerned.

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Question No 27, by Mr Huckfield (H-197/84)

Subject: Unemployment centres

What account in assessing grants from the European Social Fund does the Commission take of the role of unemployment centres and various centres for the counselling of the unemployed, in the services which they provide apart from schemes for training and retraining?

Answer

Apart from schemes for training and employment creation, the Social Fund can assist in meeting the costs of vocational guidance but only where this is an integral part of a vocational training scheme. The cost of the training of guidance and placement officers and development agents may also be met by the Fund. The Commission is nevertheless aware that these financing provisions may not be relevant to the operation of many of the unemployment centres and various centres involved in counselling the unemployed which exist in Member States.

In its recent Communication¹ on action to combat long-term unemployment, the Commission recognized the important role played by such centres and proposed action at national and Community level to promote the setting up of more centres, along the lines of successful examples which already exist. The Commission has also stated that the scope for new forms of specific Community financial intervention should be considered in connection with action to combat long-term unemployment.

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¹ COM(84) 484 final.

Question No 28, by Mr Schwalba-Hoth (H-198/84)

Subject: Latin America and the Caribbean

What response has the Commission made so far (or what response does it plan to make) to the appeal by 33 countries of Latin America and the Caribbean (the 'Buenos Aires Declaration' concluding the 18th Regional Conference of the United Nations Food and Agriculture Organization (FAO)), which calls for an end to the arms race and a corresponding increase in development aid?

Answer

It should be pointed out to the honourable Member that the arms policy of the Member States lies outside the competence of the Community. In fact, pursuant to Article 223 of the Treaty, 'Any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms,'

With regard to the funds currently devoted to aid for the developing countries, the Commission considers that they are insufficient to meet the needs of these countries. The Commission therefore proposes an increase in development aid and hopes that Parliament will support it despite the severe budgetary restrictions.

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Question No 29, by Mr Smith (H-201/84)

Subject: Economy of south-east Wales

Given that the economy of south-east Wales is suffering from the serious doubts regarding the safety of the Severn Bridge which has particularly burdened local industry as a result of repeated delays, will the Commission now confirm its full-scale financial support for both the feasibility study and the construction costs of a second Severn crossing so as to assure accessibility from south Wales to the markets of Britain and the rest of the Community, and is the Commission prepared to give priority to this matter in order to restore the confidence of local industries in south-east Wales?

Answer

On 25 January 1984 Commissioner Giolitti, on behalf of the Commission, replied to a written question from Mr W. Griffith¹ by saying that 'the special interest of the Severn Estuary crossing for the development of south Wales is well understood. The Commission would be willing to consider an application for Fund assistance towards a study to establish the best location and construction method of a possible new estuary crossing'.

Subsequently, an application for Regional Fund assistance of UKL 1.05 m towards such a study, costing UKL 2.1 m has been received.

The appraisal of this application is now almost complete and an announcement will be made shortly of the Commission's decision.

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¹ No 1442/83 — OJ C 63, 5. 3. 1984.

Question No 31, by Mr Croux (H-207/84)

Subject: COST Programme 301. The prevention of collisions between ships on heavily used routes in Member States' coastal area

This programme was approved by the Council on 13 December 1982. Can the Commission describe progress made on its implementation to date:

- which states are taking part,
- what effect is the programme having,
- what are the costs likely to be and how are they being funded,
- when will the research be finished,
- when can the results be made operational?

Answer

The recent stranding of the *Mont Louis* has again confirmed the need to look very seriously at the possibility of coordinated European approach to Vessel Traffic Services (VTS). It is with this objective that the Commission has launched a three-year research programme on shore-based maritime navigation aids to reduce the risks of collisions and groundings in European coastal waters known as the COST 301 programme. In this programme participate not only the 10 Community Member States, but also Sweden, Finland, Norway and Spain. The total cost of the programme is estimated at 12 m ECU of which 2.1 m is estimated contribution from Community funds, the remainder being financed nationally. The programme covers such areas as the requirements for precise navigation and ship manoeuvring in restricted waters, traffic and casualty patterns in European waters, the harmonization of standards and procedures, the identification, location and tracking of vessels, ship-shore communication and data exchanges between Vessel Traffic Services, for the collection and coordination of available knowledge and data, five working groups have been set up which are closely monitored by the Commission.

It is expected to conclude the studies and to present their findings by the end of 1986. It is to be hoped that these findings will provide a basis for a decision on a coordinated European system of Vessel Traffic Services.

A first annual report on the programme is presently being finalized and will shortly be made available to the European Parliament.

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Question No 34, by Mr Alavanos (H-219/84)

Subject: Formation and operation of a National Pharmaceutical Organization

Is the Commission still opposed to the formation and operation of a National Pharmaceutical Organization and, if so, what are its reasons, given that in practice such an attitude means an embargo on the issue of the National Pharmaceutical Organization and the continuation of uncontrolled activity by multinationals to the detriment of the health and income of sick people in Greece?

Answer

The Commission considers that Law 1316/83 on the setting up of the National Pharmaceutical Organization as well as the ministerial decisions implementing it contain several provisions which are incompatible with Community law, in particular with Articles 30 and

37 of the EEC Treaty; consequently the Commission is currently instituting proceedings in accordance with Article 169 of the same Treaty.

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Question No 35, by Mr Adamou (H-222/84)

Subject: Intervention by the Commission in AGREX Ltd

By letter, published in the Greek press on 29 August 1984, the Commission called on the Greek Government to furnish explanations with regard to AGREX Ltd and gave notice that it was likely to be taken to the European Court.

What interests, in the Commission's view, consider the activities of AGREX Ltd 'inadmissible', as stated in the letter; is it true that such reactions were forthcoming from the large-scale German importers who seek to control trade channels in Greek agricultural products through the Munich market and from the large-scale Greek traders intent on maintaining the immunity that everyone in Greece knows they enjoy; and why has the Commission not taken into account the immediate need to put Greek external trade in agricultural products on a healthy footing, ignoring even the relevant provisions of Article 85(3) of the EEC Treaty?

Answer

The Commission wishes first of all to point out that a number of complaints have been referred to it by certain governments and by bodies representing this trade sector throughout Europe deploring the setting up by Greece of a citrus fruit export monopoly.

According to the information obtained by the Commission, the firm AGREX in fact operates under the control of the Greek State. Furthermore it appeared that the Greek authorities intervened, via AGREX, on the citrus fruit export market by calling on Greek exporters to join AGREX and to conduct their operations according to the conditions of sale laid down by this firm.

Consequently the activities of AGREX, under the responsibility of the Greek State, were considered in the context of the common organization of the market in fruit and vegetables. This organization is based — like the other common market organizations — on the principle of an open market to which all operators have free access and the operation of which is governed solely by the instruments provided for by this organization.

Furthermore, the Commission does not consider that calling on Greek exporters to sell via a company acting under the control of the Greek State and having had considerable deficits in the past is the best way of creating the conditions necessary to healthy trade.

By letter of 9 August last, the Commission served notice on the Greek Government under Article 169 of the Treaty. In this letter the Commission asked the Greek Government to submit its observations within a period of two months.

The Commission is awaiting a reply from the Greek authorities.

The action undertaken by the Commission does not exclude an additional examination of the matter under the rules of competition, particularly with regard to state aid, which the Commission is investigating.

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Question No 36, by Mr Ephremidis (H-224/84)

Subject: Commission interference with Greek Customs

According to reports in the Greek press, the Commission is pushing ahead with the relevant procedures and discussions with the Greek authorities to bring the Greek customs regime into line with that of the Community.

What concrete demands is the Commission making in this connection; are press reports true that it is calling for an EEC committee of control to oversee Greek customs and for Greek importers to pay in instalments the customs duties on goods imported from the EEC — demands that would have a detrimental effect on the people's rule, the trade balance and the workings of the Greek customs?

Answer

The customs regulations and those concerning own resources are applicable to all the Member States when they are in the form of directives and in all the Member States when they are in the form of regulations. In accordance with Article 155 of the EEC Treaty, the Commission ensures that Community law is applied.

In accordance with an annual control programme drawn up jointly by the Greek authorities and the Commission, the Commission participates in the checks carried out by the customs inspectorate, which comes under the Greek Minister of Economic Affairs. Community rules allow the Commission to exercise its powers solely under Article 18 of this Regulation No 2891/77. Consequently the Commission has neither the intention nor the power to set up a 'committee of control' to oversee the Greek customs or the customs of any other Member State, as the honourable Member claims.

Furthermore, to ensure that the above Regulation is properly applied, the Commission has recently asked the Greek authorities to take new measures as soon as possible to ensure that this legislation is fully implemented. Payment in instalments of the remaining customs duties still applied to products imported from the other Member States does not correspond to the rules in force and is not required by the Commission.

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Question No 38, by Mr Hughes (H-229/84)

Subject: Freedom of movement of EEC citizens

Will the Commission take action in view of the unprecedented wide-scale and often insurmountable restrictions imposed on the movement of British citizens during the miners' dispute?

Answer

According to the Commission's information the restrictions imposed on British citizens during the miners' strike applied within the United Kingdom.

As for the 'restrictions on free movement' referred to by the honourable Member, Community law does not allow the Commission to intervene.

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Question No 40, by Mr Glinne (H-240/84)

Subject: Intimidation campaign against workers by BELGOMINIÈRE

Is the Commission aware that the management of the Brazilian subsidiary of BELGOMINIÈRE (which is part of the Luxembourg-based group ARBED) has recently launched an intimidation campaign against its 3 400 workers to pressure them into leaving their trade union organization, which represents 98% of the workforce, by threatening them with redundancy and suspending the deduction of trade union dues from their pay packets (as provided for under Brazilian law); and will the Commission give an assurance that it will make representations to the parent company, in consultation with the International Confederation of Free Trade Unions, in order that such intimidation be stopped forthwith?

Answer

The Commission is not aware of the activities of the Brazilian subsidiary of Belgominière with regard to its unionized employees.

The Commission points out that respect for the right to organize is not provided for by any Community legal instrument, but by Convention No 98 of the International Labour Organization (ILO) concerning the application of the principles of the right to organize and to carry on collective bargaining. The International Confederation of Free Trade Unions and any other trade unions which consider that they have been wronged should therefore put the matter before the International Labour Office, whose task it is to ensure that the above-mentioned Convention is applied in practice.

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Question No 43, by Mrs Squarcialupi (H-245/84)

Subject: Dangers in the use of formaldehyde

What steps will the Commission take in response to the repeated warnings from various Community countries about the potentially harmful effects of formaldehyde, which is present in various products such as cheese, certain types of milk, toothpaste, deodorants, detergents and disinfectants?

Answer

As a general point, I think it is important to make it clear to the honourable Member that very precise Community provisions require that any packaging containing raw formaldehyde should be suitably labelled, with warnings of the risk and safety recommendations; this labelling varies according to the concentration.

There are also special measures concerning the use of formaldehyde in certain products:

- directives lay down that all solvents, paints, varnishes, glues or allied products should be suitably labelled;
- the use of formaldehyde as a preservative in food products is prohibited by Community provisions. Although this substances may have been used in the past in the manufacturing process, nowadays it is replaced to a great extent by other techniques and, in any case, is present in foodstuffs only in minimal quantities. However, the Council Directive on preservatives authorizes the use of formaldehyde in Grana Padano cheese, on condition that the quantity in the marketed cheese does not exceed 0.5 mg/kg;
- the use of formaldehyde is also governed by the Community Directives on cosmetic products, depending on the way it is used and the preparations in which it is used. If a

cosmetic product contains more than 0.05% of formaldehyde, this must be indicated on the label.

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Question No 45, by Mrs Scrivener (H-248/84)

Subject: Irradiation of foodstuffs

Can the Commission indicate which Member States use the irradiation method to sterilize certain foodstuffs and does it not think that if the use of this method becomes more widespread it should submit a proposal for a regulation on this subject?

Answer

Three Member States have no specific national legislation on the use of ionizing radiation for the preservation of food products, namely Ireland, Greece, Luxembourg. However, as the honourable Member will appreciate, all Member States have basic general law that foodstuffs should not be harmful to the consumers.

The United Kingdom, the Federal Republic of Germany and Denmark prohibit the use of irradiation, although exceptions to this prohibition could be allowed by a procedure specified in the rules.

The other Member States (i.e. Belgium, France, Italy and the Netherlands) have enacted regulations permitting the use of ionizing radiations for some specific food applications. More detailed information would be available in reply to a written question from M. Schmid¹.

The Commission is very much aware that if the use of the process expands, this could lead to technical obstacles to the trade in irradiated foodstuffs. For the time being the Commission is investigating on the following broad areas:

- the safety of the process;
- labelling of the irradiated foodstuff;
- registration of the facility carrying out the treatment;
- whether the form of a possible directive should require that the irradiation of individual foods should be specifically permitted.

It is, however, premature to speculate on the type of any eventual Community rules to resolve this until the Commission's investigations are completed.

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Question No 47, by Mr Van Miert (H-254/84)

Subject: The situation in Uganda

In certain regions of Uganda such as the Karamoja district and the Luwero triangle, repression has reached such a level that normal economic activity has become impossible. Press reports speak of many tens of thousands of dead. The Ugandan authorities apparently tolerate this situation or do little or nothing to bring about an improvement.

¹ Ref. 1398/81.

In the light of this situation, is the Commission going to review relations with Uganda, in what circumstances might the Commission decide to stop aid to Uganda and what has the Commission already done to persuade the Ugandan authorities to respect fundamental human rights?

Answer

The European Commission appreciates the legitimate concern of members of the European Parliament concerning the allegations and reports of abuses against human rights in Uganda.

The European Commission maintains as complete a documentation as is possible on the evolution of the situation in Uganda through its representative in Kampala and through the evidence of ecclesiastical, diplomatic and non-governmental sources.

The Commission has not hesitated to express its concern at the situation on those occasions when it was felt that such interventions were opportune. Such a *démarche* was made in 1981 and resulted in a clear expression of the desire of the Ugandan Government to see a return to the rule of law throughout the country. Since 1981, it has become apparent that the hopes of Ugandans that the situation would return to normal have not been rewarded: the Commission has accordingly renewed its concern through appropriate channels.

The Commission believes firmly that only through reconciliation between the people of Uganda accompanied by economic recovery can Uganda redress the unhappy situation from which results the abuses of basic human rights about which the Parliament is concerned.

The Commission has an extensive development assistance programme in Uganda and remains convinced that the economic improvement facilitated by such a programme is a vital element for the restoration of full respect for human rights in Uganda. The Commission has also already provided emergency aid this year for refugees, for displaced persons in the Luwero triangle, and for people in Karamoja. It is in constant touch with both Uganda, ICRC, UNHCR and NGO's in order that it may intervene rapidly wherever and whenever this is deemed appropriate. The delegation of the Commission in Uganda pays particular attention to the effective delivery of such assistance to the people for whom it was intended.

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Question No 48, by Mrs Crawley (H-257/84)

Subject: Sexual discrimination in British Government's immigration rules

Is the Commission aware of the British Government's immigration rules which discriminate against women resident in the United Kingdom, by stopping them from bringing their husbands into the country to settle with them, and of the case concerning this issue before the European Court of Human Rights in Strasbourg, and will it state what redress is available under existing Community legislation?

Answer

The Commission is aware of the cases currently before the European Court of Human Rights and understands that the matters in dispute are not related to the exercise of a right under the Treaty of Rome. The question of redress under Community legislation does not therefore arise.

The United Kingdom's immigration rules make specific provisions for Community nationals. These provisions make no distinction between men and women and override any other

provisions in the rules so far as Community nationals and their families are concerned. Although there are some provisions in the rules which are discriminatory as between men and women, there is no breach of Community obligations in this respect.

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Question No 49, by Mrs Boserup (H-261/84)

Subject: Purchase or lease of storage facilities in non-Member States for surplus Community produce

The Commission's 'Report on the Implementation of the Budget of the European Communities as at 30 June 1984' states on page 54 that:

'Stocks, in particular those of milk products and beef and veal, have reached a critical level. The Commission is therefore planning a programme of disposal spread over a number of years. The cost for 1984 is estimated at 150 million ECU.'

The fact that surplus Community stocks have reached an absolute peak ties in with current rumours that the Commission is now considering paying for storage facilities outside the ten Member States, initially in Switzerland and Austria.

Can the Commission confirm that there is now insufficient storage capacity within the Community and that the Commission, therefore, is currently purchasing or leasing or is planning to purchase or lease storage facilities outside the Community and would it state which countries are involved and, finally, which groups of products it intends to store in non-Member States?

Answer

In view of the limited storage facilities not already in use in the European Community, the Commission has, by virtue of a decision pursuant to Council Directive 1055/77, authorized the Federal Republic to store 5 000 t beef in Switzerland and/or Austria and France to store 20 000 t beef in Switzerland, Austria and/or Spain. The quantities involved are very small compared with the total stocks of beef, butter and skimmed milk powder and will, for the time being consist only of beef.

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Question No . . . by Mr Wurtz (H-263/84)

Subject: Revised Commission proposals on support for the Community's coal industries

The Commission has submitted to Parliament a proposal for a regulation concerning financial support by the Community in favour of industries producing solid fuels.¹ Parliament delivered its opinion by adopting a report (Doc. 1-1162/83) at its part-session from 12-16 March 1984.

The Commission has just amended its proposal, reducing the amount of aid to be made available and introducing stricter criteria for selecting eligible projects, changes which are the reverse of the wishes expressed by Parliament.

One can reasonably expect that this new proposal will eliminate French production capacity which might have been eligible for the investment support provided by the initial proposal as amended by Parliament.

¹ OJ C 232, 30. 8. 1984, p. 6.

Does the Commission not think that Parliament should be consulted again on this new approach?

Answer

The Commission fully shares Mr Wurtz's view regarding the necessity of consultation.

It was for this reason that the Commission, in a letter from its Secretary General to the Secretary General of Parliament dated 18 September 1984, invited Parliament to give its opinion on the Commission's revised proposals, as contained in document COM(84) 469 final.

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II. *Questions to the Council*

Question No 58, by Mr Fich (H-172/84)

Subject: Waste from the titanium oxide industry

In June, the Council held a meeting to consider a 'proposal for a Council Directive (COM(83) 189 final) on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium oxide industry'.

Would the Council state why it was unable to endorse this document, which countries were particularly against and which articles it was unable to reach agreement upon?

Answer

The Council would draw the honourable Member's attention to the fact that, further to the European Parliament's Opinion, the Commission submitted a proposal for a major amendment to this Directive on 4 June 1984. In view of the shortage of time the Council was unable to examine this proposal for an amendment in detail at its meeting on 28 June. However, it discussed the principal questions raised by the proposal and instructed the Permanent Representatives Committee to expedite proceedings on the matter. This dossier is due to be examined by the Council at its meeting on 6 December 1984.

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Question No 63, by Mr Blumenfeld (H-184/84)

Subject: Export of products of the European armaments industry

Reports in the European media concerning the sale of Tornado aircraft to a state in the Middle East have caused concern in the Community. May I ask the Council whether, in cases where Member States of the Community collaborate in the armaments sector, there are common rules governing the export of individual weapons systems manufactured within the Community. If not, does the Council consider it necessary to adopt a Community export policy for these products?

Answer

The matter raised by the honourable Member has never been the subject of a Commission proposal or of a discussion within the Council.

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Question No 66, by Mrs De March (H-199/84)

Subject: Prevention of forest fires

This year, as in previous years, widespread damage has been caused to forests by forest fires, especially in the Mediterranean regions. The damage would have been less serious if the regulation proposed by the Commission in June 1983 and endorsed by Parliament on 23 May 1984 had been promptly implemented.

Is the Council now disposed to adopt this regulation and enforce it with the aid of the appropriations already entered in the 1984 budget?

Answer

The Council bodies have carried out a detailed examination of the proposal referred to by the honourable Member; it should be recalled that this proposal comprises two sections relating to forestry protection, viz. one on forest fires and one on air pollution.

It emerged from the Council's proceedings that most delegations acknowledged the value of some of the proposed measures; there are, however, reservations on the advisability of adopting the proposal in its present form and, in the case of forest fires in particular, there are differences of opinion between delegations which favour general Community action and those which consider that the problem is acute only in some Member States and that it would be better to deal with it at national level or, if necessary, in the context of specific measures for the countries concerned.

The Council intends to press ahead with its examination of this matter

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Question No 67, by Mr Pranchère (H-200/84)

Subject: Community rules on sheepmeat

The renegotiation of the rules on sheepmeat, which was conducted in parallel to the fixing of prices for 1984/85, was a completely slapdash affair and the agreement reached on 31 March has not solved any of the fundamental problems. It was for this reason that Parliament requested on 24 May 1984 that these rules should be reconsidered before the end of 1984. The Court of Auditors has also made a request to that effect.

Is the Council disposed to follow these recommendations and renegotiate the Community rules on sheepmeat, with a view to removing distortions to Competition and the dichotomy between the systems of market organization?

Answer

The Council does not share the honourable Member's assessment of the nature of the decision taken on sheepmeat as part of the 1984/85 price fixing.

In its report of November 1983 on the functioning of the common organization of the market in sheepmeat the Commission stated that the main features might remain unchanged but that it was unhappy with the cost of the common organization of the market to the EAGGF.

In its discussions on prices the Council was therefore required to take decisions on Commission proposals which were based on this assessment. To limit the increase in expenditure the Council decided *inter alia* on a 1% reduction in prices in this sector while straightaway stating its intention that there would be no price changes next year. It also altered the seasonal adjustment and the method of calculating the ewe premium.

Some of the proposals made in line with that objective could not be adopted and are still being examined by the Council. But at all events the Council has to date received no proposal for renegotiation of the rules on sheepmeat in the manner suggested by the honourable Member.

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Question No 68, by Mr Wolff (H-203/84)

Subject: Dairy quotas in mountain areas

Given the disparities in farmers' resources caused by production difficulties in mountain areas and in view of the fact that altitude and climatic factors rule out the option of diversifying crops, does the Council propose to take the necessary steps to introduce special arrangements for the fixing of quotas to be revised upwards in order to maintain a decent livelihood and normal activity for the farmers concerned?

Answer

The Council has not been presented by the Commission with a proposal to introduce special quota arrangements in mountain areas at Community level and in addition to existing legislation.

Council Regulation No 857/84 lays down the rules for application of the additional levy payable by producers or purchasers of cows' milk. These rules enable Member States, when the quotas are allocated, to take account of special situations such as those mentioned in the Question put by the honourable Member.

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Question No 70, by Mr Cottrell (H-205/84)

Subject: Murder of Ann Dorothy Chapman

On 25 May 1984 the European Parliament adopted the report which followed the investigation into the death of the British citizen, Ann Dorothy Chapman, (Document 1-206/84). I was appointed rapporteur following the decision of the Committee on Petitions and the Rules of Procedure that a petition from Miss Chapman's parents was admissible. The report was addressed to the Greek Government and in particular, to the Justice Minister, Professor Manghakis. To date there has been no response from the Greek authorities. What action will the Council now take to elicit a response?

Question No 78, by Mr Ephremidis (H-233/84)

Subject: Persecution for political beliefs in the Federal Republic of Germany

The Council has on numerous occasions declared its interest in the defence of 'human rights' throughout the world, from Poland to Nicaragua, from Angola to Vietnam. Consequently, the problem of these rights in a Member State, the Federal Republic of Germany, cannot be regarded as 'not falling within the Council's terms of reference', which was the answer given to our questions H-819/81,¹ H-743/82² and H-412/83.³

¹ Debates of the European Parliament 1-284, April 1982.

² Debates of the European Parliament 1-294, February 1983.

³ Debates of the European Parliament 1-304, October 1983.

I would therefore ask the Council in the context of its interest in human rights throughout the world — which presumably does not exclude the Member States of the EEC — what view it takes of the trial, which began on 4 September 1984 in the court of Lower Saxony, of 15 communists charged, under the 'Berufsverbot' (exclusion from public sector employment), with having lent assistance to the German Communist Party in the 1981 municipal elections.

Joint answer

The Presidency would like to remind the European Parliament in its new composition of the Council's position with regard to the problem of respect for human rights.

The Ministers for Foreign Affairs of the Member States of the European Community meeting within the framework of political cooperation raise, in accordance with rules which they have decided on, questions relating to respect for human rights in third countries.

As regards respect for human rights within the Community, the Council points out that in ratifying the Treaties establishing the European Communities, the Member States approved the paragraph in the preamble which states:

'Resolved by thus pooling their resources to preserve and strengthen peace and liberty, and calling upon the other peoples of Europe who share their ideal to join in their efforts,'

Subsequently, the Council together with the European Parliament and the Commission adopted a joint declaration on 5 April 1977 in which they stressed 'the prime importance they attach to the protection of fundamental rights, as derived in particular from the constitutions of the Member States and the European Convention for the Protection of Human Rights and Fundamental Freedoms.'

In their declaration on democracy of 7 and 8 April 1978, the Heads of Government of the Member States meeting within the European Council confirmed 'their will, as expressed in the Copenhagen Declaration on the European identity, to ensure that the cherished values of their legal, political and moral order are respected and to safeguard the principles of representative democracy, of the rule of law, of social justice and of respect for human rights.'

It is not for the Council as such to assess incidents or particular situations which exist in the Member States of the Community.

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Question No 72, by Mr Paisley (H-213/84)

Subject: Effective system of extradition

Can the President-in-Office state when last an effective system of extradition which could operate throughout the whole Community was discussed by the Council and what progress has been made?

Answer

The question of the establishment of extradition rules common to the 10 Member States of the European Communities has never been discussed by the Council of the European Communities.

The Presidency would point out that the Ministers for Justice of the last two States to have exercised the Presidency of the Council gave the Legal Affairs Committee of the European Parliament information on discussions taking place in other fora on the subject

raised by the honourable Member. The Minister for Justice of Ireland will also be able to give such information when he appears before the Committee on Legal Affairs and Citizens' Rights on 21 November.

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Question No 74, by Mr Alavanos (H-220/84)

Subject: Escalation of Commission interference in Greece

Recently, and, in particular, immediately after the European elections, the Commission has on a large number of occasions intervened in matters affecting the Greek economy on the grounds that Community law is being infringed. For instance, the Commission has taken, or threatened to take Greece to the European Court over numerous issues including the formation of a National Pharmaceutical Organization, the possession of property by foreign nationals in frontier areas, arrangements for beer, Greek customs control, the Trade Intervention Organization and the marketing of agricultural products.

What is the Council's attitude to this serious state of affairs, particularly at a time when a common political element in the rash of interventions by the Commission, which is a Community body, is to undermine Greece's sovereignty, suspend any measures that could damage even slightly the interests of the big monopolies or impose elementary checks on the immunity enjoyed by large undertakings, and support the common goals (e.g. abolition of the NPO, TIO etc.) of large-scale capital within Greece?

Answer

Pursuant to Article 155 of the EEC Treaty and corresponding articles of the ECSC and Euratom Treaties, it behoves the Commission to ensure that the provisions of these Treaties and the measures taken by the Institutions pursuant thereto are applied.

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Question No 76, by Mr Hughes (H-230/84)

Subject: Freedom of movement of EEC citizens

Will the President-in-Office, seek at the next Summit, to raise the matter of the unprecedented wide-scale and often insurmountable restrictions imposed on the movement of British citizens during the miners' dispute?

Answer

The Presidency does not intend to raise the matter of the British miners' dispute at the next Summit as this is a matter which falls outside the competence of the Community.

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Question No 77, by Mr Seefeld (H-231/84)

Subject: 'Pan-Germanism'

Does the Council share the view of one of its Members that there is a resurgence of 'pan-Germanism' in a Member State of the Community?

Answer

The Council does not comment on statements made by Council Members outside the context of Council meetings.

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Question No 79, by Mrs Wieczorek-Zeul (H-235/84)

Subject: Directive on parental leave

When does the Council intend to adopt the directive on parental leave submitted to it by the Commission (Doc. 1-1234/83), particularly in view of the fact that the judgment of the European Court of Justice in Case 184/83 (Hofmann v. BEK Wuppertal, Judgment of 12 July 1984) has demonstrated yet again that the existing directives on equal treatment are not far-reaching enough to achieve the objectives of the action programme adopted by the Council?

Question No 80, by Mrs Cinciari Rodano (H-236/84)

Subject: 1983-85 action programme

Does the Council not consider that the judgment of the European Court of Justice in Case 184/83,¹ which provides a restrictive interpretation of Directive 76/207 on equal treatment,² means that in order to achieve the objectives of the 1983-85 action programme it is necessary to adopt the proposal for a directive on parental leave at the earliest opportunity, namely at the Social Affairs Council in December 1984?

20. 9. 84

Joint answer

The proposal for a Directive on parental leave was forwarded to the Council on 24 November 1983. The Council is aware of the fact that this proposal forms part of the Community policy on equal opportunities for men and women. It would however draw the Honourable Member's attention to the fact that, while this Commission proposal was prompted by a concern for social progress, it does raise certain problems such as an increase in social expenditure and the need for changes in the way in which undertakings organize their work, to which suitable solutions will need to be found. These problems are currently being examined by the Council's subordinate bodies with all possible dispatch, but it is impossible to predict when the Council will be able to take a formal decision on this proposal.

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Question by Mr Pearce (H-241/84)

Subject: Proposals in waiting

Is the Council ashamed of the fact that (as at the beginning of September 1984) 392 proposals are in the queue waiting for it to make up its mind, and does it propose to do anything about this situation?

¹ OJ C 252, 20. 9. 1983, p. 4.

² OJ C 39, 14. 2. 1976, p. 40.

Answer

The Council would draw the Honourable Member's attention to the fact that an examination of the number of texts adopted by the Council shows that there tends to be a balance between the number of proposals submitted by the Commission and the number of Regulations, Directives and Decisions adopted by the Council.

It is nevertheless true that a number of proposals are still before the Council and in certain cases have been for some time. Some of these proposals are highly technical and complex; requiring detailed and in-depth examination. Others are periodically withdrawn by the Commission, as they are considered to be out of date.

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Question No 83, by Mr Van Miert (H-250/84)

Subject: The storage of nuclear waste in space or in the seabed

During a recent Council of Europe hearing held in the Swedish capital Stockholm, it emerged that the United States is working on plans to put radioactive waste into a stationary orbit round the Earth. Techniques for burying radioactive material in the seabed were also discussed.

Is the Council aware of these lunatic plans and has it already had an exchange of views on this issue; if so, when? What is the Council's position on the storage of nuclear waste in space or in the seabed?

Answer

1. The Council has not been informed of the plans being studied in the United States to which the Honourable Member refers.

However, it would point out to the Honourable Member for the record that on 6 October 1982 the Commission of the European Communities concluded a co-operation agreement with the United States Department of Energy in the field of research and development on the subject of radioactive waste.

2. In any event, the Council would emphasize that it attaches very great importance to radioactive waste being managed and stored in the best possible conditions.

3. For that reason, on 18 February 1980, it adopted a Resolution concerning the realization of a Community plan of action on radioactive waste.

This plan, which the Commission is at present carrying out, covers the period 1980 to 1992.

4. In addition, in the field of research, the Council adopted on 18 March 1980 a second five-year programme on the management and storage of radioactive waste covering the period 1980 to 1984 and involving a budget of 43 m ECU.

The Council is currently considering a new Commission proposal concerning a third programme in the same field covering the years 1985 to 1989 and involving a proposal for a budget significantly higher than that of the present programme.

5. Finally, it should be remembered that, in practice, the first responsibility as far as storage is concerned falls naturally on the operators of nuclear plant themselves; they carry out the storage operations and in doing so must observe a number of regulations imposed on them locally, nationally, or internationally.

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Question No 84, by Mr Adamou (H-256/84)

Subject: The problem of real estate in Greece's border areas

In reply to Mr Normanton's question during the September part-session concerning the real estate market in border areas of Greece, the Commission stated that it had initiated proceedings for the repeal of the Greek legislation currently in force.

Would the Council state whether in taking this action the Commission is exceeding its powers as 'guardian of the Treaties' and whether this constitutes a violation of the sovereign rights of a Member State in the sensitive area of national security?

Answer

The Council would draw the Honourable Member's attention to the fact that the Commission exercises the powers conferred upon it by the Treaties independently.

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*III. Questions to the Foreign Ministers**Question No 93, by Mr Paisley (H-214/84)*

Subject: Spanish claim of jurisdiction over Gibraltar

Can the President-in-Office state whether the Spanish claim of jurisdiction over Gibraltar has been discussed by the Foreign Ministers and what decisions have been taken?

Answer

This matter has not been discussed within the framework of European political cooperation.

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Question No 99, by Mr Pearce (H-249/84)

Subject: Heroin and opium

Following question H-129/84, do the Foreign Ministers not consider the problem of heroin and opium coming into the country sufficiently important to merit their discussing it or are they satisfied that the international aspects of the problem are adequately dealt with in another forum and, if so, which?

Answer

The Ten are satisfied that the international aspects of the problem of heroin and opium traffic are adequately dealt with in a number of specialized forums such as the 'Pompidou Group' (which meets in the Council of Europe framework) and a number of bodies in the UN framework.

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Question No 100, by Mr Van Miert (H-255/84)

Subject: The situation in Uganda

Various sources indicate that the situation in Uganda, in particular in the Luwero triangle to the north of the capital, Kampala, and in the north-eastern Karamoja district, is deteriorating all the time. Reports in the press have referred to tens of thousands of deaths and the Ugandan authorities are doing little or nothing to bring this situation to an end.

What representations have the Foreign Ministers already made to the Ugandan authorities to ensure that they start an independent inquiry as soon as possible not only to throw light on the situation but also to bring the guilty to justice? What was the outcome? Have the ministers asked the Kenyan Government for clarification on the alleged involvement of regular Kenyan troops in murders in Uganda?

If so, what was the result?

Answer

The Ten are following, with deep concern, reports of violations of human rights and of widespread suffering in parts of Uganda.

The Ten have not made representations to the Ugandan authorities concerning the holding of an enquiry. In the difficult political and security circumstances which prevail in Uganda, the Ten consider that the foremost concern of all must be the restoration of conditions of peace and stability in which human rights are guaranteed. Only thus can all the people be enabled to live in security and to develop their country. Accordingly, the Ten are, at present, studying how their influence and assistance can best be used in helping to bring about these conditions and in preventing violations of human rights in the meantime.

The Ten have not discussed reports of alleged abuses of human rights during joint operations by Kenya and Uganda security forces along their common border and they have not made representations to the government of Kenya concerning the allegations.

SITTING OF THURSDAY, 11 OCTOBER 1984

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IN THE CHAIR: MR SEEFELD

Vice-President

(The sitting was opened at 10 a.m.)

1. *Approval of the minutes*

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

Are there any comments?

Mr Rogalla (S). — *(DE)* May I refer you to item 7, p. 6 of the minutes, vote on the transfer of appropriations. Before the beginning of the vote yesterday, I informed the Bureau that I intended to give an explanation of vote. I have just submitted that explanation to the Bureau in writing and would be grateful if you could take note of it and include it.

President. — I shall take note of that, Mr Rogalla.

Mr d'Ormesson (DR). — *(FR)* Mr President, as regards the vote on yesterday's urgent debate, I should like to draw attention to certain mistakes which were made. Those wishing to vote for should have voted against and in fact voted for. There are thus at least 35 votes which do not say what they should say on the urgent resolution on freedom of political expression and reunification in Europe, which was tabled by Mr Le Pen and Mr Romualdi.

That is why, with the President's permission, we shall resubmit the same motion at the next session. We hope that he will agree and that it will be possible for a vote to be taken when everyone knows what they are doing.

President. — I shall take note of what you have just said. We will proceed along the lines you have suggested.

Mr von der Vring (S). — *(DE)* Mr President, may I please make a comment. 35 people cannot have made a mistake in the voting, for there are not that many right-wing radicals in this House, but only two or three at most.

You just said you had taken note of Mr Rogalla's motion. Please be careful in your choice of words. Mr Rogalla proposed a change to the draft agenda you proposed. Saying that you take note means you are incorporating it in the text of the revised minutes.

President. — Mr von der Vring, we seem to have a misunderstanding here. I understood Mr Rogalla to say that he wanted what he had said yesterday to be recorded in the Minutes — I see Mr Rogalla nodding in assent. I thereupon said that I would take note of that. That means that I will see to it that what Mr Rogalla wishes will be done.

Mr Rogalla (S). — *(DE)* The point here is that the explanation of vote which I could not give yesterday — and which the President did not ask me to give, which I consider a procedural error — was given in writing today and that it should be brought to the attention of the House and the public in the usual form.

President. — Mr Rogalla, I confirm once again that I shall comply with your wishes.

(Parliament approved the minutes)¹

Mr Graefe zu Baringdorf (RG). — *(DE)* Mr President, I move that we include a report of the enlarged Bureau on the proposed delegation to Nicaragua in the agenda. Then the plenary will learn how by the procedure of reducing the number of delegation members to five, members of other groups were disregarded and prevented from taking part, as originally agreed, even at their own expense. Even this was refused, which means that the smaller groups are being excluded from the delegation quite arbitrarily, for no political reason at all. Will the Bureau please explain this?

President. — Mr Graefe zu Baringdorf, under our Rules of Procedure the agenda can be amended only under certain well-defined conditions. If I am to follow Rule 56(1) and (2), I can no longer alter the agenda.

2. *Topical and urgent debate*

Human rights

President. — The next item is the joint debate on the following motions for resolutions:

- motion for a resolution (Doc. 2-640/84/corr.) by Mr Donnez and others, on behalf of the Liberal and Democratic Group, on the arrest of Mr Jacques Abouchar in Afghanistan;
- motion for a resolution (Doc. 2-658/84 by Mr Baudis and others, on behalf of the Group of the

¹ *Verification of credentials — Membership of committees — Documents received: see Minutes.*

President

European People's Party, on the arrest and detention of the French television journalist, Jacques Abouchar, by Soviet and Afghan troops;

- motion for a resolution (Doc. 2-673/84) tabled by the Group of the European Democratic Alliance on the disappearance of a French journalist in Afghanistan;
- motion for a resolution (Doc. 2-675/84) by Mr Stirbois and others, on behalf of the Group of the European Right, on the arrest of a French television reporter in Afghanistan;
- motion for a resolution (Doc. 2-662/84) by Mr Arndt and Mr Sakellariou, on behalf of the Socialist Group, on death sentences in Turkey;
- motion for a resolution (Doc. 2-681/84/rev.) by Mr Ephremidis and others on the release of Mr Dikerdem;
- motion for a resolution (Doc. 2-676/84) by Mr de Vries and Mrs Veil, on behalf of the Liberal and Democratic Group, on the abuse of psychiatry in the Soviet Union;
- motion for a resolution (Doc. 2-659/84) by Mr Lalor and others, on behalf of the Group of the European Democratic Alliance, on the need for an immediate banning of the use of plastic bullets.

I should like to point out that Mr Habsburg, Mr Dankert and Sir Henry Plumb have also signed the motion for a resolution by the Liberal and Democratic Group on the abuse of psychiatry in the Soviet Union.

Mr Beyer de Ryke (L). — *(FR)* Mr President, Strasbourg is a city of culture. Yesterday, while I was going round an exhibition on the German satirical magazine 'Simplicissimus'. I spotted this quotation, 'In foreign policy the important thing is to make silly mistakes, in order to draw attention away from home affairs, and then silly mistakes have to be made in domestic policy to take attention off foreign affairs'.

That is the whole secret of government.

I thought to myself that this quotation could be applied very aptly to the policies of the Soviet Union. And then, on reflection, I thought, no, that was wrong, the Soviet Union makes silly mistakes at home and abroad. Silly mistakes, which we, the advocates of freedom, might well call crimes.

In these instances witnesses, journalists like Jacques Abouchar, are evidently criminals in the eyes of the Soviet Union. Because they have witnessed violations of freedom.

That is why, Mr President, I should like Parliament to appoint an observer — why not our friend and colleague Mr Georges Donnez — to be present at Abou-

char's trial — trial in inverted commas — should there be one.

I think that would be a very welcome initiative, particularly as we were not at all reassured to hear the Soviet ambassador, Mr Smirnov, say, 'From now on bandits and would-be journalists, whether French, American, British or anything else, accompanying the so-called Mujaheddin will be killed. Our contingent in Afghanistan will assist the Afghan forces to do this'.

That is very clearly expressed. One should always quote the best authors, especially where the quotations are so precise. And, Mr President, since our august assembly has decided to set up a committee of inquiry into fascism, I should like to remind everyone that Auschwitz is closed, but that the gulags remain open.

(Applause from the centre and the right)

Mr Baudis (PPE). — *(FR)* Let me first give the facts of the case. In the night of 17-18 September a French television journalist, Mr Jacques Abouchar, accompanied by camera crew and escorted by a group of Afghan guerillas, entered Afghanistan via the Pakistan frontier. This, remember, is the route used by everyone — journalists, doctors, humanitarian missions — who has gone into Afghanistan in the last few years.

Mr Jacques Abouchar holds a Press card, he has worked in television for almost twenty years and he regularly covers events in central Asia. This means, therefore, that there can be no doubt as to the reasons for his presence in Afghanistan or the purpose of his mission.

Thirty kilometres inside the frontier, the group was ambushed. The Soviet-Afghan troops opened fire. The journalists and the Afghan guerillas returned the fire, but Jacques Abouchar was wounded in the shoulder and was unable to follow them. At dawn on the following day the Soviet-Afghan troops went over the ground and discovered the journalist. He was put on top of a tank and paraded through several villages in the Kandahar region in front of the inhabitants. After that he was taken away, probably to Kabul. I say probably, because we have no official information as to the place or conditions of his detention. He has now been held in absolute secrecy for twenty-four days. Vague accusations of espionage have been made against him. Obviously the evidence is that photographic and sound-recording equipment was found at the site of the ambush. I say that those who formulated this charge of espionage on the basis of this type of 'evidence' are cynically mocking the whole world and are demonstrating once again that in their eyes any independent journalist who refuses simply to echo the official line is a potential spy.

This situation is clearly intolerable for two reasons. It is intolerable because of the violation of the rights of a

Baudis

wounded man, who has been denied the assistance of a lawyer and who cannot be contacted, either by his family or by a representative of his own government. What is also intolerable is the threat issued through the capture of Jacques Abouchar against all free journalists. Because the message is clear: it is intended to dissuade anyone who in future might want to go to Afghanistan to report on the repression to which that nation is subject.

It may also be inferred from this that the repression will probably be intensified and that those who are imposing it wish to do so away from the eyes of the world.

For my part I am convinced that soon out of solidarity other journalists will courageously take the road to Afghanistan and will cross the frontier, as Jacques Abouchar did.

It is our duty stand up and solemnly and resolutely to call for an end to this holding of hostages. That is what the motion which many of us have tabled says. I sincerely hope that no Member of the Assembly will refuse to vote in favour of this document.

(Applause from the right)

Mr Coste-Floret (RDE). — *(FR)* As my friend and colleague, Mr Baudis, has just said, the case of Mr Jacques Abouchar is typical. It raises the question of the right to information and the problem of human rights.

Of course I understand that those who advance the Soviet view say that Mr Abouchar violated a frontier, but I should like to quote an old legal saying which applies in all civilised countries. I shall not quote it in an official language of the European Parliament, but Latin is an international language, 'Nemo audiatur propriam turpitudinem adligans'. 'No-one may plead his own depravity at law'.

The violation of the frontier started with an act by Soviet soldiers. 100 000 Soviets violated the Afghan frontier. They cannot therefore blame Mr Abouchar for something which they did on a grand scale, and if Mr Abouchar did it, it was out of a legitimate desire to supply us with information.

Nevertheless the Group of the European Democratic Alliance considered that the motion should not be confined to a particular case and that was why the members willingly signed a more general motion, to the effect that similar steps should be taken to obtain the immediate release of other people taken prisoner whilst working in their professional capacities.

Ladies and gentlemen, Abouchar has been held in secret for 24 days. This is the way totalitarian regimes think, for them secrecy is all-important. The thought

processes of the totalitarian State involve dissimulation and secrecy, whereas those of the democratic State favour openness. That is why I think that a very large majority in this Parliament which defends human rights and democratic values, will call for the immediate release of Jacques Abouchar.

(Applause from the right)

Mr Stirbois (DR). — *(FR)* If we were amongst the first to table a motion for a resolution, it was without doubt because a member of our Group has already been to Afghanistan.

Four motions for resolutions, with requests for urgent debate pursuant to Rule 48 of the Rules of Procedure, have been tabled on the case of Mr Jacques Abouchar, the journalist imprisoned by the communist or pro-Soviet authorities in Kabul.

He would undoubtedly be reassured if it were possible for him to know about the steps being taken. As the matter is urgent and topical it was decided to propose an amendment which would be acceptable to the signatories to the four motions for resolutions.

The Group of the European Right would have been able to sign the amendment, which referred only to the prompt release of Jacques Abouchar. But the opposition of the Liberal Group made it impossible for us to sign the amendment which would have completely isolated the Marxists on such a fundamental problem as the protection of human rights.

But we must not complain about the attitude of the Liberals, it does make it possible for us to call for a roll-call vote. It is unacceptable for the European Parliament to ask the Government concerned to allow the French journalist the services of a lawyer — who stands accused: Jacques Abouchar, or international communism?

We request that 3 be withdrawn and are surprised that the proposed amendment does not call for the immediate release of the person concerned. It is true that the liberalism of the Liberals is the kind of political liberalism which allowed the socialists and communists to gain power in France in 1981.

Mr Cheysson's kid-glove diplomacy has produced no results. The chargé d'affaires in Kabul has not even been able to make contact with the prisoner. The Soviets are using all possible means to dissuade observers from entering Afghanistan and are trying to make an example of Jacques Abouchar.

Let us remember the two French journalists, François Missen and Antoine Barnaud, who were arrested in September 1980 and spent two months in that notorious prison, Pol Charki.

Stirbois

Last year Philippe Augoyard, a member of Medical Aid International, was captured in January and had to wait till June before he regained his freedom.

No doubt Jacques Abouchar will suffer the same fate, in the conditions described in our motion.

The President of the European Parliament — I shall end here — should not be satisfied with merely forwarding the resolution, which we know will have no effect. He must issue a solemn declaration, thereby conferring on our institution the image it should always have.

Mr Sakellariou (S). — *(DE)* On 7 October 1984 the first death sentence was carried out after the so-called elections of 6. 11. 1983 in Turkey. Eighteen further death sentences are pending. This state-organized murder began with a speech by General Kenan Evren in which he summarized the brutality of his régime in a single sentence of cynical contempt for human life: are we to go on feeding the traitors instead of putting them to death?

We all know how the trials of opponents of the régime are conducted in Turkey. Several hundred persecuted and tortured prisoners sit herded together in front of their military judges. There is little defence and no evidence is put forward. People are sentenced at top speed to draconian punishments, and even to death, on the basis of mere suspicion. They are convicted of such crimes as freely expressing their opinion, belonging to a union or publishing an article. They are also persecuted, tortured and sentenced for another, simple reason: because they belong to the Kurdish population which, in the official view of the Turkish state, does not exist and is therefore not allowed to exist.

Political prisoners and opponents of the régime are all regarded as terrorists in Turkey, and it is disgraceful that such words are used without second thought, forgetting about all the people they were used against in the recent European past. The names of Graf Stauffenberg, Julius Leber and Ernst Thälmann stand for the patriots and resistance fighters of all the countries and political trends of Europe. Without doubt there are terrorists in Turkey today. But we do not call them by their right names. Instead our mass media call them Head of State or President, judge, public prosecutor, deputies, professors and generals.

(Applause)

Elections have been held in Turkey — two in the last year in fact. Some of us hoped the Turkish show elections of 6 November 1983 and 6 March 1984 were a first step in the right direction. Those who thought so were wrong. Even under the current Turkish constitution the parliamentary body is misused by the régime as hangman's assistant. How else explain the fact that a committee of that same Turkish Parliament is res-

possible for permitting the death sentences to be carried out. I am convinced that it is especially incumbent on the European Parliament to condemn the fascist régime of the generals in Turkey and thereby proclaim its respect for the Turkish people, who are united in the fight against the unjust régime, and its solidarity with the prisoners in Dyabakir and Mamaia who have not given up their belief in freedom and democracy.

Mr Ephremidis (COM). — *(GR)* Mr President, our motion for a resolution, signed by colleagues in the Socialist Group, relates to the situation in Turkey. I do not intend to speak about this resolution, however, and I shall vote on the basis of what my colleague, Mr Sakellariou, said a little earlier. Our own motion for a resolution refers specifically to the case of Mahmoud Dikerdem. This man, Mr President, is well-known in Europe, especially in the countries of the Community, because for 30 years he served democratically elected Turkish governments as a diplomat. He has been arrested, is being held in medieval conditions, and has been charged because he has supported the democratic rights of the Turkish people and has been active on the Turkish question. He is suffering from cancer and is expected to die from this horrible affliction at any time. We call on colleagues on all sides of the House to support this resolution on the basis of objective, humanitarian and moral considerations so that Parliament and, we feel sure, its President, can do what is necessary to help free Dikerdem and thus enable him to spend his little remaining time in peace and tranquillity.

Mr De Vries (L). — *(NL)* Mr President, I believe you announced earlier that this resolution had been signed by Mr Habsburg, Mr Dankert and Sir Henry Plumb. The Dutch text contains a few inaccuracies, and Members would therefore do better to consider the English or French version.

Mr President, the Irina Grivnina affair is unfortunately clear-cut, and I can therefore be brief. She is one of those courageous people in the Soviet Union who have been protesting for years against the abuse of psychiatry for political purposes. She has had to pay a high price for this. She has already spent five years in internal exile. The Russian authorities are now making life impossible for her again. She has therefore applied for permission to emigrate. But the Russian authorities have been playing a Kafkaesque game of cat and mouse with her and her family for the past year. They will not allow her to emigrate unless she receives an invitation to do so from abroad. Invitations have meanwhile been issued by the Dutch Parliament and others. But the Russian authorities refuse to accept or reject these invitations. Why is the resolution I am now presenting to you urgent? For two reasons.

Firstly, because last month, on 8 October, Mrs Grivnina made another dramatic attempt to obtain an exit

De Vries

visa for her family and herself. She asked the Chairman of the Presidium of the Supreme Soviet to deprive her of her Soviet citizenship. As a result, she now runs the considerable risk of being rearrested and perhaps exiled for fifteen years on the grounds of anti-Soviet agitation.

Secondly, this is an urgent resolution, Mr President, because a delegation from the Dutch Parliament will be going to Moscow next week. It will be having talks with the Russian authorities and will undoubtedly remind them of Mrs Grivnina's case.

Mr President, the Soviet Union is one of the signatories of the Helsinki Final Act, and it therefore has various commitments to honour. This Parliament enjoys a considerable reputation as a body that champions the cause of those whose rights are trodden under foot. When human rights are violated, this Parliament cannot remain silent. Other parliaments have set us an example. I appeal to you to make a statement now that will give Mrs Grivnina further support.

Mr Alavanos (COM). — (*GR*) Mr President, in view of the fact that both you and the author of the motion for a resolution have gleefully announced that it has been signed by Sir Henry Plumb, Mr Habsburg and Mr Dankert I would like to ask you whether Mr Dankert attached his signature on a personal initiative, in which case I think it would not have been necessary to announce the fact, or whether it means that the Socialist Group is supporting this resolution.

President. — Mr Alavanos, when the text had already been printed, the Members whose names I have just mentioned signed it retroactively, their names not having been on the original document.

Mr Andrews (RDE). — Mr President, once again this Parliament is asked to respond to yet another outrageous attack on a peaceful and innocent demonstration in which a young man was killed and several others seriously injured. The use of plastic bullets in peaceful demonstrations has resulted in more deaths in Northern Ireland than have been caused by those trying to escape from East Germany across the East German border. I think that is a fair indictment of the use of plastic bullets.

Mr Paisley said yesterday that a constituent of his had died from having been shot by a lead bullet. I want to say to Mr Paisley that I, and I am sure all the Irish Members who seek a peaceful solution to the tragedy of Ireland, regret the death of his constituent as much as he does. We also regret the death of those who die by the use of plastic bullets which, I must remind you, are being fired in the main by Irishmen against Irishmen, by Europeans against Europeans, if you like. We hear a lot of talk about human rights and we see them abused so roundly in this way.

The most recent development of the plastic bullet machine gun by the British Government is simply another indication that the British Government will respond to resolutions of this House only when it suits them. I think the negative attitude that I have found on the part of the British Members in this Parliament to the concept of Europe is reflected in their lack of response to the use of the plastic bullet. In England, Wales and Scotland the plastic bullet is not used, but it is used on Irishmen by other Irishmen who have been instructed by the British in its use. It has wrought havoc on our people and it is a further tragedy for us that this has happened.

I appeal to this House to give its full support to this motion for a resolution and thus help to bring an end to the unnecessary use of plastic bullets. I ask the House to support the motion for a resolution by voting for it.

(Applause)

Mr Newens (S). — May I just say on a point of order that it is not correct that all British Members here have supported the use of plastic bullets. In fact, Members of the British Labour Group here have consistently opposed the use of plastic bullets. The Labour Party Conference is on record as being against plastic bullets, and it ought to be made very clear indeed here that British Members who support the use of plastic bullets, as far as I am aware, belong solely to the European Democratic Group and the British Conservative Party.

We in the British Labour Group are absolutely and completely opposed to the use of plastic bullets in Ireland or anywhere else.

(Applause)

President. — Mr Newens, that was not a point of order but a contribution to the debate.

Mr Pelikan (S). — (*FR*) Mr President, colleagues, I wish to express my support and that of the Socialist group for the resolutions tabled by our colleagues of the PPE and the Liberal group, and in particular for the joint amendment which condemns the detention in Afghanistan of the French television journalist, Jacques Abouchar. It is completely ridiculous for this journalist to be accused of violating the frontier, when, as the newspaper *'Le Monde'* observed yesterday, more than 120 000 Soviet soldiers violated and have continued systematically to violate the frontiers of Afghanistan for almost 5 years.

Our colleague, Mr Abouchar, was arrested whilst carrying out his professional obligations. Some of us will say that the facts should not be over-dramatised, as Abouchar will be sentenced and then released. What is

Pelikan

unacceptable to us is the use the Soviet authorities wish to make of it. As has been remarked already, it was the Soviet ambassador to Pakistan, Mr Smirnov, who said for the benefit of journalists throughout the world, that they must no longer try to enter Afghanistan, because they will be killed.

The Abouchar case is thus being used to dissuade journalists from carrying out their duty of providing information about Afghanistan, for which it is virtually impossible to obtain visas from the authorities in occupation.

This arbitrary act reminds us once again of the dramatic situation in that country, where a cruel war ranges the Afghan people against the forces of the Soviet invasion, an invasion which has several times been condemned by the European Parliament.

I shall therefore take this opportunity of calling both for the release, the immediate and unconditional release, of the journalist, Jacques Abouchar, and for recognition of the right of the Afghan people to peace and independence.

(Applause)

Mr Habsburg (EPP). — *(DE)* Mr President, I can only support what Mr Pelikan has just suggested and said, namely that one of the most basic characteristics of a totalitarian system is the attempt to prevent the free flow of information. Here we have a clear case of this nature. Journalists are discouraged from doing anything and give the totalitarians the awful privilege of being able to commit their crimes unbeknown to their own people and the people of the world.

In the Abouchar case we must therefore not only look at the personal drama, for which we should feel responsible since he is after all a European journalist. We must be even more concerned about the future of freedom of information, about the future of the free flow of information, that is to say also about the questions of human rights. To this end we must clearly and plainly state our opinion that Mr Abouchar is not — as it would appear — a spy but that a journalist is being prevented from doing his job; it is up to us to demonstrate our unconditional solidarity with him.

Here I would like to endorse a statement by my friend Luc Beyer de Ryke, who quite rightly said at the beginning that Parliament should send a witness, a representative to Kabul to attend the Abouchar trial which has already been announced. We should call on our governments to do something about this case. Finally, may I offer one more suggestion. You know that one of UNESCO's tasks is to ensure freedom of information. UNESCO operates in Afghanistan and makes finance available for teaching Afghans Russian.

That is not sufficiently wellknown either; but we should at least call on UNESCO to make use of its

presence there to do its duty and stand up for Abouchar and for freedom of information.

(Applause from the centre and right)

Lady Elles (ED). — Mr President, I wish to refer to the motion for a resolution tabled by Mr Lalor and others on the use of plastic bullets in Northern Ireland.

I and all of us who abhor violence regret very much the death of Sean Downes. I think this is a universal sentiment and it is certainly shared by my group. However, I must say that I do also regret the callous disregard of some of the Members of this Parliament who express regret at the death of this young man but fail to express regret at the death of several people who had the task of maintaining law and order in Northern Ireland and of those innocent people who have been killed as a result of terrorist activities and rioting in the province of Ulster. I would remind the House that in the last six months in Northern Ireland 19 civilians have been killed and 210 injured, there have been 13 Army and UDR deaths and 45 injuries and 7 Royal Ulster Constabulary and Constabulary Reserve deaths and 104 injuries. These are the people who have the task and the duty to maintain law and order in Ulster. They too left widows and children when they were killed trying to do their duty maintaining law and order. I would like to see this House expressing regret at the death of these people as well as at the death of Sean Downes.

I would remind Mr Newens, who took advantage of a procedural motion to make a substantive comment, that it was the British Labour Government that introduced plastic bullets into Northern Ireland to replace the use of rubber bullets. I do not know if Mr Newens was at that time a member of the House of Commons and supported the Labour Government, but nevertheless it was a British Labour Government that introduced plastic bullets. This should be recorded in this Parliament.

Mr Andrews is right. We do not have plastic bullets in England, Scotland or Wales because we do not have terrorist activities by the IRA or rioting on the streets, threatening the lives of innocent civilians. This is also to be recorded. It is one thing to deal with demonstrations which are peaceful. Peaceful demonstrations in Member States are one thing, but anybody who has seen the rioting in Belfast — John Hume is here and he will at least acknowledge this fact — and the use of acid bombs, petrol bombs and blast bombs in Northern Ireland knows that that is quite another matter, that it is not a peaceful demonstration.

Weapons found in the Irish Republic — and I congratulate the Irish Government on the line they have taken and the activities of their security police in arresting a ship and seizing the cargo of that ship which comprised hand grenades and machine guns —

Elles

were not for peaceful demonstrations in the Republic of Ireland. I do not think anybody would believe that. They would have been used against innocent civilians in Northern Ireland if they had not been captured by the Republic of Ireland security police. These are the things that Britain has to contend with.

I would point out that of course we regret the death of Sean Downes. The use of plastic bullets is regrettable. The government is always studying new methods of trying to control riots. It will continue to try and find new methods, and a proper investigation is now looking into the use of plastic bullets.

Mr Trivelli (COM). — *(IT)* Mr President, it is right that we should concern ourselves with the case of the journalist Jacques Abouchar and it is right that we ask that, if there are charges against him, he should either be put on public trial or freed. Our position on this is consistent with our stand on Soviet intervention in Afghanistan which we have condemned and which we hope to see ended by appropriate political means.

We are in favour of freedom of information. But we are opposed to the tone of the joint motion — and because the tone is also important, we shall abstain from the vote. We did vote, for instance, for the Liberal and Democratic Group's motion which was both firm and fair, but the tone of the joint motion, which is not objective, which is prejudiced and indeed partisan, not only does nothing for the stated purpose of obtaining the release of the journalist Jacques Abouchar, but is clearly aimed at other ends.

In view of this, I feel that Parliament could have found a more effective and more united method of achieving the purpose of the defence of freedom of information. We hope, nevertheless, that the Abouchar case will find a speedy solution in the journalist's release.

Mrs Veil (L). — *(FR)* Mr President, colleagues, every session, unfortunately, we have to discuss respect for human rights somewhere in the world and to take some kind of action.

In the majority of cases we intercede on behalf of others, partly from a desire to show solidarity, but also to give expression to the European way of life, since in our different countries we have the privilege of enjoying respect for human rights, and to show that all men have the right to have their freedom respected.

But today there is something special about the debate. We are in fact fighting for the rights of the citizens of Europe, the citizens of the Community. It is in fact their freedom, the freedom of us all, which is threatened by the detention of Jacques Abouchar, because we are of course all united and we wish for Jacques Abouchar's release to be effected as quickly as possible on a human level.

We have to be aware of the tact that by seeking to intimidate all journalists, and not just journalists but anyone, who might want to go to Afghanistan, the Soviets are today calling into question our very right to freedom of information!

That is why we have to fight, in the knowledge that it is a test: either we are able to show our desire for this release, so as not to yield to intimidation, and we shall retain our freedom, or, if we are not capable of that, we know that we shall be threatened from outside and that anything which we do internally will be of no avail, because ultimately the Soviet Union, or any other totalitarian power, will be able to put an end to the freedom of the citizens of Europe!

So we trust our journalists. We know that they will not allow themselves to be intimidated. But those journalists need our help, because today their courage is not enough, they must also know that we are solidly behind them.

(Applause)

Mr Staes (ARC). — *(NL)* Mr President, as regards Turkey, I should like to inform Members that the Council of Europe has drawn up a confidential report, the Pieter Stoffelen report. I have it here with me, and anyone who wants a copy can have one. The conclusion the rapporteur draws is that Turkey cannot at present be considered a normal parliamentary democracy. On the subject of political prisoners in Turkey the report also says that, if the position referred to is indeed that of the Turkish government, Turkey cannot and must not remain a member of the Council of Europe. His general conclusion is that some slight progress has been made in Turkey, but he described the reactions he has had from the Turkish authorities as very disappointing and discouraging. He therefore considers what the régime describes as progress towards a more democratic system to be very limited and completely inadequate. The report was adopted by the Legal Affairs Committee of the Council of Europe. I would also remind the House that the 1984 supplementary budget again includes an amount of 46m ECU for Turkey under item 9630. We must be consistent in our criticism, and this amount must not be approved. I support the appeals that have been made by Mr Ulburghs and other Members.

Mr Paisley (NI). — Mr President, the motion for a resolution by Mr Lalor and others before this House states that they have an anxiety to safeguard human life. I do not believe that this Parliament has any jurisdiction over this matter, as it is a matter of internal concern for the Government of the United Kingdom. Yet I feel, coming as I do from Northern Ireland, that I must raise my voice in defence of the Royal Ulster Constabulary, the Royal Ulster Constabulary Reserve, the Ulster Defence Regiment, the Territorial Army and the members of the Army in Northern Ireland.

Paisley

These have come under continual and savage attack from rioting mobs that use petrol bombs, acid bombs, blast bombs and also lead bullets against them. Their defence in riot situations has been the plastic bullet. I would say that the plastic bullet is to be preferred in such circumstances to the lead bullet. The IRA do not fire plastic bullets at them. They fire lead bullets to kill them. I want to put on record a matter about the agonizing being done by some people on my right-hand side. I have followed too many funeral processions and prayed in the homes of too many widows and orphans not to know the reality of the agony that is taking place in Northern Ireland today.

I must also put on record that the internment rally that has been referred to was an illegal rally, in breach of the law. It followed a procession that was in breach of the law and it was also for the purpose of exploiting a breach of the law to give a Mr Galvin from Noraid in America an opportunity of addressing the crowd. This House needs to know that this man was banned from the United Kingdom by the United Kingdom Government. Mr Sean Downes had been convicted of IRA membership. He also was in the act of attacking two police officers, and that came out on a film shown by RTE and not by the BBC. That must be put on the record.

What is more, I consider it real hypocrisy for Irish Members to bring this matter to this House when they do not condemn their own government. In this House yesterday the President-in-Office of the Council had to admit that the Irish Government had used rubber bullets. They have no plastic bullets, but he did not deny that they had quite a lot of rubber bullets. An organization of concerned teachers in Northern Ireland said that it seemed inconsistent of southern politicians to express concern at the British use of plastic bullets in the North when they themselves have stored rubber bullets in the South.

Mr Beyer de Ryke (L). — (FR) Mr President, just a brief remark on a point of order. I think that in future it would be better to do as we have done in the past — and it will in no way obscure the debate — and that is to group subjects in order, because at the moment we are going from plastic bullets to Turkey, from Turkey to Abouchar, and so on . . . I think it would be far better to keep to some kind of order. I think that the discussion of our views would only gain by it.

President. — Mr Beyer de Ryke, I shall certainly take note of that, but you know as well as I do that this is what has been decided by this House. We all agreed on this list and on this manner of proceeding.

Mr Graefe zu Baringdorf (ARC). — (DE) Mr President, could you possibly ask Mr Paisley whether he has not only been to funerals where he has carried victims to the grave but has also been to meetings where

he has preached hatred and thereby exacerbated the conflicts in Northern Ireland?

President. — Mr Graefe zu Baringdorf, that was not a point of order. However, there is nothing to stop you asking Mr Paisley about it yourself.

Mr Saby (S). — (FR) Mr President, the detention of Jacques Abouchar, a French journalist, who was simply following his trade in Afghanistan, namely searching for and recording the truth, is unacceptable on more than one count. The French socialists have always condemned any attack on freedom and any impediment to truth, from whatever quarter they come.

The European Parliament must do as the French Government has done with all the parties concerned, and call for the representatives of France to be allowed to meet their compatriot and to obtain his freedom and return without delay, in accordance with international practice.

That is why, Mr President, we shall vote for the resolution and the compromise amendment.

Mr McCartin (PPE). — Mr President, I support this motion for a resolution by Mr Lalor. This motion for a resolution we have had in the old Parliament. It was adopted by Parliament, but the voice and opinion of this Parliament, expressed by the vast majority of its Members, has been ignored by the British Government. We are not surprised that they do this. They continue to ignore the voice of this Parliament on matters in which this Parliament and the Council and the Community in general have direct competence. I am sure they will continue to ignore the voice of this Parliament in a matter of security.

I want to make clear the position of the Irish Government. In the interests of peace and security in the island of Ireland, it has condemned the use of plastic bullets because, as has been pointed out, the rules laid down by the British Government itself for the use of this weapon have not been observed by the security forces in Northern Ireland. For that reason the Irish Government feels that the use of this weapon should be discontinued. The Irish Minister stated yesterday that the Irish Government has not used, and will not use, rubber bullets for the control of crowds in Ireland. I support this and I hope that the House will give its support to the resolution.

Mr Kuijpers (ARC). — (NL) Mr President, ladies and gentlemen, we fully endorse Mr Lalor's motion for a resolution. On Sunday, 12 August a young Irishman was needlessly shot down. This happened even though the European Parliament has almost unanimously condemned the use of plastic bullets on several

Kuijpers

occasions in the past. This new Parliament can therefore but ask what account the Council of Ministers — which is where the final decisions are taken — and the British Government take of this Parliament's independent decisions. I do not want to repeat what has already been said about violence. In the final analysis, there is only one fair way of preventing this unnecessary violence in a part of one of our Member States: the restoration of sovereignty over Ireland to the Irish and the withdrawal of the British occupying force, which is still in Northern Ireland.

Mr Kyrkos (COM). — (GR) Mr President, the execution of the young Turk, who was sentenced four years ago, is the first one for 16 months and was carried out with the acquiescence of the so-called Turkish Parliament, elected in the supposedly free elections. That Parliament has washed its hands in blood. I totally support Mr Sakellariou's motion, and while we are debating human rights and rightly protesting about journalists being prevented from carrying out their duties we ought to keep in mind a young Turk who climbed to the gallows and lost his life and that there are dozens of others awaiting the same fate. Would not also this Parliament be washing its hands in the blood of the Turk were it not to rigorously condemn what is going on in Turkey? Or perhaps we should carry on backtracking in relation to events in Turkey, closing our eyes when we have rigorously condemned the imposition of military rule because a powerful lobby — in this place as well — is out to persuade us that events in Turkey are developments along the road to democracy.

Colleagues, in the name of the most elementary of human rights we implore you to adopt the Sakellariou resolution.

Mr Ulburghs (NI). — (NL) Mr President, referring to the question of human rights in Turkey, I wish to say that I visited Turkey between Christmas and the New Year as a member of a Belgian parliamentary delegation. I was privileged to meet a number of lawyers and former prisoners, mostly women. I visited the notorious Mamak prison in Ankara, where 500 young people are serving sentences for political crimes. They all told us about the torture and inhuman treatment they had suffered. I therefore consider it important for there to be an open debate in the future on this question of human rights in Turkey. However, I shall withdraw my amendment No 662/1 because I have been assured that Community aid to Turkey will be suspended until human rights are restored.

Mr Hume (S). — Mr President, in response to remarks by both Lady Elles and Mr Paisley, I would like to point out to this House that, in supporting the motion for a resolution tabled by Mr Lalor and others, we are not discussing the activities of terrorist or paramilitary organizations in Northern Ireland, whose

atrocities and activities we all condemn without reservation. What we are discussing is the attitude, policy and activities of governments in dealing with particular situations, because if governments ever reduce themselves in their methods to the level of terrorist organizations, then they are promoting terrorism themselves on a very wide scale.

On behalf of the Socialist Group, I unequivocally support the motion for a resolution tabled by Mr Lalor on the question of plastic bullets. It is completely in line with the resolutions put forward by this group at the last part-session and, indeed, in the last Parliament, and it is completely in line with the resolution adopted last week by the British Labour Party.

We are referring to the use of plastic bullets in Northern Ireland. But nobody should be under any illusion about the fact that Northern Ireland is being used as a pilot area for the use of this deadly weapon. Indeed, the miners in Britain may discover that they are to be its next victims, and if that happens, then the people of Britain will understand what I am talking about: about the effect of such a weapon on a community, because the use of that weapon has done more to increase support for violent organizations than anything else. If you look at the tragic death of Sean Downes, does anybody doubt that the international coverage given to that was an immense propaganda victory for the Irish Republican Army and for the forces that support violence in Ireland?

The plastic bullet is a lethal weapon. Those are not my words, they are the words of a British Home Secretary who is now the deputy Prime Minister of the British Government. He used those words to defend the fact that plastic bullets were not being used in England, Scotland and Wales. Yet this lethal weapon is being used on the streets of Northern Ireland. Most civilized societies have abolished the death penalty for very serious offences. Anybody who uses a plastic bullet to control a demonstration in the streets knows that there is a serious probability of the death penalty being administered. Indeed, twelve families in Northern Ireland have the certainty that the death penalty was administered — many of them acknowledged as totally innocent people engaged in no criminal activity of any description.

Mr President, this Parliament has before condemned the use of these bullets. Let us do it again without reservation. And at last would the British Government please listen to concerned objective opinion in the European Community, of which it is a member?

(Applause)

Mr Schwalba-Hoth (RG). — (DE) Mr President, we are talking about current violations of human rights, which must be condemned, but are forgetting that the day before yesterday nearly all the freedoms were sus-

Schwalba-Hoth

pendent not far from here in Lüchow Dannenberg in the Federal Republic of Germany. Why? Since the people of Wendland voted by a majority against the installation of a nuclear dump and the courts had not yet come to a decision, we saw scenes of near civil war the day before yesterday when the first nuclear waste was brought there.

Fifteen hundred policemen barred the roads, would not let residents leave their houses and farms, took demonstrators into preventive custody, let the air out of car tyres, searched cars and set dogs on people engaged in non-violent sit-down protests. They beat up passers-by on the road side and — and this is of direct concern to this Parliament — hit Undine Bloch von Blottnitz, the Member sitting next to me, with a truncheon, even though she identified herself as an MEP, and tried to grab her diplomatic passport.

I believe this Parliament must prevent the methods used by nuclear powers from becoming a matter of course, for they are always a violation of human rights.

Mr Giolitti, Member of the Commission of the European Communities. — (IT) Mr President, the Commission has studied carefully the various motions for resolution tabled by Honourable Members on matters concerning human rights.

The Commission has always fully respected the fundamental rights enshrined in the national Constitutions and has ensured their strictest observance, as the Commission's performance in the exercise of its powers and in its efforts to attain Community objectives demonstrates.

The Commission makes use of all the the political, and also economic, means available to it to promote respect for human rights within the framework of the Treaties. But the Commission must point out that the conduct, with respect to such rights, of authorities other than the Community Institutions cannot, of its nature, be regarded as coming within the scope of Community law and hence of the Commission's powers as guardian of the Treaties.

As regards, therefore, areas which do not fall within its sphere of competence, the Commission is of the opinion that in the majority of cases the best way of bringing home to the authorities of the countries concerned the importance attached within the Community to human rights and the profound concern of Community public opinion for results obtained in this respect, is to pursue the method of raising each problem, as it arises, in bilateral political contacts.

As regards the specific cases to which the various resolutions refer, the Commission has the following to say: In the case of Jacques Abouchar, the Commission joins wholeheartedly in the anxiety which has here

been expressed for the fate of Mr Abouchar who has been held by Soviet and Afghan forces in Afghanistan and it shares in the concern for the principle of freedom of information which has thus been challenged.

The question of a possible *démarche* lies within the competence of the Presidency within the framework of Community political cooperation. The Commission has pointed out that the resolutions in question are in fact essentially addressed to the Presidency and the Foreign Ministers.

Concerning Turkey, the Commission fully associates itself with Parliament's resolution. The Commission has on several occasions stressed its desire that Turkey should strictly observe human rights.

On the other resolution which also concerns Turkey, I would observe that the question of a possible *démarche* lies with the Presidency within the framework of Community political cooperation.

As regards the resolution on plastic bullets, this matter concerns the policies of individual Member States and it is for each of them to adopt a stand on the matter.

With regard to the resolution on the abuse of psychiatry in the Soviet Union, the Commission considers that, given the scope of its own powers, and particularly in the absence of diplomatic relations between the Community and the Soviet Union, assessment of the political advisability of the diplomatic move for which the resolution calls lies, once again, with the presidency within the framework of Community political cooperation.

President. — The debate is closed.

(Parliament adopted amendment No 1¹ replacing the first four motions for resolutions and adopted the remaining motions for resolutions in successive votes)

Educational freedom in Malta

President. — The next item is the debate on the motion for a resolution (Doc. 2-645/84) by Mr Antoniozzi and others, on behalf of the Group of the European People's Party, on the serious situation jeopardizing educational freedom in Malta.

Mr Antoniozzi (PPE). — (IT) Mr President, ladies and gentlemen, two themes keep recurring in this

¹ *This amendment was tabled by Mr Baudis and Mr Croux, on behalf of the Group of the European People's Party, Mrs Charzat and Mr Hänsch, on behalf of the Socialist Group, Mr Prag, on behalf of the European Democratic Group, Mr Donnez and Mrs Veil, on behalf of the Liberal and Democratic Group, and Mr Costè-Floret, on behalf of the Group of the European Democratic Alliance.*

Antoniozzi

debate and they are topics, various aspects of which have more than once been discussed in this House.

The first has been the subject of continuous active endeavour on the part of this Parliament and of its Political Affairs Committee and it concerns our support for human rights, one of the most fundamental among these being that of freedom of education.

By voting this emergency resolution Parliament will reaffirm its determination to see these freedoms respected. They are, unfortunately, often violated or restricted because of contingent phenomena or of local bad habits. What is the value of a signature on the Helsinki declaration, what is the meaning of supporting UN or Unesco decisions, if in practice we see conduct quite different and contrary to these?

From these general considerations, let me pass to the second theme with more specific reference to Malta, its Government and the methods it employs. In the context of human rights the European Parliament has on several occasions concerned itself with the peculiar methods of implementing democracy in that country. It has nothing to do with socialist or Labour ideology, everything to do with the way these ideas are interpreted in that island.

I feel therefore that all the political parties here represented will back our stand in defence of human freedoms, of democracy and of independent schools in Malta. This Parliament cannot acquiesce in what has been happening in Malta, especially as it has been accompanied by violence against Church personalities and property. Malta frequently asks for contact, talks cooperation, and aid from the European Community. It is logical to demand that Malta should honour its democratic obligations if it wants to maintain and develop contacts with the Community. The methods it habitually employs are not calculated to strengthen our mutual relations and if it continues along this path, they are likely to be jeopardized.

Let us therefore vote, ladies and gentlemen, in support of human rights and all fundamental freedoms, including that of education, and let us prove once again that the European Parliament maintains its role of authoritative forum for the defence of the dignity of man and of standards by which peaceful human coexistence can be judged. We must be careful not to be complacent in the face of those who by introducing discrimination, seek to restrict freedom. In such situations we can never know where the process will end. We have grave historical precedents which warn us of the consequences of the limitation of freedom. Let us bear them in mind and let us stand up for freedom in its broadest sense, whose standard-bearer in our role of representatives of the peoples of this continent, we are certainly entitled to be.

(Applause)

Mr Lomas (S). — Mr President, there have been problems between Church and State in Malta for many years. In the 1960s the Church even threatened to excommunicate anybody who voted Labour. There are difficulties, and that has got to be admitted. It is an uneasy relationship and occasionally it erupts into the tense situation that we have today. I regret that this sometimes leads to violence. We regret that, of course we do. But what we have got to do is to try to make some helpful proposals.

Now, what is the cause of all this tension? I have the proposals here for reforming the educational system. There are four basic main elements. They are that all children in Malta should be entitled to free education, in Church schools as well as State; that there should be no discrimination as regards entry into those schools; that all teachers should be properly qualified; and that the curriculum shall be such as will give a good education. These are very moderate demands. They are what we have had in European Community countries for decades. I would like to know what all the fuss is about and why this motion talks about inhibiting freedoms when it is exactly the opposite. Free education extends freedom, it does not inhibit freedom. The Maltese Government has made it clear that in the existing church schools which provide free education, which receive government subsidies, there is no interference in the running of these schools nor will there be any in the other church schools.

The Church says, Mr President, that it cannot afford to give free education. Well, I think this is at the very least arguable. But, even if that were the case, the Maltese Government has offered to give subsidies, even on a pound for pound basis, to those schools that cannot afford to provide free education. It is a scandal that sheer dogma should not only be preventing children in Malta from getting free education but at the moment is preventing some of them from getting any education at all, as church schools refuse to accept the new laws.

I believe, Mr President, that our amendments and those from Mr van Aerssen are reasoned, helpful amendments, far better than the motion which is provocative and can only exacerbate the situation there.

Incidentally, I hope this is the last time that the opposition party in Malta uses this European Parliament to fight its battles. Mr President, this issue has nothing at all to do with human rights, it has nothing to do with religion because practically all the Maltese are Catholics anyway. It has everything to do with progress in education and with the rights of Maltese children to have free education.

Mr Zahorka (EPP). — *(DA)* Mr President, no Member of the European Parliament can remain indifferent when they see the current Maltese Government, the government of a member state of the Council of

Zahorka

Europe, tolerate a police force which, with or without government instructions, takes no action when demonstrators commit acts of violence. We have had and still have threats of attacks against the highest court in Malta, we have acts of violence against priests and teachers, church doors are daubed with graffiti, windows broken. For two hours, a furious mob in Malta destroyed religious statues, paintings, furniture and windows at the Archbishop's seat, while the police stood fifty meters away and did nothing.

Private church schools are being closed and since the minister of education and designated successor of the President has no faith in the police, he gets his own friends to blockade the schools. That is what it said yesterday in the French paper 'Libération', which is certainly not a Vatican organ, Mr Schmidt of the SPD!

Dom Mintoff is evidently trying to dissociate his country from free Europe, from the democratic states. It is the declared intention of his government which, incidentally, totally controls radio and television, to have a one party state by the year 2000. I find it incomprehensible for any Labour Party colleague to say that this is not an attack on freedom. In this member state of the Council of Europe, judges have even been switched in the middle of a trial, secret ballots are not permitted in parliament and 51% of voters form not the government but the opposition. Even a non-Socialist like myself can no longer describe Mr Dom Mintoff's policy in Malta as socialism. To put it bluntly, it is a tendentious, Mintoffian crypto-Stalinism and Maltese domestic policy is a continuation of Libyan foreign policy.

I therefore ask you to include our group's motion for urgent debate in the debate on human rights.

Mr Alavanos (COM). — (GR) Mr President, unfortunately for Mr Antoniozzi the Pope is a Pole and not a Maltese, or a Czech as Mr Pelikan would very likely prefer. I say this because, as Mr Lomas has said, it is clear that a specific attempt is being made to interfere in Malta's internal affairs, using the dispute about educational issues between that country's government and the Catholic Church as a pretext. This being the case, the assertion in paragraph 2 of the motion for a resolution calling on the Council of Ministers to contact the Maltese Government with a view to ensuring the right to private education in Malta, an independent, sovereign state which is not even a member of the EEC, is totally unwarranted. And how much more so when we cannot ensure respect for basic human rights in the countries of the Community, when there is the Berufsverbot in the Federal Republic of Germany, plastic bullets in Northern Ireland, and so much else besides. Also let us not forget that the educational reforms being introduced by the Maltese Government are in line with its election manifesto which the people of Malta endorsed, and part of a set of compromise

proposals to the Catholic Church as mentioned by Mr Lomas. From the Catholic Church, on the other hand, there is an attempt to heighten tension and encourage intervention from abroad. It is characteristic that the Catholic Church has not accepted the compromise proposals and that the Archbishop has not had the courage to appear on television where he would have been free to present his case. However, he has started to close hospitals and for the purpose of stirring up this trouble is refusing to respect not only the right to education but also the right to hospital care.

In the light of this, Mr President, I believe that the attempts by certain colleagues to import the French example, to use the supposed right to private education in order to induce negative political developments in the direction of conservatism, and in Malta of all places, will fail.

Mr Guermeur (RDE). — (FR) It is not my intention to meddle in the internal affairs of another country, but I should like to mention that a European charter on human rights was adopted and confirmed by vote in the national parliaments, and that charter, which is based on the universal declaration on human rights, affirms certain values which are recognised by all citizens and all governments in our Community: in particular, the absolute freedom for every family to choose schools for its children, to choose an education for its children, without their choice being dictated by whether the financial burden is greater here or there. Pluralism should be the basis of education, and any attack on that pluralism, for whatever reason, must be condemned by our Parliament. That is the reason why I shall support the motion for a resolution which has been laid before us.

Mr van Aerssen (EPP). — (DE) Mr President, I endorse what Mr Lomas and the previous speaker said. It is not a question of interference in the domestic affairs of a member state of the Council of Europe but of fundamental respect for the right of parents to choose their children's school. Mr President, since you have three young children you must understand how a father feels if his school is simply closed down and his children are not allowed to be taught.

My second point is the method used. The church has offered to talk with the government in Malta. The Pope himself did this as representative of the Vatican. These talks were refused. That is no method for anyone seeking a compromise.

Thirdly, the Maltese parents' associations have confirmed that they do not want to interfere in internal matters of policy but want to talk with the government on the basis of their views as parents. In my view their attitude must be respected, if our Parliament has made it clear that we want good relations with Malta.

van Aerssen

I would like to call my colleague Mrs Baduel Glorioso as witness that we discussed the question of the future of the financial protocol in the Committee on External Economic Relations.

To the assertion that the schools are élitist and privilege a certain section of the population, I can only reply that 85% of the pupils in these private schools are the children of workers. If parents cannot afford the fees for these schools, the child can be educated there for free. All children have free access to these schools.

For these reasons I am in favour of this resolution. We Europeans should tell the government in Malta to abandon its somewhat one-sided position.

Mr Barzanti (COM). — (IT) Mr President, with reference to the debate on the schools situation in Malta, I wish to state that our Group is firmly in favour of freedom of education which, obviously, forms part of those fundamental freedoms which should be safeguarded by every state. We feel, however, that the Community can make its position clear while respecting, by exercising the requisite prudence, the autonomy of each state in internal affairs, and that includes Malta.

We are in favour of a solution to the problem that is based on tolerance and equity and excludes all privilege and all repression of freedom whether of the family or of the individual.

We shall thus be voting for the amendments tabled by the Socialist Group which, in our view, express a substantially correct approach, taking due account of lay attitudes, to this question which we wish to see resolved in a spirit of tolerance and constructive debate.

IN THE CHAIR: MR ALBER

Vice-President

Mr Narjes, Member of the Commission. — (DE) The Commission is endeavouring to keep a close eye on the developments in the internal situation in Malta, especially where it concerns the association agreement linking Malta with the Community since 1972. However, the Commission has no detailed information on the education policy incidents which are the subject of today's debate. Should it turn out that the conflict in Malta reaches a point where human rights are violated, the Commission will not hesitate as in the past to condemn such practices openly.

President. — The debate is closed.

(Parliament adopted the resolution)

Appointment of women to the new Commission

President. — The next item is the motion for a resolution (Doc. 2-637/84) by Mrs Lenz and others on the appointment of women to the new Commission.

Mrs Lenz (EPP). — (DE) Mr President, the appointment of women to international positions by the Member States of the European Community is a major sign of the importance of the position of women in public life. In Brussels, the former minister for family, youth, culture and social affairs held the job of Commissioner in the Commission. This was not only because of an unwritten political system of proportionality; she was also good at her job. She is now succeeded by a man from the European Trade Union Federation. Mr President, that is what could have been reported in a German daily newspaper if the Member States had really responded to the wishes expressed on several occasions — most recently in this year's major resolution on women's policy — by the European Parliament and had proved their support for the objective of the full equality of women by making the appropriate appointments to the Commission.

We have requested urgent procedure in order to draw attention to this demand yet again, at a moment when all the Member States are promising they want to take positive measures in favour of women. One woman Commissioner, one first female member of the Commission, would not be some strange phenomenon endowed with unheard-of expertise. She would join, or even come from the ranks of able women politicians now working in all the European Community parliaments, or as head of state or government, as minister, as president of parliament, bank director, chairwoman of trade unions and groups, and so on, to give only a few examples. But there is nothing — and I address these words to the appointed President of the new Commission — to prevent anyone from acting wisely and progressively at the next opportunity that presents itself. We say this in unison with the many European women's associations which have sent us telegrams. Perhaps there is still a chance for the European Community to demonstrate its great concern for the equality of women in the person of a member of the Commission.

(Applause)

Mrs Wiczorek-Zeul (S). — (DE) Honourable Members, 53% of the population of the European Community are women. In fact, more women voted in the elections to the European Parliament than men. And yet, when they appoint members of the Commission, the governments try to serve us a purely male selection, a selection of patriarchs. We find it totally unacceptable for no women to be represented there! This fact alone — which is not mentioned in our resolution

Wieczorek-Zeul

— would suffice for a vote of no confidence in a future Commission.

An appropriate number of women does not mean a token woman either. We are fed up always seeing just one woman represented in whatever capacity; that is certainly not the object. The point is to ensure a genuine representation of the population on the Community bodies too.

We should really pass our vote of no confidence on the governments, for it is their appointments procedure that produces the situation Mrs Lenz described. We appeal to everyone, and to Mrs Lenz too, to use their influence to ensure that the Federal German Government, to take one instance, also appoints women. For it can take its own decision in this matter.

So we must approach the governments too. And it is typical of the majority of conservative government that they are in any case set on reducing the rights of women and worsening their social situation. We — and I notice that we also have patriarchs in the European Parliament — also endorse Mrs Cinciari's motion, for representation on the basis of gender alone is certainly not enough. We can see from the example of Mrs Thatcher that even a woman can pursue an anti-women policy.

We hope the Commission as a body will stand up for a women's policy in accordance with the decisions of the European Parliament, and we want to help ensure it with this resolution.

(Applause from the left)

Mrs De Backer-Van Ocken (PPE). — *(NL)* Mr President, ladies and gentlemen, when Napoleon asked General Kléber why he was not attacking, Kléber answered: 'I have three good reasons. The first is that I have no cannons.' Napoleon then said: 'All right, keep the other reasons to yourself, that's good enough for me.' Not a bad joke, but it becomes unkind, unfriendly, insincere and unjust when it is applied to the question of women in the Commission. A Parliament which has a large percentage of women members cannot regard it as normal for there to be not one single woman in the executive. We have had contact with very many very capable women in the Member States, and they are not members of my party. So suitable women are available.

We have a great deal of respect for the work done by the Commissioners, but they would surely be the first to admit that their work is not beyond human capabilities. I therefore see no reason why there should not be women in the executive of a Community in which women account for 54% of the population. Or is it perhaps that, while men agree that women have their place in the advisory and legislative bodies, they still consider the executive to be their own hunting

ground? That would be extremely deplorable, not only for women but also for men and for the whole of the Community.

We therefore call for pressure to be brought to bear on the governments of the Member States to persuade them to change their minds and appoint women to the Commission and so make it more balanced. This would undoubtedly bring the Community closer to the people, which was one of the premises adopted in Fontainebleau.

And it might also make policy, European policy more harmonious and more human.

Mr Jepsen (ED). — *(DA)* Mr President, when we were discussing this matter in the Committee on Women's Rights, I declared that I could not vote in favour. My group has since elected to support the report. I have maintained my reservations since I find the procedure involved extremely repugnant, and I am therefore speaking in my own name. There is no information to what extent there are women in the various Member States who wish to become Commissioners. Most Member Governments have already designated individuals who are to fill the posts and in my opinion it is not only wrong to attempt to promote women in this way, but it is also too late.

Instead, we should be going home to our respective countries and working to ensure that some women interest themselves in becoming candidates in the future since I have no doubt that there are many women who are fully qualified for these posts. But I trust that the first woman Commissioner will be appointed solely on the basis of her qualifications and not as a result of pressure from us. Knowing that she is there because she has the appropriate qualifications, she will be that much stronger, and this is an assurance she needs. Women who are entitled to a place in the Commission have no need of special treatment.

(Applause)

Mrs Crawley (S). — Mr President, it is a matter of deep concern to me that my first speech in this Chamber must be one of outright censure on the Member States of this Community.

Let me reiterate the indisputable fact that women make up the majority of this European Community. Their work and their labour has contributed to the wealth and the prosperity of this Community. And yet here we are introducing the new Commission and once again women are being totally ignored. In 1980 this Parliament adopted a resolution stating that it was essential for women to be properly represented in the Commission. Mr President, so essential that here we stand four years later pleading and begging for our rightful representation. Directives and opinions on the

Crawley

status of women have in those four years flowed from this body like confetti, and yet they are not backed up by the actions of Member States in ensuring that women's voices are properly heard in this Community.

As a Socialist Member of this forum, I simply do not stand up here and ask for women Commissioners as a token gesture or as some kind of mathematical balancing act. I ask for women Commissioners because they will be a voice for all those women who are being sold out by rightwing governments in this Community.

Right-wing governments have walked out on the sick, the disabled, young school leavers, long-term unemployed and they have looked to women to pick up the bill for walking out. Women are being substituted in my own country and in many countries across this Community for the welfare and public spending responsibilities that Member States should be taking on. They are being forced out of the Community and back into homes.

I ask this forum that in four years time we may be on our feet welcoming the new women Members of the Commission.

(Applause)

Mr Narjes, Member of the Commission. — *(DE)* Mr President, the Commission has always emphasized the importance of adequate representation of women at all levels and in all areas — especially with reference to the action programme on equal opportunities for men and women adopted in 1981. In particular, it is aware of the role which women specifically should and also can play in the framework of the European Community. Here I am not thinking only of the Commission, but of all the bodies and institutions of the European Community. The Commission agrees with Mrs Lenz and all the authors of the resolution that the governments of the Member States should devote more attention to this area in future and that they can also adopt the appropriate measures as an expression of their concern.

President. — The debate is closed.

(Parliament adopted the resolution)

Hunger in the world

President. — The next item is the joint debate on the following motions for resolutions:

— motion for a resolution (Doc. 2-636/84) by Sir Henry Plumb and others, on behalf of the European Democratic Group, and Mrs Rabbethge on world hunger;

— motion for a resolution (Doc. 2-667/84) by Mrs Castle and others, on behalf of the Socialist Group, on the famine in Ethiopia;

— motion for a resolution (Doc. 2-672/84) by Mr Guerneur and Mr Andrews, on behalf of the Group of the European Democratic Alliance, on the adoption of a Community aid programme for the Sahel.

Mr Christopher Jackson (ED). — Mr President, 16 October is World Food Day. Yet for millions in developing countries — millions with empty stomachs — World Food Day will be a hollow sham. In parts of Africa which normally bear crops there has been no rain for four years. In Ethiopia alone there are six million people gradually starving.

People at home in our countries of Europe feel increasingly and rightly challenged by the contrast between our bulging granaries and starvation in other parts of the world. It is a moral challenge of the most profound sort. We give £ 750 000 worth of food aid daily to developing countries, but only one-tenth of that goes directly to those who are starving.

So, I ask the Commission now to take action to improve our emergency aid. And I ask them if they will agree to support our proposal that the Community should co-finance grain purchases by aid charities from Europe's intervention stores of grain. This would be one of the most effective ways of helping.

But our response to *today's* crisis must not divert us from the most important task of all, to stop even more millions from starving in the future. We must help rural development in the world's poorest countries. We must try to make crops grow where crops have not grown before, to double, to quadruple output of crops from existing farms. That is the greatest challenge. Africa is the disaster area of the world. Yes, we can give emergency food aid, but we must above all help Africa to feed itself. That is why it is so vital that we extend our efforts for rural development.

Mr President, I commend our resolution to the House. My group will be tabling amendments to the budget to increase our support for aid charities and for rural development, so that this Community can continue to give a lead to the world in helping to solve this most tragic problem.

Mrs Castle (S). — Mr President, my motion embodies a very simple principle. People are starving in the drought areas of Africa. Europe is embarrassed by surpluses of food; we are actually distressed by the fact that we have had a record harvest which produced 23 million tonnes extra of cereals alone and we face having to pay a big bill for stockpiling it.

The Commission tells us that in this current year it estimates that the Community will have spent money

Castle

on making 1.3 million tonnes of good bread-making wheat available at cut prices for animal feed. Why can we not feed that surplus grain to human beings instead? What is it that stops us? It is one simple fact: the food aid programme of the Community for 1984 is fully allocated, and the allocation to Ethiopia is sufficient merely for 30 days' supply. After that nothing will be coming except through the voluntary agencies, and they estimate that Ethiopia alone needs 60 000 tonnes of food aid per month for the next 18 months.

So it is clear, is it not, that emergency action is essential if we are not just to stand back and watch people die. I am prepared to vote for Sir Henry Plumb's motion, even though it is inadequate, for it is not just a question, as his motion says, of making intervention stocks available for voluntary agencies to purchase. Their money is limited. Oxfam recently had to spend £ 500 000 buying up surplus wheat on the open market for the famine areas. What we need now is that the EEC governments make extra money available for a supplementary food-aid programme this year to enable the Commission to finance additional food-aid supplies now.

I heard Mr Jackson say that his group believed in having a joint financing by government and voluntary agencies. Look, they are over-pressed! It is the governments who have the money, and the governments should provide that money now.

I hope the British Conservatives will vote for my motion too.

(Applause)

Mr Guermeur (RDE). — *(FR)* Mr President, every day there are eye-witness reports on television and in the press about the advance of the desert into vegetation, the advance of death into life. It is an implacable process, with which we are all familiar. It begins with roaming herds, followed by their disappearance, by food shortages, famine, child deaths and then adult deaths. Or it can be seen in the flight of populations, which gather in the shanty-towns of the poorest countries, increasing poverty, disrupting the economies of those countries and lengthening the debts of the third world. A few figures: Africa this year will have a per capita gross national product which is lower than in 1970; agricultural production will be 30% lower than it was in the sixties. That means that we have here an intolerable situation. And do not forget that every year 40 million human beings die of hunger, physically die of hunger. That is almost equivalent to the holocaust of the second world war every year.

I believe that in the face of this we cannot remain indifferent. But, what do we see in the most developed countries? Passiveness, resignation, fatalism. Certainly Community food aid does exist; certainly from time to time there is a public campaign and everybody sends a

cheque to the television personality who manages to arouse public sympathy. But that is not enough. What we are asking for is action, for the European Parliament to initiate measures, immediate measures. In this connection it has been said that in addition to the excellent grain harvest this year, we shall have surpluses of butter and milk. It seems to me, that instead of calling for a reduction in production, we should be calling for better use of these surpluses for the benefit of the hungry. This would resolve both the problems of European agriculture and the problem of hunger in the third world. For the present a portion of this year's excess European grain production must be sent to the Sahel. But as a more general and more permanent solution we are calling for the establishment of an emergency humanitarian task-force: a permanent plan for immediate action, with financial resources, equipment, human resources, transport, which, and I stress this, will be ready for immediate action, without the delays engendered by lengthy governmental or Community procedures, during which poverty increases and often reaches a point of no-return.

I believe that if Parliament unanimously adopts the resolution which we have tabled, our voice may perhaps be heard and perhaps we may hope to do something to check poverty in the world.

(Applause)

Mrs Rabbethge (EPP). — *(DE)* Mr President, honourable Members, to put it plainly, I am ashamed. We should be ashamed that we find it necessary year after year in this House to discuss the urgent need to combat hunger in the world.

Certainly, we all know that fewer resources demand more efficient allocation. We have submitted proposals to the Council in line with the changed economic circumstances.

Now I am ashamed when I look through these proposals to the Council, and I call on those Members who are committed to development policy and all of you in Parliament: please do not punish the poorest of the poor with these new policies! Let us carry on the development aid projects that have been started, such as the new food strategy which is so successful and the use of non-governmental organizations, as in Mali and Rwanda. What is at stake here is the self-sufficient development which the European Parliament has repeatedly called for since 1979. What is at stake is quite simply that these countries should be able to produce their own food, with the technical and scientific cooperation from all quarters which we have called for unanimously. These are projects which cannot simply be stopped short — which anyone will understand who has had the opportunity to observe or lead local practical and scientific pilot projects to combat hunger. That would simply be wasting and throwing out the European taxpayer's money.

Rabbethge

Our group also endorses the motions to provide greater quantities of cereals. I agree with Mrs Castle that what we have called for in our joint motion is still inadequate. We also endorse the motions for resolution on the famine in Ethiopia and the Sahel. The former reiterates the basic condition we have always set, that the food aid should be distributed through non-governmental organizations, through humanitarian organizations, to ensure that it goes where it is needed most.

Let me conclude with an appeal to the Council which, I believe, is still not present. The Council's development aid proposals are completely ridiculous for any responsible development politician; they are also dangerous for Parliament as a whole because they would make us all lose our credibility. To quote the French writer Antoine de Saint-Exupéry, to be human is to be responsible, to be ashamed at the sight of need, even if one is obviously not directly to blame, to be proud of the success of one's fellowmen, even those of a different kind, to do one's bit in the knowledge of helping to build a better and more just world.

Mr Prag (ED). — Mr President, I do not think, as Mrs Castle said, that it is going to be so much a problem of money, because the price of wheat has fallen now, in fact, to the level of the world market. That means we are going to be able to get much more wheat with the money which is available. But it may well be that money is particularly needed for the voluntary organizations.

Happily, we are dealing on this occasion with a matter in which the European Community has a direct competence and in which it already plays a major part. Until 1982 the Community's food aid policy was very largely a policy of giving away surpluses and, unfortunately, those surpluses consisted very largely of milk, wine and meat — all of them not really suitable for giving away as food aid. Milk powder can be very dangerous for infants, as we all know. Wine is of course totally unsuitable and meat is not really suitable either.

Then in 1982, largely at the instance of this Parliament, came the Community's Hunger in the World programme — a magnificent programme of seed research stations and antidesertification projects. But these are long-term projects. They need time. The famine that is now raging in Ethiopia, in the Sahel and in southern Africa cannot be dealt with by long-term measures. But God and our farmers have given us another super-abundant harvest, this time of cereals, and the means of dealing with the famine which is raging in Africa. They have given us the ideal commodity for emergency aid, namely cereals. The Community and the Member States already give away nearly two million tonnes of cereals a year. That is one tonne for every 15 tonnes that we consume in the Community ourselves.

Now some have reservations about Ethiopia. Eritrea and Tigre are in revolt, human rights are flagrantly violated there. But it is no use telling those who are about to die of hunger that they are also being deprived of their basic human rights. That is why we are very much in favour of a greatly increased effort at food aid. Thanks to God's bounty, the weather and the hard work of our farmers, grain is flowing into our granaries. My group urges the Commission through determined proposals for action and the Member States through their decisions to ensure that *our* good fortune is used to relieve the misery of those now threatened with starvation.

Mr Cicciomessere (NI). — *(IT)* Mr President, ladies and gentlemen, I have listened with sympathy to the noble speeches of the sponsors of the resolutions. Alas, our words will not feed the poor — they are waiting for action. The problem of world hunger cannot be regarded in humanitarian terms alone. It is related to security issues and it is madness to think that the deaths of millions upon millions from starvation can be tolerated: madness not only from a humane point of view but also in the context of world problems. It is thus not merely a matter either of charity or of the disposal of Europe's food surpluses. Our concerns should be different.

While I support the proposals for emergency food aid, I must sound a warning about the dangers of such a policy, oriented as it is exclusively to Europe's interests and of effecting aid solely by means of food supplies which may prove to be counterproductive in their effects. The help provided should be comprehensive, multisectoral and should concern itself with infrastructures as well, because only in this way can the recipients attain self-sufficiency in food.

While we make our enunciations, Europe's commitment to the Third and the Fourth World is being progressively reduced — and so is the budget for the purpose. I was disturbed to hear Commissioner Tugendhat confirm that payments for aids have not been implemented for the current year and I am concerned at the proposal to abolish Article 958 of the Budget. Our words, our promises have no backing in practical effort.

The amendments which I offer for your consideration are aimed primarily to ensure that there is continuity with the efforts of the previous Parliament and that we confirm the political resolve expressed in a number of existing documents. I call in particular on the Commission to state clearly to Parliament whether the payments concerned have been effected or not.

Mr Wurtz (COM). — *(FR)* Mr President, in connection with the theme of this debate, I wish to sound a note of warning and to issue an urgent appeal on one particular point.

Wurtz

The warning relates to a Chapter of the draft Council budget, namely the one which provides for a definite reduction in development aid and, within that framework, for a 27% cut in food aid and the abolition of the special programme to combat famine.

At a time when Lomé III is still incomplete, when our ACP partners include some of the poorest countries in the world and when the FAO has announced that this year some five hundred million people, or almost one person in ten, will be short of food, the Council's decision is unacceptable and I think we should make it clear here and now that we shall not accept it. Which leads to the urgent appeal.

We have tabled a motion for a resolution expressing Parliament's refusal to sanction this policy. If this resolution is given massive support, even before there has been concrete discussion of each chapter of the 1985 budget, it will give our Parliament a definite advantage which will enable it to negotiate from a position of strength when the time comes.

Just as there will, I hope, be a large consensus in favour of the three resolutions on hunger, which we are discussing at the moment, and of the resolution, which we are tabling and which I believe is complementary to them, and which ought to receive a large number of signatures, whether communist, green, socialist, liberal, Christian-democrat, or even, Mr Jackson, conservative. If not to express the political will, at least to show our common respect for human dignity.

Mr Maher (L). — Mr President, I have three points to make. First, I should like those Members of this Parliament who advocate increased food aid to people in those parts of the world where climatic conditions particularly are unreliable, and which therefore suffer from drought or too much rain at times, to give up their Jekyll and Hyde attitude. I have heard the very same people urging very strongly that we get a balance between supply and demand within the Community in relation to agricultural production. Now if we get a balance between supply and demand, how do we have any surplus to distribute? I think the British in particular are leading the band here. I am glad Mrs Castle has come back, for she is one of those who are constantly urging that food production be reduced. If we reduce food production, how do we have anything to distribute? I think we need a consistent approach.

My second point is this. Yesterday the President-in-Office of the Council gave figures for food aid in the Sahel region and in Ethiopia. He made the point that they gave approximately 4 000 tonnes of powdered milk. Now we know that there are over 900 000 tonnes of powdered milk in stock, and I do not agree with Mr Prag that powdered milk is dangerous for babies provided it is used in the right way. We know also of course that children suffer greatly in these dis-

astrous situations, and I would advocate that there be more powdered milk given from our stocks.

My third point is that I hope the Community will pay greater attention to the actual distribution of this food aid when it gets to the country. We hear harrowing stories of the food aid ending up being traded in the country and not going to the people who are really dying of hunger.

Mr Antony (DR). — (FR) Mr President, colleagues, we willingly support Sir Henry Plumb's motion for a resolution, but we should also like to point out that the problem of world hunger, however moving it may be, is not without cause.

That cause includes the irresponsible regimes of many third world countries, regimes which are irresponsible or corrupted by communism, whose defence budgets are a veritable challenge to those who are suffering and dying of hunger.

The European Community is supplying aid to Ethiopia, but Colonel Mengistu's Ethiopia is the most bloody regime which that country has ever known in all its history. There are a million dead in Ethiopia. But whose fault is it? Ultimately it is the fault of those who encourage war to foster subversion, who are everywhere under a thousand guises: the Soviets.

There is Africa. Africa and its misfortunes. But there are also the insane budgets of the African armies. There are the overweening imperialist aims of Mr Kadhafi, the puppet in the hands of the KGB.

There are people dying of hunger in Cambodia today. There is shortage of food everywhere in Vietnam. But Vietnam has the third largest army in the world and expends all the energies of its brave people in totally unconsidered arms expenditure.

We say that effective aid must be provided for all the suffering of the world, but Europe must first of all reassume its role of guardian, establishing peace and harmony everywhere and calling the tune to the most formidable imperialism ever known to history, communism, the unacceptable face of modern slavery, with its two billion victims and the 150 million dead in the gulags.

It is our belief that it will only really be possible to aid the third world and the hungry if less money is devoted to the wars which cause so much evil.

Tomorrow, when there is peace once more in the Maghreb countries, the countries of black Africa, the countries of the Middle East and Indo-China, the technicians, trained personnel and engineers of old Europe will be able to provide the assistance needed by these countries, whose peoples will at last find that the price of the blood which is spilt is too high.

Mr de Courcy Ling (ED). — Mr President, this is by far the most important motion this House has debated since the European elections last June, and I am delighted to see that all parties are united on the need to face up to the grotesque contrast between a superabundance of food in the Community and famine in the Third World — famine in Africa in particular.

Mr President, the right not to die of hunger is the most fundamental of all human rights, and it is a right which the Community is equipped to defend. The people Europe demand this of Parliament and we, the Parliament, demand it of the Commission. Now at the moment the Commission is in a state of uncertainty because we do not know whether Mr Pisani will continue as the Commissioner for Development. I therefore urge the French administration to decide soon on the name of the successor to Mr Pisani.

In this House we often see the worst side of British parliamentary traditions. We often see the most brutish aspects of British Labour Party behaviour here. However, let me take a leaf out of one of our better parliamentary traditions and congratulate Mrs Crawley, a parliamentary neighbour of mine in the Midlands, on her maiden speech. I do not share many of her political ideas but I do congratulate her on her fluency.

Maybe a women Commissioner could be found to fill the vacancy left by Mr Pisani. I can think of more than one leading female politician of the opposition parties in France who would do this job very well. We already have five former treasury and finance ministers in the Commission. Let us have in this post someone with imagination who will not be prepared to accept a 27% cut in food aid under Chapter 9 as between 1984 and 1985.

(Applause)

Mrs Ewing (RDE). — Mr President, it is one of the principles of the Convention of Lomé not to relate food aid in any way to our condemnations of régimes but to consider the need and the starvation. The Sahel is advancing at 8 km a year, bringing with it a permanent problem of starvation in all the areas concerned. I feel that the reason the Lomé partnership is so successful is precisely because we treat them all as partners and do not sit in judgment on their individual attitudes to things that may be different from our own. If we change that in any way, we end the partnership in any meaningful sense. Anyway they are moving on human rights. For the first time a resolution to this effect was adopted at the last meeting of the EEC-ACP Consultative Assembly.

Mr Giolitti, Member of the Commission of the European Communities. — *(IT)* Mr President, in view of the importance of the problem under debate I have to be

very precise in speaking on behalf of the Commission on each of the three motions separately.

On the resolution concerning the tragic subject of world hunger, let me first say that, conscious of the catastrophic food situation in a large number of developing countries, especially in Africa, the Community is already devoting considerable sums to food aid. The current situation, however, calls for even greater effort and this is why in the 1985 budget the Commission has proposed to increase the amounts of cereals and of dairy products compared with 1984. The European Parliament will be discussing these proposals in the course of the budget debate.

As regards food aid for African countries afflicted by drought, Community aid will amount to over 450 000 tonnes of cereals for 1984. This is an increase of 50 000 tonnes on 1983 and of 100 000 tonnes on 1982: you will see that this is a considerable rising trend. It represents a value of 102 million ECUs, or 41 per cent of the total amount of food aid granted directly to developing countries. To this must be added another 60 million ECUs given to international and non-governmental organizations working in Africa.

Moreover, these organizations can always purchase food from Community intervention stocks. But they cannot have them at privileged prices until special appropriations are included in the budget for this purpose. Nor is it possible to take such appropriations from those already earmarked for food aid.

As regards longer-term measures, the new Lomé Convention — Lomé III which is still being negotiated — takes full account of the food problems of the ACP countries. The same can be said of Article 930 of the budget as regards non-associated developing countries.

Coming now to the problem of Ethiopia, let me remind you that already in 1984 the Commission has allocated and delivered to that country considerable amounts of food aid. Overall, up to this moment decisions have been taken for the supply by way of food aid of about 55 000 tonnes of cereals and 3 500 tonnes of dairy products. At this moment the 18 000 tonnes of cereals granted under the emergency procedure in June of this year are being distributed in Ethiopia's most drought-stricken regions. Transport within the country of this aid is being paid for from the emergency financial aid granted by the Commission for drought victims in Ethiopia. In addition, financial emergency aid for victims of drought and famine amounting to 5 500 000 ECUs has been granted. This is being distributed locally by UNDRO or the International Committee of the Red Cross or by our own delegation, to bodies operating on the spot for financing internal transport/the supply of essential goods such as food, seeds etc.

In view of the present situation the Commission is examining the following possibilities. First: the provi-

Giolitti

sion as soon as possible, with deliveries at the beginning of 1985, of cereals aid to the amount of 25 000 tonnes for the Food for the World project which should be finalized in mid-October, that is within a few days. Second: continuation of emergency financial aid. Third: the granting of supplementary emergency food aid to be supplied at the beginning of 1985 through international and nongovernmental organizations. Fourth: granting at the beginning of 1985 the food aid to be given to Ethiopia under the food aid programmes for the whole of the year.

These decisions will be taken in the light of the Community's possibilities and of the measures to be undertaken by other donor bodies, bilateral and multilateral, with which the Community is in constant touch. The Commission, in giving its financial and food aid to the various local, international and non-governmental organizations, has always been guided by their ability to act on the spot.

The third problem is that of the Sahel with which the third resolution is concerned. The Commission fully shares the concern which has been expressed over the seriousness of the situation in that region. The Commission is dealing with these problems in the light of their nature, which is partly conjunctural and partly structural and this approach is reflected in our programme, which has been partly in the implementation stage since the beginning of this year and is partly in the state of preparation.

In the first place, the programme concentrates on measures to resolve short-term problems — those I call conjunctural. In view of the drought caused by the absence or unfavourable distribution of rainfall, the Commission has supplied in 1984 food aid which up to this moment amounts to 87 000 tonnes of cereals, as well as supplying dairy and other products, and it has also provided emergency aid consisting in taking responsibility for the costs of internal transport and distribution within the affected areas. The amount of this is 10 million ECUs. This aid is additional to that supplied bilaterally by the Member States. In the coming months coordination will be improved.

Indeed, realizing the need for early coordinated action, France has put forward a plan for organizing the various aids and this has been adopted at Community level. In this connection the Commission will be organizing at the end of October, that is when detailed information is available on the food situation, a coordinating meeting with the Member States at which it should be possible to work out a coordinated aid plan. Preparations for the meeting are being carried out on the spot by Commission delegates in cooperation with other donors of bilateral or multilateral aid from information collected in the course of missions to each of the countries concerned with the use of modern teledata resources. This will make it possible to prevent a deterioration of the food and health situation of the populations most at risk.

With the outcome of the coordination meeting and the information on this year's harvest in the Sahel, which is expected before the meeting, the Commission will be in a position to make a more accurate assessment of the situation and deal with it with the means at its disposal.

As regards the long-term aspects, the programme aims to eliminate the structural causes of hunger and underdevelopment. The Commission will thus be continuing the work initiated in 1982 consisting in analysis and research, identification of problems, organization of aid which aims to increase the efficacy of the Community's contribution to the fight against world hunger. It will be remembered that in 1983 16 600 000 ECUs were committed for long-term measures to eliminate the underlying causes of the harsh conditions of life of the inhabitants of this region, such as prevention of desertification or better utilization of the irrigation networks of the villages. Activities of this type will be continuing in the coming months on the basis of an additional commitment of 13 900 000 ECUs.

This long-term approach will be reflected in the Third Lomé Convention. Cooperation in agriculture will aim to ensure the self sufficiency in food of the ACP countries by more intensive and improved farming, assistance for development of secondary and tertiary activities related to food production and the development of agricultural research.

President. — The debate is closed.

(Parliament adopted the three motions for resolutions in successive votes)

Steel imports

President. — The next item is the motion for a resolution (Doc. 2-644/84) by Mr Wagner and others, on behalf of the Socialist Group, rejecting an increase in steel imports from third countries.

Mr Wagner (S). — *(DE)* Mr President, honourable Members, in May 1983 the European Parliament adopted by a large majority a fundamental motion for a resolution and resolutely declared that the political leaders and the steel employers must do all they can to ensure that the restructuring of the steel industry, which was inevitable in view of the well-known circumstances and developments, did no harm socially, or to individuals, regions or jobs. As we clearly emphasized at the time, that also means effective external protection against undercutting and flooding of the markets within the European Community, especially the German market. I now appeal again to the Federal Republic to continue aiming at the consistent application of the control instruments so that, espe-

Wagner

cially in the case of steel firms undergoing major restructuring, — I am thinking of the Saar, Lorraine, Luxembourg, Wallonia and the many heavily hit regions in the United Kingdom — Europeans will stand together and the external protection measures really are implemented. We must put an end to the fraudulent third-country imports via other countries, including European Community countries, which Eurofer has now proved to have occurred. That is why we are addressing the governments and the Commission.

It is also necessary for those responsible, the Council, the Commission and the governments acting together to carry out the will of Parliament and the Consultative Committee, which at its last meeting again called for the necessary funds to be made available for the social and regional accompanying measures. In this context, it is no use just promising substitute jobs all the time; they must really be created in the steel crisis regions concerned.

It goes against the spirit and aims of the ECSC Treaty for people to lose their jobs. So steel workers must not be dismissed, especially not young workers.

The following is also important here. In Chicago a few days ago, the Secretary-General of the International Iron and Steel Institute forecast, on the basis of reliable data, that steel demand and steel consumption in the industrialized countries would stagnate or even decline next year. The USA's long-term high interest policy and the stricter import restrictions the USA has now adopted will serve to increase the pressure on the European steel market and mean that the upward economic trend in the USA has a detrimental effect on the European economic situation next year. That means that the most recent developments go entirely against the Commission's declared intent to relax imports and even to increase the volume of steel imports for 1985 when the third-country voluntary restriction agreements are signed.

That is why I ask you to endorse our motion for a resolution and call again on the Council to reject these import relaxations.

(Applause)

Mrs Lizin (S). — *(FR)* Mr President, I wish to support Mr Wagner's resolution and to call upon the Commission to take a firm line on external protection, but at the same time a dynamic one as regards our presence in the American markets, as Mr Wagner said. I should also like to underline the importance of the current negotiations with the United States on tubes.

Today, whole regions of Europe, especially the older ones, are making a determined effort to reorganise and to make good the deficiencies left by the iron and steel industry. I am thinking mainly of Lorraine, but

also of the French-speaking areas of Belgium and especially of the Charleroi and Liège regions. As regards these regions I should like to ask the Commission — and Mr Narjes in particular — what measures it expects to take to speed up specific regional measures, notably those in the form of integrated programmes in favour of these areas to coordinate the use of European financial resources intended for steel-related sectors and all the sectors undergoing reorganization. I should also like to know what sort of time scale the Commission envisages in respect of the measures relating to the areas to which I have referred.

Mr Fitzgerald (RDE). — Mr President and colleagues, I too wish to support the motion conveying to the Commission and Council that we cannot and will not tolerate any relaxation on imports of quantities of steel into the Community.

I suggest to the sponsors of the motion that they examine the English text of paragraph 1, which might be regarded as somewhat ambiguous. I want to be sure that in the call that goes out from this Parliament there is no ambiguity on what it is the Members of this House demand from the Commission and Council.

Much hardship has been created in steel communities over the years by policies of reorganization and rationalization and by the job-losses suffered and the family incomes affected thereby. Because of that hardship — we have spent a lot of time at this part-session and recent part-sessions discussing youth unemployment and we shall be discussing longterm unemployment — every step we take must take account of the rapidly-growing unemployment figures in our Community.

I represent a constituency in the southern part of Ireland heavily affected by unemployment, particularly during the past 12-18 months. This month alone we shall, as I said in the House at Question Time two days ago, lose a shipbuilding industry and all the skills associated with it. We also have in Cork Harbour the only Irish steelmill, which has been subjected to an approved rationalization and reorganization programme, where the substantial numbers of employed some years back have now been halved, but where more than 500 terribly important jobs are still being maintained.

So I add my voice to that of the sponsors of this resolution to ensure that the message goes loud and clear to the Commission and Council that there be no relaxation of import controls; that there be no increase in imports from any countries whatsoever, particularly in view of the references made to the possible down-turn in world trade in steel.

Mr Christensen (ARC). — *(DA)* Mr President, I speak on behalf of the People's Movement against the

Christensen

EEC. This proposal represents a blatant piece of artificial protectionism. For many years the countries concerned have had the opportunity to restructure and modernize their iron and steel industries, but this has never been done on the appropriate scale. Who has to pay the price? The answer is the European iron and metal industries which are forced to pay prices 20 to 25% above the world market price. My country, Denmark, has to import 80% of its steel requirements. This means that the Danish iron and metal industries have to spend an extra 1 000 million. This we cannot accept. It is against Danish interests. It is against the general interests of the European iron and metal processing industries to pay the higher prices proposed in the report, which are already prescribed in the Community's coal and steel legislation. It is said that jobs are being lost, and I shall conclude with the observation that there are jobs being lost through artificial increases in the price of raw materials for industrial production. I recommend that this proposal be given the fate it deserves, namely that it be scrapped.

Mr Buttafuoco (DR). — *(IT)* Mr President, ladies and gentlemen, I rise on behalf of the Group of the European Right to support the motion by Mr Wagner and others rejecting an increase in steel imports from third countries. We are totally in agreement with the motion for a resolution, especially in points 1 and 2, because it would be absurd to increase steel imports from third countries for 1985 when it is proposed to reduce production quotas for our own countries, for example France, and to an even greater extent Italy.

In Italy, the two principal steel plants, in Cornigliano in the province of Genova and Bagnoli in the province of Naples are in crisis. This means for our country, and more particularly for the people of the regions concerned, a further and damaging increase in unemployment. Italy has expended billions of lire to improve the efficiency of the Bagnoli plant. If imports from third countries are to be increased, this money will have been thrown down the drain.

Because of these considerations, which I believe apply to the economy of the Community as a whole, we shall be voting for the resolution.

Mr Narjes, Member of the Commission. — *(DE)* This motion gives us an opportunity to explain our import policy and to clear up some misunderstandings. Moreover, may I say that we shall endeavour to answer those Members who put specific questions on other aspects in writing.

Firstly, on the import system. The Commission's proposals on the external part of the measures for steel in no way depart from the policy it has pursued for years. The quantities are in line with the agreements reached between the industrialized countries in the OECD in 1977. Subsequently, several of them signed voluntary

restriction agreements with the Community and agreed to burden sharing to prevent the main burden of the restructuring of the steel sector from being shifted from one country to another.

Following this principle, the Community linked the adjustment of the volumes agreed with the supplier countries to the trend in the market consumption in the Community. In view of certain less favourable factors resulting from the 1983 trend, it decided to reduce the import volume for 1984 by 12.5% compared to the 1980 basis figure. It very much looks as though consumption in 1984 will be about 6.5% higher than in 1983. Since the Commission believes it will continue to increase in 1985, the proposed 7% reduction in 1985 *vis-à-vis* the 1980 figure does not even correspond to the level that would be justified in view of the results expected for 1984. Moreover, it must be pointed out that each percentage point in these calculations only corresponds to about 70–80 000 tonnes, while overall Community production must be about 118 million tonnes.

As for the thesis that steel which can no longer be sold in the USA because of the import restrictions adopted there will flow back to the Community, the Commission takes the view that the Community's external steel measures offer adequate protection against this eventuality. Furthermore, those countries which have signed agreements with us are tied to the agreed volumes, without regard for the market situation of the United States, while the supplier countries which have signed no such agreement with us have to keep to the basic import prices.

In the case of any undercutting of the basic prices, the Commission can very quickly initiate anti-dumping proceedings at the request of those concerned, which as you know was done in 1983 for a number of steel products. Since this system was introduced in 1978, the Community has managed to stabilize imports from third countries globally. It therefore regards this system as satisfactory in the special situation in which the steel industry now finds itself.

May I add that the 1985 proposals to the Council are consistent with our international obligations and that the external measures, with their two components of basic prices and agreements, are a fair and balanced instrument to prevent imports from having any adverse effects on the international market or on the steel industry in this current very thorny question of restructuring.

President. — The debate is closed.

(Parliament adopted the resolution)

Transport

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

President

- the motion for a resolution (Doc. 2-635/84/rev.) by Mr Anastassopoulos and others on the implementation of a genuine common transport policy;
- the motion for a resolution (Doc. 2-665/84) by Mr Visser and others, on behalf of the Socialist Group, on Eurocontrol.

Mr Anastassopoulos (PPE), author of the resolution. — (GR) Mr President, the transport sector has not made much impression on the Council of Ministers for 30 years and this is still the case. And I ask myself whether, at the end of the day, it needs events like the strikes of 1984, the blocking of roads and the border congestion, to make us sit up and pay more attention to transport and ponder just how easy it is for us to sink into chaos from one day to the next precisely because of indifference and the lack of any serious policy.

The treaties provide for such a policy and the founders of the Community saw the need to strive for improvements in the transport sector in order to put a more human face on the living and transport conditions of the Community's inhabitants and to bring about the integration of the internal market. I fear that, regrettably, their heirs have turned out to be small in thought and deed, or rather that conflicting interests have triumphed. We have reached the point where Parliament has brought legal proceedings against the Council for failure to act, with the case now in its final stages at the European Court. This in itself shows just how crucial it is for us to get together, a policy on the transport sector. Even the fact that there is a risk of the 1983 and 1984 infrastructure project credits being lost due to the Council's failure to approve the regulation would suffice to show how imperative it is to take action on the problem.

My motion has co-signatories from various factions and I appeal to all sodes to support it.

Mr Visser (S). — (NL) Mr President, I will be very brief because of the time. The Eurocontrol question largely concerns the positions of the Netherlands and Belgium. For the Netherlands it is of the utmost importance for decisions taken by the European Parliament and also by the national parliaments to be implemented and for an early decision now to be taken to transfer the responsibility for air traffic to a central authority so that safety in the air above 30 000 feet can be improved. For Belgium it is very important for a decision to be taken as quickly as possible on whether or not it should itself make extensive investments. In this respect, time is very much of the essence. Things are increasingly being done by the civil service. The Ministers are incapable of taking decisions.

Next Saturday consultations will again be taking place at ministerial level. If they again fail to produce any

kind of result, there is most definitely a danger of the Eurocontrol question being shelved. I therefore make an urgent appeal to the Ministers of the Member States concerned to waste no more time in making the political breakthrough.

As regards the resolution on transport, I should like to express my group's concern at the possibility of the decision taken at the meeting of the Council of Transport Ministers on 10 May coming to nothing. The Commissioner himself said that he did not really believe in the political compromise reached on 10 May. This statement causes us some concern. For the moment we want to hang on to this one package, and we therefore call on the Commissioner to ensure that it is retained and that a meeting of the Council of Transport Ministers is held as soon as possible. The plan at the moment is for this meeting to take place in mid-December. That is far too late: it must be held in mid-November. The Minister for Transport has said that he will try to have the meeting brought forward, and I for my part very much hope he succeeds.

Mr Huckfield (S). — Mr President, I simply want to present a dissenting minority viewpoint on behalf of the British Labour Party members. We would find it difficult to support or vote for anything — and this proposal certainly comes under that heading — which would extend the competence and the jurisdiction of the Community or any of its institutions. We are aware, of course, that there are legal proceedings — stemming from a Council of Ministers' decision on 10 May — over lack of progress and failure to act. That is a lack of progress to which, frankly, we do not object. However, the main reason that we would disagree with the motion for a resolution is that these are measures which can have legal effect within the Member States. If the Member States do not implement these rules and regulations, they can be taken to the European Court. I cannot support, on behalf of my colleagues, an extension of Community transport policy. I must therefore dissent from this resolution.

Mr Cornelissen (PPE). — (NL) Air transport differs from this place, Mr President, in that it is not just a question of minutes. Air traffic above the Benelux countries and North Germany can be compared to shipping in the Channel. As the density of traffic increases, international controls are absolutely essential to safety. The national parliaments, the Assembly of the Council of Europe and the European Parliament have been pressing this point for years. The national Transport Ministers responsible hesitate and ask for report after report from the national aviation authorities, who are naturally opposed to the transfer of their powers to Eurocontrol. It seems as if the Ministers want to use one evil to overcome another. Does there have to be another collision like that involving the *Mont-Louis* before the Ministers finally cut the knot? All the parliaments have had their say, and it is

Cornelissen

now up to the Ministers. Eurocontrol should not be allowed to fall while they go on talking. *Senatu deliberrante perit Saguntum.*

Mr Cassidy (ED). — Mr President, once again, of course, Mr Huckfield has spoken with the authentic voice of Socialist reaction against anything which could be regarded as progress. His party and, indeed, those on the left generally regard a common transport policy as something to be resisted because the main obstacles to a common transport policy are the Member State governments, particularly in the matter of airfares and air agreements. We in Europe are paying scandalously high fares because governments throughout the Community have to maintain loss-making, inefficient nationalized airlines for which we are all paying both through our taxes and in inflated airfares. The sooner we deregulate the skies of Europe the better.

Mr Wijsenbeek (L). — (NL) Mr President, ladies and gentleman, there is only one issue here, the frustration of the will of this Parliament and of national parliaments. It is high time that we and our national colleagues stopped putting up with this and, if necessary, started making use of the strongest means available to us to implement what the national parliaments and therefore the public want. Let us adopt these resolutions unanimously and take steps to ensure that the will of parliaments is done.

Mr Narjes, Member of the Commission. — (DE) Mr President, the Commission is entirely in agreement as regards the motion for a resolution on Eurocontrol. It would only like to add the suggestion that it should also be put to the national parliaments since, as you know, Eurocontrol is not subject to the Community's decision-making procedure.

We are also in full agreement as regards the urgent resolution on transport policy. It is a misunderstanding to interpret Mr Contogeorgis as having said that he had given up the 10 May package. There can be no question of that! On the contrary, a special meeting of the Council of Transport Ministers will be held on 8 November and we hope it will at last take the decisions which the officials were unable to prepare. For the rest we share your concern about the 1983 and 1984 budget.

President. — The debate is closed.

(Parliament adopted the two motions for resolutions in successive votes)

Poultrymeat

President. — The next item is the motion for a resolution (Doc. 2-677/84) by Mr Mouchel and others, on

behalf of the Group of the European Democratic Alliance, and Mrs Martin and others on the urgent need to find a solution to the serious problems facing the poultrymeat and egg sectors.

Since no one has asked to speak, we shall proceed to the vote.

(Parliament adopted the resolution)

Hurricane Hortense

President. — The next item is the motion for a resolution (Doc. 2-666/84) by Mrs Pery and Mr Arndt on the natural disasters caused by hurricane 'Hortense' in Aquitaine.

Since no one has asked to speak, we shall proceed to the vote.

(Parliament adopted the resolution)

President. — The topical and urgent debate is closed.

(The sitting was suspended at 1.05 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR PFLIMLIN

President

Mr Sherlock (ED). — Mr President, I would like to raise this point of order, which comes from a similar point of order which I made to you at our last part-session. It seems that no action has been taken on the warning that I gave as to what constituted the correct and proper equipment that any Member could bring into or into the vicinity of this Chamber. I admit that I raised it in my customary, perhaps slightly humorous, manner, but you should realize, I think, Mr President, having known me for 5 years, that I am never more serious than when I am attempting to be humorous. I did demand an enquiry, and in view of yesterday's low and vulgar display by certain red-nosed comedians in this Chamber I wonder why you did not take steps to institute those enquiries immediately.

President. — Mr Sherlock, an inquiry has been ordered and is at present being carried out. The results of this inquiry will be communicated both to the College of Quaestors and to the Bureau, and you will be informed of the conclusions arrived at.

I would avail myself of this opportunity to say that what happened yesterday was, in my view, intolerable.

(Applause from the centre and right)

3. Votes

Proposal for a decision (Doc. 2-618/84) by Mr Klepsch, on behalf of the Group of the European People's Party, Sir Henry Plumb, on behalf of the European Democratic Group, Mr Cervetti, on behalf of the Communist and Allies Group, Mrs Veil, on behalf of the Liberal and Democratic Group, Mr de la Malène, on behalf of the Group of the European Democratic Alliance, Mr Graefe zu Baringdorf, on behalf of the Rainbow Group and Mr Le Pen, on behalf of the Group of the European Right, on interparliamentary delegations for relations with third countries.

Explanations of vote

Mr Klepsch (EPP). — (DE) I have the honour to give this explanation of vote on behalf of the Group of European Democrats and my own group.

I want to make two points. We think we were right to decide to represent our electors, as regards monitoring the activities of the Council, with the aid of this delegation. We believe that in the form in which we have put it, this decision incorporates adequate mechanisms to prevent any improper conduct.

Secondly, during a vote which barely came out in favour of the text, we did not vote for the text because we believe we should support the path to democracy on which Turkey has embarked. We quite agree that the situation there is not yet as it should be. We also believe that thanks to the demands set out by this Parliament, Turkey will continue along the road to democracy. We will accompany it, and will naturally respect the wisdom of the Association Council, since it is a body connected with the Association. As soon as the Association Council takes a decision which affects our current position, we shall respond to it. But at the present moment, may I say that we are all on the side of those who want to see the full implementation of human rights in Turkey.

(Applause from the centre and right)

Mr Arndt (S). — (DE) The Socialist Group will not vote for this resolution, for two reasons.

(Interruptions)

Do wait and listen to what I have to say! Firstly, we considered that the Bureau should establish clearly once again in the light of the experience of the past five years what need there is for the parliamentary delegations. In the Socialist Group's view, we must not be suspected of merely setting up a European travel agency for parliamentary delegations by means of these decisions. On the other hand, we know that parliamentary delegations are necessary. That is why it

should have been carefully checked again where they are really needed in the interests of the European citizens and the citizens of the other countries, so as not to let this rather rapid decision give rise to the suspicion that some people simply want to travel.

But the second, more serious reason is the manner of voting with regard to the Turkey delegation. Beforehand, all the group chairmen had agreed that provision should be made for the Turkey delegation, but that it should not be set up for the time being. Now this agreement between the group chairmen is suddenly undermined by a small majority which is obviously concerned with human rights only in the case of certain governments, but not all of them; and that is what this vote has shown.

We will continue to do our utmost to ensure that a Turkish delegation is set up only when we have an assurance that real democratic progress is being made in Turkey, as Mr Klepsch has already promised us, and not immediately — as could now happen on the basis of your majority decision. We shall not let the Turks prescribe whether we should vote for or against such a decision.

For these two reasons, but also because I wish to cooperate with this House, we shall merely abstain on this resolution.

Mrs Veil (L). — (FR) I should like to say how much we regret the voting on the delegation to Turkey. It had been discussed at length at the group chairmen's meeting when we prepared the joint motion for a resolution. We had agreed on a text to maintain the *status quo* as decided by the last Parliament. We considered in fact — and there seemed to be agreement — that the situation had not changed, that Turkey had not made sufficient progress towards observance of democratic rights: There is in fact a great difference — and this is the point on which I wish to make my explanation — between the situation of the parliamentary delegation to Turkey and the other Parliamentary delegations. We are told of course — and we maintain relations with a number of countries which do not have a truly democratic parliament, it is true — that the Parliamentary delegation to Turkey was set up under the Treaty of Association, with the more or less remote prospect of eventual accession and the enlargement of the Community to include Turkey. In this case therefore, there must be a truly democratic parliament, as we understand it. That is why my Group considers that there can be relations with Turkey at Parliamentary level only in a spirit like the old spirit which, in the previous legislature, led us to suspend the work of the Parliamentary delegation. The text of the motion was entirely clear. Everyone seemed to be in agreement. I am surprised therefore by the adoption of wording which in fact gives rise to a major ambiguity. In effect if one reads the text paragraph 1, which we have adopted, says that the delegation will consist

Veil

of 18 members, which leads one to think that the delegation has been set up and that it will function normally.

I think that that is not at all what seemed to be the outcome of the negotiations which we had held. We wanted the delegation to refrain from resuming contact with the Turkish delegation, in the spirit of what was decided this very week when, finally, a representative of the Turkish parliament came here and was given no official reception. It is obvious therefore that we have no immediate intention of resuming normal relations with that delegation. I think there is an inconsistency here. It is wrong to have given the impression that we are here and now reconstituting a delegation of 18 members without imposing any conditions. Our Group will therefore consult on this point.

Mr de la Malène (RDE). — (FR) I should like to point out to the Assembly that no Group or member has the monopoly or the right to assess, except in his own personal opinion, the functioning of democracy or the respect for human rights in any country of the globe, whether near or far. An assertion is not enough to convince.

We now find ourselves in a slightly ambiguous position. In fact in article 2 we did vote for the setting up of a joint committee, and we deleted paragraph 2 which made the establishment of the joint committee subject to a review of the situation by our Assembly. Consequently one might say that we have here a problem of interpretation.

I do not know who will be capable of that interpretation... As far as we are concerned, we are prepared to support what the chairman Mr Klepsch said just now. We are prepared to think that since the joint committee is an institution under the Association Treaty and the Association Treaty is in abeyance, the functioning of the joint committee is likewise in abeyance. But when the Treaty of Association is reimplemented, the joint committee will be able to resume its functions at the same time. That is the interpretation which we intend to set on paragraph 2 as voted. That does not mean that informal contacts may not be established alongside this between this or that Group of member or section of our Assembly. But anything which is institutional must be linked to the Association Treaty.

That is the interpretation we place on the vote as given and that is the way we shall vote on the resolution as a whole.

(Protest from the Socialist Group benches)

Mr von der Vring (S). — (DE) Mr President, it has become apparent that Members interpret the text on

which they are voting very differently. I therefore refer to Rule 85 of the Rules of Procedure and move that the entire report be referred back to the authors, that is, to the conference of group chairmen.

President. — I am sorry, Mr von der Vring, what we are talking about now is interparliamentary delegations. There is no committee responsible; your request is therefore inadmissible.

Mr Klepsch (EPP). — (DE) Mr President, on a point of order, perhaps I did not express myself clearly enough. As I said, for us this decision means — since the part that was adopted states that this is a delegation under the Association Treaty — that the delegation will not take up its duties until *all* the organs of the Association have taken up their duties. That is what I said, but perhaps not everyone understood me. So that does not mean that this delegation should be set up immediately, but only when the Association Council resumes its activities.

(Applause from the centre)

Mr Alavanos (COM). — (GR) Mr President, it is a point of order we are dealing with and not an explanation of vote. I think that the position taken by Mr Klepsch creates a problem which I cannot find a basis for in the Rules of Procedure. But I am sure that he is putting an interpretation on the motion for a resolution which does not follow from the text as it now is after rejection of the second paragraph.

I think, therefore, that Mr von der Vring's proposal to withdraw the motion for a resolution and for us to be given a definitive interpretation, perhaps in writing, is correct. Because the resolution says one thing and Mr Klepsch another.

Mr Graefe zu Baringdorf (ARC). — (DE) On a point of order, Mr President, I would like to address Mr Klepsch in particular. Mr Klepsch, what you are doing here is playing a very underhand game!

(Protests from the centre and right)

Once again you are not keeping to the arrangements. That in itself would not be so bad, we are almost getting used to that by now, Mr Klepsch.

(Mixed reactions)

What you are doing with regard to the matter at issue, that is what is such an underhand game. You are trying to hush up the fact that human rights are being suppressed in Turkey...

President. — Mr Graefe zu Baringdorf, you asked to speak on a point of order. Now your remarks are any-

President

thing but a point of order. You are about to open up a debate on a substantive issue.

I now call Mrs Castle.

Mrs Castle (S). — Mr President, Mr Klepsch's attempt to save his own face will not wash! The fact is that we now have on paper a text for paragraph 2 which agrees unconditionally to send a delegation to Turkey.

(Interruption from Mr Graefe zu Baringdorf)

If you say, Mr President, that the proposal by Mr von der Vring to refer it back to committee is out of order because there is not a committee, is not the way out...

(Mr Graefe zu Baringdorf left his seat to go up to the President's dais and made violent protests with a view to being given the floor again)

President. — You have not got the floor! Please go back to your place or else leave the Chamber!

Mrs Castle (S). — ... Mr President, it seems that somebody else has a very valid point of order! I am not questioning the validity of what the leader of the Rainbow Group said. But I want to return to the issue of Turkey and the scandalous decision that has been taken this afternoon by this Parliament.

(Mr Graefe zu Baringdorf made further violent protests in front of the President's dais)

... Come on, have a heart, boy! Let somebody else get a word in!

President. — The sitting is suspended in order to allow this gentleman to calm down!

(The sitting was suspended at 3.40 p.m. and resumed at 3.55 p.m.)

Mr Cervetti (COM). — *(IT)* Mr President, this is clearly an unprecedented situation. We have different interpretations of the meaning of the vote and of the document resulting from the vote. Mr Klepsch's interpretation has certain merits, but it has not been agreed by the group chairmen who, incidentally, are the signatories of the proposal.

In the circumstances I ask for a quarter of an hour's adjournment to enable the group chairmen to agree the details of the text and hence the interpretation that should be placed on this decision.

President. — Mr Cervetti asks that the sitting be suspended.

I note that there is no objection to this.

(The sitting was suspended at 4 p.m. and resumed at 4.40 p.m.)

President. — Ladies and gentlemen, I have just been informed that the political group chairmen have agreed to submit a proposal for a decision which will be put to the vote in the House immediately after the vote on the document as a whole and the object of which is to lay down an interpretation of the document concerning Turkey on which the House has given its opinion just now under circumstances which, in the view of the group chairmen, do permit of doubtful or differing interpretations.

Mr Arndt (S). — *(DE)* Mr President, the problem for the group chairmen is that if this decision is not taken first, some groups would subsequently vote against the resolution as a whole. So they must first vote on this text and only then can they decide on the matter as a whole.

President. — I take your point entirely. It is a matter of the chronological order of the votes. I shall read out to the House the text which has been signed by all the group chairmen, something which indeed is in itself a remarkable phenomenon:

The European Parliament,

Decides that the delegation of the European Parliament/Grand National Assembly of Turkey Joint Committee will not be set up until the Association Treaty is implemented once again and until the European Parliament has reconsidered the situation in Turkey.

Mr d'Ormesson (DR). — *(FR)* Mr President, at the group chairmen's meeting, the position of my group was quite clear: we work on the assumption that the text has been voted. There can be no discussion about that. The Assembly is supreme. It would have been possible therefore, as you propose, for a resolution to be tabled, but, I think, *after* the vote on the whole.

But I must say that the way in which the new provision is implemented is intolerable, Mr President.

I would like to say it very simply and very respectfully.

Inasfar as we were forced to hold the group chairmen's meeting as a result of a deplorable incident, of disruption and terrorist-style propaganda, I wish to warn the President against this method of procedure, and I hope that after these two votes Rule 69 will be implemented against this agitator.

President. — Mr d'Ormesson, I shall shortly be making a statement on the incidents to which you refer.

President

However, for the moment we are discussing the substance of the matter. The situation is as follows: the House has voted on certain amendments and also on certain paragraphs. The House has not yet voted on the proposal as a whole. Obviously, it is customary to vote on the whole immediately after the votes on the amendments and the various paragraphs. Nevertheless, the House is sovereign and it can make a particular amendment to its agenda. What I would propose is that we should amend our agenda to have the vote on the proposal for a decision which I have just read out to the House during the course of our debates before the vote on the proposal for a decision as a whole. I think that is clear.

Mr Prag (ED). — I must admit that I find the procedures very curious, Mr President.

However, could you tell us what the fate of this text is to be that we are voting? Is it to be inserted in the text which we have already voted, or is it to be consigned to the minutes?

President. — It will not be inserted, but added on to the Minutes after the proposal for a decision as a whole. That seems quite clear. It will not therefore form an integral part of the text.

Mr Plaskovitis (S). — (GR) Mr President, what you have said is unclear. I would like to know whether this motion for a resolution is replacing the text of the proposal for a decision or is a statement which will simply be entered in the abridged Minutes. Please clarify this because our vote depends on it.

President. — Mr Plaskovitis, perhaps I have not made myself sufficiently clear.

What we have here is a proposal for a decision which I propose to put to the vote. If it is adopted, it becomes a decision of the House and will have to be enforced. It is not a simple statement.

One might have envisaged this being formulated as a statement, but the formulation as a decision adopted by the House is obviously more effective and more clearcut. As Mr d'Ormesson rightly said, we find ourselves in a situation that is perhaps a little exceptional. I do not think that there is much in the way of precedent for it, but the Rules of Procedure are being observed in the letter and certainly in the spirit.

While I could not have allowed amendments tabled after the deadline to be inserted in the other text, as this would have set up a dangerous precedent, a motion for a resolution, which is procedurally and legally quite distinct, obviously can be put before the House on the sole condition that the House agrees to this, something which implies a slight amendment to

the agenda. The situation therefore seems to be perfectly clear.

Mr Gerontopoulos (PPE). — (GR) Mr President, from the goings on which forced you to suspend the sitting it is clear that Members arrived at the result of their vote in a state of confusion, a confusion to which, perhaps, chairmen of political groups also fell victim. It is not on for the European Parliament to issue a condemnation of the dictatorship in Turkey in the morning and in the afternoon seek to establish links with it. European MPs do not pick and choose among dictatorships, they hate all of them.

(Applause)

I request, therefore, that the vote on the proposal for a decision concerning the interparliamentary link with Turkey be taken again.

President. — I shall shortly give an explanation of what you call 'the incidents'. For the moment, let us stay with the subject of our discussions, which seems to me much more important.

Mr d'Ormesson (DR). — (FR) Mr President, as a procedural motion. According to your explanations it is clear that we are going to vote on the whole of all the texts which have been adopted, excluding any amendment which we might decide to reject. We accept therefore that a second vote take place by way of a decision.

Why this attitude? Because in the spirit of the Rules of Procedure the text cannot be amended, and because we wish to protest most strongly against the way in which it was forced on us by the chairman of the Rainbow Group, by demonstrations which are incompatible with a member's mandate.

President. — Mr d'Ormesson, I shall shortly speak about the incident in question, but I cannot allow you to say that this proposal for a decision has been forced upon us by the chief actor in the incident. On the contrary, I feel that the group chairmen, having put their heads together, decided to take their responsibilities seriously by tabling a motion for a resolution. I do not think for a moment that they acted under any kind of pressure. That is perfectly clear.

(Applause)

Mr de la Malène (RDE). — (FR) Mr President, I am, of course, a signatory to this motion for a decision and I never go back on anything I have signed. Consequently, I think that my Group will follow me.

On the other hand, I do wonder slightly about the procedure which the President is suggesting to us,

de la Malène

which involves voting on the decision before voting on the whole. We have never done this before. I have said that I am quite prepared to vote on the whole. My Group will vote on the whole and then on the decision, but it does seem somewhat surprising from the point of view of procedure, to suspend the debate, vote on a decision and then to vote on the whole. Excuse my saying so: I did not give my agreement to that formula.

Mrs Dury (S). — (FR) Mr President, just now you read the decision proposed by the group chairmen and you announced that it had also been signed by the Group of the European Right.

Would you please confirm that for me, as, from what he says, Mr d'Ormesson does not seem to agree with this interpretation.

President. — Mr d'Ormesson, whose thoughts it is not for me to interpret — I am not qualified to do so, even though I know him well — has given his views on a simple question of procedure, that is to say, on the order in which the votes should be taken. However, he has not, at least so it seems to me, withdrawn his agreement to the proposal for a decision which I shall now put to the vote.

(Parliament adopted the decision read out by the President)

We now come to the explanations of vote on the whole of the first resolution.

Before calling those Members who have asked to speak, I should like to say some words by way of explanation about the incident that took place a short time ago. Mr Graefe zu Baringdorf had asked to speak on a point of order, something which he was perfectly entitled to do. I called him to speak, and from the first few sentences he spoke it very quickly became apparent that in reality he was going into the substance of the debate once again by arguing with another Member of the House and expressing his opinion of the votes that had taken place.

Like any Member of the House, he naturally can have this or that opinion on the votes that have been taken, but I cannot allow any Member, under the pretext of appealing to the Rules of Procedure, to reopen a debate contesting votes that have been taken.

(Applause)

In this connection I should like to make a more general statement. Already yesterday deplorable incidents were witnessed in this House. I was not present myself, but I was told of them. Banners and posters were brought into the Chamber, and the conduct — forgive me for saying so — of Mr Graefe zu Baring-

dorf, who came up here to stage an angry scene, is not in accordance with the customs or the Rules of our Parliament, and I cannot tolerate it.

(Applause from the centre and right)

Having said that, I regard it as my duty to allow each Member of this House the opportunity to state his views. The rights of Members of this House are very clearly set out in the Rules of Procedure. They can, of course, take part in all debates under clearly defined conditions. They may ask to speak in order to give an explanation of vote, and I still have here before me a list of Members who have done so. I shall be calling them all. The only condition is that there is a time limit — in principle one minute and a half, but three minutes for group chairmen. There is also the possibility of asking to speak on a point of order. Once again, however, it must be a real point of order and not simply a ruse to reopen a debate on some substantive issue.

I would urge you, ladies and gentlemen, to help the President to do his job, which is to give all Members of this House the opportunity to state their views, but all the while respecting the Rules of Procedure, because if we do not adhere to our Rules . . .

(Applause from the centre and right)

. . . the effectiveness of our Parliament will be seriously compromised. It is perfectly obvious that violent behaviour, whether it be verbal or physical violence, is quite unacceptable, and I for my part will never accept it. If it should happen again, I would have to have recourse to the provisions of the Rules of Procedure which lay down certain sanctions. I would do so with much regret, but I would not hesitate to do so if that were the price of maintaining good order in this House.

(Applause)

Mr Graefe zu Baringdorf (ARC). — (DE) Mr Pflimlin!

(Interruption: He is called 'Mr President')

On behalf of my group I may say that we have no desire to complicate the work of the Bureau, as long as our group's rights are also upheld. We want to cooperate politically — perhaps we do so in a different way from others, but we do want to do work on political issues — and not on the Rules of Procedure.

As regards the incident earlier, I must say that as group chairman I have the same right as all the other group chairmen to give an explanation of vote for my group. That was my intention. I raised my hand to speak; your Secretary-General took note; I then drew his attention again by meeting his eyes. But I did not

Graefe zu Baringdorf

hear you speak — and I state clearly that this was not a question of a translation error, for I had not switched on my earphones — of 'the Rules of Procedure'. I assumed that I as group chairman was speaking on the matter in hand, that is giving an explanation of vote. So please understand my anger when I found the microphone suddenly switched off. There is one thing you as President, and the others too, must realise: one thing I cannot stand is the attempt — or whatever the right word may be — to lead me by the nose. That makes me angry and I will not stand for it.

Perhaps there was a misunderstanding on your part too, and we can let the matter rest there.

But I must make one thing clear. If ever I and my group are denied the same right as all the others, we shall do everything we can to defend ourselves, as I have just done.

(Objections from the centre and right)

President. — Please allow me to reply to Graefe zu Baringdorf.

Perhaps there was a misunderstanding, but I should like to assure him that Members from his group enjoy the same rights as all other Members. As chairman of his group, he felt that he had the right to give an explanation of vote. No one would dispute that, and it is not only the group chairmen that can give an explanation of vote; any Member of this House can do so. The only difference, as I said just now, is that the duration of the speech is different, pursuant to our Rules of Procedure, according to whether it is a group chairman or another Member of the House.

Having said that, I consider the matter closed.

Mr Schmid (S). — *(DE)* On a point of order, Mr President. You have just explained once again how the business of this House should be conducted. Could I put one question on this? Can you assure the House that you will be just as strict as you were when you simply switched off a group chairman's microphone in future too, for example in the case of Mr Klepsch, Sir Fred Catherwood, Mr Le Pen or Mr Arndt? I am asking this because experience has shown that group chairmen always speak when and on whatever subject they please, and that hitherto no President in this House has seen that as a reason for simply switching off a group chairman's microphone. If you will please confirm that in future you will do the same to all the gentlemen I have mentioned, I will be content.

(Applause from the left)

President. — Mr Schmid, allow me to say quite frankly that there is no question of giving extra privileges to the group chairmen. We are talking about the

rights of all Members of this House. We are obliged — and I say this from five years experience — to limit speaking time by agreement with the groups.

This limit on speaking time must be observed, because if it is not observed, that means that Members whose names are further down on the speaker's list will never get a chance to speak. Since the duration of debates is always limited, it is therefore not merely out of respect for the Rules but also out of respect for our colleagues that we should all respect the speaking time that is at their disposal.

You asked me whether I would withdraw the floor from Mr Klepsch if he were to exceed his speaking time. Yes, of course I would also withdraw the floor from Mr Klepsch, but I am sure that he would never do anything of the kind.

(Applause)

Mr Pearce (ED). — Mr President, I do not think the incident can really be closed without somebody from the floor of the House congratulating you on your handling of this very difficult situation. The vast majority of people in this House were disgusted by what happened and would like to offer you whole-hearted support in preventing similar actions in future. The incident, although it has now been procedurally disposed of, has nevertheless given Mr Graefe zu Baringdorf a large opportunity to publicize his party and himself. This, in fact, is what he had done, but I hope that the people who see press reports of this will correctly understand that we witnessed here today an example of Fascism . . .

(Applause from the centre and from the right)

. . . which reminded us of what happened in Germany in the years running up to 1933. I hope that this will never happen again.

(Loud protest from the left)

President. — Mr Pearce, please do not take the scope of your remarks beyond what is strictly necessary.

We do not want to launch a new debate.

The Rules now oblige me to give the floor to those Members who, for at least an hour now, have had their names down to give an explanation of vote.

Mr Tzounis (PPE). — *(GR)* I am pleased to have the chance, somewhat belatedly albeit, to explain the vote of the New Democracy Members on the second clause of paragraph 2 of the draft decision before us.

As a Greek and a European I am the first to welcome the restoration of political and individual freedoms in

Tzounis

Turkey. However, after all that was said this morning and with things as they are at present, I fear it would have been out of keeping with our commitment, as Euro MPs, to democratic principles and human rights, out of keeping with the political philosophy and practice of the European Community, for us to have deleted the elementary democratic reservation contained in the second clause of paragraph 2, particularly when, as Mrs Veil very rightly pointed out, the setting up of the interparliamentary link between the EEC and Turkey can only be approached within the framework of the association agreement between the European Community and Turkey.

In the light of this I would like to make it clear in the most categorical terms that the Members belonging to New Democracy voted unanimously for the retention of the second clause of paragraph 2 of the draft decision, and I sincerely regret having to correct Mr Klepsch's assertion that he was speaking on behalf of the whole of the European People's Party. He was speaking on behalf of all of the members of the group minus the Greeks, and he knew it.

By way of underlining our opposition to the draft decision as it was previously formulated we were ready to abstain from voting on the draft decision as a whole. However, I can now say that the New Democracy Members will vote for the draft decision as formulated by you and as it has taken shape following the motion for a resolution of the chairmen of the political groups.

(Mr Verbeek asked to speak on a point of order)

President. — Mr Verbeek, you will have the floor a little later. Your name is down on my list.

Mr Alavanos (COM). — *(GR)* When I wanted to make an explanation of vote a couple of hours ago I was going to say that we would vote in favour, while an hour ago we would have voted against. Now I can say that those of us in the Communist Party of Greece will vote for the resolution. This constant chopping and changing on our part is not due to any instability of ours but to something that we have to speak out strongly against, the chicanery and manoeuvring engaged in by certain chairmen of political groups. We cannot accept it when a chairman of a political group presents a text bearing his own signature and then tables an amendment which completely overturns the substance of the text, because, of course, the substance of the text is not whether 15 people will go on a beano to India but whether this interparliamentary link with Turkey will come into operation immediately or when democratic institutions are restored in Turkey. In the light of this we think you should strongly condemn the position taken by Mr Klepsch. You may be able to cut his speaking time but I do not know when you will be able to put a rein on the chicanery and manoeuvring

he gets up to in the European Parliament. In winding up I want to say this. Although we accept the assurances of the New Democracy spokesmen that they disagree with the stance of the leader of the Christian Democratic Group I would like to ask what business a Greek party has in this group which constitutes the Ankara NATO lobby.

Mr Verbeek (ARC). — *(NL)* I believe the Rules of Procedures say that, if someone wants to make a point of order, he is given the floor immediately and not some time later.

An incident has just occurred. One of the Members has accused Mr Graefe zu Baringdorf of fascism. As a Dutchman I am a good judge of which Germans are fascists and which are not, just as I can also judge who is a fascist elsewhere in the world, in Turkey, for example. I believe it is your duty as President of this Parliament to call to order the Member who has just accused Mr Graefe zu Baringdorf of fascism so that Parliament and the European public know that such accusations are not tolerated here.

(Applause from the left)

Mr Plaskovitis (S). — *(GR)* I would be speaking in a different tone if this motion for a resolution concerning the interparliamentary link between the EEC and Turkey had not been put to the vote.

I believe this new text logically and formally replaces the proposal for a decision which a short while ago colleagues of the Right sought, in a most unparliamentary manner, to get through this Parliament. Otherwise, Mr President, if it were not for the motion for a resolution we have adopted and which, I repeat, I consider to be a replacement for the proposal for a decision, I should be obliged to say that it is in the least comical, not to say tragic, that a democratic parliament such as this should at midday condemn the dictatorship in Turkey because of the executions and in the afternoon accept that an interparliamentary delegation linking this democratic parliament with the so-called democratic and representative Turkish National Assembly can function.

You knew under which constitution and conditions those who parade as members of the Turkish National Assembly were elected. And then the democratic parliament of the Community accepts a formulation like this, and, what is more, in the shape Mr Klepsch tried to pass off on us.

I also condemn the manner in which the attempt was made to purloin the votes of other Members and the intention which doubtless lay behind this of portraying the European Parliament in tomorrow's press as having adopted the text in its initial form.

Plaskovitis

Mr President, we in any case do not intend to vote for this text — even though it exists only formally — just because it contains this provision. However, we did vote for the text put before us a little while ago on behalf of the chairmen of the political groups.

(Parliament adopted the proposal for a decision (Doc. 2-618/84))

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Motion for a resolution (Doc. 2-705/84) by Mrs Scrivener, on behalf of the Committee on Budgets, on the proposals from the Commission for a Council regulation introducing measures to cover budgetary requirements in 1984 given the exhaustion of own resources (Doc. 1-362/84) and Council regulation introducing reserve measures to cover requirements in 1985 should the new decision to increase own resources not enter into force in time (Doc. 2-367/84)

Explanations of vote

Mr Stevenson (S). — I would like to explain why I voted against the motions contained in the Scrivener report and for some of the amendments that have been tabled. I suppose that one can say that, given the inter-governmental agreement reached on the supplementary budget for 1984, some of this report could be seen to be irrelevant. However, I believe that there are major principles enunciated in this report that should not be accepted by this Parliament.

I say this for two reasons. Firstly, this is the first time, according to the Commission, that such a serious budget deficit has applied. I believe it will not be the last time. Secondly, the hypothesis that the Commission has used as a basis for putting forward these requests is simply a hypothesis and nothing more than that. It is based on a blank-cheque philosophy that I believe is not in the interests of the EEC and is simply there to fund further wasteful expenditure on mountains of surplus food and intervention buying. If we are to make progress on an international scale in defeating unemployment and regenerating our industries, then clearly we in this Parliament have got to be seen by the people of the EEC as being against such wasteful expenditure and against the principles enunciated in this motion and this report.

I hope that even at this late stage the motion will be rejected — I fear it will not be. Nevertheless, it is for those reasons that I have voted in the way I have. I hope that the House will accept that.

IN THE CHAIR: LADY ELLES

Vice-President

Sir Fred Catherwood (ED). — I would like to explain why my Group feels obliged, with regret, to abstain on this resolution as it now stands. Of course we entirely accept the position of this Parliament that it is most unfortunate that the Council should be financing the Community outside the normal procedure. The procedure should be that the Council should agree to an increase in resources and that the Community should be financed in the way that is laid down in the Treaty. So we agree very much with Parliament on that.

However, unfortunately, despite all our protests in the Committee on Budgets, we have paragraph 2 which says: 'confirms its deliberations of 13 September 1984' when there was a decision to put together the 1984 supplementary budget and the 1985 budget. In the former most of the expenditure had already been committed and the decisions had been taken on which we had go into difficulties. It therefore belonged to a category where we were simply trying to catch up with something that we, the Council of Ministers and everyone, had already committed ourselves to. That is one category.

1985 is a completely different category where we are starting off with a budget that we had only just received. To put these two together and deal with them in the same way seems to us to be totally absurd. So we really do not agree with that. We therefore cannot vote for this particular resolution. But we will not vote against it, because we agree very much with all our colleagues here who want the increase in own resources and who want to get back as soon as we possibly can to the proper financing of the Community from its own resources

(Parliament adopted the motion for a resolution)^{1, 2}

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Motion for a resolution (Doc. 2-692/82) by Mr Petronio and Mr Le Pen, on behalf of the Group of the European Right, on international monetary instability: rejected.

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Motion for a resolution (Doc. 2-693/84) by Mr Bonaccini and others, on the international monetary situation and the role of the ECU: adopted

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Motion for a resolution (Doc. 2-694/84) by Mr Wolff and Mr De Vries, on behalf of the Liberal and Demo-

¹ The rapporteur was:
— IN FAVOUR OF Amendment No 5;
— AGAINST Amendments Nos 1 to 4.

² Procedure without report (Rule 99): see Minutes.

Catherwood

cratic Group, on the readjustment and utilization of the ECU: *adopted*.

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Motion for a resolution (Doc. 2-695/84) by Mr Herman and others, on behalf of the Group of the European People's Party, on the international monetary situation and the use of the ECU: *adopted*.

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Motion for a resolution (Doc. 2-696/84) by Mrs Van Hemeldonck, on behalf of the Socialist Group, on monetary affairs.

Explanations of vote

Mrs Van Hemeldonck (S). — (NL) We tabled this motion for a resolution on the Socialist Group's behalf in a very moderate form with the idea of reflecting the various views that have so often been expressed on all sides of this House, that is to say, our concern about unemployment in Europe, our concern about hunger in the world and our concern about the lot of the poor in all parts of the world. I therefore very much hope that the resolution will be unanimously adopted.

Mr Patterson (ED). — Parliament will have noticed that my group has been voting for all those clauses in all these resolutions which call for the strengthening of the European Monetary System. We do so with enthusiasm. This is one precise way in which the European Community — wait for it, Mr Seal, wait for it — can help to strengthen not only the economies of the Member States themselves but that of the whole world. Here in Europe we can help to eliminate exchange rate uncertainties, stimulate trade and investment and create jobs for the unemployed, Mr Seal. And we can make the world economy less dependent upon the dollar and its fluctuations.

If we are to strengthen the EMS all countries must be involved to the full. Here I wish to make a particular point on the role of sterling. Contrary to some popular beliefs, the United Kingdom does participate in most of the EMS. Sterling is part of the ECU. UK reserves are deposited with the EMS and the UK does take part in all management discussions and decisions. But sterling is not of course in the exchange rate mechanism, and it should be.

When my colleague, Lady Elles, made this point in the debate, she was later accused of failing to support the policy of her party. For this reason, let me be precise. The United Kingdom Government has said that sterling will join the exchange rate mechanism when conditions are right. It is the opinion of the European

Democratic Group in this Parliament, supported by a growing body of financial and official opinion, that the conditions are now right.

(Applause from the European Democratic Group)

Mrs Dury (S). — (FR) We have accepted our responsibilities by discussing the problem of international monetary systems and we say that we have the political will to see the countries of Europe accept their responsibilities also. Unfortunately, I am afraid that our work will be lost in oblivion and general indifference, and in this connection I should like to use the explanation of vote to say that if we do not alter our working methods, however much we may discuss among ourselves and show a certain will, if the citizens of Europe know nothing about it, it will all be to no avail!

We had one debate on Tuesday. We discussed an import matter on Wednesday. We are voting on the resolution today — Thursday evening —. How do you expect the European elector to know what we want and what we decide?

I believe, Madam President, — and I shall lay before Parliament a motion for a change in its working methods — that each debate must be followed by a vote. The media will then be able to relay what we want, what we think and to show how we play our part *vis-à-vis* the electors.

(Applause from the left)

President. — Mrs Dury, your remarks have been noted. I would request you to take it up with the chairman of your group, so that the group chairmen can discuss the way in which this Parliament is run and can then put proposals to the Bureau of Parliament.

(Parliament rejected the motion for a resolution)

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Motion for a resolution (Doc. 2-697/84) tabled by the Group of the European Democratic Alliance on monetary questions: *adopted*.

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4. Summer time

President. — The next item is the report (Doc. 2-604/84) by Mrs Braun-Moser, on behalf of the Committee on Transport on

the proposal from the Commission to the Council (Doc. 1-356/84 — Com(84) 349 final) for a 3rd Council directive on summer time arrangements.

Mrs Braun-Moser (EPP). — (DE) Madam President, ladies and gentlemen, I had hoped you would be especially interested in hearing me speak about a subject on which you all have experience of your own. We are talking about uniform dates for summer time. I am here today as rapporteur of the Committee on Transport to present the committee's opinion, following the two directives on summer time approved by the European Parliament in earlier years. Since 1976, attempts have been made to harmonize summer time in the European Community countries, in the first directive on harmonizing the beginning of summer time in 1981 and 1982 and then in the second directive which again fixed only the *beginning* of summer time for the years 1983 to 1985. May I remind you that the European Parliament has always emphasized in its opinions — for example in 1976 on the basis of Mr Seefeld's report and in 1982 on the basis of Mr Baudis' report — that it welcomes the Commission's proposals for a directive and would also welcome more far-reaching proposals for harmonizing the end of summer time too in the Member States.

At present, summer time begins on the last Sunday in March. Should this date coincide with Easter in one or more Member States, summer time begins on the Sunday before. Even the second directive did not manage to fix a single date for the end of summer time, so we still have two different dates for this, one for the continental Member States and one for the island states of the United Kingdom and Ireland. Since, unfortunately, in spite of all earlier attempts at harmonization, the second directive only covered three years, ending in 1985, we need to decide this year on the further procedure for the period after 1985.

The proposal for a directive before you today is a viable compromise — so I believe — between the demand that we at last adopt a uniform arrangement up to the year 2 000 and the wishes of the individual countries, each of which wants to do its own thing, even as regards technical measures and measurement periods. It is up to us to find a uniform system for the European Community states and to harmonize the rules.

Surely we want to achieve uniform measurements, currencies and also technical norms! If we cannot even agree on what time it is, how are we to achieve other uniform rules?

(Applause)

When you think that we cannot achieve a uniform time system in this question of harmonizing summer time, it becomes easier to understand the problems encountered in other attempts at harmonization.

We all know the advantages of summer time. Nor do I intend to describe the benefits of a uniform system in detail. Yet I would like to remind you once again that at a time when the states are becoming ever more closely interlinked through telecommunication, we

depend very heavily on a uniform time system. This international link-up, which is bringing our countries ever closer together, occurs not only in telecommunications and television, but also and especially in the commercial sector. It is often of decisive importance in business life where hours, and sometimes deadlines, and exact times, are of crucial importance.

May I also remind you that our aim — one of the most important aims of the EEC Treaty — is the creation of a common internal market. Cross-frontier traffic, which we want to make easier — including passenger travel — needs uniform times. It is not acceptable for one country to have 25 hours and another 24 hours on one and the same day.

It is in order to avoid such an archaic situation and also to find a uniform date for the end of summer time that the Commission submitted this proposal for a third directive, which the Committee on Transport approves because it is a fair compromise between the existing end of summer time on the continent, the last Sunday in September, and the end of summer time in the United Kingdom and Ireland on the fourth Saturday in October. The proposal for a uniform end to summer time on the second Sunday in October is therefore the arithmetical mean.

In this context, we must remind the United Kingdom and Ireland of the advantages to them of ending summer time two weeks earlier. Turning back the clock not only brings back an hour but also means these countries will have more light in the morning for going to school and work. For the continental states this middle-road compromise means that by putting back their clocks later they can enjoy the light late in the evening in their leisure time after work. But regardless of such details, we as European politicians must seek to find common rules, for that is what our citizens sent us to this Parliament to do. I assure that we can with right and reason support this compromise as a consensus of various interests. You should find it all the easier to vote for it today because it is a trial arrangement limited to three years, in which summer time begins on the same date as before and which for the time being lays down the date for the end of summer time only for the years 1986, 1987 and 1988, in the way we have described. May I appeal to all of you to demonstrate the unanimity of our European Parliament and its Members in this question, which is such a minor one compared to the major issues this House has already discussed. Please vote for this proposal.

(Applause)

Madam President, may I very briefly, in two or three sentences, give my group's opinion. The Group of the European People's Party welcomes the Commission's proposal as it stands. It sees it as a political compromise, knowing full well that the various national governments are still in favour of different dates for the end of summer time. But it also regards it as an important

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task of the European Parliament, pursuant to Article 3 of the EEC Treaty, that is, the Principles, and especially pursuant to Articles 74 and 75(1) (a) and (c), to introduce common rules for a uniform summer time. The Group of the European People's Party considers the proposal for a directive, which provides for uniform arrangements for the end of summer time based on the arithmetical mean between the existing date on the continent and the date on the island states of the United Kingdom and Ireland, a feasible measure and endorses it as a further step towards future definitive rules.

(Applause)

IN THE CHAIR: MR SEEFELD

Vice-President

President. — Thank you, Mrs Braun-Moser, for that presentation. I am glad that the spokesperson for the Group of the European People's Party saw eye to eye with the rapporteur.

(Laughter)

Mr Newton Dunn (ED). — First of all I would like to congratulate Mrs Braun-Moser on what I believe is her first speech in Parliament, and certainly the first report she has introduced.

(Applause)

I look forward to working with her on the Committee on Transport.

Mr President, the European Democratic Group favours the Commission's proposal to have once again one starting date for summer time throughout the European Community, and now in addition to have the same finishing date for all Member States starting from 1986 for a three-year experimental period. We favour the Commission's proposal.

Now any proposal automatically means that changes are involved for certain people, and we considered this very carefully to see where the benefits and advantages may lie. It is clear that considerable savings will accrue to businesses and people involved in importing and exporting across frontiers between our Member States, because at present different dates for the end of summer time — and we are in this period right now — mean that there are fewer hours when businesses in our Community can work together. The same date will mean they can work together for the same working hours, and that must be an advantage.

The proposal will also mean there will be fewer delays at frontiers. It means there will be less time spent on

preparing and printing extra travel timetables and tickets. It means there will be less confusion for the traveller and for the public. These benefits, of course, mean lower costs and lower costs mean that more productive work is being done and that means, hopefully, more employment — which is something we all want to see. So this proposal, I hope, will lead marginally to extra employment in our Community.

Mr President, I am in the happy position that this change will be especially beneficial to my own Member State, the United Kingdom, because the British export more of their gross national product than any other Member State — so we stand to gain a great deal from this proposal.

It is puzzling, therefore, that according to the British press there have been protests from our construction and agricultural industries. I hope they are clear as to what the proposal is. We are not proposing, nor are we able, to reduce the amount of daylight in each day. All we are proposing is the date when we change our watches. I hope they have understood that.

Now what is so surprising about these protests from my own Member State is that this proposal was published four months ago and there has not been one squeak from the protesters in all that time. I shall ask them, when I meet them, why they have waited four months and then protested on the very last day in the national newspapers instead of informing their Members of the European Parliament of their reservations.

Finally, I need to say a word about the attitude of the British Labour Group in this Parliament. Their reaction has been pitiful — there is no other word for it — demonstrating their innate and ever increasing resistance to change of any kind.

Mr President, you might not have seen it, but their hysterical reaction to this proposal went out to the press two weeks before the debate, and the only criticism of the proposal they could mount was that the Commission's proposal was a charter for sex maniacs and that it would benefit sex attackers. It demonstrates the total poverty of their thinking. As a proof of the emptiness of their thinking, they have not tabled a single amendment; they have not mounted a single speaker in this debate; they have not thought about it; they do not care; they just react negatively all the time.

Mr President, I am optimistic that this proposal is going to be adopted and that it will be to the benefit of the peoples of the Community.

(Applause)

Mr Wijzenbeek (L). — *(NL)* I should like to begin by congratulating Mrs Braun-Moser on her report and also on her maiden speech.

(Applause)

Wijsenbeek

Mr President, it is really very strange that we should again be sitting in this building discussing a proposal for a very small step towards European unification and that we should again have to make a number of exceptions for certain Member States.

Mr President, I should like to mention an experience I had this summer during the election campaign, when I was doing my utmost to get at least one person into this House to represent the 20% of the British electorate who have no one to speak for them. During the campaign in the United Kingdom I attended a meeting at the Civil Service College, and I was asked by the British civil servants there: 'But why have the nine continental countries not fallen into line with us?' They were talking about summer time, Mr President, and that is precisely why I fear it will take some time. It is not just a question of the fear of sex maniacs felt not only by the Members of the other side of the House, who have all gone now, but also by my neighbours, who are strangely on my left, and seen from your position, they should be sitting somewhere else — I just wanted to raise that point: I cannot help it, it is a *ceterum censeo*.

Mr President, the whole of industry has clearly stated its preference for summer time. It is something that must be done quickly. We must have one starting date and one and the same period of summer time as soon as possible.

It should be remembered, Mr President, that the whole of Eastern Europe has adjusted to the European Community, but there is still a time difference of two hours during one month to the West of us. I also feel that we might for once follow the advice given by the Economic and Social Committee in this matter. It has beaten us to it here. It is because of the major importance of summer time for industry, as Mr Newton Dunn has rightly said, and he should even have gone a step further, that we shall give this excellent report by Mrs Braun-Moser every support.

Mr Giolitti, Member of the Commission of the European Communities. — (IT) Mr President, I should like to join in the congratulations offered to Mrs Braun-Moser on her first report submitted to Parliament and I want to express the Commission's satisfaction with the full support it has had from the Committee on Transport for its proposal on summer time arrangements.

The first Community measure in this matter goes back to 1980: it applied for the years 1981 and 1982. The second, for the years 1983, 1984 and 1985, was confined to fixing a single date only for the beginning of summer time, while its ending was arranged for the end of September for the Continent and for the end of October for the United Kingdom and Ireland. This Community directive expires at the end of 1985 and it provides us with an opportunity establish a uniform

date for the ending of summer time for the whole Community. The Commission therefore proposes as a compromise for the years 1986, 1987 and 1988, the second Sunday in October.

This, we feel, represent exactly the half-way house between the two systems. May I add that the advantages of a single date for the ending of summer time for the entire Community far outweigh any disadvantages deriving from the extension of summer time by a fortnight for the Continent and its shortening by two weeks for the United Kingdom and Ireland. This small change is, in the Commission's view, amply compensated by the various advantages which speakers in the debate have discussed.

President. — The debate is closed.

(Parliament approved the proposal for a directive)

Explanations of vote

Mr Megahy (S). — Mr President, you will remember that when you were chairman of the Committee on Transport we exchanged one or two rather rude words after I and one or two colleagues were instrumental in defeating this proposal some years ago and also the more extreme proposal to cut a month off British Summer Time.

I am totally opposed to this, because I don't think that life revolves around air and train timetables. There are far more important things than air and train timetables and the convenience of business travellers. There is the social value to the Community, all those extra hours of daylight at the end of October, which are very much appreciated by British public opinion. If they did not tell Mr Newton Dunn that, it is because they do not know what goes on here. Half the Members do not know what is going on, so you cannot expect the public to know! But I am quite convinced that there will be uproar in the United Kingdom at this attempt to steal two weeks off the end of our summer time.

(Mixed reactions)

I shall certainly be resisting this, because I think it is an outrageous intrusion into valuable leisure time which people appreciate before the approach of the long dark hours of winter. I am quite convinced that there will be unanimous support. Reading the brief from the British Government, they have not even made up their mind yet because they admit the weight of the argument. I shall be voting against this, and I would very much like to think that we could get the same result as we did before.

President. — That closes the explanations of vote.

Mr Megahy (S). — On a point of order, Mr President. Could I ascertain whether or not there is a quorum present? Could I ask ten Members to stand and support my request to establish whether there is a quorum present in this Chamber?

(More than ten Members rose to support the request that a quorum be established — A count having been taken, the President announced that a quorum was not present)

President. — As we do not have a quorum, the vote on this motion for a resolution will be taken at the beginning of the next sitting.

Mr Welsh (ED). — On a point of order, Mr President. Would you confirm that this resolution will be put to the House at the first sitting of the next part-session when we can be quite sure that Mr Megahy's and his friends' sordid little moment of triumph will pass away and that those of us who actually believe in the Community — which they so signally do not — will be able to do the decent thing?

I hope Mr Wijsenbeek will have taken note of that!

President. — Mr Welsh, it was obvious that we do not have a quorum in the House at the present time. Ruel 71 lays down quite clearly how we should then proceed. It says:

If the vote shows that the quorum is not present, the vote shall be placed on the agenda of the next sitting.

That is exactly what I intend to do, Mr Welsh. You can take it that we will abide strictly by our Rules of Procedure.

5. *Dried grapes and dried figs*

President. — The next item is the report (Doc. 2-616/84) by Mr Romeos, on behalf of the Committee on Agriculture, Fisheries and Food, on

the proposal from the Commission to the Council (Doc. 1-276/84 — COM(84) 251 final) for a regulation amending Regulation (EEC) No 1603/83 laying down special measures for the disposal of dried grapes and dried figs held by storage agencies.

Mr Romeos (S), rapporteur. — (GR) Mr President colleagues, it has fallen to me to be the last speaker this evening after a somewhat turbulent day. However, I think that my subject will have a calming effect on the Chamber despite the fact — since we have been discussing time — that it too has a certain 'other-timeness', referring as it does to 1982.

The report I am presenting to you is the first to be submitted to the plenary by the new Committee on Agriculture. It concerns the Commission's proposal to lay down special measures for the disposal of 21 600 tonnes of dried grapes and 3 000 tonnes of dried figs from the 1982 harvest held by the storage agencies. These products can no longer be made available for human consumption because this could be achieved only at prices which would engender a definite risk of market imbalance. The Commission is proposing that these quantities be used for special purposes, specifically for distillation and processing into animal feed. The cost of this to the Community budget will be 29.5 million ECU. We should point out, however, that the Community is currently having to pay 300 thousand ECU per month to the storage agencies. The Commission sought exactly the same special measures for the harvest of 1981, and these were approved last year by the previous Parliament. At that time certain objections were raised about the fate in general of Community products and especially about the products we are dealing with today, products brought to their final excellence by the dedication and sweat of farmers and which, instead of being taken up by European consumer demand, go for distillation and animal feed. Of course, no one wants them to end up this way, no one wishes for it. Farmers produce food for it to be consumed by the public.

All of us have a duty therefore to avert procedures like this which are costly to the Community budget and very definitely create a bad impression on public opinion. We can accept them in exceptional circumstances, and the Commission assures us that the problems arising out of the 1981 and 1982 harvests have effectively been removed and will not recur. This view of the Commission is in fact borne out by recent statistics which show that stocks are falling sharply year by year. Thus whereas 55 000 tonnes remained in storage from the 1981 harvest the figure for 1982 was down to 21 000 tonnes, and for 1983, despite the fact that production was slightly up, to 1 000 tonnes. This is a significant factor which ought to put our minds at rest as regards future dried grape production in the Community, since we now have clear indications that market balance has been brought to bear.

The problems in disposing of the Community's production for 1981 and 1982 stemmed mainly from the inflexibility of the regulation then in force and from failure to apply Community preference. The Community market was therefore inundated by much lower-priced imports from third countries and this naturally displaced Greek dried grapes. As a result of this surfeit of imports the Community product could not find a market and was consigned to storage. This happened because in those two years there was no tariff barrier and imports were 200-300 dollars cheaper than the Community product.

Towards the end of 1982 the Commission, faced with the situation which had developed, fixed a minimum

Romeos

import price, albeit belatedly. We believe that this measure, together with the significant improvements which have been made to the regulation on processed fruit and vegetables will enable the Community product to be marketed without further burdens on the Community budget. In the motion for a resolution the committee points out that particular attention must be paid to improving the quality categories of dried grapes in order to meet the needs of the market, and also to improving methods of marketing.

These objectives can be achieved via structural measures and in particular through Regulation 355/1977 on the processing and marketing of agricultural products. The Committee on Agriculture believes that if the measures which have already been taken are properly implemented, and bolstered by the recommended measures for marketing improvements, the in truth unacceptable phenomenon of Community dried grapes remaining in storage while — and this is the most significant thing — the Community's own production suffices to cover only 50% of its member countries' needs will disappear.

Mr President, the Committee on Agriculture approved the Commission's proposal for the measures approved by Parliament in respect of the 1981 harvest to be extended to the 1982 harvest with 22 votes in favour and only two abstentions. The opinion of the Committee on Budgets is also favourable. I believe that the plenary will concur with the two Committees and approve the resolution to which, in any event, no amendments have been tabled.

Mr Giolitti, Member of the Commission of the European Communities. — (IT) Mr President, the regulation amending the system of production aids for certain processed fruit products on which Parliament has been consulted has now been adopted by the Council and came into effect from the start of the present marketing years. However, as the rapporteur has pointed out, there is a transitional problem with dried grapes and dried figs which were bought up by storage agencies in 1982 and which have proved unsellable through the usual market outlets.

In the proposal under consideration the Commission suggests that these products, amounting to some 25 000 tonnes, should be sold for specific uses, notably as animal feed. As the rapporteur notes, Parliament's Committee on Agriculture at its meeting of 20 September approved the Commission's proposal by a large majority. The Commission therefore hopes that Parliament will concur with the view of its Agricultural Committee, as it did in the case of analogous measures concerning products from the 1981 harvest, so that further storage costs can be saved and the deterioration of the products prevented.

President. — The debate is closed.

(Parliament approved the Commission proposal for a directive)

Explanations of vote

Mr Stavrou (PPE). — (GR) I would like to point out that I too, as a member of the Committee on Agriculture, and the political group to which I have the honour of belonging agree totally with everything the rapporteur has said. I also wish to express satisfaction that the things I spoke up for in the Committee on Agriculture were accepted by the rapporteur and are given clear and detailed mention in the text.

Mr Kyrkos (COM), in writing. — (GR) We shall vote on favour of the report by Mr Romeos on the special measures sought by the Commission for the disposal of dried grapes and dried figs held by storage agencies in the Community.

However, in our view this situation should not be allowed to recur in the future. It is unacceptable for a product in which the Community is not self-sufficient to be produced and then be sent for distillation or destroyed instead of being placed on the market.

The damage to the Community is manifold. Not just, of course, because of the thousands of days' wages for the processing of dried grapes which will go by the board, notwithstanding the unemployment ravaging the Community. It is just as much damaging for the consumers and taxpayers who pay for these products which are then destroyed in order to serve the interests of the large importers of the Community.

We urge the Commission to look at the problems of the dried grapes and dried figs sector in collaboration with the Greek Government and the producers and to take such protective measures as are required to improve quality and ensure that these products can be disposed of in the Community market.

(Parliament adopted the motion for a resolution)

6. Adjournment of the session

President. — I declare this session of the European Parliament adjourned.¹

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

¹ *Written declarations (Rule 49) — Forwarding of resolutions adopted during the sitting — Dates for next part-session: see Minutes.*

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